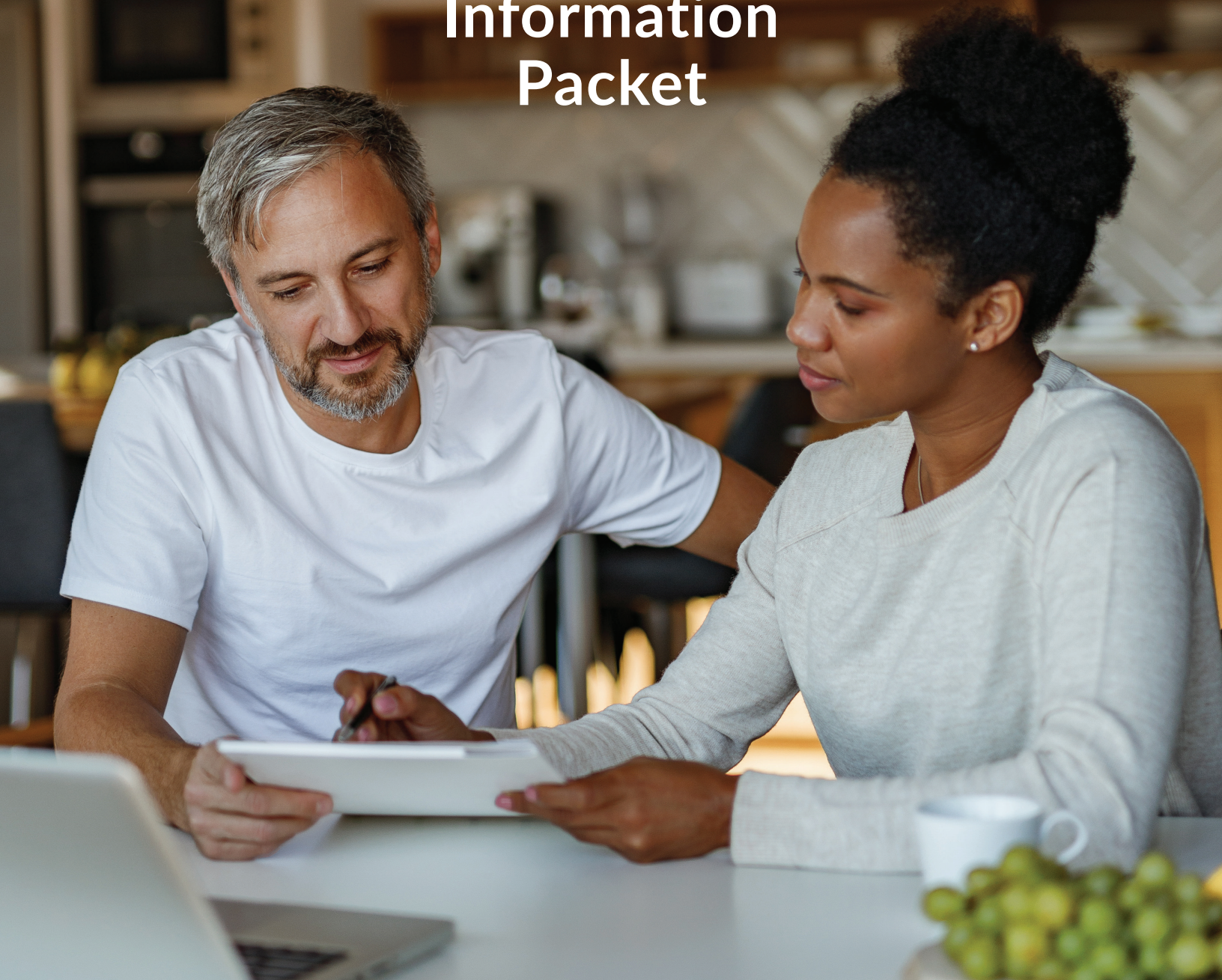




Client Information Packet



ADVOCACY[®]
TRUST

Your Needs. Our Team. Trusted Advice.



Advocacy Trust: 100% Dedicated to Serving You.

Whether you are a family, an individual, an attorney, a CPA/financial planner, or an advisor, Advocacy Trust is ready to be your advocate. Our company is made up of professionals with decades of trust industry experience and is well known for the caring support provided to individuals who have dealt with adversity and financial challenges. Unlike most retail trust companies, our team has worked on thousands of complex trust cases impacting a host of client situations.

Our team handles numerous financial issues confronting trust clients (legal, settlement, private/public benefits, medical set-aside, etc.), including:

- Special Needs Trusts
- Settlement Trusts
- Asset Protection Trusts
- Minors Trust Planning
- Investment Services
- Trust Planning
- Fiduciary & Administrative Services

Our Mission Statement

To improve the lives of our clients and their families by providing a positive experience through professional investment management, trust services, financial planning, and other support that effectively addresses their unique needs.



Who We Are

ADVOCACY TRUST is a Tennessee chartered trust company with the ability to perform services in most states across the country. With over \$1.5B in assets under administration, we are committed to improving the lives of our clients, their families, and their caregivers through investments, trusts, tax, and other related fiduciary and administrative services.



