



## 3 Key Factors When Managing Finances for a Family Member with a Disability

**Types of Trusts, Government Benefits and Spending Tools**

## Introduction

According to the Centers for Disease Control and Prevention, over 61 million adults in the United States live with a disability. Oftentimes, families are the ones taking on the responsibility of care for their loved ones living with disabilities, chronic illnesses, or mental health issues. In the United States alone, there are roughly 53 million family and informal caregivers who take care of their loved ones who need assistance in their daily lives.

For people living with a disability, receiving help managing their finances and daily spending becomes a crucial need. Family members will usually step in to help them manage their finances — whether it’s to help preserve eligibility for government benefits, help protect them from scams and fraud, or enhance their overall quality of life by providing them with more financial freedom and independence. Research has shown that preserving a person’s financial independence is critical to helping them live a happier and healthier day-to-day life.

However, when managing the finances of a loved one with a disability, many families may encounter challenges in finding the right balance between wanting to help a loved one in any way they can while keeping their independence in mind. Financial resources, guidance, and easy-to-use financial tools can support them as they work to help protect the finances of their loved ones and help them continue to have the freedom to make purchases on their own.

**In this guide, we’ll look at the basics of how families can begin to help their loved one with their finances and what types of tools, resources, and financial vehicles are available.**



# 61M

adults in the United States live with a disability<sup>1</sup>

# 53M

family members and informal caregivers who take care of their loved ones<sup>2</sup>

# \$8.8B

lost to financial fraud in 2022<sup>3</sup>

<sup>1</sup> Centers for Disease and Control Prevention (CDC)

<sup>2</sup> AARP

<sup>3</sup> Federal Trade Commission (FTC)

# Let's Talk About Trusts

What they are and how they can help your loved one

When you first begin to look at taking care of the finances of your loved one living with a disability, you'll soon encounter the world of Special Needs Trusts (SNTs) — also referred to as Supplemental Needs Trusts or Disability Trusts. To better understand the fundamentals of these trusts and make the appropriate decisions for your family's needs, let's explore the most common types and their benefits.



## What is a Trust?

A trust is a legal arrangement in which a third party, a trustee (either a family member or a professional), holds and manages assets for the benefit of a beneficiary (a loved one or the person receiving care).

This trust document or trust agreement will outline the trustee's authority, how the trust assets should be used for the beneficiary, and other essential information that would be required when administering the trust.

## What is a Special Needs Trust?

There are many types of trusts that cover a variety of situations, but for families caring for a loved one with a disability, a special needs trust can provide peace of mind.

A special needs trust allows the family to improve the quality of life for the loved one without jeopardizing eligibility for government benefits such as Supplemental Security Income (SSI), HUD/Section 8 subsidies, and/or Medicaid.

In these scenarios, it's best not to give money or property directly to a person who relies on government assistance as that gift will almost certainly make the loved one ineligible to receive aid.

# Common Types of Special Needs Trusts and Their Benefits

Special Needs Trusts come in several types: third-party trusts and first-party trusts, and both of these types of trusts can stand alone or be combined into a pooled trust.



