Providing for the Future

The Special Needs Trust

Prepared for:
Client

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You want to give your children everything you possibly can. You watch out for their safety when they’re young and help them with their education as they grow older. You guide them toward the future, look forward to their successes, and hope to leave them with a strong financial base when you’re gone.

If you are the parent of a child—whether young or adult—with special needs, you also want to ensure that your child receives the proper care after you are gone or when you may no longer be able to properly care for your child. At some point, there may also be an adult in your family who becomes disabled due to an accident or illness.

A Special Needs Trust can help you protect your loved one’s eligibility for state and federal assistance programs, while providing for ongoing care.

Read on to find out how the Special Needs Trust can help you leave a lasting legacy of love.
How Can a Special Needs Trust Help my Family

Maintain eligibility for state and federal assistance programs

- When a disabled person receives an inheritance, the government will require that the inheritance be depleted before it will pay for governmentally sponsored services
- Under current Social Security Income (SSI) eligibility requirements, ownership of assets in excess of $2,000 disqualifies an individual with special needs from most federal assistance programs, such as SSI and Medicaid
- A Special Needs Trust can help you protect your loved one’s eligibility for state and federal assistance programs, while providing for ongoing care

Provide a source of additional income to help with loved one’s care giving needs

- A Special Needs Trust can help pay for things that wouldn’t otherwise be available, such as travel, computers, higher quality medical and dental care, education, and rehabilitation
- By providing additional income for these extra services, the Special Needs Trust can enhance a disabled person’s quality of life

Funding the Special Needs Trust

- A Special Needs Trust can hold a wide range of assets, including cash, stocks, personal property, real estate, and life insurance
- When you fund the Special Needs Trust with a life insurance policy, a federal income tax-free death benefit will be paid to the trust to finance the dependent’s ongoing care
- Additionally, a permanent life insurance policy can provide tax-deferred growth of the cash value that can be accessed during the caregiver’s life, if necessary
Special Needs Trust: How It Works

1) Grantor(s) establishes a Special Needs Trust. Trust can be funded with a variety of assets, including life insurance.

2) While insured is living, trust assets can be accessed to pay for trust beneficiary’s care-giving expenses.

3) Upon insured’s death, life insurance proceeds are paid out to Special Needs Trust, which in turn will use assets to provide for ongoing care of trust beneficiary.
How it Works for You:

1. Establishing the Trust
   Grantor(s) creates Special Needs Trust for the sole benefit of Valued Individual

2. Funding of Trust
   Special Needs Trust funded with $1,000,000
   - Trust purchases TransACE® policy insuring life of Client with a $831,000 guaranteed death benefit.
   - Trust pays life insurance premium in the amount of $10,000 for 56 year(s).

3. Accessing Trust Assets
   While insured is living, trust assets (including life insurance policy’s cash value*) can be accessed to pay for trust beneficiary’s care-giving expenses

4. Ongoing Care for Trust Beneficiary
   Upon death of Client
   TransACE® life insurance policy pays federal income-tax free death benefit to Special Needs Trust, to be used for ongoing care of Valued Individual

Planning Assumptions

<table>
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* Loans and withdrawals will affect the cash value of the policy and could affect the death benefit. Amounts received on withdrawals and surrenders may be subject to federal income taxes and/or company-imposed surrender penalties.

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Summary of the Special Needs Trust

- Help family member with special needs receive quality care, even after you are gone

- Maintain eligibility for individual with special needs to receive state and federal assistance

- Ensure that your loved one will receive more care than basic care provided by government assistance programs

- Provide guidelines for where and how you want your disabled loved one to live - maintaining your values and standard of living
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TransACE® NY (Policy Form #3-12638107 CVAT) is a nonparticipating, flexible-premium universal life insurance policy issued by Transamerica Financial Life Insurance Company, Purchase, NY. This product is available only in New York.

In most states, in the event of suicide during the first two policy years, death benefits are limited only to the return of premiums paid. In Missouri, suicide is no defense to payment of benefits unless the Company can show that the insured intended suicide at the time of application for coverage.

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