Nashville, TN Office



Jaclyn K. Berry

Chief Revenue Officer

jberry@advocacytrust.com

“I have always had a heart for people. I regularly serve the unhoused population, and a simple conversation can make someone light up and smile, which “fills me up” personally. I had already been in the trust industry for several years before the birth of my son. When my son was born, he was diagnosed with a birth defect. I soon found myself thrust into the world our clients know all too well. From eight hours of therapy a week to advocating through surgical procedures, countless hours on the phone with insurance agencies, and vocalizing what I knew my son needed to anyone who would listen, suddenly, I had a much better appreciation for the population in which I served.”



Chase Himes, JD

Senior Trust Manager

chimes@advocacytrust.com

“The opportunity to partner with a family and their team of professionals is uniquely fulfilling. The experience of witnessing challenges faced by my own family and friends who have special needs to working as an attorney for a Medicaid agency alerted me to the benefits of special needs trusts and the opportunity to be a part of trust administration. Especially when serving with the informed, compassionate Advocacy Trust team, I feel I positively impact the lives of the beneficiaries who I am blessed to serve.”



Amanda M. Luthy, MBA, CTFA

Senior Trust Officer

aluthy@advocacytrust.com

"Whether in the business world, the classroom, or the athletic field, I have always enjoyed working with and helping people. The team members of Advocacy Trust exude optimism, competence, and compassion that inspires. As a member of that team, I find fulfillment and satisfaction in the meaningful work of helping others."



Craig Amling, CTFA

Senior Trust Officer

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"Over a decade of work in the financial industry has shown me the value of seeking opportunities to assist a wide variety of individuals across all seasons and circumstances of life. The Advocacy Trust team partners with trusted financial advisors to meet people where they are for assistance today, to aid in creating a better tomorrow. I find this partnership approach and our high level of knowledge rewarding since it allows us to make a positive difference in peoples' lives."



Natalie Cannella, JD

Associate Fiduciary Counsel

ncannella@advocacytrust.com

"Early in my academic studies, I sought a career focused on helping those in need, where I could make a positive difference in my community. My legal education, complemented by my strong desire to help others, led me to Advocacy Trust. I am honored and humbled to have the opportunity to assist clients in establishing long-term plans to support their individual needs and wishes."



Claire Hausler

Trust Officer

chausler@advocacytrust.com

"I always knew I wanted to work in the service industry, and Advocacy Trust has turned out to be a perfect fit. Working directly with our clients to better learn and anticipate their specific needs and desires has been incredibly rewarding. I am thankful for every opportunity to grow and nurture client relationships. Every client is special, and they truly inspire me every day."



Caitlyn Harris, JD

Trust Administrator

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"During my time in law school, I was fortunate enough to work with several nonprofit organizations that showed me the value of having a career that is based on helping others. My role at Advocacy Trust has allowed me to continue this work with a service-based career. The Advocacy Trust team excels at what they do, and it excites me to learn from such great mentors."



Audrey Baker, M.Ed

Trust Administrator

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"Growing up in a family that served their community, I always knew I would feel most fulfilled working in a field where I could serve others. Being able to help those in need through Advocacy Trust has provided me with that fulfillment. I truly feel the impact I'm making on others daily. The team has greatly contributed to my growth, and I couldn't ask for more compassionate and helpful individuals to stand by my side through this experience."



Sydney McFall, JD

Trust Administrator

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"Throughout my life, I have been involved in service work ranging from being a camp counselor to being a non-profit employee to being a pro bono student attorney. All of it has culminated here with my work at Advocacy Trust. I know how important having an advocate is, and I feel proud every day that I am able to help aid our clients here with the most amazing team."

Mooreville, NC Office



Jay Butler

CEO

jbutler@advocacytrust.com

"In my career, I have worked for large multinational consulting firms and large multinational financial institutions. In those roles, my focus was oriented toward the internal workings of those firms. Now, at Advocacy Trust, I have the opportunity to work with a great team of people who have chosen to work supporting clients with unique needs. Equally as important is that I get to share the wisdom from years of experience to help them grow and best serve our clients. Helping our clients or teammates grow is why I am so privileged to be a part of this team."



Kate Maloney, ATFA

President

kmaloney@advocacytrust.com

"When I enrolled in college, it was with the intent of becoming a social worker. While I did not pursue that path, my relationships with clients have always been driven by the thought of how I can help them solve an issue or provide guidance and support as a part of their professional team. I have been so fortunate to have worked with many wonderful individuals and families in my career and build relationships with them. I consider it an honor and a privilege to work with clients."



Kelli Gardner, JD

Chief Fiduciary Counsel

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"Nothing is more fulfilling than utilizing your skills and knowledge to help others. I have spent my entire legal career working with individuals with disabilities, their families, and their advisors to navigate the world of special needs trusts and public benefits. As both a private practice attorney and in-house counsel for financial institutions, my advice has always been guided by the real-world challenges that our clients face. I joined Advocacy Trust to work alongside the most talented, knowledgeable, and passionate team in the special needs trust industry. Advocacy Trust is an organization that works to find real solutions for its clients, and it is a joy to be a part of such a results-oriented team."



Jasmine Walker, MBA, ATFA

Senior Trust Manager

jwalker@advocacytrust.com

"After completing my education in trust and wealth management, I had the opportunity to work with court-created, special needs, and elder service trusts right out of college. Four years later, I took the opportunity to work in the personal trust business and quickly realized I belonged working with special needs trust administration. Having the ability to serve families who truly need someone to advocate for them allows me to go home every day feeling like I truly make a difference."