	Third-party trust	First-party trust	Pooled trust
<b>When to use</b>	<p>A third-party trust is usually used when a parent or guardian seeks to establish and fund an SNT for the benefit of a child with a disability.</p> <p>These trusts are often used to help the beneficiary cover supplemental costs while the grantor/donor is still living, or to help manage an inheritance once the donor has died.</p>	<p>When an individual with disabilities has their own assets (or expects to receive assets), a first-party Special Needs Trusts – also referred to as a “self-settled” or “(d)(4)(A)” trust – may be appropriate.</p>	<p>Pooled Special Needs Trusts, which are managed by nonprofit organizations, combine the resources of multiple beneficiaries into one “pooled” trust.</p> <p>Individuals have sub-accounts within the larger trust and receive a proportionate allocation of the trust’s earnings.</p>
<b>Benefits</b>	<p>One of the key advantages of a third-party SNT is upon the beneficiary’s death, the assets in a third-party SNT can pass to the grantor’s other relatives or anywhere else as so designated by the grantor.</p> <p>This is because the government is not entitled to reimbursement for Medicaid payments made on behalf of the beneficiary upon their death, as is required by a first-party trust.</p> <p>There is also no age limit for establishing a third-party SNT, nor limits on the size of the trust.</p>	<p>When an inheritance or a settlement payout is received, these assets often count as a resource and could put an individual at risk of losing public benefits such as Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), and Medicaid.</p> <p>By directing these assets to a first-party SNT, the individuals can accept these funds while still maintaining benefits eligibility.</p>	<p>Pooling trust resources can reduce administrative fees, which can be attractive if the funds available for a trust are of a modest size.</p> <p>Since a pooled trust accepts contributions from many beneficiaries, the trust may be able to provide additional investment options and management services that a non-pooled SNT might not be able to afford or access otherwise.</p> <p>Pooled trusts are administered by nonprofit organizations, so beneficiaries often benefit from additional support services such as case management, housing placement, and other programs.</p>

	Third-party trust	First-party trust	Pooled trust
Trade-offs	<p>Third-party trusts cannot hold funds belonging to the individual with a disability.</p> <p>That means, if the beneficiary receives an inheritance that wasn't directed into the SNT or settles a lawsuit and is awarded a payout, the funds have to be placed in a first-party trust.</p> <p>An individual beneficiary can have separate first-party and third-party trusts, but these assets should not be held together in one trust.</p>	<p>The beneficiary must usually be under age 65 (this varies state-to-state) at the time the trust is established and all first-party trusts must be "irrevocable" (i.e. unalterable) after they are established.</p> <p>First-party trusts are also required to reimburse Medicaid after the beneficiary's death, though remainder beneficiaries may be named if there are still assets in the trust after Medicaid is paid back.</p> <p>States may require first-party trusts to be monitored by the court and often leads to more stringent recordkeeping and reporting requirements (which can add to administrative costs).</p>	<p>Some pooled trusts won't accept unique assets (e.g. real estate, mineral/oil/gas rights, etc.), so they might not be the best option for beneficiaries who want to include these in their trust.</p> <p>Like first-party trusts, first-party pooled trusts are irrevocable and Medicaid payback may be required (this varies by state).</p> <p>Most pooled SNTs may retain a portion of any remaining funds, which allow the nonprofit to continue offering services to and advocating for people with disabilities.</p>
How to fund	<p>Third-party SNTs can be funded in a number of ways, including via life insurance policies, real estate holdings, investments and savings from some retirement accounts.</p>	<p>Assets commonly placed in a first-party SNT include inherited assets (e.g cash, stocks, property, etc.) and/or settlements from a lawsuit (e.g., awards from a medical malpractice personal injury case, divorce alimony, etc.).</p>	<p>A pooled SNT may be either a first- or third-party trust. When establishing the trust, a pooled SNT has a master trust agreement which a beneficiary or the trust grantor may use through a joinder agreement. This could save the beneficiary or grantor legal drafting fees.</p>



### How do you choose the right trust for your loved one?

Ultimately, this decision is influenced by where the assets are coming from (the beneficiary or a third-party), as there are strict rules about whose assets can be held in which trust.

Deciding between a non-pooled trust (first-party or third-party) versus a pooled trust may then be determined by the types of assets or the size of the trust, but your family's preferences and needs will also come into play.

A professional with experience in special needs planning can help you weigh your options and establish the right path forward.

## Types of Government Benefits

The federal and state governments, often in partnership, offer many types of benefits and programs for those who require additional assistance within their daily lives. These programs help with a variety of needs, such as income, housing, food, healthcare, and more.

Learn some of the common programs that are available to help those living with a disability.



