



Reference Guide for

Co-Trustees and Life Beneficiaries

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INTRODUCTION

What information is included in this Guide?

The purpose of this guide is help Co-Trustees and Life Beneficiaries understand basic requirements and processes for using a trust administered by Midwest Special Needs Trust (MSNT).

Special Needs Trusts protect important public benefits for the Life Beneficiary, person with a disability, for whom the trust is established. MSNT has created processes that are consistent with applicable federal and state requirements. This guide provides important information about:

- Requesting a distribution from the trust for the benefit of the Life Beneficiary;
- Reporting to MSNT regarding changes in status for the Donor, Co-Trustee or Life Beneficiary;
- Reporting the trust as an exempt asset to public benefit reviewers and requesting MSNT's assistance to provide necessary information; and
- Terminating or closing a Special Needs Trust.

Cautions & Disclosures

This guide summarizes information that Co-Trustees and Life Beneficiaries may need to know. Because laws, rules and regulations change over time, requirements can be subject to change without notice. MSNT periodically mails trust related updates to Co-Trustees. It is important to read any updates and retain them with the original trust document for future reference.

WHAT IS A SPECIAL NEEDS TRUST?

A Special Needs Trust is a legal document that allows a person with a disability or their family to set aside money without jeopardizing eligibility for Medicaid and Supplemental Security Income (SSI). Federal regulations require that the trust must be used for supplemental needs and for the benefit of the Life Beneficiary.

What are the federal requirements for the use of a Special Needs Trust?

Social Security Administration (SSA) regulations are based on the assumption that SSI or other public benefits are to be used to pay for basic needs. Special Needs Trust funds are to support the **supplemental needs** of the Life Beneficiary. Special Needs Trust funds cannot be used for rent, mortgage, utilities or food. Payment for these expenses can result in a reduction of the monthly cash benefit.

As Trustee, Midwest Special Needs Trust (MSNT) reviews each request for funds to ensure payment meets applicable federal and state requirements and fiduciary responsibilities.

TYPES OF SPECIAL NEEDS TRUSTS

First Party Trusts

First Party Special Needs Trusts, also called Self Settled or Medicaid Payback Trusts, are funded with assets or resources belonging to the person with a disability. Self Settled Trusts are funded with personal injury settlements, unplanned inheritances, Social Security back payments, or conserved funds. This type of trust is **irrevocable**. At the death of the Life Beneficiary, Self Settled Trusts contribute 25% of the remainder balance to the MSNT Charitable Trust, if used. A Medicaid payback is required.

Third Party Trusts

Third Party Special Needs Trusts are funded with assets or resources from someone other than the person with a disability. For example, a parent may use their own resources to establish a Third Party Trust. Third Party Trusts are usually revocable unless the Donor waives the right to revoke. Upon the Donor's death, the trust becomes irrevocable. At the death of the Life Beneficiary, Third Party Trusts contribute 25% of the remainder balance to the MSNT Charitable Trust, if used. Any remainder balance will be distributed to the named Remainder Beneficiaries in the trust agreement. Third Party Trusts do not have a Medicaid payback requirement.

Why is it important for a Co-Trustee to know whether a trust is First or Third Party?

The trust agreements are different for First and Third Party Special Needs Trusts and are administered differently. MSNT must use different procedures for trust termination, as Medicaid payback is required for First Party Trusts but not Third Party Trusts

ROLES & RESPONSIBILITIES

Trustee

MSNT always serves as Trustee. The Trustee is responsible for properly administering the trust for the benefit of the Life Beneficiary. State law gives Trustees responsibilities called fiduciary duties. Examples of fiduciary duties include:

- Acting in the best interest of the Life Beneficiary
- Making prudent distribution and investment decisions
- Keeping records of trust transactions
- Providing accounting statements to the Co-Trustee

As Trustee, MSNT must review requests for funds from the trust. Requests approved or denied based on applicable federal and state and regulations. Requests must be consistent with the terms and conditions in the MSNT Trust Agreement. As Trustee, MSNT has the authority to make the final decision regarding request for funds.

Co-Trustee

When the trust agreements are completed, the Settlor or Donor may designate Co-Trustee(s) and Successor Co-Trustee(s). The Co-Trustee may be a legal guardian, relative, trusted friend or other service professional who is willing and capable to perform the duties of a Co-Trustee. The role of the Co-Trustee is to work with the Life Beneficiary to identify needs and with MSNT to ensure the trust is used for supplemental needs. The Co-Trustee must approve all request for funds. It is important they have time and organizational skills to manage correspondence regarding the trust.