Shawn Mitchell, MBA, CTFA, ATFA

Trust Officer

smitchell@advocacytrust.com

"Coming from a large trust company, I know what it's like to work with clients with tens of millions of dollars and how what you do for them has minimal impact on their daily lives. Once I learned of Advocacy Trust's mission to assist those in a severely underserved and neglected segment of the financial community, I knew I wanted to be a part of the team. Advocacy Trust's focus and dedication to these individuals has allowed me to impact the lives of those who would live a drastically different life without us."



Nick LaMorte, MBA, ATFA

Trust Officer

nlamorte@advocacytrust.com

"I have always had a passion for helping others, and to be able to do so alongside my passion for finance and trust through helping our Special Needs Trust clients is a great blessing. It is an honor and privilege to be surrounded by such knowledgeable and talented colleagues who care so much for the clients and friends we assist every day. The opportunity to do meaningful work here as a part of the Advocacy Trust team is distinctively fulfilling and something I look forward to every day."



Lisa Kelly, ChSNC

Trust Officer

lkelly@advocacytrust.com

"When facing the idea of a career change in 2020, I knew I wanted to find a career where I felt I was doing something worthwhile with my time, especially after spending 16 years in the nonprofit and performing arts industries. Having a career I am passionate about versus a job to go and punch a clock is one of my driving forces. This motivation drew me to special needs planning and administration. At Advocacy Trust, I can use my transferrable project management skills in a way that makes a genuine impact on others in their lives. I love being able to help others live their best life every day by assisting and educating them on the resources available to achieve that."



Laura Schlesing, ATFA

Trust Officer

lschlesing@advocacytrust.com

"I grew up in a family that served our community. After graduating college, I had the privilege to work in both the personal trust and philanthropic sector, establishing relationships to ensure their legacy was left behind. As life grants unexpected circumstances, it was having my second child born with Down Syndrome that opened my eyes to an entire world underserved. Dealing with a Down Syndrome diagnosis and the unexpected journey of his leukemia diagnosis at the age of 2, I knew I wanted to pursue a more purposeful career. Advocacy Trust allows me to serve families affected by loss or adversity and comes with a team dedicated to serve our most overlooked community."



Kasey Norris

Trust Officer

knorris@advocacytrust.com

"From a very young age, I began participating in community service. It was no different when it came to my occupation. I wanted to be a helping hand in someone's life when they needed it the most. Advocacy Trust was the perfect option for me. I believe Advocacy Trust makes a difference in our client's lives, and I am grateful for the opportunity to be a part of this wonderful team."



Christopher Matthews, MBA

Trust Officer

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"I have always had the desire to help others. My father and mother instilled in me the importance of seeking to serve and help others. At Advocacy Trust, I have the privilege to work alongside and learn from many knowledgeable people who share a common passion for serving others. My role within Advocacy Trust has provided me the opportunity to offer meaningful services that have a significant impact on the lives of individuals and families. These individuals and families have often faced challenging and life-altering situations. While humbling, it is also a tremendous inspiration."



Kellyn Wilson

Trust Administrator

kwilson@advocacytrust.com

"My compassion to help others and to be a visible light in my community are core values that I live by. Growing up witnessing the everyday struggles of close relatives with mental disabilities and spending weekends volunteering at nursing homes assisting adults with special needs has left a lasting impact on my life. Embarking on a career change, I knew I no longer wanted to be just a body in a cubicle but wanted to work in an environment where I could make a meaningful impact on the lives of others. Joining Advocacy Trust, a company that embodies the metaphoric concept "if you were in my shoes" and strives to prioritize their clients' needs and concerns, has been a game changer in my career and personal life. I am grateful to be a part of a team that cares and allows me to fulfill my desire to be that shimmer of light and helping hand to individuals who often feel neglected by society."



Janida Glover

Trust Administrator

jglover@advocacytrust.com

"After several years with a larger financial institution, I craved change – change that would make my personal and career life more than just "getting through the day and doing a job". I wanted to live a more intentional and purposeful life. I wanted to find a way to serve people, and then I was introduced to Advocacy Trust. I immediately recognized the connection between this company's focus and mission with my personal experience of having an older sibling with mental health challenges. I always strived to ensure she was supported, had whatever she needed, and was protected from people who tried to take advantage of her situation. Now I have the opportunity to do the same for others."



Angela Walker

Trust Administrator

awalker@advocacytrust.com

"I've always had compassion. I used to assist my father at church and work. I wanted to be the person who would step up and help where needed. My role at Advocacy Trust has given me that and more by allowing me to help people daily. Working with great clients and a great team has significantly impacted my life and has been incredibly rewarding."



Brandi O. McKenzie

Trust Administrator

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"I grew up in a family where advocating for those with special needs was part of our daily life. I didn't always understand it, but I watched my parents navigate through some tough times trying to get care and special services for my brother. I got my paralegal degree to help our family with legal issues caregivers sometimes face. My career path took me to the trust and estates field. While I enjoyed serving my high-net-worth clients, being here at Advocacy Trust has allowed me to honor my brother's memory in ways I never knew I could. I am humbled every day by this experience."

Atlanta, GA Office



Lily Ngo, JD, CTFA

Senior Trust Manager

lngo@advocacytrust.com

"I am passionate about advocating and helping others. I also enjoy problem-solving and finding creative solutions to challenging situations."



