ADVISORY TRUST

SPECIAL NEEDS TRUSTS (SNTs)

A SPECIAL NEEDS TRUST (SNT) IS A CRITICAL PLANNING TOOL FOR INDIVIDUALS WITH DISABILITIES

A properly drafted Special Needs Trust (SNT) may maintain a disabled individual's eligibility for critical public benefit programs; supplement treatment, services, and care offered by Medicaid or other public benefit programs; shelter assets from creditors; protect the individual from financial exploitation; and improve an individual's quality of life.

The process begins with a competent trusts and estate attorney drafting a qualified SNT and appointing an independent trustee to administer the trust. An SNT is generally irrevocable and provides the trustee with full discretionary authority. The trust provides a source of funds to supplement rather than supplant public benefits received by the disabled individual. In administering an SNT, the trustee reviews the lifetime needs of the disabled person and works to meet those needs in accordance with the terms of the trust instrument and applicable law. Within its discretionary authority, the trustee may distribute trust funds for such items as accessible vehicles, transportation, computers, education, recreation, travel, and supplemental custodial/respite care.

Generally, there are two types of SNTs: Third-Party Trusts and Self-Settled Trusts. A Third-Party Trust is established by a third-party with his/her assets for the benefit of the disabled individual and may not contain a Medicaid payback provision. This trust may be established as part of an individual's gift or estate tax planning goals. Alternatively, a Self-Settled Trust is established with the disabled person's assets by a parent, grandparent, guardian, or the court and contains a Medicaid lien reimbursement provision. This trust is created by federal statute at 42 U.S.C. §1396p(d)(4)(A), which mandates, among other things, that the SNT be irrevocable and be established by an individual under the age of 65.

The Advisory Trust Company of Delaware

The Advisory Trust Company of Delaware (Advisory Trust) provides directed trustee, trust administration, and back-office services for high-net-worth individuals and their families. We work exclusively with professional advisors, assisting them in helping their clients achieve their financial goals by using the full-range of trust strategies available under Delaware law.

Advisory Trust is part of the Wilmington Trust corporate family, which has been in the wealth management business for 105 years, serving as trustee and advisor for prominent individuals, families, and foundations. Founded in Wilmington, Delaware, in 1903 by T. Coleman du Pont, one of the great industrialists and entrepreneurs in our nation's history, the Wilmington Trust corporate family currently serves wealth advisory clients in all 50 states and 36 countries.

Advisory Trust has offices in Wilmington, Delaware, and Phoenix, Arizona, and currently oversees approximately $1.3 billion in assets for more than 1,200 personal trust accounts, providing tax and administration services.

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