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Pooled Trust

SNTS POOLED TRUSTS AND ABLE ACCOUNTS

Medicaid

HCS

CLASS

STAR+Plus

DBMD

STAR KIDS

TxHML

SSI

QMB

SLMB

QI

YES

A Supplemental Needs Trust (SNT) is a specialy drafted trust that allows an individual with a disability to retain assets while still keeping means tested benefits.



An SNT's superpower is the ability to make assets “invisible” for Medicaid or SSI purposes.

INVISIBILITY



Means Tested Benefits

Generally, a person CAN NOT have more than \$2,000 in countable ASSETS and remain eligible for many means tested benefits like SSI and Medicaid.

Your Texas Benefits Health and Human Services Commission		Medicaid Program Name	
Medicaid ID Card		Medical plan / Plan médico	
Member name: John Doe		Plan name / Nombre del plan 1-800-###-####	
Member ID (Medicaid ID): 123456789		Dental plan / Plan dental	
Issuer ID: (00840) XXXXXXXXXX	Date card sent: 03/01/2012	Plan name / Nombre del plan 1-800-###-####	
RxBIN: 001111			
RxPCN: ADV			
RxGRP: RX1234			

SAMPLE

SNTs

Protect

- Protect public benefits while improving quality of life.

Avoid

- Avoid Guardianship of the Estate

Manage

- Manage Money

Safeguard

- Safeguard funds against predators and creditors.

Secure

- Secure child support for individuals over 18.

Established with a beneficiary's OWN money

- Lawsuit settlements, inheritances left to the individual, their own 401k, savings etc.

These trusts require a Medicaid payback provision

- When the beneficiary passes away, any money left in the trust must be used to pay the state(s) back for any Medicaid money spent on their behalf.
- *All SNTs established with the beneficiary's own money require this provision in order to protect their benefits.*

Self-Settled or First Party

Third-Party Trusts

Third-Party Trusts are funded with a third party's money on behalf of an individual with a disability.

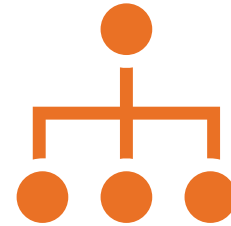
- Used in Future Planning
- Included in a will
- As a beneficiary of a life insurance policy.

Traditional vs. Pooled



Traditional SNTs

- Established through an attorney and an individual, bank or trust company serves as the trustee.
- Individual Trust Document is created for your specific needs



Pooled SNTs

- Established with a non-profit organization who serves as the manager alongside a Trustee.
- Master Trust Documents are already drafted. The assets may be pooled for investment purposes.

The Arc of Texas

MASTER POOLED

trust

Disabled

- The individual must be disabled according to Social Security Administrations definition of a person with a disability.

Texan

- The individual must be a Texas resident at the time the trust is established.

Cash Assets

- Only Cash assets or items that can be changed into cash assets.

Does the MPT Work for your situation?



The Arc of Texas serves as the Manager.

- As the Manager, The Arc of Texas handles the day-to-day operations of the MPT.



Providence First Trust Company serves as the Trustee.

- As Trustee, Providence First has oversight over the entire trust and prepare and file taxes for the trust.

The logo for J.P. Morgan, consisting of the text 'J.P.Morgan' in a white serif font on a white background.

J.P.Morgan

JP Morgan Chase is the Financial Administrator and Investment Advisor

- JPMorgan handles the investments and sends the money to the beneficiaries and their families.

MASTER Pooled Trust

The Master Pooled Trust (MPT) has four (I-IV) MASTER trust agreements that are already drafted to meet SSA and Medicaid's requirements.

Individuals can "join" using our Joinder Agreement.


The MPT has over 2000 active sub-accounts.

ALL 4 Trusts can help protect benefits.




Master POOLED Trust


Sub-accounts are “pooled” together for investment purposes.



By pooling all the sub-accounts together, the trust is able to keep fees to a minimum.