Co-Trustees who are guardians and/or conservators are advised that the trust has a separate tax identification number and is not part of the Life Beneficiary's estate for tax purposes. See Trust Tax Basics for Co-Trustees, page 10.

MSNT as Sole Trustee

MSNT will serve as Sole Trustee for trusts without a designated Co-Trustee or when the Co-Trustee resigns because they are no longer able or willing to serve. As Sole Trustee, MSNT will communicate directly with the Life Beneficiary, service provider or their legal representative to identify needs, document expenses and complete the Request for Funds form. A Sole Trustee fee will be applied. **(See Appendix A)**

USING THE TRUST

Co-Trustee Responsibilities

The Co-Trustee shares responsibility with MSNT to preserve the assets of the trust for as long as practicable for the benefit of the Life Beneficiary. This responsibility includes using the funds wisely, setting priorities, identifying cost-effective options, and maximizing the benefit of each distribution. Each request for funds will be reviewed based on past use of the trust and current and future needs of the Life Beneficiary. When the Co-Trustee signs the Request for Funds form, they are verifying:

- The disbursement is for the benefit of the Life Beneficiary;
- The documentation is accurate and complete; and
- The disbursement issued will be used as represented in the request.

Co-Trustees and Life Beneficiaries may contact a Trust Specialist for assistance with reimbursements, vendor payments or the Request for Funds form.

If MSNT is notified of misrepresentation, misuse or misappropriation by the Co-Trustee, Life Beneficiary or other involved parties, MSNT will take appropriate action to protect the assets of the trust.

Completing a Request for Funds Form

To request a disbursement from the trust, the Co-Trustee should complete the Request for Funds form **(See Appendix C)**. The signature of the Co-Trustee is required and indicates approval of the request for funds. The Request for Funds form must be accompanied by supporting documents. If MSNT is Sole Trustee, the Life Beneficiary, legal representative or other party assisting with the request for funds will sign and date the form, indicating contact information and relationship to the Life Beneficiary.

Submitting a Request for Funds

The completed Request for Funds form and associated documentation can be mailed, faxed or emailed to MSNT, using the contact information at the bottom of each form. Please make sure the form is current by periodically downloading and printing the Request for Funds form from MSNT's website:

<http://midwestspecialneedstrust.org/resources/documents-forms/>

Required Documents

Requests for funds must be supported by itemized bill, invoice, statement, or paid receipt. Special Needs Trusts are reviewed by the Social Security Administration and state Medicaid authorities to ensure proper use the trust and continued eligibility.

Timely Requests for Funds

MSNT strongly encourages submitting distribution requests within 30-45 days after expenses are incurred.

The following Requests for Funds are NOT eligible for payment:

- Expenses that pre-date the trust including legal fees, past due bills and loans
- Purchases and services rendered more than 90 days prior to submitting the Request for Funds
- Requests for funds received after the Life Beneficiary's date of death, even if the expense was incurred prior to their death
- Payment of SSI or SSDI overpayments

Distribution Review Standards and Requirements

MSNT applies applicable federal and state requirements to determine whether an expense is allowable. Requests for Funds are reviewed on a timely basis. Review of complex or multiple requests may take additional time.

MSNT authorizes disbursements in the best interest of the Life Beneficiary. Disbursements approved by MSNT will not have a negative impact on public benefits. As Trustee, MSNT must preserve the assets of the trust for as long as practicable. MSNT encourages conservative use of the trust with an expenditure rate of 2-4% per year.

MSNT Distribution Procedures

Once the request has been reviewed and approved, MSNT authorizes the bank to issue a check to the designated payee on the Request for Funds form.

Important Reminders:

- MSNT will not approve a disbursement payable to the Life Beneficiary. Such payments may be counted as income and can result in a reduction or loss of public benefits.
- Large requests for funds require review by the MSNT Board Distribution Committee.
- Request for funds require 5 to 7 business days to process.
- MSNT cannot make electronic payments or deposits to bank accounts.
- MSNT reserves the right to charge additional administrative fees for extraordinary time associated with one or more requests for funds.

APPEALS OF MSNT DISBURSEMENT DECISIONS

MSNT reviews the information provided by the Co-Trustee (or Life Beneficiary if MSNT is Sole Trustee) to determine the request for funds is allowable to ensure compliance with applicable federal and state regulations.

