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The SNPC Mission:

*Providing continuity of quality care
for our loved ones with special needs*

Quick Hits: Market Updates & Economic Stimulus Rebates

LESS THAN FLAT - The S&P 500 closed on 2/15/08 at 1350. Eight years ago to that day (2/15/00), the S&P 500 closed at 1402. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the US stock market (source: BTN Research)

LOOK-BACK - As of 12/31/07, the S&P 500 was up +5.9% per year over the last 10 years, up +11.8% per year over the last 20 years, and up +13.0% over the last 30 years (source: BTN Research).

NOT FOR EVERYONE - A married couple with adjusted gross income (AGI) of at least \$174,000 on their 2007 Form 1040 (due 4/15/08 without an extension) will not receive any rebate from the economic stimulus package signed into law by President Bush. A married couple with an AGI of \$150,000 or less will receive a \$1,200 rebate. Between \$150,000 and \$174,000 of AGI, the \$1,200 rebate is phased-out (source: Senate).

The Gifted Learning Project: Financial Planning for Special Needs



DVD offered by The Gifted Learning Project
(www.giftedlearningproject.org)

DVD Cover Description:

No matter what the age or disability, parents of children with special needs have many serious questions about how best to provide for their child's future well-being. We realize that you face unusually difficult planning decisions regarding the welfare of your child.

The most important of these is

probably how to prepare for your child to apply for SSI or SSDI, maintain benefits, wade through the difficult decision of guardianship or durable powers and to provide for ongoing care financially and physically after your death.

Girard Sagmiller attended a workshop conducted by the Special Needs Planning Center and felt every parent desperately needed this information. He worked with, The

Gifted Learning Project and The Special Needs Planning Center, to develop this timely DVD.

To get additional information or to order your copy of the DVD you can go to:

www.specialneedskc.com/financial-planning.html

or

www.amazon.com
(keyword: special needs planning dvd)

**AN INDEPENDENT FINANCIAL PLANNING FIRM EXCLUSIVELY
SERVING FAMILIES WITH SPECIAL NEEDS**

Special Needs Trusts, Part 3: How do you fund a SNT and how much money should you leave in the trust

For those of you that either currently have a special needs trust, or who are now going through the process of developing one, you likely have faced a challenge in completing the process. When working with the financial planner, attorney or other professional who is helping you with this and looking to find the answer to how much to leave into a special needs trust, you may have found it difficult to get clear guidance. The reason - there is no clear answer and may not even be a right answer.

In a traditional financial planning role an advisor can sit with you and based on factors such as your retirement income goals, investment return assumptions, planned retirement age and expected mortality can help you determine how much you'll need. Ideally, you'd have enough to retire comfortably and then whatever is left after the parents are gone is divided between children, charity, church, etc. There are hundreds of financial software packages and websites that can help you through this process.

Our families are different - When a special needs trust is placed into the equation there isn't software designed to help you extend your financial plan beyond your lifetime. Sure, if you know exactly what you want to leave in a special needs trust, say \$500,000, the software may sometimes be manipulated, but how do you arrive at that number.

We all would agree that every family dynamic is different due to each individual with special needs unique needs. How do you place a dollar value to the quality of life you would want to provide for them after your death, taking into consideration the available state benefits? We've spent 6

years working with families trying to arrive at comfortable numbers and the only way to do this is to attempt to work backwards.

To create an example lets assume an individual is age 18 and currently receiving benefits. Lets then assume the individual is still living at home with their parents, receiving SSI equal to \$628 per month, as well as a monthly stipend of \$30 (remember to maintain eligibility federal guidelines restrict them to \$2,000 of assets). In this instance the parents are faced with the challenge of planning to provide for their child's needs above and beyond what the state is providing.

