

# Special Needs Financial Planning: 10 Important Steps for Caregivers

**Below are 10 steps to help caregivers get started in preparing for the financial future of their dependent with special needs. Each circumstance is unique, so caregivers should consider their own situation carefully.**

- 1. Plan for & begin to quantify future support needs for your dependent**  
What does quality of life mean to you? Start by thinking about what your dependent's needs will be in the future and develop your financial strategy based on these projections. Focus on what will allow your child to not only survive but thrive! Remember, there is not a one-size-fits-all answer and don't forget the impact of inflation!
- 2. Have a family meeting to discuss your dependent's future needs**  
Just as caring for a dependent with special needs is a family affair, so is the related planning. Meet with family members & any friends to discuss their concerns and options for future care. What role will your other children play? A lot of responsibilities may be placed on others by default, not just financially, so make sure all family members are involved in this discussion.
- 3. Work with financial professional(s) who understand special needs planning**  
A financial planner versed in special needs financial planning can assist with determining future financial needs for your loved one. The right advisor can also help guide you through the variety of planning options available to you and your family – addressing the need to plan for a “3-Person Retirement”, evaluating proper insurance strategies applicable to a special needs plan and helping coordinate planning with your other advisors.
- 4. Prepare your Last Will & Testament & Powers Of Attorney (POAs)**  
It is crucial to work with an attorney who specializes in special needs estate planning to draft your will, POAs & specific trust provisions for your estate. Your will declares how you want your estate to be distributed and allows you to select a guardian for your minor child(ren). A will may be especially important to prevent automatic asset distributions directly to a person with special needs. Medical and financial POAs are just as important to allow for someone to handle your medical or financial decisions if you are incapacitated. Different trust provisions can help protect assets from risks like spending habits, creditors, litigation or divorce.
- 5. Consider setting up a Special Needs Trust (SNT)**  
Drafted properly by the right attorney, a SNT can allow families to provide for their dependent's care and quality of life while protecting government benefits eligibility. It is essential to understand however, a SNT is a legal document, not an asset. You must have a strategy to then fund the SNT adequately with enough assets to provide for your loved one!
- 6. Review beneficiary designations**  
To continue to receive certain government benefits, dependents with special needs generally cannot have assets in their name totaling more than \$2,000. Make sure your legal planning and financial planning are coordinated so all beneficiaries are updated to reflect the provisions in your will and/or your special needs trust. Careful attention must be paid to retirement plan beneficiaries too so please consult with your attorney on proper verbiage for these beneficiary designations.

7. Apply for government benefits

Government benefits – Medicaid, SSI, Social Security & Waiver Programs, etc. – may help provide your dependent’s needs in the form of medical treatments & supplies, equipment, financial assistance, and more. If needed, there are resources such as government benefits specialists who can help you navigate this confusing area of planning. Proactive planning is key as procrastination or reactive planning can lead to missed opportunities for those that need this the most.

8. Evaluate guardianship & potential alternatives

Caregivers must take steps to retain the legal right to be involved with financial and healthcare decisions once a dependent reaches the age of majority. There may be different levels of guardianship in your state or powers of attorney may be a more appropriate alternative for many families. Again, make sure you are working with the right attorney who will educate you objectively on your options!

9. Prepare a Memorandum/Letter of Intent

Although not legally binding, this document is important for providing direction for the person or persons who will care for your dependent with special needs. Think of it as a “life-long letter to the caregiver” – it can cover day-to- day routines as well as what you envision as quality of life for your loved one. It will be an always evolving document as your goals change and as your loved one’s situation changes.

10. Have a plan for future ongoing care for your loved one

The day no parent of a loved one with special needs wants to imagine – you are gone, the assets you’ve left behind have funded the special needs trust – now what? Organizations that provide care management are a key piece to the emotional side of a special needs plan. These agencies can supplement what your loved one receives through the government to provide the level of care & supports you want for your child. They can be a resource even to primary caregivers as they age but also to those who will be involved once parents are no longer here.



Your Advocates: Helping you create a process-oriented financial plan

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