### Supplemental Security Income (SSI)

SSI is a federal assistance program that provides modest financial support in part to help families caring for people and children with disabilities. It provides monthly payments to older adults, blind, and those living with disabilities with limited income and resources. It's also a "means-based" program, so to be eligible, in most circumstances, the recipient's resources — and the income and assets of the child's parents — can't exceed specific limits.



### Social Security Disability Insurance (SSDI)

The SSDI program pays benefits to people or family members if one is "insured." This means that a person has to have worked long enough — and recently enough — and paid Social Security taxes on earnings in order to be eligible for SSDI.

These two disability programs, SSI and SSDI, are the largest of several Federal programs that provide assistance to people with disabilities. While these two programs are different in many ways, both are administered by the Social Security Administration and only individuals who have a disability and meet medical criteria may qualify for benefits under either program.

### Medicaid

Medicaid is a joint federal and state program that helps cover medical costs for some people with limited income and resources. The federal government has general rules that all state Medicaid programs must follow, but each state runs its own program. This means eligibility requirements and benefits can vary from state to state, so it's important to focus on the benefits offered from the state that your loved one resides in.

### Medicare

Medicare is federal health insurance for people 65 or older, and some people under 65 with certain disabilities or conditions. A federal agency called the Centers for Medicare & Medicaid Services runs Medicare. Because it's a federal program, Medicare has set standards for costs and coverage no matter what state a beneficiary lives in.

## Who Will Manage The Trust

When establishing a Special Needs Trust for a loved one living with a disability, one of the first decisions that will need to be made is who will act as trustee. A trustee is the person or entity who manages the trust assets and ensures that funds are used in a way that aligns with the rules of the established trust.



## Common Options for Trust Management



### Hiring a professional

Selecting a professional trustee for a Special Needs Trust (SNT) is one route to take to help manage your loved one's trust. If you choose to name a professional as trustee, there are a number of experts who can take on this role, such as a bank, trust company, fiduciary, or an attorney. A few things to consider when looking at this option and talking with prospective professionals:

1. Level of experience with SNTs
2. Fees that the trust could incur
3. How goals of the beneficiary are incorporated
4. Access provided to beneficiary and their advocates



### Using a nonprofit pooled trust organization

Pooled trusts contain the assets of multiple individuals. Special needs pooled trusts are run by nonprofit organizations set up to expertly and efficiently administer a master special needs trust on behalf of individual beneficiaries with disabilities. Assets are combined and invested together and funds are spent on beneficiaries in proportion to their share of the total amount.

Pooled trusts are a reasonable alternative to doing a special needs trust if you can't come up with a logical choice for trustee or if you don't have enough money to justify creating an individual trust.



### Appointing a family member

Many people are tempted to choose themselves, a loved one, or friend who you already know and trust to take on this responsibility, but experts advise that families consider all their options before going this route.

In some cases, it's best for the family member to be able to focus on their personal relationship with the beneficiary — whether that's as a sibling, confidant, or friend — without adding the complexity and stress of managing money and being in the position of approving or denying their loved one's requests.

## Tools To Help Manage Spending

In 2022, consumers reported losing more than \$8.8 billion to fraud. As a result, many families are concerned with protecting the loved ones they care for from financial scams.

To help manage a loved one's spending, many families turn to options such as cash, gift cards, debit cards, and credit cards — which vary in difficulty when managing spending of a loved one while trying to protect from fraud.



### The True Link Visa® Prepaid Card and Spending Monitor

The True Link Visa Card is a prepaid Visa card that helps families manage where the people they care for can spend money, helping protect their finances and independence. What makes True Link different is our Spending Monitor, which is a unique tool that gives families the ability to allow or block specific transactions and spending at certain merchants. This level of spending management helps safeguard loved ones against fraud, scams, and unwanted purchases that could put their finances at risk and jeopardize their government benefits eligibility.



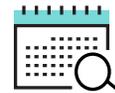
#### A prepaid Visa card to help stay on track

Easy to set up and fund with scheduled or one-time transfers from an existing bank account.



#### Customizable spending rules

Set where the Visa card works and where it doesn't to help protect spending and help prevent fraud.