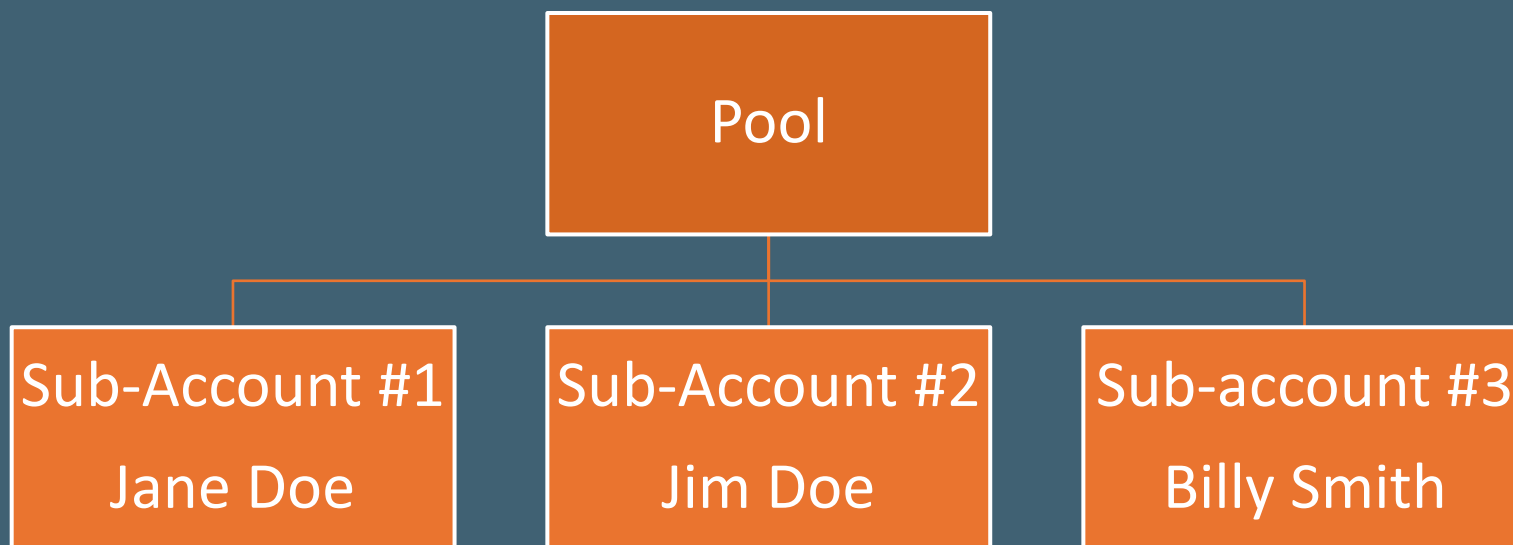


There are NO minimum or maximum amounts that can go into the MPT.



*****The MPT can only accept CASH assets!*****

Sub-accounting



For Example: MPT total is \$100,000,000

Sub account has \$1,000,000

Earnings = 1%

- Each beneficiary has their own “sub-account” within the MPT.
- Beneficiaries *only have access to their own personal sub-account.*
- Each beneficiary shares in the *earnings or losses* based on the balance of their account.

MPT Fees

The Master Pooled Trust is a low-cost alternative.

Enrollment fee is \$600 (non-refundable)

Annual Fees are:

Minimum annual fee: \$300

1.75% on the first \$50,000

1.25% for amounts between \$50,000 up to \$100,000

1% for amounts over \$100,000

No Annual Fees required for unfunded accounts.





Distributions FROM AN SNT

Medicaid and SSA have rules about what a trust can pay for. Several GENERAL rules include

- NO FOOD AND SHELTER
 - *Rent/Mortgage,*
 - *Utilities including electricity, water, waste-water, naturalgas, trash)*
- NO CASH
- NOTHING THAT WOULD BE CONSIDERED A NON-EXEMPT ASSET



How to Use the Master Pooled Trust



Check out the toolkit!



www.thearcoftexas.org/trust-toolkit



A hard copy is sent to the representative after enrollment.



All the information you need to know is in here!

General Guidelines for Sub-Account Disbursements

No payment can be made directly to any individual that receives SSI or Medicaid.

Generally Not Allowed These items MAY NOT be approved by the Master Pooled Trust. DO NOT PURCHASE!	Generally Allowed These items MAY be approved by the Master Pooled Trust
Rent, mortgage or other payments for shelter, room and board or base rate for a residential facility (including group, nursing or assisted living homes)	Clothing, personal care items, books, magazines, musical instruments, recreational equipment, games and crafts
Real property taxes	Cable, internet and phone services
Utilities (this includes electricity, water, waste water, trash and natural gas)	Out of pocket medical and dental expenses for which there are not funds available, including plastic surgery or other non-essential medical procedures
Groceries, food items or eating out (this includes fast food, restaurants and snacks)	Personal attendant care, supplemental nursing care, home care, respite and similar care that assistance programs may not otherwise provide
Cash or payment made directly to the Beneficiary	Private rehabilitative training and physical therapy
Alcohol, Gambling, Lottery Tickets or Scratch Offs	Companion care, pets, companions for travel, driving and cultural experiences
Travel costs for other family members	Payments to accompany the Beneficiary on periodic outings, vacations and travel in the event that the Master Pooled Trust deems such expenditures are appropriate and reasonable
Recreational Vehicles (e.g. boats, ATVs, etc.)	Special equipment such as an electric wheelchair or other supportive device, a specially equipped van or other vehicle for transportation and transportation costs
Charitable donations or gifts to others (including children of the Beneficiary or any other family members)	Therapies or supplies to provide tactile stimulation, holistic, herbal (not including marijuana) or other alternative therapies or services
Anything covered by another funding source	Programs for training and education as well as social, recreational and entertainment opportunities
<p><i>The Master Pooled Trust NEVER purchases or reimburses for: guns or other weapons; luxury vehicles; stocks, investments or cryptocurrency; or exotic animals.</i></p>	

