



MEMBERS TRUST COMPANY



# Special Needs Trusts

Your peace of mind  
is always on our  
mind.



*A Presentation to the Friends and Donors of Can Do Multiple Sclerosis*



**MEMBERS TRUST COMPANY**

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Today's Presenters



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# Disclaimer

This presentation is for informational purposes only and is not intended to provide legal or tax advice regarding your situation. For legal or tax advice, please consult your attorney and/or accountant. The opinions expressed are those of the presenters and do not necessarily reflect the opinions of Members Trust Company.





## There's a Reason Trust is Our Middle Name™

- Founded in 1987 by America's Credit Unions.
- “Main Street” member-centric value and values.
- Industry recognized innovators and subject matter experts in trust and investment solutions, big and small.

# Who We Are

**36 years**

of Serving Clients

**All 50 U.S. States**

Where our services are available

**Tampa, FL**

National Headquarters

**\$4.4 B**

Assets Under Management

**100+**

Financial Services  
Partners

**4**

MTC Offices  
Nationwide

**6000+**

MTC Clients

**Service Focused**

Built to serve the needs of  
advisors and their clients

We offer the full breadth of capabilities expected from large national firms but deliver an unrivaled service experience and relationship that you'd want from a local boutique..

# Our Products and Services



## Trust & Investment Account Offerings

- Revocable Trusts
- Irrevocable Trusts
- Charitable Lead Trusts and Charitable Remainder Trusts
- Estates
- Spendthrift Trusts
- QTIP Trusts
- **SPECIAL/SUPPLEMENTAL NEEDS TRUSTS**
- FlexIRA™
- Investment Management Accounts
- Individual Retirement Accounts
- Personal Injury Settlement Trusts
- Guardianships/Conservatorships
- Nevada Asset Protection Trusts

## Fiduciary Services

- Corporate Trustee
- Co-Trustee
- Agent for Trustee
- Directed or Delegated Trustee
- Executor/Personal Representative
- Guardian/Conservator
- Attorney in Fact
- Trust-Owned Real Estate and Specialty Asset Management

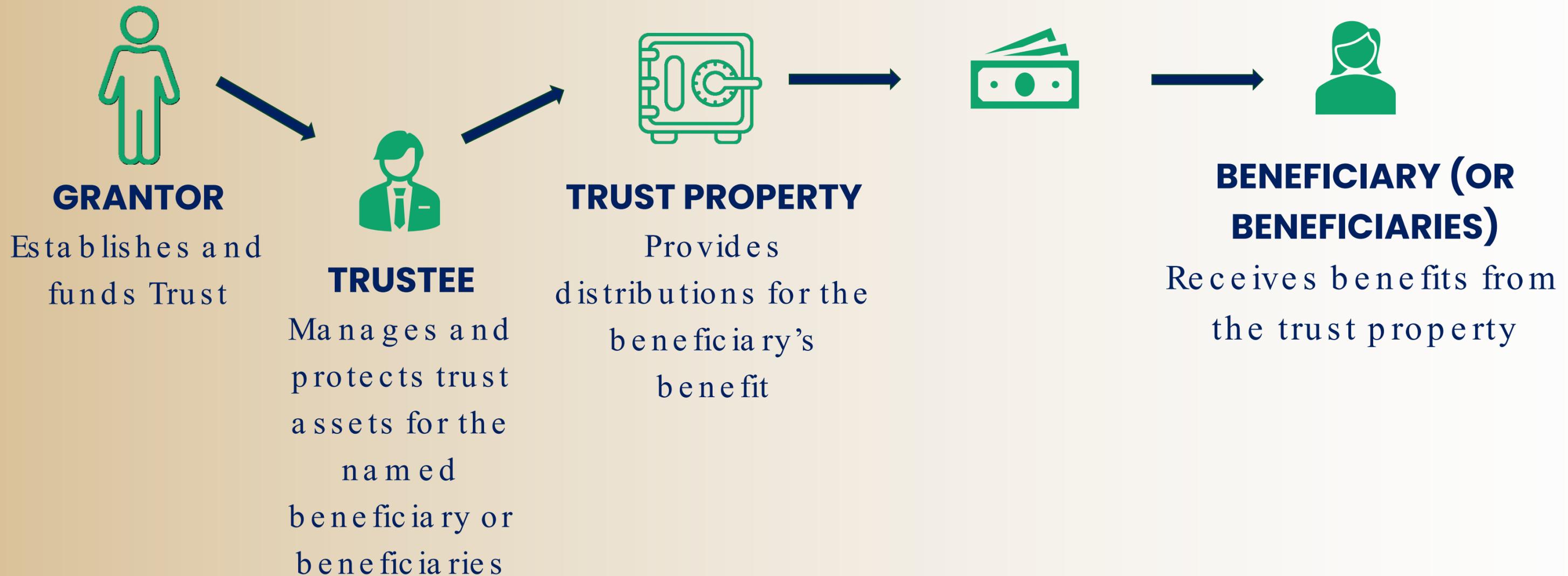
# WHAT IS A TRUST?