#### Visibility into spending with alerts and history

Get real-time alerts to stay informed of recent purchases and generate reports to keep track of spending history.

## Tools To Help Manage Spending

Let's look at the key features of common tools families may use to help their loved ones living with a disability make purchases.

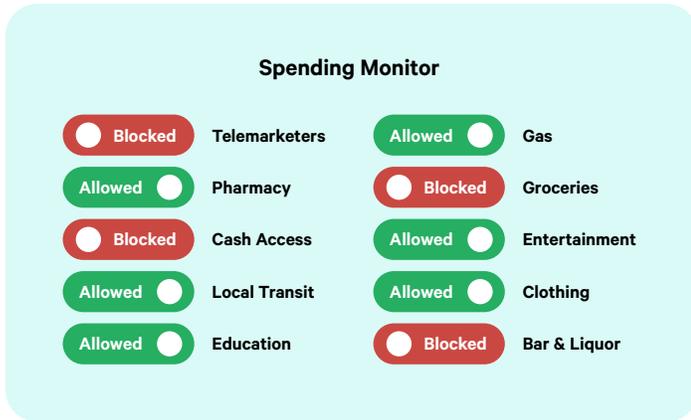
	True Link Visa Prepaid Card	Debit cards/ Credit cards	Gift cards/cash
Transaction Blocking	✓	✗	✗
Merchant Blocking	✓	✗	✗
Purchase Tracking	✓	✓	✗
Scamwatch™	✓	✗	✗
Connect to Bank or Trust	✓	✓	✗
Real-time Purchase Alerts	✓	✓	✗
Low Balance Alerts	✓	✓	✗
Detailed Card Usage Reports	✓	✗	✗
Cash Access and ATM Limits	✓	✓	✗
Mobile App Purchase Approval and Blocking	✓	✗	✗
Reload Card Funds	✓	✗	✗
Specialized Support for Loved Ones with Disabilities	✓	✗	✗

### How is the True Link Visa Card different from a debit card or credit card?

The True Link Visa Card is a prepaid card, so it does not draw money directly from a funding source like a debit card. A prepaid card requires money be transferred onto the card from a connected funding source (such as a bank account or trust) in advance in order to be usable.

A prepaid card can only spend the amount of funds loaded on the card. Once the allotted money is spent, it must be refilled in order to continue to be used. True Link also differs from credit cards, which work by allowing the cardholder to borrow money and pay it back over time.

# True Link Benefits and Features



## Set Custom Spending Rules for Loved Ones

The Spending Monitor is at the core of how True Link helps families protect the finances of their loved ones living with a disability — and it’s what makes the True Link Visa Card different from other prepaid cards. Daily transactions like buying groceries or paying for gas are essential to your loved one’s financial autonomy, but everyday spending could lead to financial mistakes or leave them vulnerable to scams and fraud.

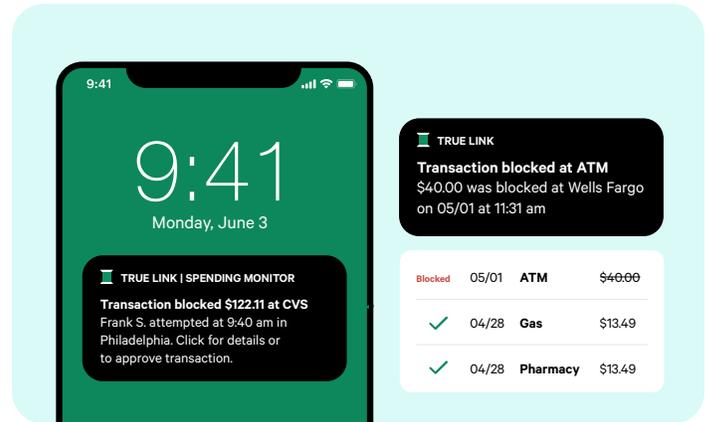
The Spending Monitor empowers families to set specific spending rules for where and when the loved ones they care for can make purchases with their Visa card. This helps loved ones maintain the independence to spend on their own while helping protect them from risky spending.