- If a request for funds is denied or reduced, MSNT will mail a written denial to the Co-Trustee or Life Beneficiary (if MSNT is Sole Trustee).
- At any point, the Co-Trustee or Life Beneficiary (if MSNT is Sole Trustee) may contact MSNT's Trust Specialist for an informal review.
- The Co-Trustee or Life Beneficiary (if MSNT is Sole Trustee) or legal counsel may appeal a decision to the Executive Director in writing.
- The Executive Director will provide a written reply.
- If the Co-Trustee or Life Beneficiary does not agree with the Executive Director's decision, they may appeal in writing to MSNT's Board. The Board will review the appeal and respond in writing. The Board's decision is final.

GUIDELINES FOR TRUST DISTRIBUTIONS

The following chart provides general guidelines and expense categories for trust use. It is not a comprehensive list or guarantee of payment.

ALLOWABLE

- Medical, dental and equipment not covered by benefits
- Supplemental or support services not covered by benefits
- Rehabilitation training and therapy not covered by benefits
- Education including tuition, books and supplies
- Irrevocable Prepaid Burial policies
- Clothing
- Non-food grocery items, such as personal care, cleaning and hobby supplies
- Transportation expenses
- Personal property including household goods and furnishings
- Travel expenses
- Home modifications for accessibility or equipment for home care
- Phone, cable and internet services
- Entertainment items and events

NOT ALLOWABLE

- Cash or payment to the Life Beneficiary
- Room and board or base rate for a residential facility
- Rent or mortgage payments
- Basic utilities (electric, gas, water, sewer, trash)
- Groceries, food items, or dining out
- Alcohol
- Gambling
- Weapons, firearms or explosives
- Charitable donations or gifts to others
- Anything covered by another funding source (Medicaid, Medicare, private insurance, etc.)
- Any payment after the death of the Life Beneficiary

ADDITIONAL CONSIDERATIONS

The following are additional considerations for trust use:

Caregiver Expenses – Direct payment to individual caregivers is not allowable. Disbursements will only be made to licensed agencies employing caregivers and service providers. **(See Appendix B)**

Communication – MSNT’s Trust Specialists are available for trust-related questions during business hours, 8 a.m. to 4:30 p.m., M-F, (573) 256-5055 or toll free (877) 239-8055.

Credit Card Statements – Credit card statements must be submitted with itemized receipts.

Death of the Life Beneficiary – MSNT cannot make distributions from the trust after the Life Beneficiary’s date of death. Funeral expenses cannot be paid from the trust after the Life Beneficiary’s death.

Home Modifications – Requests for funds for home modifications require advance review and pre-approval by the MSNT Board Distribution Committee.

Legal Fees – MSNT requires a detailed statement from the attorney listing dates, hours and description of services provided. Legal fees incurred prior to the trust cannot be paid.

Minimum Balance – MSNT requires a minimum trust balance of \$1,000. MSNT will contact the Co-Trustee or Life Beneficiary when the balance falls below \$1,000 to discuss termination.

Minor Children Living with a Parent – MSNT evaluates parental support obligations when reviewing trust requests for minor Life Beneficiaries.

Pre-paid Burial and Funeral Plans – An irrevocable prepaid burial policy can be purchased with trust funds and qualifies as an exempt asset. The contract must comply with state Medicaid requirements. These requests may require review by the MSNT Board Distribution Committee.

Sole Benefit – The Special Needs Trust is established for the sole benefit of the Life Beneficiary and must be used for their primary benefit.

Spendthrift Clause – The Co-Trustee or Life Beneficiary cannot commit the trust assets for payment of any financial obligation, such as collateral for a loan.

SSI OR SSDI Payments – SSI/SSDI monthly benefits cannot be deposited into a Special Needs Trust in the month they are received. A back payment can be deposited when received. However, if SSA erroneously overpays the Life Beneficiary, SSA cannot be repaid from a Special Needs Trust.

Travel – A separate Request for Funds form is required for travel. **(See Appendix D)**

Vehicle Purchase – Separate forms and documentation are required. This request requires advance review and pre-approval by the MSNT Board Distribution Committee. MSNT is the first lienholder on the vehicle in accordance with the signed MSNT Security Agreement.

