



Setting up a special needs trust is the first step in creating a life care plan for a special needs child.

Why you might have to give back Grandma's gift this year

This holiday season – a gift of cash from grandma, grandpa or anyone else could end up costing special needs families thousands of dollars in lost government funding and services – benefits that are critical in helping families pay the huge expense of caring for and educating their children with special needs.

Uncle Sam doesn't let children with special needs have more than \$2,000 in their names; if they do, the government could freeze benefits such as Medicaid, Medicare, Supplemental Security Income, or Social Security Disability Income – money some families desperately need to care for their child.

If a child has \$1,995 in his name, as little as \$10 puts him over the limit at \$2,005.

“Families of children with special needs must be very careful about accepting gifts from well-meaning friends and family,” says Joanne Gruszkos, Director of the SpecialCareSM program at Massachusetts Mutual Life Insurance Company (MassMutual). The SpecialCare program gives special needs families access to information, specialists, financial products and critical services.

MassMutual has developed the following tips and advice for families and friends of children with special needs.

1. Do not give or accept financial gifts or assistance in the name of a child with special needs.
2. Deposit gifts into a special needs trust that benefits the child.
3. Be aware: there is no difference between gifts of cash, bonds, stock, property, inheritance, annuities, art and automobiles; they all count against the child's net worth.

4. Plan ahead: these gifts can legally be given to the trust of a child with special needs and will not jeopardize government benefits if the trust is properly drafted to comply with your particular state's requirements.
5. Carefully monitor your child's assets. Interest appreciation could increase the value of your child's account to exceed the \$2,000 limit.
6. Volunteer your time to help care for a child with special needs, so the parents or guardians can have some time to themselves. Caring full-time for children with special needs can be very intense, expensive and demanding.
7. Create a Letter of Intent that spells out exactly how you want your child with special needs to observe the holidays and with whom, if you pass away – what type of gifts he or she should or should not be given, and what kind of life he or she wants to lead. A free Letter of Intent is available at: www.massmutual.com/specialcare/resources
8. Consult an attorney specializing in special needs planning about the feasibility of establishing a Special Needs Trust; ask a financial professional for help funding the trust.
9. Review your life insurance, making sure the policy does not benefit the child directly; proceeds that are generally tax free should be paid into the child's trust.
10. Offer to become a trustee, a very special personal gift to help families and children who need sincere, reliable, dedicated people to manage their children's trusts and future.



Setting up a special needs trust is the first step in creating a life care plan for a child with special needs. This type of planning is crucial, yet highly complicated and difficult to do without help, because the issues are so complicated and the laws are so complex. The services of an attorney specializing in special needs planning are essential.

Special Care Planners can provide additional information and help you assemble an integrated team of professionals experienced in the area of special needs.

For more information about MassMutual's SpecialCare program call 800-272-2216 or visit Massachusetts Mutual Life Insurance Company's (MassMutual) SpecialCare resource center at: www.massmutual.com/specialcare/resources

