

Proxy Parent Foundation Provides

Financial, Personal Support Services for Disabled

Achieving and maintaining financial stability is difficult for many people especially in light of our country's current economic situation. But for disabled individuals and people age 65 and over who rely on means-tested government benefits, such as Medi-Cal and SSI (Supplemental Security Income), the road to financial stability has even greater challenges.

As people grow older they often need increased assistance with every day tasks. Typically they need to move to Medi-Cal-funded assisted living centers or nursing homes. Many disabled individuals who rely on SSI and Medi-Cal live independently and are able to afford modest but meaningful lives with the help of these public assistance benefits.

However, a small cash windfall, such as an inheritance, or a financial settlement or award could easily cause disabled persons to lose their Medi-Cal and SSI benefits if their assets exceed the limit of just \$2,000! The loss of SSI and/or Medi-Cal can result in the displacement of individuals from their living situations and healthcare assistance and may even force them to live on the street!

However, a *Special Needs Trust* can provide a "safe harbor" for these assets. Two types of special needs trusts exist. A *Third Party Special Needs Trust* is more common and it is traditionally created by families to leave for inheritances to disabled children, grandchildren or relatives. It is called a Third Party Trust, because it is funded by assets other than those of the individual beneficiary.

Less well-known but invaluable to many disabled persons is the ***First Party Special Needs Trust*** which is funded by their own assets so they become both grantor and beneficiary of the trusts. So if you're someone who relies on means-tested public assistance and you find that you are about to receive a windfall such as a gift, inheritance or a litigation and/or insurance settlement, you can put that money into a First Party Special Needs Trust where it will not be counted as assets and you will be able to maintain your benefits.

Two types of First Party Special Needs Trusts exist: an *Individual Stand-Alone Trust* that can be set up by a parent, grandparent, guardian or court with the help of an attorney; and the ***Pooled Special Needs Trust*** that can be joined by a parent, grandparent, guardian or court, but also by the beneficiary him or herself as long as he or she is competent to do so. Additionally, unlike the individual stand-alone First Party Special Needs Trust, the Pooled Special Needs Trust is available to individuals age 65 and older.

Federal law has required that a Pooled Special Needs Trust must be formed and managed by a nonprofit organization, and to meet the needs of thousands of disabled Californians who need to maintain their Medi-Cal and SSI benefits the nonprofit Proxy Parent Foundation, founded 20 years ago by family members of disabled individuals who wanted an answer to the question, "Who will care when we're not there?" has created the PLAN of California Master Pooled Special Needs Trust.

According to Carla Jacobs, former executive director and current board member of Proxy Parent Foundation, "We found that when families and individuals wanted to create a stand-alone trust they came across many obstacles such as the challenges and expense associated with finding an attorney to draft one and a willing or qualified individual or financial institution to maintain it as the trustee.

Furthermore almost no financial institutions will accept stand-alone, special needs trust with less than several hundred thousand dollars in assets, much less have an understanding of the very special needs of their disabled beneficiaries.”

“In response Proxy Parent Foundation recruited leading financial experts and attorneys to pool their knowledge and help us create our own Pooled Special Needs Trust so that those who don’t have hundreds of thousands of dollars to invest can experience the protections of a pooled trust that maintains their benefits and can enhance their lifestyle,” Jacobs continued. “The beneficiary’s trust funds are held for their benefit and disbursed to them for their needs that supplement, but do not supplant, those goods and services provided by Medi-Cal and SSI. The funds of these sub-accounts are never comingled with the funds of others in the trust, but instead are pooled for purposes of economy of scale to achieve lower management fees from the financial and investment institutions that are engaged to by the Trustee who administers the trust.”

Proxy Parent Foundation’s PLAN of California Master Pooled Trust accepts both Third Party and First Party Pooled Trusts. There is no minimum asset limit to fund the trust. For more information about how you or your loved one can benefit from these trusts, please contact Proxy Parent Foundation at 888-574-1258 or online at www.proxyparentfoundation.org.

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