TRUST ACCOUNT FEES

A description of fees and the summary for trust administration are provided when each trust is opened. MSNT administrative fees are subject to change without notice. The current administrative fee schedule is posted on the MSNT website at:

www.midwestspecialneedstrust.org/resources/fees/

ADDITIONAL DEPOSITS TO MSNT SPECIAL NEEDS TRUSTS

Additional deposits in the form of a check or money order can be made to an established trust. MSNT cannot accept cash. Checks should be made payable to: *MSNT fbo Sally Smith* OR *Sally Smith Special Needs Trust*. Mail checks to:

Midwest Special Needs Trust
P.O. Box 7629
Columbia, MO 65205

MSNT will mail a Deposit Receipt form once the funds are deposited. Consider the following when making a deposit to an existing trust:

- SSI/SSDI monthly benefits cannot be deposited into a Special Needs Trust in the month they are received. A back payment can be deposited when received.
- Donor and Life Beneficiary funds cannot be combined in the same trust. Donor funds create Third Party trusts. Life Beneficiary funds create First Party trusts. Please contact MSNT with questions regarding additional funds for an existing trust.

INVESTMENTS

MSNT makes investment decisions for all trusts with balances of \$10,000 or less with the exception of Third Party revocable trusts. The Settlor may elect to make all investment decisions or elect MSNT to direct investment decisions when the trust balance exceeds \$10,000. If the Settlor elects to make all investment decisions, they may do so by completing an Investment Change form. Investment changes can be made quarterly. The Investment Change form is available by request.

Investment portfolio models are described on MSNT's website and performance information is updated quarterly.

TRUST TAX BASICS FOR CO-TRUSTEES

Co-Trustees and Life Beneficiaries should consult with a tax professional about personal taxes. MSNT staff are not tax professionals.

For tax accounting purposes, MSNT may require additional information about the source of funds for the initial deposit. Co-Trustees should promptly provide MSNT with any tax forms or notices received which relate to the initial deposit to the trust. These forms may include a Schedule K-1 or 1099.

Tax preparation fees are paid by the trust and reported on the trust account statement. At the death of the Life Beneficiary, MSNT may be required to file a final tax return for the trust.

First Party Trust Taxes

MSNT obtains a trust tax identification number when an irrevocable trust is opened. First Party trusts are always irrevocable and are a separate taxable entity.

MSNT contracts with an accounting firm to review all irrevocable trusts to determine if a tax return is required and, if required, to prepare tax returns.

First Party Trusts that have the designated Co-Trustee also named as the Remainder Beneficiary have the tax designation of a Non-Grantor Trust. The accounting firm will provide a Schedule K-1 for these trusts. MSNT mails the Schedule K-1 to the Life Beneficiary, Co-Trustee or legal representative.

First Party Trusts that do not have the designated Co-Trustee also named as the Remainder Beneficiary have the tax designation of a Grantor Trust. The accounting firm will provide a Grantor Statement for these trusts. MSNT mails the Grantor Statement to the Life Beneficiary, Co-Trustee or legal representative.

The Life Beneficiary is responsible for filing their own personal tax returns. Schedule K-1s or Grantor Statements should be provided to the tax preparer with the Life Beneficiary's personal tax documents. Do not file personal tax returns until a Schedule K-1 or Grantor Statement is received to avoid having to file an amended return.

Third Party Trust Taxes

Third Party Trusts can be revocable trusts. The income for revocable trusts is taxable to the trust Donor(s). MSNT's banking partner mails the Form 1099 to each Donor.

Third Party Trusts become irrevocable when the Donor waives the right to revoke the trust or upon the death of all named Donors. All irrevocable trusts are a separate taxable entity and MSNT is responsible for filing the returns for these trusts. MSNT contracts with an accounting firm to review all irrevocable trusts and determine if a tax return is required. The accounting firm will provide a Schedule K-1 if required. MSNT will mail the Schedule K-1 to the Life Beneficiary, Co-Trustee or legal representative.

The Life Beneficiary is responsible for filing their own personal tax returns.

MSNT REPORTS FOR CO-TRUSTEES

Account Statements

Quarterly trust account statements will be mailed to the Co-Trustee, Life Beneficiary or legal representative. The recipient should review the statement for accuracy and contact MSNT with any questions. **(See Appendix E)**

Trust Agreement Amendments

MSNT, as Trustee, may amend the trust as necessary to comply with applicable federal and state statute, regulation and policy requirements. MSNT will send written notice of amendments to the Co-Trustee, Life Beneficiary or legal representative.

PUBLIC BENEFITS & TRUST REPORTING

Special Needs Trusts are designed to protect the Life Beneficiary's means-tested public benefits such as Medicaid and Supplemental Security Income (SSI). Special Needs Trusts are considered an exempt asset and not counted as a resource.

Trust Reporting for Medicaid and Supplemental Security Income

When the Life Beneficiary applies or is reviewed for public benefits such as Medicaid or SSI, the Special Needs Trust **must** be reported. Failure to report the trust may result in denial of eligibility, the receipt of overpayment notice or other penalties.