Families can use spending settings to allow or block certain spending categories — such as allowing purchases at a pharmacy, but preventing spending with potentially risky sources like telemarketers. A Visa card can even be set to block specific vendors such as “Allow Amazon” or “Block Home Shopping Network.”

Families also have the option to customize a number of other important settings as well, like maintaining daily spend limits and preventing cash withdrawals at ATMs.

These settings can also help prevent purchases that may not align with Social Security Administration requirements to help protect from jeopardizing benefits eligibility.

The Spending Monitor makes it easy to adapt to your loved one’s changing needs. You’ll initially choose spending settings that align with what you believe will be most helpful for your loved one, but as your loved one uses the Visa card, it’s easy to adjust these settings in real time to better fit their needs.



## Real-time Spending Alerts

When managing the finances of a loved one living with a disability, it’s important to have the ability to stay updated on daily spending as it occurs in real time.

With True Link, you can set various real-time spending alerts via email or text<sup>1</sup> to help you and your family stay on top of where your loved one uses their Visa card.

Receiving alerts can also help notify families of any suspicious spending activities or purchases in real time.

And if you’re working with a caregiver or additional family members, they can be added to account alerts to help ensure everyone who is responsible for care can stay in the loop.

<sup>1</sup> Text notifications may be subject to additional charges/fees from your carrier.

## True Link Benefits and Features



### Make Purchases in Stores and Online

The True Link Visa Card can be used everywhere Visa debit cards accepted, so those you care for can continue to make purchases at their favorite stores in person or online, while you help them stay protected from risky spending and financial fraud.

### Unique Account Structure With Two Separate Experiences

The True Link Visa Card comes with a unique set up that offers benefits for both families who manage a Visa card (the card administrator) and their loved ones (the cardholder) who use it to make purchases in their daily lives.



#### Family (Card Administrator)

- Fund transfers directly from a bank or trust
- Settings that help protect spending
- Ability to prevent cash access
- Real-time spending alerts



#### Your Loved One (Cardholder)

- Visa card to make purchases on their own
- Ability to check balance and transactions
- Receive money on a reliable schedule
- Helpful customer support

One of the most important differences between these two separate roles is that only the card administrator has the ability to access and manage how and where the Visa card can be used, while cardholders using the Visa card are not able to see or change these crucial settings.



### Direct Funding from Bank Accounts or Trusts

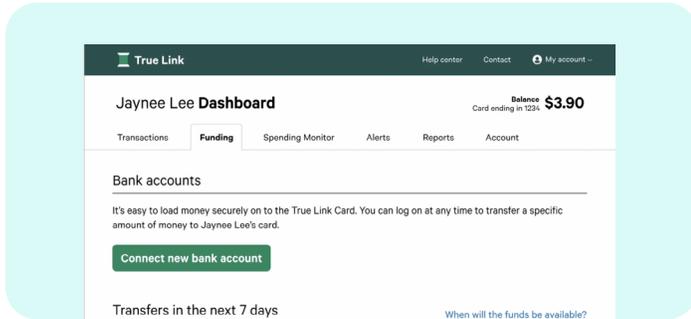
Family members can easily send money and fund their loved one's True Link Visa Card online at any time. Transferring money to a Visa card can be done either through one-time transfers (which can be helpful emergencies) or by setting up recurring transfers for a more routine funding schedule.

Funding can come from various sources depending on your loved one's situation, such as through monthly Social Security payments, existing bank accounts, directly from a Special Needs Trust, or other outside sources. And alerts for when a Visa card balance is low on funds can help you be confident your loved ones can continuously have access to money.