To start you must first attempt to plan where your child would live. Would they live at home or with another family member or caregiver where they would have an expense for food and shelter, or would they live in a community facility where their SSI would go to the facility for living expenses. Beyond the basic shelter and food needs that government benefits are designed to provide the following questions need considered:

- Are there medical expenses that are not typically covered by Medicaid that are necessary? An example of this would be allergy medication or assistive devices that are not covered by insurance.
- What social activities are important to your child that you would want to ensure continues? Examples might include annual vacations with siblings or baseball games.
- Does your child enjoy going out to eat with friends or going to movies?
- Are there things such as computers and computer games, DVD's, video games, etc that improve your child's quality of life?

After you have listed out those things

that you would want your child to continue to enjoy you will want to put a monthly figure to this number. Take your time coming up with this monthly amount. The easiest way to do it is to keep track of everything you spend on your child over the course of the month. After you have that amount go back and add in periodic expenses that might come up quarterly or annually.

Let's say that that number you arrive at is \$1,000 per month. This is effectively saying that in addition to the SSI benefits and medical card our child needs \$1,000 per month to live a quality of life that compares to what they are provided now and that would meet our families expectations. Once that number is agreed upon you'll need to get a financial professional specializing in this type of planning to help you arrive at the dollar amount today that needs to be put away to create an income stream equal to your monthly goal. There are numerous variables and assumptions that will go into this calculation, including what investments will be utilized, what inflation rate is appropriate (very important to remember), etc.

Last issue - Whether real estate, savings, mutual funds or retirement plans most assets can be left to a special needs trust, but not all assets *should* be left to a special needs trust. When finalizing your families plan you must include a professional in this part of the planning. Whether it be a Certified Financial Planner, CPA or attorney please confirm that this person is versed in special needs planning and is involved in multiple plans per year. He or she must understand the taxation of the various assets left to the trust and should be able to provide education to both you and the trustee of the trust who will ultimately be responsible for carrying out your wishes.

This article is part of a series of 7 posted published by Heath Burch, CFP, Co-Founder of the Special Needs Planning Center. The entire series can be found at www.specialneedsplanning.blogspot.com.

Beyond the Evening Star Theater Overview

For more information on B.E.S.T. Network, contact Marlene Wagon, CCO/Founder, at (913) 663-9936 or best-netarts@earthlink.net

What is the B.E.S.T. Network?

B.E.S.T. Network is a network of non-profit and for profit programs designed to improve the lives of people with disabilities through participation in performing and visual arts. All programs are designed to bring about social changes and inclusion by bringing people with and without disabilities together to work on performing arts projects. We believe in quality of life for all people through inclusion in all areas as dictated by their preferred lifestyle. People with disabilities have been denied access to performing arts due to physical and social barriers. We seek means and methods of creating ways for them to be included and shine on the stage of life. Our definition of **theater** is in the broader sense, in that it is “an area in which something happens”. We are proactive in causing changes to happen in our communities by bringing people with disabilities to the forefront on the greater **stage** of life.

BEYOND THE EVENING STAR THEATER

Beyond the Evening Star Theater (original program) is a non-profit, diversity driven performing arts program for young adults with and without disabilities, which has emphasis on creating communities of kindness and inclusion through joint participation in the arts for people with and without disabilities. We have developed age appropriate programs for all ages and abilities.

Bright Beginnings, Ages 4-8

Beyond the Evening Star Theater's, B.E.S.T., Brite Beginnings music program for kids of all abilities creates communities of kindness and inclusion through music and arts experiences. This is the time to introduce children with differences to one another so that they know that being different is a natural part of life. They learn that ALL people have value and something to offer.

B.E.S.T. Friends, Ages 8-12

Children in this age group are eager to make new friends and we teach them good principles of what it means to be a friend and how to treat one another with respect. We have typical kids mentor kids with challenges as their “Best Friend”.

B.E.S.T. Friends on Campus, Ages 12-21

This program was developed as a way to bring typical youth and those with disabilities together to work on performing arts projects that break down social barriers and give those with disabilities a presence on campus . It gives them the opportunity to try new things and experience the same joy from accomplishment on stage that typical youth enjoy.