Harmony Williams

Trust Officer

hwilliams@advocacytrust.com

"As the last of seven children, I value having a team to make challenging tasks seamless. Similarly, I take pride in being a part of the Advocacy Trust team and maintaining client accounts. Our clients come to us after enduring some of life's hardest tests, and I cherish making their life a bit easier."



Chris Majewski

Trust Officer

cmajewski@advocacytrust.com

"I entered the trust business as a career change. I started my trust career in special needs and always enjoyed helping others who needed it the most. When I had the opportunity to work for a company that focuses on special needs and structured settlements, I was excited about the opportunity. I am proud to work for this company and extremely honored to service our clients daily."



Savanna Rocco, MBA

Trust Officer

srocco@advocacytrust.com

"As someone who has a family member with special needs, I find the work that we do at Advocacy Trust is very admirable. I understand the challenges that are presented to a family when someone has such high needs. Here at Advocacy Trust, we have the unique opportunity to work with these individuals and families and help support them through each of their challenges. I am very grateful to have the opportunity to serve families and clients through Advocacy Trust's services."



Joe Havasy, RSP

Senior Trust Administrator

jhavasy@advocacytrust.com

"Over the years I've spent working with the Advocacy Trust, I've seen the difference our planning can make in the lives of our clients. It warms my heart to work with a team that truly believes in doing what's best for our clients. I understand the challenges our clients face in protecting their future. Growing up in a service-oriented family, I get a lot of satisfaction in working at a company where I can make a difference in people's lives."



Jasmine Thomas

Trust Administrator

jthomas@advocacytrust.com

"As the oldest sister to a special needs sibling, I have always had a deep understanding of the daily challenges, hopes, and concerns that come with caring for someone with unique needs. From a young age, I wanted to use my knowledge and skills to positively impact those around me and build a fulfilling and meaningful career. That's why I am incredibly proud to be a part of the Advocacy Trust team that shares the same core values of care and compassion that I have held dear for so long. I am proud to provide those facing difficult circumstances with a beacon of hope and to help them secure a better financial future. It is important to me to do meaningful work that leaves a positive impact. I am grateful that Advocacy Trust allows me to do just that. With their help, I will be able to make a difference in the lives of those facing difficult circumstances and leave a legacy of financial success."

Louisville, KY Office



Peter H. Wayne IV, JD, CTFA

General Counsel

pwayne@advocacytrust.com

"Since fostering over 25 children in my family while growing up, I knew I wanted to serve the disabled community. As a result, I live my passion for helping others daily by being a member of the Advocacy Trust team. I take pride in our commitment to serving an underserved population within the wealth management industry and providing those with disabilities holistic and unparalleled fiduciary and trust administration services. We are not just a trust company. We are a partner in our clients' lives focused on helping them achieve their personal and financial goals."

New York, NY Office



Sinead Fitzsimmons

Senior Trust Manager

sfitzsimmons@advocacytrust.com

"I have worked in special needs trust administration for over 25 years, and am a passionate advocate for all our clients. I assist families in navigating the complexities of a special needs trust, allowing them time to focus on caring for their disabled family member. I enjoy collaborating with families to determine the most suitable needs for the beneficiary. I treat every client individually, taking the time to get to know them and their family dynamics and to understand their wishes and concerns. I have formed long-term relationships with clients, and I am privileged that many of my clients also consider me family."



Hilda Cabrera

Trust Officer

hcabrera@advocacytrust.com

"I am a dedicated and compassionate Trust Officer, supporting our client's needs and providing exceptional services. I enjoy helping people and appreciate the opportunity to work with Advocacy Trust in special needs trust administration. I am thrilled to work at a company with a great team that assists in helping clients positively improve their lives."



Who We Help

Families & Individuals

AS YOUR ADVOCATE, we partner with you to assist in carrying out your planning goals for every stage of your life. With our unique model, we remove any fear of losing control of your trust assets, while bringing calm and reason to the chaotic nature surrounding any large settlement. Our platform allows us to offer our fiduciary services in an impartial manner, with a focus on meeting the objectives outlined within your trust agreement. Specifically, our services include:

- Dedicated relationship managers
- Collaborative, needs-based financial planning
- Advice surrounding complex family situations and challenging financial transactions
- Decisions on private insurance versus public benefits
- Guidance on trust terms and conditions (trust protector role)

Our extensive personalized support is designed to help meet your planning objectives for today and through tomorrow.

Attorneys

AS YOUR ADVOCATE, we have your client's best interest at heart. We are prepared to operate as a conservator if it helps in expediting the settlement of the case. In addition, we do not default to a restrictive special needs trust and public benefits unless it is warranted. We also provide you a level of due diligence associated with your plaintiff's settlement to make sure it is "Grillo Compliant." Through our affiliated resources, we assist in:

- Assessing the appropriateness of the offer to the plaintiff
- Understanding its impact on the client's financial plan; and
- Ensuring settlement offers are appropriately explained to your client and documented.

Although we do not offer legal advice, we leverage various trust attorneys in drafting client trust documents. We also offer feedback on trust documents for a variety of trust planning situations. In addition, we regularly refer business to attorneys with whom we have an active relationship.

CPAs & Financial Planners

AS YOUR ADVOCATE, we offer your clients access to trust professionals who provide an unmatched level of trust service in an efficient and professional manner. We avoid conflict with your respective services, as we do not seek to interfere with your client relationship and your existing support model. Instead, our independent role as a managed trust solution creates a complementary support relationship for your client, as well as an expanded level of account retention and customer loyalty for you.