### Limits on Access to Cash and Withdrawals

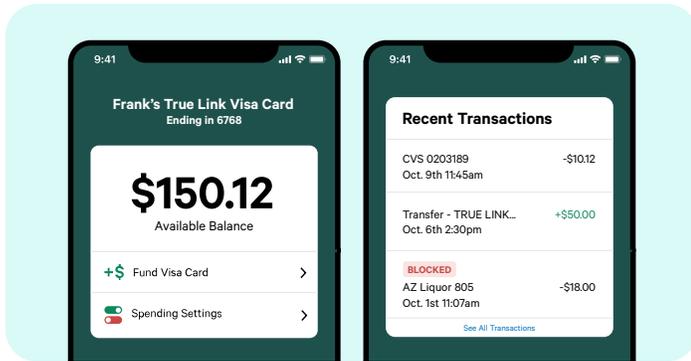
Families managing the spending of loved ones may want to limit access to cash, as using cash can potentially lead to risky spending and difficulty in tracking where purchases are made. Settings to block direct access to cash help with this, including preventing withdrawals at ATMs, blocking cash-back at time of purchase, and using daily or monthly cash withdrawal limits.

# True Link Benefits and Features



## Online Dashboard for Account Management

Through an easy-to-use digital platform, families can access a centralized hub that allows them to manage all account information in one place. From tracking where their loved ones have spent to setting funding schedules to adjusting where and when purchases can be made — it's easy to manage True Link Visa Card settings at any time.



## Mobile App For On-The-Go Spending Management

With the True Link Mobile App, families have an easy way to manage a loved one's True Link Visa Card and help protect their finances while on the go. With the Mobile App, you can:

- Load funds onto Visa cards from connected bank accounts
- Set up and edit one-time transfers
- Block or allow transactions, including access to cash
- Review when, where, and how funds are being spent
- See when a purchase is blocked or spending limits are reached

## Empathetic and Specialized Customer Support Team

Our support team is made up of empathetic, highly-specialized team members who are specifically trained in helping those who care for loved ones with complex needs. As families have a unique responsibility in caring for loved ones who live with disabilities, our team works to make everyone feel comfortable knowing that they, and their loved ones, can get the help they need when it's needed most.



## Access to ATMs

Families managing the spending of loved ones may want to limit access to cash, as using cash can potentially lead to risky spending and difficulty in tracking where purchases are made. Settings to block direct access to cash help with this, including preventing withdrawals at ATMs, blocking cash-back at time of purchase, and using daily or monthly cash withdrawal limits.

## Additional Option for Support ABLE Accounts

The Achieving a Better Life Experience (ABLE) Act allows states to create tax-advantaged savings programs for eligible people with disabilities (designated beneficiaries). Funds from these 529A ABLE accounts can help designated beneficiaries pay for qualified disability expenses. ABLE accounts help individuals with disabilities save and invest money without jeopardizing eligibility for public benefits. True Link partners with several ABLE programs to provide a True Link Visa Card to their participants.



## Hear How True Link Helps Real People

Every day, families across the country rely on True Link to help empower their loved ones with a greater sense of freedom and independence, while helping protect their finances. Here are some of our favorite stories of how our customers are using True Link to help support their family members living with a disability.

### Protecting a Father From Risky Purchases

Learn how Alana discovered and uses the True Link Visa Card to help protect her widowed father, whose dementia progressed after a stroke, from making risky purchases and bad financial decisions. [Watch video >](#)