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- **LEGAL ARRANGEMENT**
- **PARTIES TO A TRUST:**
  - **GRANTOR**
  - **TRUSTEE**
  - **BENEFICIARY**



# HOW A TRUST GENERALLY WORKS



# SPECIAL NEEDS TRUST BASICS



# SPECIAL NEEDS TRUST (SNT)

## What is it?

- A trust created to benefit a person with special needs.
- It provides resources to supplement or enhance that person's quality of life, while allowing that person the ability to still receive means-tested benefits.
- Means-tested benefits include Supplemental Social Security Income ("SSI") and Medicaid.



# SPECIAL NEEDS TRUST (SNT)

## Means-tested Benefits

- SSI is a government program that pays monthly cash benefits to children or young adults who suffer from disability or blindness, and to adults with limited income.
- Medicaid is a national public health insurance program that provides health coverage to qualifying individuals.
- Medicaid covers doctor visits, hospital stays, long-term medical care and other health-related costs.



# SUPPLEMENTAL SECURITY INCOME (SSI)

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Adults and children might be eligible for SSI if they have:

- **Little to no income, AND**
- **Little to no resources, AND**
- ***A disability, blindness, or are age 65 or older.***

# SUPPLEMENTAL SECURITY INCOME (SSI)

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## Definition of Blindness:

- **Central visual acuity (i.e., straight-ahead vision) of 20/200 or less in your better eye with correction**

**OR**

- **Visual field (i.e., side vision) of 20 degrees or less**

# SUPPLEMENTAL SECURITY INCOME (SSI)

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## Definition of Disability – Child Under the Age of 18:

A medically determinable physical or mental impairment (including an emotional or learning problem) that:

- **Results in marked and severe functional limitations**

**And**

- **Can be expected to result in death OR**
- **Has lasted or can be expected to last for a continuous period of at least 12 months**

# SUPPLEMENTAL SECURITY INCOME (SSI)

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## Definition of Disability – Adult:

A medically determinable physical or mental impairment (including an emotional or learning problem) that:

- **Results in the inability to do any substantial gainful activity**

**And**

- **Can be expected to result in death OR**
- **Has lasted or can be expected to last for a continuous period of at least 12 months**

# PURPOSE OF SPECIAL NEEDS TRUSTS

Special needs trusts preserve eligibility for government benefits (e.g., SSI, Medicaid) for your loved one while providing for supplemental needs not covered by those benefits.

- Protect assets
- Enhance quality of life
- Fund items not covered by public benefits

Trust funds can be used to provide above and beyond the basic care provided by government programs to improve your loved one's quality of life.



## SPECIAL NEEDS TRUST

# Who needs one?

Both children and adults with special needs may need various kinds of lifelong help. This makes health insurance a particularly important issue, because someone with a serious disability may never hold a job that covers this expense. Coverage under Medicaid offers benefits only to people who have very limited income and resources.

Since a child with a disability would become ineligible for government benefits if the parents directly transfer assets as an inheritance, a Special Needs Trust can hold the answer to your peace of mind.

## SPECIAL NEEDS TRUST

# Benefits of a Special Needs Trust?



Preserves eligibility for needs - based government programs, allowing the beneficiary's inheritance to supplement the care received from the government.



Holds a wide range of assets, including cash, stocks, real estate and life insurance.



Provides guidelines for where and how you want your loved one to live after you are gone, maintaining your values and your loved one's quality of life.



Provides a source of additional income to help with a loved one's caregiving needs.



Helps pay for expenses that wouldn't otherwise be available through needs - based programs, such as travel, computers, higher quality medical and dental care, education, and rehabilitation.

SPECIAL NEEDS TRUST

# How does it work?



## What Can Funds Be Used For?

-  Personal Care Attendants
-  Home furnishings
-  Education
-  Vehicles
-  Recreation
-  Vacations
-  Physical rehabilitation
-  Community Support/Advocacy Programs

\*The beneficiary does not have control over the trust — those funds are under the control of the trustee of your choosing.