Advisors

AS YOUR ADVOCATE, we do not offer investment management services, so there is no conflict with the support provided by our trust professionals. As such, we view asset management and trust administration to be separate functions. Because we are focused solely on providing excellent trust services, we work with outside investment advisors who are focused on providing premier investment management advice to our underlying client. In addition, our independent role as a managed trust solution creates a complementary support relationship for your client, as well as an expanded level of account retention and customer loyalty for you.

Financial and Insurance Overview

Advocacy Trust LLC ("Advocacy"), a Tennessee state-chartered trust company, is a non-depository bank with fiduciary powers. Its business model is designed to support both delegated and directed trust accounts.

- Under a directed trust, the responsibilities for fiduciary administration and investment management are bifurcated from one another, such that a trustee is absolved of liability relating to investments and the investment manager (or trust protector depending on the terms of the trust agreement) is absolved of liability arising from fiduciary administration. A directed trust arrangement is established when the trust agreement provides for a defined party to serve as or to designate a third party to serve as an asset manager, who in turn manages the investment portfolio held by the trust, while Advocacy, the trustee, maintains responsibility for fiduciary administration.
- Under a delegated trust, Advocacy is responsible for both the trust's fiduciary administration and investment management. Provided, however, whenever serving as trustee of a delegated trust, Advocacy may delegate the investment responsibility to an outside investment advisor. Provided further, when so delegating, Advocacy continues to oversee the investment manager's strategies, objectives, and outcomes.
- Advocacy's management team and staff have considerable experience in trust administration while possessing unique skills for supporting disabled or special needs individuals. Trust administration includes but is not limited to keeping of detailed

accounting records of trust activities, providing services such as the day-to-day interaction with trust beneficiaries, exercising discretion and making trust distributions, ensuring that the trust is administered in conformity with the trust agreement and applicable laws, coordinating the trust's tax return, and reporting trust activities to the beneficiaries.

- Advocacy is regulated by the Tennessee Department of Financial Institutions ("TDFI"). As a financial institution chartered in and regulated under the laws of Tennessee, Tenn. Code Ann. §45-2-1005 provides that Advocacy is not required to obtain bond to serve as trustee or executor unless the governing instrument contains express provisions to the contrary. Advocacy's capitalization always satisfies or exceeds the requirements under Tennessee law and maintains errors & omissions insurance coverage of \$2 million (with an additional \$3 million in excess coverage) and directors & officers liability coverage of \$2 million.
- Advocacy, as of the date of this communication, has over \$1.5 billion of assets under administration. Furthermore, Advocacy is named as executor or successor trustee in an unascertainable amount of future business.
- Finally, Advocacy's business model is built upon the principles of providing excellent service and a personal approach to trust administration. And, when these attributes are coupled with our team's vast experience and our ability to work with both our affiliated partners and external third-party investment advisors, positive results are obtained.

What Makes Advocacy Trust Different?

Advocacy Trust is unique from other trust companies. It has built a holistic platform that provides traditional trust clients as well as plaintiff attorneys and their clients with the attention and guidance required to navigate the complexities surrounding their individual financial situation. Our extensive personalized support is designed to help meet your planning objectives for today and through tomorrow.

The superior level of service we provide is difficult to find anywhere within the financial services industry today.

Helping People

Focused on people whose lives have been disrupted by an unexpected or catastrophic event.

Advice Driven

Providing individuals advice regarding their financial needs, instead of just pushing a product sale.

Simplifying the Complex

Navigating the complex rules surrounding government assistance, eligibility requirements, and other challenging financial topics.

Balancing Private vs. Public Benefits

Assessing the impact of private insurance versus the public benefit restrictions on a trust.

Over-the-Top Support

Recognizing that the needs of families and individuals extend well beyond what any single financial product can offer.

First-class trust offerings include:



Special Needs
and Structured
Settlement Support



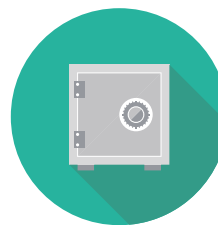
Estate and
Legacy Planning



Administration and
Custodial Services



Philanthropy and
Charitable Giving



Asset Protection
Trusts

How We Help

Our unique approach and attention to detail provide you the responsiveness and care you expect.

Looking Out for Your Interest

Supervising all aspects of a trust, acting at all times as a fiduciary and in your best interests.

Line of Defense

Offering a line of defense against undue influences from existing friends or family, outsider caregivers, and new friends who may suddenly appear once a trust is funded.

Reasonableness Test

Abiding by the terms of the trust and reviewing each distribution against a standard of “reasonableness.”

Quality Recordkeeping

Taking custody of cash, maintaining transactional records, preparing tax letters and returns, issuing account statements, and providing detailed accountings as required by a court or other representative authority.

Unique Service Support

Determining if it is necessary to purchase a vehicle or house, identifying your specific needs, as well as coordinating the purchase, if needed.

Thoughtful Trust Administration

Coordinating the payment of bills and expenses, and taking charge to follow through on implementing the services outlined in the terms of the trust or care plan.

Cost Consciousness

Maintaining relationships with other service providers in an effort to contain costs, including public benefit agencies and medical cost containment companies.