Public Benefit Reviews

The Co-Trustee, Life Beneficiary, guardian, representative payee or others should contact MSNT immediately when a notice is received from the state Medicaid program or Social Security. MSNT requires at least 5 business days to submit the required information to the appropriate parties.

Other Public Benefits Programs

MSNT will also provide information for other public benefit programs, such as housing assistance, food stamps or rental subsidies. MSNT requires at least 5 business days to submit the required information to the appropriate parties.

Public Benefit Denials, Adverse Action and Appeals

If a written denial of benefits is received, notify MSNT immediately. MSNT, if necessary, will provide additional information. MSNT cannot represent or provide an attorney for the Life Beneficiary during an appeal.

TERMINATION OR CLOSURE OF A SPECIAL NEEDS TRUST

When a trust is terminated, MSNT follows the terms and conditions of the trust agreement as well as applicable federal and state laws and regulations. MSNT trusts are terminated for the reasons described in the chart below.

<i>Trust Type</i>	<i>Reasons for Trust Termination</i>
Irrevocable First and Third Party Trusts	<ul style="list-style-type: none"> • Trust account balance falls below the \$1,000 MSNT minimum balance requirement • Death of the Life Beneficiary • MSNT determines that the trust should be terminated because it is no longer practicable • Trust cannot be terminated by request
Revocable Third Party Trusts	<ul style="list-style-type: none"> • Revoked at the written request of the Donor • Revoked at the written request of the Co-Trustee as authorized by the Donor in the trust agreement • Trust account balance falls below the \$1,000 MSNT minimum balance requirement • Death of the Life Beneficiary • MSNT determines that the trust should be terminated because it is no longer practicable or consents to transfer to a successor trust

Terminating a Trust

The termination process requires 30-45 days to complete and may take longer in some instances. The Co-Trustee will receive a final trust account statement with all closing transactions. The most common reasons for terminating a trust are low balance and the death of the Life Beneficiary.

Low Balance

MSNT requires a minimum balance of \$1,000 in each trust. Once the trust balance falls below \$1,000, the Donor, Co-Trustee, or Life Beneficiary is notified and additional funds may be deposited. If additional funds are not available, MSNT initiates termination.

- First Party Trust: MSNT notifies the banking partner, tax preparers, and the Medicaid Cost Recovery Unit in each state from which the Life Beneficiary has received benefits. Federal regulation allows payment of administrative fees, tax preparation expenses, and trust taxes due (if applicable), before Medicaid payback claims are paid. If the Medicaid Cost Recovery Unit does not make a claim or claims less than the full balance, the remainder funds are paid to the Life Beneficiary.

- **Third Party Trust:** MSNT notifies the banking partner and tax preparers that the trust is being terminated due to low balance. Federal regulation allows payment of administrative fees, tax preparation expenses, trust taxes due (if applicable), and the contribution to the Charitable Trust, if used. MSNT distributes the remainder funds in accordance with the trust agreement.

Life Beneficiary's Death

The Co-Trustee is responsible for notifying MSNT of the death of the Life Beneficiary as soon as possible. **MSNT requires a copy of the Life Beneficiary's death certificate to initiate termination and cannot approve request for funds after the death of the Life Beneficiary.**

- **First Party Trust:** MSNT notifies the banking partner, tax preparers and the Medicaid Cost Recovery Unit in each state from which the Life Beneficiary has received benefits. Federal regulation allows payment of administrative fees, tax preparation expenses, trust taxes due (if applicable), and the contribution to the Charitable Trust, if used. MSNT processes Medicaid payback to all states on a prorated basis. Once all fees and claims are paid, MSNT distributes the remaining balance to named Remainder Beneficiaries in the trust agreement.
- **Third Party Trust:** MSNT notifies the banking partner and the tax preparers of the Life Beneficiary's death. Federal regulation allows payment of administrative fees, tax preparation expenses, trust taxes due (if applicable), and the contribution to the Charitable Trust, if used. Once all fees are paid, MSNT distributes the remaining balance to named Remainder Beneficiaries in the trust agreement

MIDWEST SPECIAL NEEDS TRUST GLOSSARY OF TERMS

Co-Trustee – The person designated in the trust agreement responsible for working with MSNT, the Trustee. This person is responsible for making requests for funds.

Disbursement – Payment of funds from a trust.

Donor – The person whose resources fund the trust, also called Settlor.

Exempt Asset – Any resource of the Life Beneficiary that is *not* counted as an available resource by Social Security or state Medicaid programs.