General Guidelines for Disbursement Requests

No payment can be made directly to any individual who receives SSI or Medicaid.

What is an ABLE Account?



Achieving a
Better
Life
Experience

SAVINGS account for a person with a
disability that grows **TAX FREE**.

An ABL
account is also
“INVISIBLE” for
Medicaid and
SSI purposes.

ABLE accounts are not considered assets for Medicaid, SSI and other means tested benefit programs.

Who can have an ABLE Account?

A person whose ONSET of disability was BEFORE the age of 26*

The person does not have to be under 26 to START an account.



*ABLE Age Adjustment Passed!

The ABLE Age Adjustment was included in the FY23 Omnibus Bill

Will go into effect in 2026

Increase the ages of onset of the disability from 26 years old to 46 years old

This would increase the “market” of ABLE accounts from 8 million to 14 million qualifying persons

Starting ABLE Accounts

- A person can have ONE ABLE account
- An Individual, Parent, Guardian or Power of Attorney holder for the individual can establish an ABLE account.
- Can be funded by anyone for a person with a disability.

Qualified Disability Expenses

What can an ABLE
account pay for?

Education	Housing	Transportation
Employment training and support	Assistive technology and related services	Personal support services
Health	Prevention and wellness	Financial management and administrative services
Legal fees, oversight and monitoring	Funeral and burial	And MORE.

There is a 10% tax penalty
on funds that are not used for Qualified Disability
Expenses

PER YEAR

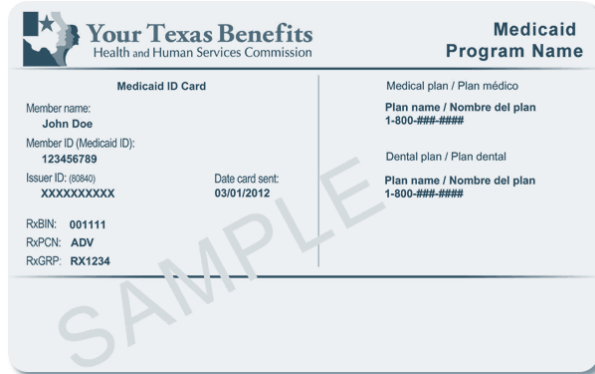
- In TOTAL, up to the gift tax exemption amount.
- *\$16,000* can be contributed to the account in 2022*
- **see next slide for more info*

PER LIFETIME

- Up to the amount allowed under 529 Educational Savings Accounts
- *\$500,000 in Texas as of 2022*
- *Each state has their own limit*

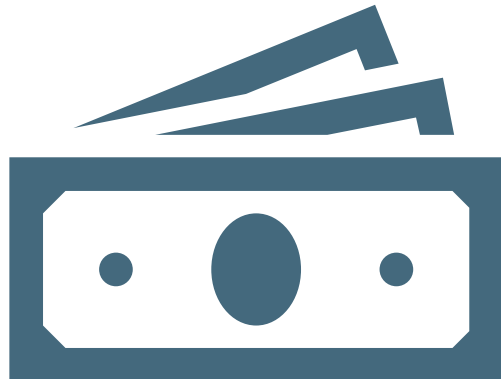
How much can be contributed?

Medicaid and SSI



SSI and Medicaid are protected BUT
SSI cash benefits will be suspended if more than \$100,000 is being held in the account.

MEDICAID IS NEVER SUSPENDED



ALL ABLE Accounts have a Medicaid Payback Provision

When the account holder passes away, the State has the opportunity to recover any Medicaid funds that have been spent since the inception of the ABLE Account.