B.E.S.T. Troupe, Ages 21-40

This is the age people with disabilities are transitioning to adulthood and learning skills for success in the community. They are learning interdependence and what it means to cooperate. We strive to give them the tools for success in the community. They learn critical skills that increase the possibilities of success in the job market.

B.E.S.T. Ensemble, Ages 40 plus and challenged

This program is adapted to meet the needs of people who are older or have significant challenges. We try to find something that they can have a measure of success with. Where they can be seen and heard. Self expression is a necessary part of the human experience which has been denied generation of people with disabilities. All people deserve a chance to tell their story.

[Market Commentary: A Review of the Last 6 Months](#)

It is not common practice for us to make a statement on the markets in our quarterly newsletter. Going forward, as we have in previous years, we'll continue to focus the newsletter on providing information on issues centered around special needs planning. That said, the recent volatility in the market calls for us to provide some insight into the market over the last six months and some clarification as to what has led the market to react the way that it has.

The subprime crises and the resulting financial fallout that we seemingly cannot escape on TV, radio and in print has begun to show signs of working itself through. The chain of events that have led us here though are unprecedented, and while the following timeline is overly simplified, it briefly explains the snowball that the market has suffered through.

Escalating home prices and loose credit

Home prices seem too simple to be the start of it all, but prices couldn't continue to inflate at the same level they had for the last 5 years. This wasn't the sole cause of the market's troubles, but the need for homeowners to put less down on a home in order to be able to afford the house (resulting in 90-100+% loan-to-value), coupled with credit being offered to buyers when it should not have been in the first place, has led to the current housing problems. Factor in declining home values and many homeowners now face the challenge of their home being worth less than their note, making it difficult if not impossible to refinance out of their adjustable rate mortgages.

Banks and mortgage brokers alike collected fees by getting the credit pushed through, but ultimately it wasn't the banks and brokers that paid the price. Instead, it was the overall market (and soon to be the taxpayer) that suffered.

Packaging of bad mortgages into complex securities

The market, through various hedge funds and sophisticated investment vehicles, was more than willing to accept securities it both didn't completely understand and couldn't effectively price in the name of return. The aforementioned mortgages were bundled into complex investments and sold to investors. To compound the issue hedge funds and investment managers were using leverage to purchase more and more of these investments.

In the end, investments like these are what brought down the various investment houses and ultimately ruined an 85 year old Wall Street darling in Bear Stearns. The financial sector wasn't the sole cause of the market downturn, but it did lead it.

Tightening of credit

The tightening of credit was an inevitable consequence of the overextension of credit. This tightening didn't just affect homebuyers, but it also led to a reactionary move by the Fed lowering interest rates to bail out homeowners and attempt to stimulate the overall economy. With interest rates on a large number of subprime mortgages and other ARM's due to adjust upward during 2008, the Fed really didn't have much choice.

Problems yet to come: Inflation and the declining U.S. dollar

The market will cheer as interest rates are cut, but the series of cuts in rates lead us towards more inflationary pressure as borrowing becomes easier. This also works towards weakening the U.S. dollar. These issues currently seem to be put on America's back burner, but will ultimately be something the economy will have to face.

This series of events has held the market captive and led to a 18.6% drop in the market from the S&P's peak on 10/09/07 to the Monday 03/10/08 close. By the historical measure of a 20% drop in the market defining a bear market, we are on the doorstep.

While we certainly could (and probably will) re-test the recent lows in the market, it appears we have worked our way towards a bottom and at this level should have more upside than downside left in equities. The market will likely continue to be volatile in the near term, but as these issues continue to work themselves out and the market will as it always has recover, and reward those that stay invested.