Fiduciary Duty – A Trustee or Co-Trustee has a broad range of responsibilities and obligations to the Life Beneficiary as written in the trust agreement.

First Party Trust – An irrevocable trust created with the assets of the Life Beneficiary. This trust must include a provision for Medicaid payback to qualify as an exempt asset by Social Security and Medicaid. It is also called a Self Settled Trust.

Irrevocable – A trust that cannot be changed or terminated by the Settlor.

Life Beneficiary – The person with a disability for whom the trust is established.

MSNT Charitable Trust – A program providing grants for impoverished individuals with disabilities residing in Missouri.

Master Trust – The trust agreement containing the terms and conditions by which the trust is administered.

Medicaid Payback – The remainder balance of a First Party Trust subject to claim by any state Medicaid program for medical expenses paid for the Life Beneficiary during their lifetime.

Public Benefits – Assistance to an individual that may include Supplemental Security Income (SSI); Medicaid, SNAP (food stamps) and Section 8 (housing assistance).

Remainder Beneficiary – The person(s) or entity named by the Settlor in the trust agreement to receive remainder funds when the trust is terminated.

Revocable – A trust allowing the Settlor or Co-Trustee, as named in the trust agreement, to withdraw or terminate the trust by written request.

Self-Settled Trust – See definition for *First Party Trust*.

Settlor – See definition for *Donor*.

Sole Benefit – A trust must be administered only for the benefit of the Life Beneficiary.

Sole Trustee – If no Co-Trustee is named in the trust agreement, MSNT will serve as Sole Trustee. The same applies if all Co-Trustees and successor Co-Trustees are unwilling, unable or unavailable to serve.

Special Needs Trust (SNT) – A trust, when properly structured and administered consistent with federal and state requirements, considered an exempt asset and will not impact eligibility for public benefits.

Third Party Trust – A trust established for a Life Beneficiary with the assets of a third party donor. This type of trust does not require Medicaid payback at termination.

Trust Administration Fees – Charges to the trust account for trust administrative services provided by MSNT and its contract agents.

Trust Agreement – The legal document that sets forth the terms and conditions of the individual trust. The trust agreement is also called the Declaration of Trust.

Trustee – The person or agency that holds trust assets and has legal authority and fiduciary responsibility for administering the trust. MSNT is Trustee for all MSNT trusts.

MSNT Sole Trustee Fact Sheet

Q. When does MSNT serve as Sole Trustee?

A. MSNT serves as Sole Trustee:

- for trusts without a designated Co-Trustee.
- when the Co-Trustee resigns because they are no longer able or willing to serve.

Q. What is the fee for MSNT to serve as Sole Trustee?

A. MSNT charges an annual fee of \$750 to serve as Sole Trustee. This fee is charged at \$62.50 per month.

Q. How does the Life Beneficiary request funds from their trust when MSNT is Sole Trustee?

A. To request a distribution from the trust, the Life Beneficiary, service provider or their legal representative must complete and submit the MSNT Request for Funds form (**See Appendix C**):

www.midwestspecialneedstrust.org/special-needs-trust/resources/documents-forms/

The Life Beneficiary, legal representative or other party assisting with the request for funds will sign and date the form, indicating contact information and relationship to the Life Beneficiary. The Request for Funds form must be accompanied by supporting documents.

Q. What if the Life Beneficiary needs assistance completing the Request for Funds form?

A. A guardian, friend, family member, case worker or caregiver may assist the Life Beneficiary by completing the Request for Funds form or contact MSNT for assistance.

Q. How can a Special Needs Trust be used?

A. Special Needs Trusts are important to help meet the supplemental needs of the Life Beneficiary not covered by their monthly cash benefit, Medicaid, Medicare or other health insurance. They cannot be used for rent/housing, basic utilities or food. Distributions can only be made for the benefit of the Life Beneficiary. A list of allowable items can be found in the Guide for Co-Trustees and Beneficiaries on page 7.

Q. Can a check be made payable to the Life Beneficiary for an allowable expense?

A. No. Checks cannot be made payable to the Life Beneficiary. Issuing checks payable to the Life Beneficiary may result in a reduction or loss of public benefits.

Q. What action does the Life Beneficiary take if a request is denied?

A. MSNT mails a Disbursement Denial form to the Life Beneficiary when a request for funds is denied. The form indicates the reason for denial. The Life Beneficiary and/or a representative may contact MSNT for consultation about the denial. See page 6 of the Guide for Co-Trustees and Beneficiaries for Appeals process.