## SPECIAL NEEDS TRUST

# Who can receive the trust funds? \*

- Vendors or service providers (e.g., caregiver, cable company)
- Retail merchants (e.g., department store)
- Individual who purchased goods or services on behalf of the beneficiary
- Credit card company for goods and services purchases on the beneficiary's behalf
- Pre-paid credit card, if offered

\* Note: Supporting documentation must be maintained

# TYPES OF SPECIAL NEEDS TRUSTS

- There are two types of Special Needs Trusts: (i) a 1st-Party Special Needs Trust and (ii) a 3rd-Party Special Needs Trust.
- A 1st-Party Special Needs Trust (i.e., a self-funded trust) is established by the beneficiary (or his/her legal representative) with his/her own funds and requires that Medicaid be reimbursed from those trust assets remaining at the beneficiary's death.
- A 3rd-Party Special Needs Trust is established with the assets of a third party (usually a parent or grandparent), to benefit the person with special needs. It is not subject to Medicaid payback provisions.

# TYPES OF SPECIAL NEEDS TRUSTS

## FIRST PARTY SNT

- Funded with Beneficiary's own assets
- Must include Medicaid Payback Provision
- Created by the intended beneficiary, parent, grandparent, guardian or Court (on behalf of the beneficiary) before age 65

## THIRD PARTY SNT

- Funded by someone other than the beneficiary (usually a parent or grandparent with their own funds)
- No Medicaid Payback
- Often used in estate planning

# SNT PLANNING FOR AN INDIVIDUAL OR LOVED ONE WITH MULTIPLE SCLEROSIS (MS)



# SPECIAL NEEDS TRUST

## Financial events/considerations for which a 1<sup>st</sup>-Party SNT should be considered

- Unexpected inheritance
- Structured settlement proceeds
- Lump sum Social Security payback
- Military Survivor benefit plans
- Child support
- Alimony
- Savings from part-time work earnings



# SPECIAL NEEDS TRUST

## Funding a 3<sup>rd</sup>-Party SNT for a loved one

- Last Will and Testament
- Revocable Living Trust
- Life insurance policies
- Retirement plans
- Transfers from other trusts
- Contributions over time



# POTENTIAL ADVISORS

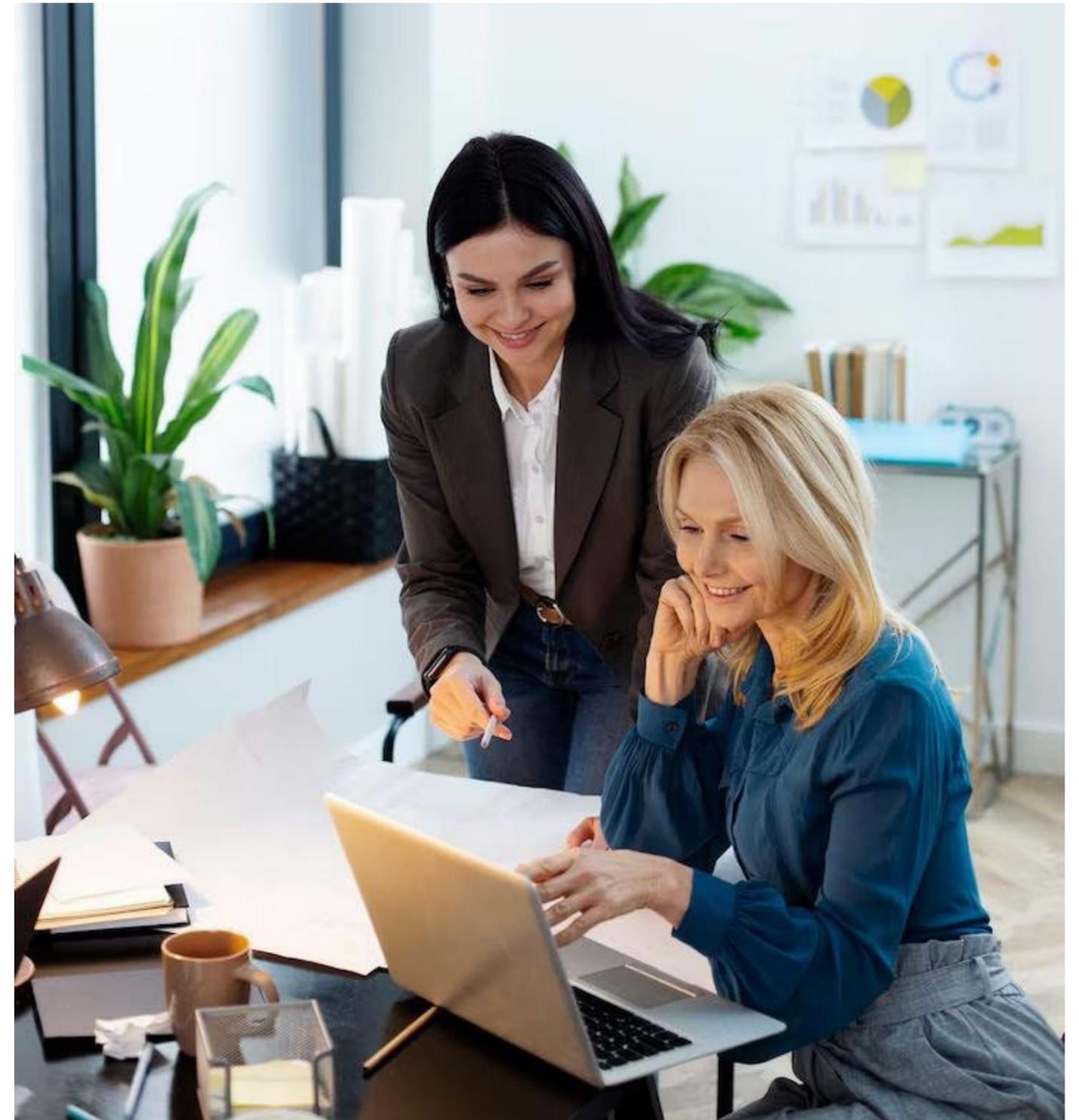
- Elder Law Attorney
- Estate Planning Attorney
- Personal Injury Attorney
- Financial Advisor
- Accountant
- Trustee