### Helping a Sister Spend on Her Own and Become More Independent

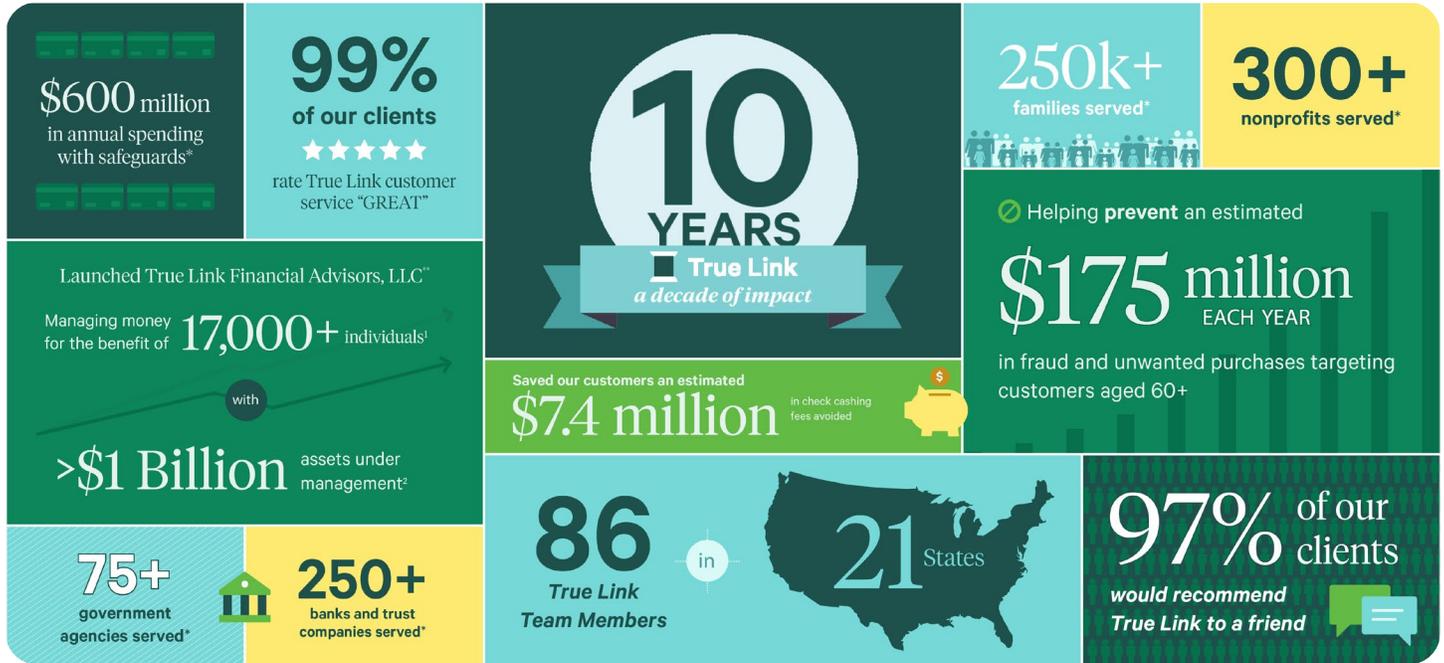
Learn about how David discovered the True Link Visa Card and uses it to help his sister, who relies on a Special Needs Trust, make purchases on her own, while helping protect her finances from risky merchants and scams. [Watch video >](#)

## Background and Impact

When our Co-founder Kai Stinchcombe noticed his grandmother's dementia was complicating her financial health, he set out to find a solution. Looking to make a positive impact, he started True Link to help all people with complex needs better protect their finances and maintain their independence.

True Link today helps provide life-changing financial solutions for people with complex needs and the people who care for them. We're honored to serve those who are aging, living with disabilities, and in recovery — and their families and professional caregivers — day in and day out. [Learn more >](#)

## A Decade of Impact



## Get started

Learn how True Link can help make your days easier and your loved one's life better.

This card is issued by Sunrise Banks N.A., Member FDIC, pursuant to a license from Visa U.S.A. Inc. This card can be used everywhere Visa debit cards are accepted. Use of this card constitutes acceptance of the terms and conditions stated in the Cardholder Agreement.

\* Based on True Link analysis as of 7/31/2023.

\*\* Investment Management Services are provided through True Link Financial Advisors, LLC, (the "Adviser"), registered with the U.S. Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training nor does it constitute an endorsement by the SEC.

<sup>1</sup> Number of trust beneficiaries served by trusts for which True Link Financial Advisors, LLC serves as investment advisor as of 1/24/2023.

<sup>2</sup> Assets under management with True Link Financial Advisors, LLC as of 1/24/2023.