

SPECIAL NEEDS TRUST

The fraternity of parents with special needs children or grandchildren, is bigger than most people think. Providing and caring for a special needs child is the assumed responsibility of the parents. The problem comes when the child outlives the parents. Who provides for the child then? The first step is to set up a special needs trust that would provide and protect the trust assets for the child. It also allows the parents to dictate exactly how the trust is to be used for the benefit of the child. Funding the trust is easy, if there are no siblings, as the parent's estate can be liquidated, to do the job, assuming the estate is larger enough. However, when there are siblings, trying to redistribute estate assets to provide for a special needs child can sew disharmony into a family as it may require disinheriting siblings in order to provide for the special needs child. Siblings understand the need to fund the trust, but may resent being disinherited to fund it. The simple solution is to have a life insurance policy on the least costly parent to insure and let the death benefit fund the trust. That way the estate can be divided equally between all the siblings. This flow charts shows the simplicity of this solution.

Flow Chart