Q. Is the Life Beneficiary required to report the trust to Social Security or Medicaid?

A. Yes, the Life Beneficiary is required to report their Special Needs Trust to all public benefit authorities. (The Life Beneficiary must contact MSNT to request documentation for Social Security, Medicaid or other reviews.)

MSNT Caregiver Payment Procedures

Trust funds may not be used to pay individual caregivers directly. MSNT will only authorize payment to appropriately licensed home health agencies, professional services or private practitioners that have a corresponding corporate registration and tax EIN.

State labor agencies and Internal Revenue Service (IRS) authorities have interpreted federal and state regulations to require that independent caregivers must be treated as employees by the entity that pays them, not as contractors. Their decision is based on prevailing practices in the caregiving industry. State and federal authorities consider contractual arrangements as an attempt to circumvent protections for employees and avoid employer tax liabilities. Findings of non-compliance are serious and can result in fines and other enforcement measures.

To pay caregivers as employees would require the trust to assume employer responsibilities such as payment of social security taxes, workers' compensation, unemployment insurance, benefits, and other state and federal liabilities. In addition, an employer must provide training, supervision, quality of care and other performance and delivery standards for caregiver agencies and professionals. It is not feasible for the trust to serve in the capacity of Employer.

When medically appropriate and consistent with the functional needs of the Life Beneficiary, MSNT will authorize payments to agencies that employ and supervise caregivers. The agency invoice can serve as the documentation for the request. The payment must be made directly to the agency.

Also note:

- MSNT may also require documentation such as time sheets that verify hours worked and the nature of the services provided to the Life Beneficiary.
- Private practice nurses or other professional practitioners may satisfy IRS requirements if their professional license allows independent practice and they are incorporated appropriately with an assigned tax identification number for tax reporting purposes. Documentation of their credentials and a W-9 would need to be completed and provided to determine whether a distribution would be allowable. Any arrangements for paying professional practitioners must be pre-approved by MSNT.

- If the Life Beneficiary of the trust is receiving Missouri Medicaid Home and Community-Based Waiver services under the Self-Directed services option, the Co-Trustee may provide documentation of the funding source and demonstrate a corporation has been formed that may act as an employer entity and meet all the associated requirements. In those cases, the payment from the trust will only be made to the corporate entity set up to employ caregivers for the specified Life Beneficiary.
- If the Co-Trustee or Life Beneficiary utilizes a qualified fiscal agent to meet federal requirements as employer, pay appropriate tax obligations, and perform associated functions for quality care, MSNT can authorize payment to the fiscal agent with proper documentation and demonstration of fiscal agent qualifications.
- National caregiving firms are available to provide the necessary infrastructure to comply with federal requirements.

Request for Funds

Beneficiary Information

Name of Life Beneficiary: _____

For purchase of: _____ **Amount:** _____

① **Payment to:** _____

Name:		
Street:		Apt #:
City:	State:	Zip:

For purchase of: _____ **Amount:** _____

② **Payment to:** _____

Name:		
Street:		Apt #:
City:	State:	Zip:

The following checklist should be completed to help ensure a timely review:

- Signature of Co-Trustee or other authorized individual is below
- Clearly readable estimate(s), receipt(s) or invoice(s) is/are attached
- Requested items are for the primary benefit of the Life Beneficiary
- Requested items do not include housing, utility, food expenses or cash to the Life Beneficiary

MSNT will review the submitted Request for Funds for compliance with applicable Federal and State policies and the Terms and Conditions of the Master Trust. MSNT, as Trustee, has the sole discretion regarding the approval of request for funds. Please contact a Trust Specialist with questions.

Requested by _____ Date ____ / ____ / ____

Relationship to Life Beneficiary _____ Phone _____

Please submit the request with required documentation to MSNT

	<p>PO Box 7629 Columbia, MO 65205</p>		<p>mftbt@midwestspecialneedstrust.org</p>		<p>1 573-303-5866</p>
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**Request for Funds Form
Travel Expenses**



Beneficiary Information

Name of beneficiary: _____ Account #: _____
 Address: _____
 Travelling to: _____
 For the purpose of: _____
 Dates of travel: _____ to _____