**ABLE accounts
are great tools!**

- ✓ Provides direct access to funds for beneficiaries
- ✓ Reduce requests to the trustee
- ✓ Broader spending power (Food and Housing!)
- ✓ Spending using a debit/credit card



Real world situations and considerations

How to use ABLE
accounts to improve
quality of life and
protect benefits.



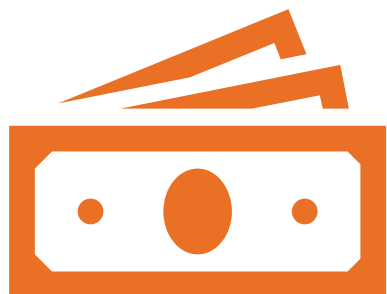
- ❖ “Walking Around Money”
- ❖ Has a Traumatic Brain Injury from a car accident when he was 20
- ❖ He lives independently with supports
- ❖ He gets SSI and Medicaid
- ❖ Wants to be able to hang out with friends, go out to eat and pay for transportation

Marcus





Danielle



Has a diagnosis of
Bipolar and is autistic

Lives with boyfriend in
an apartment

History of spending
money as soon as it is
available and not
having enough for rent
and bills

Monthly distributions
and a care manager
helps to monitor the
ABLE account



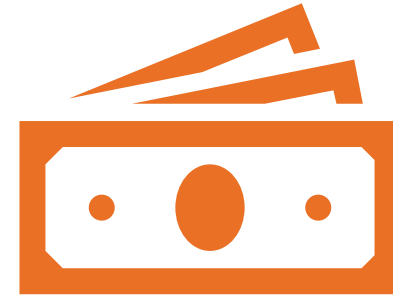
GREG & CHRIS

Brothers who live together with their sister

Both have SSDI and Medicaid, but need help with housing costs

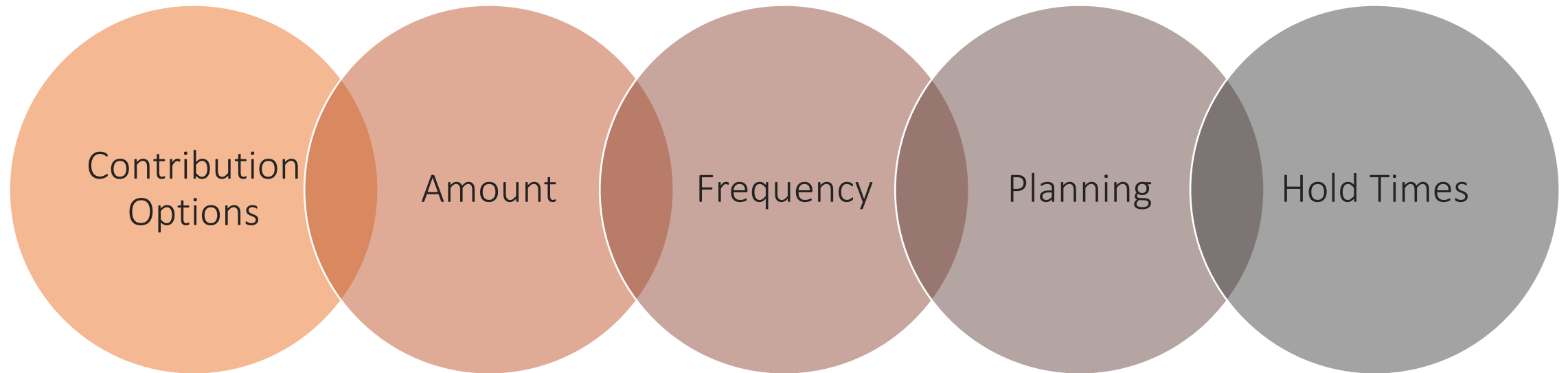
Once a year distribution to their ABLÉ accounts

- ❖ Lives at home with mom
- ❖ Receives SSI
- ❖ Parents are divorced and dad pays child support
- ❖ Twice a month distribution to ABLE



Madison

Considerations for distributions





SNT Distribution to an ABLÉ Account



THREE WAYS:

1. Check - mailed to P.O. Box
2. ACH - using account & routing number
3. eGift - beneficiary sends contribution link via email



QUESTIONS

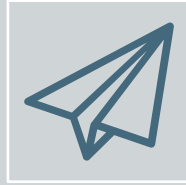
The Arc Center for Future Planning

The Arc US has some great FREE resources to begin future planning.

<https://futureplanning.thearc.org>



Contact us



Email: trust@thearcoftexas.org



Phone: 512-454-6694 or
1-800-252-9729



Fax: 512-454-4956