UPCOMING SPECIAL NEEDS PARENT WORKSHOPS & COMMUNITY EVENTS

THE FOLLOWING WORKSHOPS ARE EDUCATIONAL ONLY AND OPEN TO THE PUBLIC
CONTACT THE SPECIAL NEEDS PLANNING CENTER AT 816.407.1004 FOR DETAILS

- **Leavenworth CDDO/Leavenworth County Workshop @ Leavenworth CDDO**—Mon, Mar 17th—2:30 to 4:00 and again 5:30 to 7:00pm
- **Liberty Community Education Parent Workshop @ Liberty High School**—Thurs, Apr 3—6:00-7:30 pm—Contact Liberty Public Schools Community Education at (816) 736-7104
- **Madonna School Omaha, Ollie Webb Workshop @ Madonna School, Omaha, NE**—Tues, April 8th—6:00-7:30pm—Contact Madonna School at (402) 556-1883
- **Autism Awareness Night at the K @ Kaufmann Stadium**—Fri, April 11th—For information go to www.autismalliancekc.org
- **5th Annual KC Walk for Autism Awareness @ Unity Village**—Sat, April 12th—For information go to www.autismalliancekc.org
- **Johnson County Community College Community Education Workshop @ JCCC Campus**—Thurs, Apr 24th AND Tues, June 10th—6:00-7:30pm—Contact JCCC Community Education @ (913) 469-8500
- **26th Annual Mid-America Games for the Disabled @ Blue Valley High School**—Fri, May 2nd through Sun, May 4th—For more information go to www.midamericagames.org
- **6th Annual Walk in the Park for Northland Early Education Center @ English Landing Park, Parkville**—Sat, May 3rd—8:30-12:30pm—For more information contact Emily Seifers @ (816) 420-9005
- **Helen M. Davis School St. Joe PTO Workshop @ Helen M Davis School**—Thur, May 15th—6:00-7:30pm—Contact school @ (816) 387-2986
- **North Kansas City Community Education Workshop @ Oak Park High School**—Thur, June 12th—6:00-7:30pm—Contact NKC Schools @ (816) 413-5460
- **Park Hill Community Education Workshop @ Plaza Middle School**—Thur, June 19th—6:00-7:30pm—Contact Park Hill Schools @ (816) 359-4060

For an updated calendar of workshops and events go to the SNPC website at www.specialneedskc.com

SPECIAL NEEDS PLANNING CENTER BLOG TO PROVIDE
EDUCATIONAL INFORMATION TO PARENTS—VISIT
WWW.SPECIALNEEDSPLANNING.BLOGSPOT.COM

DO YOU HAVE YOUR LEGAL WORK DONE YET? DO YOU KNOW THAT YOU NEED A SPECIAL NEEDS TRUST, BUT HAVEN'T STARTED? HERE'S HOW TO START AND SAVE \$1,000!

Most of you know that you need to complete some legal work to protect your family and your child with special needs, but for whatever reason have not been able to start this important process. Maybe like many families the uncomfortable task of discussing your own mortality has made it so you've found it easier to put the work off. Or, like most families you aren't sure how much it will cost so you've chose to wait until later? It is true that to get this legal work completed in this area it can cost you upwards of \$5,000!

To help families start and manage this process The Special Needs Planning Center has worked hard to find competent attorney's in your area that both regularly draft special needs trusts, as well as complete this work for a reasonable fee. By coming through The Special Needs Planning Center's intake process, we can prepare you for your first meeting with the attorney by educating you on your available options and organizing your family information in a format the law firm can use. By coming through our offices our families are both entitled to a typical base fee of \$2,500, as well as often times an additional reduction of \$1,000 because we have done a portion of the initial work for the law firm prior to you even meeting them, reducing your base fee to \$1,500!

If you are ready to begin the process of getting this needed legal work in place and would like to set an appointment to at least learn about the process, call The SNPC at (816) 407-1004 to set an appointment.

(Legal work often comprising of wills and living trusts, a special needs trust, durable powers and/or living wills assumed in this figure. This figure may vary by law firm, as well as the complexity of your families situation, and it is not intended to be a quote or guarantee of price.)