Type of Expense	Estimated Cost ¹	Explanation/Detail
Beneficiary Transportation Expenses		
Airfare:	\$ _____	
Rental Car:	\$ _____	
Mileage:	\$ _____	
Bus Fare:	\$ _____	
Total Transportation Expenses Requested:	\$ _____	
Beneficiary Lodging Expense		
Hotel Costs per night:	\$ _____	
Number of nights:	\$ _____	
Total Lodging Expenses Requested:	\$ _____	
Beneficiary Food Expense	\$ _____	
Beneficiary Entertainment Expenses		
Tickets for _____	\$ _____	
Tickets for _____	\$ _____	
Tickets for _____	\$ _____	
Total Entertainment Expenses Requested:	\$ _____	
Companion or Family Member Travel Expenses		
Transportation	\$ _____	
Lodging	\$ _____	
Food	\$ _____	
Entertainment	\$ _____	
Total Amount Requested:	\$ _____	

Payment to: _____
 Mail Check To: _____

Name: _____

Street: _____	Apt #: _____
City: _____	State: _____ Zip: _____

Signature _____ Date ____ / ____ / ____

Relationship to Beneficiary _____ Phone _____ Email _____

Please submit the request with required documentation to MSNT

 PO Box 7629 Columbia, MO 65205	 mftbt@midwestspecialneedstrust.org	 1 573-303-5866
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¹ Estimates documenting expenses must be attached for review such as rate information for the hotel, airfare or admission fee.



FACT SHEET: Account Statement Fact Sheet

OVERVIEW

The account statement is made up of the following sections:

- Account Statement Header
- Asset Allocation
- Asset Valuation
- Market Reconciliation
- Asset Position
- Income Activity
- Purchase Activity
- Sale Activity
- Deposit Activity
- Distribution Activity

ACCOUNT STATEMENT HEADER

The Account Statement Header includes the trust name, account number and statement period. The mailing address is typically that of the Co-Trustee for the trust account. Contact information for MSNT is also provided in this section.

ASSET ALLOCATION

The Asset Allocation shows how the trust is invested per the investment directive.

ASSET VALUATION

The Asset Valuation shows the amount/percentage of the market value invested in cash and the amount/percentage of the market value invested as directed.

MARKET RECONCILEMENT

The Market Reconciliation provides a review of the quarter and year-to-date (YTD) totals. This summary shows the beginning market value and changes of income, realized capital gains and loss information, change in market appreciation, distributions and the ending market value. Detail for each summary line is included later in the statement. Distributions detail includes fees.

ASSET POSITION

The Asset Position shows the account holdings in cash and cash equivalents, equities, and other investments by type. One column provides the market value and tax cost for each category of account holdings. The Asset Position also provides specific detail about investments including holding name, number of shares, total market/total cost, estimated annual income and current yield. The last line is a total of all portfolio assets.

INCOME ACTIVITY, PURCHASE ACTIVITY AND SALE ACTIVITY

These three sections provide detail for all transactions of the quarter, including income, purchases, sales and realized gains and losses.

DEPOSIT ACTIVITY

The Deposit Activity provides detail about deposits into the trust account. The Deposit Activity section will only appear when there was a deposit to the trust account during the quarter.

DISTRIBUTION ACTIVITY

The Distribution Activity provides details about all distributions from the trust, including distributions for the beneficiary, MSNT fees, Landmark Bank fees, and other fees assessed. A total of all distributions is also included.

FREQUENTLY ASKED QUESTIONS

Q. How often will I receive an account statement?

A. Account statements are issued on a quarterly basis for each quarter in a calendar year. The quarters are: January-March, April-June, July-September and October-December. The account statement should arrive by mail approximately 2-3 weeks after the quarter ends.

Q. Who will receive the trust account statement?

A. The quarterly account statement is sent to the Donor for revocable 3rd party trusts, Co-trustee for 1st party trusts and irrevocable 3rd party trusts. If no Co-Trustee is designated, the Life Beneficiary or the legal representative will receive the statement.

Q. I have not received an account statement. What should I do?

A. Contact MSNT if you do not receive your account statement by the end of the month following the quarter's end to arrange for a duplicate statement.

Q. What affects the number of trades and acquisitions on account statements?

A. The bank actively manages investment portfolios for trust accounts, including necessary transactions to maintain strategic balances in holdings and to take advantage of market trends. Consequently, when market conditions change or a portfolio requires re-balancing, the number of transactions may increase or decrease.

Q. Do the number of trades increase fees?

A. No. Acquisitions and sales of holdings do not result in increased fees. Administrative fees are calculated based on a percentage of market value and are unaffected by trade activity or volume.

Q. At the death of the beneficiary or when the account is closed due to depletion of the account, will a closing account statement be prepared? Where is it sent?

A. A closing statement is prepared. When accounts are closed, the final account statement is sent to the individual designated to receive quarterly statements.

