

The ABCs of PSNTs

Understanding Pooled Special Needs Trusts

*Two minute
read time*

Consumers have access to many financial planning and investing solutions, including retirement plans, mutual funds, sophisticated alternative investments, annuities, college savings programs, and a wide variety of banking products.

Now, suppose you are one of the 43 million people (one in every seven) in the US with a disability.

In that case, the range of products tailored to your specific needs is much narrower and includes 1) special needs trusts and 2) ABLE tax-advantaged savings accounts. Each of these can be an essential component of a financial plan.

Big picture, both solutions protect access to disability and other benefit programs AND ensure availability of financial resources. People with assets or income over certain limits can risk losing access to benefits, something to be avoided given the 28% increase in the cost of living for people with a disability.

All special needs trusts have certain things in common; a trust document establishing the trust, a trustee who makes decisions about investing and using the money in the trust for benefit of the beneficiary, and assets in the trust. There is, of course, more than one way to put these pieces together to accomplish specific objectives.

43

Million people have a disability ¹

1:7

That's one in seven people

1%

Of financial advisors are certified in special needs financial planning

\$4B

In beneficiary assets administered by PSNTs ²

105

Organizations offer national or regional PSNT programs

28%

Increase in cost of living with a disability ³

¹ 2020 Annual Disability Statistics Compendium, Institute on Disability, UNH

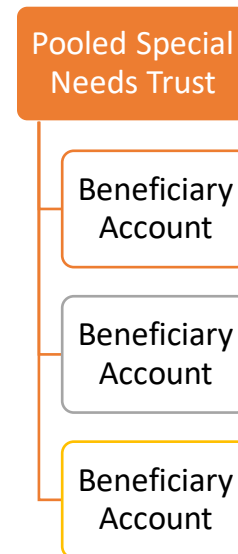
² SNFSi, Includes Disclosed Assets and Estimated Undisclosed Assets

³ 2020, National Disability Institute

Pooled Special Needs Trusts (PSNTs)

A pooled special needs trust works much like a company or nonprofit retirement savings plan. Each person has their own trust account with their own money, and all the funds are invested together. Only nonprofit organizations can administer pooled special needs trusts.

The nonprofit organization operates as the lead fiduciary and decision-maker for each person who has an account in the trust and can provide specialized, continuous administration over long periods. PSNTs often offer other services, supporting family members and friends as well as beneficiaries. While setup fees and account minimums for PSNTs vary, they are generally lower than the costs of establishing an individual trust, making this vital tool accessible to many people.



Increase the Value of Your Advice

Unless we ask, we may not know whether clients – and others in our community - have a disability or are caring for a loved one with a disability. We can deepen relationships and provide trusted advice about planning and investing to meet this important need when we ask. Giving advice includes ensuring suitability, which requires an objective, informed view of the 100+ providers in this space. This is true for advisors who serve various client needs and those whose practices focus on special needs planning.

The Special Needs Financial Services Institute (SNFSi) is an independent research organization specializing in analyzing, evaluating, and rating financial products for people with disabilities and the organizations that provide them. We are the first organization to do this.

Our tools and subscriptions provide the knowledge and information you need to increase the value of your advice by addressing this financially and personally meaningful piece of people's lives.

Reach out today to learn more.

www.snfsi.com | 800-760-4234

Copyright © 2021 Special Needs Financial Services Institute (SNFSi) | www.capitalmotionllc/snfsi.com
For Use With Permission Only

DISCLAIMER The information provided in this document does not, and is not intended to, constitute legal, tax, investment, financial, or other advice. All content is of a general nature and does not address the circumstances of any particular individual or entity. Use of this document does not create a professional-client relationship between you and SNFSi or any of its professionals or affiliates. Always seek professional advice for recommendations specific to your situation.