

Special Needs Answers

a community resource provided by the  Academy Of
Special Needs Planners

Search for More Articles:

Go

 [Print This Page](#)  [Email to Friend](#)

What Expenses *Can't* a Special Needs Trust Pay For?

LAST UPDATED: 11/26/2007

Special needs trusts are designed to supplement, not replace, the kind of basic support provided by government programs like Medicaid and Supplemental Security Income (SSI). Special needs trusts pay for comforts and luxuries -- "special needs" -- that could not be paid for by public assistance funds.

This means that if money from the trust is used for food or shelter costs on a regular basis or distributed directly to the beneficiary, such payments will count as income to the beneficiary. This can affect eligibility for government benefits like Medicaid and SSI. One of the trustee's most important jobs is to use discretion in making distributions from the trust so as not to jeopardize the beneficiary's eligibility for these government benefits.

If the beneficiary receives SSI, here are some basic expenses that should not be paid through a special needs trust without consultation with a special needs attorney. (List developed by [Life Plan Trust, Inc.](#), Apex, N.C.)

- Cash given directly to the beneficiary for any purpose
- Food or groceries
- Restaurant meals (except if given as an occasional gift)
- Rent or mortgage payments
- Property taxes
- Homeowners or condo association dues
- Homeowners insurance if the insurance is a mortgage requirement
- Utilities such as electricity, gas, and water
- Utilities hookup or connection charges

However, many of these payments will only cause a one-third reduction in SSI benefits. The trustee may determine that the benefit of the trust making these payments far outweighs the loss of income.

[<< Previous Article](#) | [Next Article >>](#)

 [Print This Page](#)
 [Email to Friend](#)