## SPECIAL NEEDS TRUST

# Special Needs Trustee Services

- Selection of a Trustee is important
- Special Needs Trusts are complex and their administration requires expertise
- The rules surrounding eligibility for government programs are complex and ever-changing, and a mistake could compromise your loved one's eligibility
- At Members Trust Company, we take pride in using our expertise in Special Needs Trust Administration to help you and your loved ones
- Most corporate trustees have minimum funding requirements for SNTs



# POOLED SPECIAL NEEDS TRUST (SNT)\*

- An SNT option for those that may not meet a financial institution's minimum funding requirements
- Managed by nonprofit organizations
- Combines the resources of various beneficiaries for administrative efficiency
- Individuals have their own sub-accounts and usually receive a proportionate share of the fund earnings.

**\*Note: This is not offered by Members Trust Company**



# Benefits of Naming Members Trust Company as Trustee



## Healthcare Assessments Inform Investment Plan

We can work with a national nurse consulting firm to develop sustainable life care planning, quality of life assessment and third-party benefit analysis.



## Informed Distribution Process

We have implemented a system of checks and balances to ensure that every distribution is carefully considered.



## Financial Independence for Beneficiaries

We've partnered with True Link to offer customizable Visa prepaid cards to certain beneficiaries, which —as trustee— we can configure to allow only purchases that will preserve eligibility for government benefits, including SSI and Medicaid.



## Loved Ones Serving as Caregivers are Compensated

We partner with a third-party company that serves as employer of record for loved ones serving as caregivers, handling payroll processing, recordkeeping and tax reporting. This way, family members are assured of proper withholdings to build up essential pay history and qualify for government benefits.

# Members Trust Success Story

## Background

- A 28 year-old individual with a chronic and progressive medical disability is set to inherit from a loved one's estate.
- The upcoming inheritance would put their needs-based benefits at risk.

## Needs-Based Benefits at Risk

- Medicaid

## Action Plan

- A special needs trust was created to receive the inheritance.
- Members Trust Company was engaged as trustee due to the complex nature and heightened level of knowledge required.
- A needs-based assessment was obtained from a third-party service provider by the trustee.

## Outcome

- The individual did not need to choose between receiving their inheritance or maintaining their need-based benefits.



# What makes us different?

1 The clients we serve

2 Reasonable account minimums and competitive fees

3 Our ability to serve overlooked target markets that other wealth management firms typically ignore

4 Our ability to handle complex trust & estate issues including special needs trusts, etc.

5 Our team's credentialization of JDs, LLMS, CFAs, CFPs, CTFAs demonstrates our depth of experience and sophistication we leverage to help clients achieve their goals

# SPECIAL NEEDS TRUST RECAP

1 Preserves needs -based government benefits for a person with special needs

2 Can be used to enrich the beneficiary's quality of life

3 Funds items not covered by government benefits

4 1<sup>st</sup>-party vs. 3<sup>rd</sup>-party SNT

5 Hire advisors familiar with the complex SNT and public benefits laws



# Q&A



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# Thank You

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