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## Financial Strategies for the Friends and Clients of...

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# MetDESK News

MetLife's Division of Estate Planning for Special Kids

*Information and Support for the Special Needs Community*



## MetLife®

## The Importance of Special Needs Planning

Caring for an individual with special needs takes special planning. All too often we put off the task of planning as it can be overwhelming and it's hard to start – difficult to begin what can be an involved, complicated process that takes a lot of time and energy. This article will outline some of the necessary steps you, with the assistance of a qualified attorney and other professionals, need to take in order to plan appropriately and thoroughly and will identify some pitfalls in the Special Needs Planning process.

### Letter of Intent

Putting together one's plans for the future of a child or dependent with special needs can be a daunting task laden with emotions. One way to get started is to compose a **Letter of Intent**. While the **Letter of Intent** is not a legal document, it is designed to serve as a roadmap for anyone involved with your child's situation to utilize in understanding your child and their needs and your wishes for your child when you are no longer able to carry them out yourself. This letter should detail medical history, daily care needs and activities, housing and services, as well as your specific wishes as they relate to your child's future. This document is a working document for the future caregiver to follow.

### Your Will

Addressing legal issues is a crucial step in planning for the future. Creating and planning your estate is vital to meeting your child's lifetime needs. **Prepare a will** if you don't already have one and if you do have a will – update it to make sure it reflects what you want for your child. A will declares how you want your estate to be distributed and allows you to select a guardian for your child when you die. It may be especially important if you want to prevent or limit asset distributions directly to a child with special needs. If parents die without a will, generally state law will distribute assets to the children.

### Special Needs Trusts

Many well-intentioned parents don't realize that an inheritance may cause many problems for their child. Under current federal law, any inheritance of more than \$2,000 disqualifies individuals with disabilities from most federal needs based assistance. Benefits from

state public assistance programs may also be affected. A **Special Needs Trust**, however, offers a means of protecting your child's eligibility for these benefits, while addressing the ongoing care and needs of your child or other dependent with special needs. Design a special needs trust or update your old one. Be sure to include the individual with special needs in the planning process whenever appropriate.

### Guardian/Trustee

Select a guardian to take your place. Make sure you explain to this individual(s) exactly what is involved – give specifics of what he/she are taking on – make sure they understand their role and responsibilities. Make sure they want the job. Choosing the wrong people can be devastating for everyone involved. You may want to consider having a guardian, a trustee and a trust protector – all having different roles in managing your child, the money and the investments but all being involved and contributing to the overall well being of your child. Look at the options and decide what's best for you and your family. All situations are unique and there is no one right answer.

### Financial

You want the best for your child's/dependent's lifetime care, but sometimes sufficient financial resources to meet those needs may not be available. The death of one or both parents or other caretaker can easily disrupt the continuation of your child's financial safety net. Start answering the question by estimating your child's current monthly expenses (whether the costs are paid by you, private insurance, etc.). Annualize these costs. Then, assuming a modest interest rate, determine the lump sum amount you will need to produce that much income on an annual basis without depleting principal. Of course, this does not take inflation or other factors into consideration. If you are just beginning to accumulate assets to fund a special needs trust, there are a variety of funding options. Discuss these options and which ones might be best for you with your MetDESK specialist. Figuring out what your dependent is likely to need is tricky. Ask yourself: What type of life do you envision for the individual with special needs? How much money will he/she need for quality lifetime care?

## Some Common Mistakes

As you can see, this is an involved, complicated process that takes a lot of time and energy.

### Please be sure to avoid the following critical mistakes:

- Disinheriting your child – You do have options. Often times individuals think that the only way they can protect their child's right to government benefits is to leave them nothing or not name them in their will. This action could possibly leave what happens to your child up to the wishes of the state administrators or judges – who have no clue about your child or dependent. Chances are this is not what you want!
- Procrastinating – Tomorrow will come and you are not prepared
- Relying on your children to take care of your child with special needs – Put it in writing. Spell it out in a special needs trust accompanied by a Letter of Intent that cover every detail of how you want your child to be cared for and taken care of when you no longer are in the picture.
- Choosing the Wrong Trustee – Choose carefully and communicate YOUR wishes, hopes and dreams for your dependent.
- Poorly Drafted Trust Documents – Be sure to work with qualified professionals
- Failure to Properly Fund the Trust – an unfunded trust will not do anyone any good

### When doing your planning, please keep the following items in mind:

- Observe the \$2,000 Federal Limit
- Have a Special Needs Trust drafted or update your old one
- Select a Guardian/Trustee to take your place
- Process Guardianship/Power of Attorney/Health Care Proxy papers for an individual who can not make any of these decisions for themselves /Age 18 -21
- Include the individual with special needs in the “ Planning Process” whenever appropriate
- Prepare a Will – if you don't have one already
- Create a Letter on Intent
- Update your documents – Make sure they reflect the current scenario and are valid in your present domicile
- Review all documents with the Person/Persons who have been designated as guardian/trustee – make sure they want to take on this role and responsibility
- Work with qualified, experienced Professionals – no short cuts allowed. Everyone in the planning process needs to understand your family dynamics and your individual with special needs
- Team work – Create your team of advisors – Always remember it takes a whole village to raise a child
- Start Planning – you don't need to do it all now, but eventually you need to do it all!

Not starting, not planning, not doing anything. This is one of the most critical mistakes people make because special needs planning is no easy task yet if you do not plan appropriately and effectively for your child or dependent with special needs you may be leaving it up to the state to determine what will happen to your family member and all too often those outcomes are not what you had planned for or anticipated. Family members will convene, get together to discuss what to do and may not always agree – they run into a stumbling block and then they put it off – and procrastinate. They may agree to disagree and that's okay too as long as they agree to regroup and come up with an action plan. To do nothing is **unacceptable** – you must plan to insure quality of life and lifetime care. Someone once said if you don't plan for the future you get the one that shows up.

It's never too late or too early to start planning, it's the getting started that counts!

MetDESK®, MetLife's Division of Estate Planning for Special Kids, works with national non profits and individuals to help support the mutual goal of helping individuals with special needs. MetDESK® is dedicated to helping families plan for the future of children and/or dependents with special needs. Helping you answer those questions, directing you to the right resources, and just being there as a resource and advocate for you, is an important part of what we do. If you'd like to find out more, or you'd like to be referred to a local MetDESK® Specialist, please call 1-877-MetDESK, or 1-877-638-3375, or visit our website at [www.metlife.com/DESK](http://www.metlife.com/DESK). This article was written by Mary Claire Gomeringer, a MetDESK associate and mother of an adult daughter with special needs.

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