Coordinating Care Giving

Coordinating payroll for caregivers, if such services are not provided by a private agency or Medicaid.

Knowledgeable Investment Oversight

Identifying independent investment management resources, including monitoring and reviewing their performance and making changes that are in your best interest.

Seeking the Highest Level of Care

Supporting the recommendations made to enable you to receive the highest level and quality of care.



What You Need to Know About Special Needs Trusts

Ensure that your loved ones with special needs are provided the necessary support to improve quality of life — without jeopardizing their eligibility for government benefits.

A **special needs trust (SNT)** is a type of grantor trust that is established to benefit a disabled or injured individual. This type of trust enables a person with a disability or illness to hold unlimited amounts of assets in trust without negatively impacting the individual's eligibility to receive means-tested government benefits, such as Supplemental Security Income (SSI), Medicaid, and other forms of government assistance.

Without the protection of an SNT, an individual is generally ineligible to receive means-tested government benefits if he or she has assets greater than \$2,000. This means that the acceptance and investment of settlement proceeds — in an amount greater than \$2,000 — will disqualify the individual from accessing means-tested government programs.

SNTs provide for a disabled individual's supplemental care over and above what is otherwise provided for through government benefit programs. The trust is designed to pay for items not covered by government benefits.

For example, an SNT can provide for the beneficiary's education, counseling, recreation, supplemental medical and dental expenses, annual check-ups, special medical equipment, transportation, electronic equipment, household furnishings, and vacations. Funds can also be used to purchase food and shelter, provided that these items run the risk of causing a reduction in the beneficiary's receipt of any SSI benefits. Therefore, food and shelter purchases are often best satisfied through an ABLE account, when available.

Homes and vehicles are two of the most common purchase requests to be made from an SNT. While these purchases are allowed, it is important that a trustee purchase them in a way that avoids over-allocating the trust's assets to either a home or vehicle or unnecessarily exposes the trust to liability. Trustees must maintain open communication with the beneficiary to ensure every purchase is completed in a manner that protects the best interests of the trust and its beneficiary.



SNTs are often referred to as payback trusts. SNTs or payback trusts are created by a disabled individual, under the age of 65, for their own benefit, or by their parent, grandparent, or guardian, or by the court on his or her behalf. Once the trust is established, it is funded with the assets of the disabled individual. SNTs are often called payback trusts because the trust must provide that, upon the beneficiary's death, that any remaining trust funds first be used to reimburse any Medicaid benefits previously paid on behalf of the beneficiary. The remaining assets are distributed only after Medicaid is reimbursed in full.

Involving the right personnel is critical. There are many options to consider when establishing an SNT. The good news, however, is you are not trying to find a needle in a haystack. Rather, you simply need to find the right collection of knowledgeable professionals who focus on serving special needs individuals. Such people include:

- **Trust Attorney:** It is important to hire an experienced trust attorney who can help identify the specific needs of the individual when drafting the trust document.
- **Professional Trustee:** Choosing the right trustee is one of the most important and critical steps in establishing an SNT. If the SNT assets are substantial, it is best to hire a professional trustee who can assist in managing the trust from both an administrative and investment perspective. A professional trustee will have the knowledge and experience to make sure the trust is established and administered properly. Additionally, professional trustees have insurance

to address mistakes in administration, should such an event occur.

- **Accountant:** Engaging a qualified accountant to help with the administration of the trust will ensure the trust is not only administered correctly, but also that taxes are properly paid.

We know that understanding all the facets of an SNT can be overwhelming. As a professional corporate trustee, Advocacy Trust is ready to help educate all parties about the administrative and investment responsibilities associated with SNTs, making navigation of the world of SNTs more manageable and successful.

At Advocacy Trust, we handle all aspects of an SNT's administration, including the approval and processing of disbursement transactions, trust accounting, maintaining custody of and reporting on the assets being invested, and preparing and filing all required tax returns. In addition, every account at Advocacy Trust is assigned a premier trust officer — experienced in and knowledgeable about SNTs — to oversee the management and administration of the trust account.

Advocacy Trust is unique from other trust companies. We built a holistic platform that provides SNT families — as well as plaintiff attorneys and their clients — with the attention and guidance required to handle the complexities surrounding each trust beneficiary's individual situation. Our extensive personalized support is designed to help meet your SNT planning objectives for today and through tomorrow.

Call our trust team today at **855.879.3436** to learn more about what Advocacy Trust can do for you.

FAQs

Q. What are government benefits?

A. Government benefits are forms of health care benefits and financial assistance made available to citizens of the United States. While eligibility for certain government benefits is based upon an individual's monthly income and the value of the resources he/she owns, eligibility for other programs is based upon the number of quarters of employment during which an individual paid taxes into the Social Security system. Examples of means-tested benefits are Medicaid, Supplemental Security Income, Food Stamps, and Section 8 Housing Vouchers. Examples of entitlement-based benefits are Medicare, Social Security Disability Income, and Disabled Adult Children's benefits.

Q. What is Medicare?

A. Medicare is a health insurance program that pays for an eligible individual's medical costs. Similar to Social Security Disability Income ("SSDI"), Medicare is an insurance program and not a program that is provided to people based on financial need. In simplest terms, Medicare pays for acute care, hospitalization, limited skilled-nursing care, physician's visits, medications administered in hospitals, and prescription drugs under Part D.

