

Establishing and managing trusts for individuals with special needs and for those who need additional protection.

How do we as professionals help families accomplish this challenging task?

**Presented by Philip Fish, CFP® and Estate Planning Specialist
Sandy Spring Trust**

To help families with an individual with special needs or one who needs additional protection, we need to coordinate the four disciplines of law, tax, finance and health care through various stages of life.

1. Parent's working years
2. Parent's retirement years
3. Parent's incapacity / periods of illness
4. Death of a parent / transferring the estate
5. Initial establishment of trust for the beneficiary
6. Ongoing management of the trust

Nine CORE PRINCIPLES:

1. Establishing their Estate Plan:
 - a. Proper legal counsel with experience in these trusts
 - b. Allocation of resources between beneficiary and other family members
 - c. Type of trust: Testamentary trust, ongoing living trust or stand along trust?
 - d. Strong incapacity plan with gifting powers to provide support for beneficiary
2. Selection of their Decision Makers:
 - a. Lifetime Fiduciaries: Handling illness of parents and care of beneficiary
 - b. Is the family member too close to the beneficiary to be a strong Fiduciary?
 - c. Succession plan if the named trustee can no longer serve
 - d. Does the intended named family member/friend know the requirements of trustee?
 - e. Corporate/Professional Trustee options
3. Preparation of their Decision Makers:
 - a. Location and access to original legal documents
 - b. Location and access to financial accounts
 - c. Contact points: Attorney, accountant, financial advisors, doctors, support for beneficiary
 - d. Access to online accounts
 - e. Knowing the parents' wishes and the needs of the beneficiary – financial and medical
4. Titling of Accounts:
 - a. Individual and joint ownership
 - b. Beneficiary Accounts: Life insurance, IRAs, POD, TOD
 - c. Trust accounts
 - d. Proper funding of trust for individual with special needs/requiring additional protection

5. Managing Trust assets under Fiduciary standards:
 - a. Trustee is a Fiduciary – do they understand what that means?
 - b. Investment Policy Statements
 - c. Asset Allocation: Is the trustee being too aggressive or too conservative?
 - d. Individual securities: How individual stocks and bonds provide better control and tax management
 - e. Our role as a Trust asset manager positioned to support individual and professional trustees.

6. Providing Support to Trustees:
 - a. Legal
 - b. Tax
 - c. Finance
 - d. Health Care
 - e. Time

7. Role of a Trust Company
 - a. Primary trustee/PR named within the documents
 - b. Successor trustee/PR named behind family member as a fall back
 - c. Agent to the trustee/PR helping without being named as a trustee or PR

8. Common Mistakes
 - a. Two or more co-trustees named
 - b. Incorrect titling of assets that counter the estate plan
 - c. Lack of communication between the parents and the named trustee
 - d. Lack of connection between the trustee and the beneficiary
 - e. Lack of support to the trustee

9. Key Focus to Help Success
 - a. Strong, well drafted documents by a knowledgeable attorney
 - b. Strong focus on proper titling of assets
 - c. Proactive discussions on financial, medical and social support plans
 - d. Having the future trustee meet and build a relationship with the beneficiary
 - e. Strong support from legal, tax, financial and healthcare professionals coordinated around supporting the individual with special needs or one that needs additional protection

Sandy Spring Trust can serve as a trustee for these types of trusts and can also provide support to family members and professionals named as a trustee. We handle trusts of \$1 million in size and up. If you have any questions, please contact Phil Fish at 301 785-4112 or via email at pfish@sandyspringtrust.com.