Q. What is Medicaid?

A. Like Medicare, Medicaid provides health insurance coverage for basic medical and hospital care, as well as prescription drugs and long-term care services. In addition, and most often of critical importance to those with disabilities, Medicaid will pay for rehabilitative

services, therapy (occupational and physical), and for care in either an individual's home, a group home, or nursing facility. Many states also provide services through waiver programs to support individuals with disabilities out in the community. Generally speaking, one is found eligible for Medicaid upon the receipt of SSI benefits or by having limited countable resources (\$2,000 or less) and limited monthly income (less than \$942 per month).

Q. What is the Medicaid Waiver Program?

A. The primary objective of Medicaid Waiver Programs is to provide those with disabilities the opportunity to secure the health care they need out in the community rather than being forced to obtain such care in an institutional facility. The majority of waiver programs allow the states to disregard certain Medicaid eligibility provisions in order to deliver long-term care services in the community. For example, a waiver program may disregard the amount of income received or the assets owned by a disabled person and the disabled person's family members.

Q. What is Supplemental Security Income (otherwise known as "SSI")?

A. SSI is a means-tested Social Security federal benefits program that provides income to certain aged, blind, and disabled people. The purpose of the SSI program is to provide certain individuals with income to be used for food and shelter. Currently, in 2024, the maximum amount of SSI for an individual is \$943 a month.



Q. What is Social Security Disability Income?

A. SSDI is a benefit for people who cannot work because they have a medical condition that is expected to last at least one year or result in death. Federal law requires this very strict definition of disability. In general, to get SSDI benefits, you must meet two different earnings tests: (1) a “recent work” test based on your age at the time you became disabled; and (2) a “duration of work” test to show that you worked long enough (paid enough in Social Security taxes). Certain blind workers need only satisfy the “duration of work” test.

Q. What is Social Security’s definition of disability?

A. Social Security’s definition of disability is the inability to do any substantial gainful activity by reason of medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months. In other words, the injury must prohibit the person from performing his or her previous job or any other substantial gainful activity in the national economy.

Q. Can I become eligible for Medicare coverage after being determined to be disabled?

A. Yes, you can because an SSDI beneficiary is entitled to receive health insurance coverage under the Medicare program after receiving SSDI benefits for a period of two years.

Q. What are Child Disability Benefits?

A. Child Disability Benefits (“CDB”) are SSDI benefits that are made available to a child (minor or adult) when his/her parent(s) reach retirement age, become disabled or die. The benefit is based upon the parent’s earnings record with Social Security and is paid out as part of the parent’s Social Security benefit. In order for an adult child to access this benefit, he/she must have been determined to be disabled prior to the age of 22.

Q. Will an individual lose Medicaid coverage if the CDB benefit is greater than the SSI benefit?

A. No. Generally speaking, whenever an individual loses his/her eligibility for Medicaid due to the receipt of CDB benefits or an increase in a Social Security benefit, federal law ensures that the individual’s eligibility for Medicaid will remain in place.

Q. What is the amount of income an individual can receive per month and the total amount of resources that someone can own and still maintain his/her eligibility for SSI?

A. A person can receive up to \$942 per month in income and can own \$2,000 in countable resources and still maintain his/her eligibility for SSI.

FAQs

Q. What are resources?

- A. Resources are typically defined as those assets an individual or couple own and can apply, either directly or by sale or conversion, to meet basic needs of food, clothing, and shelter.

Q. What are some examples of non-countable resources?

- A. Non-countable resources include household goods and personal effects, which include an automobile, life insurance with a cash value not exceeding \$1,500, a prepaid burial plot or a burial fund up to \$1,500, and pre-paid funeral contracts.

Q. What is an ABLE account?

- A. An ABLE account is a new 529 savings account, 529A to be more precise, for disabled individuals. The disability, however, must have occurred prior to the individual's 26th birthday in order for said person to establish such an account. This type of account came to be due to the Achieving a Better Life Experience (ABLE) Act that was signed into law by President Obama on December 19, 2014.

Q. Can I open an ABLE account today?

- A. Yes, accounts are available throughout the country. See www.ablenrc.org.

Q. What are the benefits of an ABLE account?

- A. There are three main benefits to ABLE accounts:
- First, money held in an ABLE account cannot be counted for purposes of determining an individual's eligibility for Supplemental Security Income ("SSI") or Medicaid.
 - Second, an ABLE account can be used for qualified disability expenses, which include the following: education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, and funeral and burial expenses.
 - Third, earnings on and distributions from an ABLE account for disability expenses cannot be considered the taxable income of the contributor to the account or the beneficiary of it.

Q. Are there any limitations on ABLE accounts?

- A. Yes, there are limitations to ABLE accounts. ABLE accounts are only available to individuals who become disabled before the age of 26. In addition, the annual amount that can be contributed to an ABLE account is limited to the annual gift tax exemption, which in 2024 is \$18,000, and each individual can only have one ABLE account. As a result, the total amount of money an ABLE account can receive from all sources in 2024 is \$18,000 per year.

In addition, the total value of an ABLE account cannot exceed \$100,000.



This \$100,000 limitation, however, is specific to those who receive SSI benefits because the Social Security Administration (“SSA”) considers any amount over this threshold to be “available” to the beneficiary, which in turn can negatively affect the individual’s eligibility for SSI payments. If, nonetheless, the beneficiary of the ABLE account is not concerned about remaining eligible for SSI benefits, the account may accumulate aggregate contributions up to the state’s limit on qualified 529 accounts, which in Kentucky is \$350,000.

In addition to the above, when the account beneficiary dies, any remaining assets in an account must first be used to reimburse Medicaid for any and all care provided to the beneficiary after the creation of the account, but shall exclude the amount paid by the beneficiary as premiums to a Medicaid buy-in program. Therefore, due to these limitations, ABLE accounts are unlikely to provide much relief for disabled individuals who receive substantial personal injury settlements or inheritances. Further, third parties, such as family members and friends, are wise to continue making gifts or planned bequests to third-party special needs trusts to avoid the Medicaid-payback obligation that is required of ABLE accounts.

Q. What is a special needs trust?

A. A special needs trust is a form of a pure discretionary, spendthrift trust designed to preserve a disabled person’s eligibility for government benefits. These public benefits may include means-tested programs where eligibility is based on financial need, such as Medicaid, SSI, or Food Stamps, or insurance programs where eligibility is based on criteria other than financial need, such as Medicare or Social Security Disability Income.

Q. Are there different types of special needs trusts?

A. Yes, there are different types of special needs trusts, which include both private and pooled first-party special needs trusts and third-party trusts.

Q. What is a first-party private special needs trust?

A. The characteristics of a private special needs trust are:

- The law is 42 USC 1396p(d)(4)(A)
- Individual trusts drafted by an attorney
- State specific
- Designed for beneficiaries under the age of 65
- No additional funds may be added to the trust after a beneficiary is 65 years old, unless through a previously established structured settlement annuity
- An individual, their parent, their grandparent, their guardian, or a court may establish such a trust
- The trust agreement must grant Medicaid a first right of recovery against the trust assets upon the beneficiary’s death
- The trustee must be knowledgeable enough about government benefits to protect the beneficiary’s eligibility for them
- The costs associated with drafting and establishing a private first-party special needs trusts can vary depending on the facts of the case
- Approval of the trust from Medicaid must be secured in order for the trust to be deemed a noncountable resource

FAQs

Q. What is a pooled special needs trust?

A. The characteristics of pooled special needs trusts are:

- The law is 42 USC 1396p(d)(4)(C)
- Trust is administered in accordance with one master trust agreement
- The trust is administered for the benefit of individuals nationwide
- Anyone can join a pooled trust, but Medicaid often considers joining a pooled trust after the age of 65 to be an improper transfer
- Unlike with private special needs trusts, a disabled individual may join the trust himself/herself
- Medicaid payback may be avoided by permitting the trust to keep the assets upon the death of the beneficiary
- The trustee must be knowledgeable about government benefits to properly administer the trust
- The costs associated with joining a pooled trust are generally lower than those associated with establishing a private special needs trust
- An individual can join and establish an account with a pooled trust in a very short period of time
- The pooled trust trustee will secure the necessary government approval of an account's establishment

Q. What is a third-party special needs trust?

- #### A. The purpose of a third-party special needs trust is to preserve government benefits for an individual with physical or mental disabilities. Money is provided to a trust for the benefit of a disabled individual via gift or inheritance. The trust is established to provide for the disabled person's supplemental needs. The trust must be a pure discretionary spendthrift trust that grants the trustee the authority to determine if and when a distribution is appropriate and to deny a requested distribution if such a distribution could negatively impact the beneficiary's eligibility for benefits and/or overall well-being. Third-party special needs trusts can be testamentary or intervivos trusts and can be revocable or irrevocable. Also, and of great importance, Medicaid is not the primary beneficiary upon termination of the trust; rather, the grantor can determine how the remaining trust assets are to be disbursed at the death of the beneficiary.



Q. What are the questions to ask when establishing a special needs trust?

A. The following questions should be asked:

- Does the client want to determine the trustee, financial manager, and the terms of trust administration?
- Does the trustee require a minimum deposit for trust services?
- Does the trustee have experience with special needs trust administration?
- What are the fees for trustee services?
- Will the trustee travel to meet with the beneficiary?
- How are disbursements requested and processed?

Q. What are some additional special needs trust considerations?

- A.** The primary goal of a special needs trust is to preserve an individual's means-tested government benefits. Therefore, it is important to learn if the individual has a parent, grandparent, or legal guardian who can establish the trust on his or her behalf. If not, a court order must be obtained in order to establish the trust properly.

Q. What happens upon termination of the special needs trust or death of the beneficiary?

- A.** Any money and property left in the trust must be used to pay back Medicaid for all of the expenses paid for on behalf of the Medicaid beneficiary during the time the trust was in existence. Some states, however, take the position that Medicaid's right of recovery extends to all benefits provided during the trust beneficiary's lifetime. As a result, it is always important to speak with the state Medicaid office before advising a client about establishing a special needs trust. Generally speaking, any and all remaining money, assets, and property in the trust after reimbursing Medicaid passes to the beneficiary's heirs at law.

Q. Should I establish a Special Needs Trust or ABLE account?

- A.** Where possible, you should establish both as an ABLE account can be used in conjunction with a special needs trust. While ABLE accounts will provide account owners greater ability to control their funds and will be far less expensive than special needs trusts, the substantial funding limitations on ABLE accounts will likely result in people needing both an ABLE account and a special needs trust. This is especially true when family and friends want to leave money to a disabled person in excess of the annual gift tax exemption (currently \$18,000).



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