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# Financial Planning Considerations for Families with Special Needs

*Anthony B. Soldano*

Owner/Principle

# Accepting Your Role As The Financial Head Of The Household.

- ▶ Aside from caring for the dependent family member, the care giver must accept the role of handling the finances for the home.
- ▶ Establish A Budget.
- ▶ Develop Your Planning Team.
- ▶ Establish Short & Long Term Goals

# Components to a Financial Plan & the Process

Budget & Income

Disability Insurance

Life Insurance

Long Term Care

Investments

Retirement



# The Planning Dashboard

		PROTECTION			
Home, Auto & Umbrella Insurance		Disability, Health & LTC Insurance		Legal Documents	
		Life Insurance			
<b>ASSETS</b>			<b>LIABILITIES</b>		
Personal Property	\$0	Short Term	\$0		
Savings	\$0	Taxes	\$0		
Investments	\$0	Mortgages	\$0		
Retirement	\$0	Business Debt	\$0		
Real Estate	\$0	<b>Total</b>	<b>\$0</b>		
Business	\$0	<b>NET WORTH</b>			
<b>Total</b>	<b>\$0</b>				<b>\$0</b>
		CASH FLOW			
Gross Income	Protection	Assets	Liabilities	Net Income	

# Disability Insurance:

Parents or Caregivers should consider a plan:

Your ability to earn income & work while you are caring for a dependent with special needs.

Workers Compensation & NYS DBL are not Short & Long Term Disability plans.

- ▶ Who would pay for your expenses?
- ▶ Where would the funds come from?
- ▶ Would you use retirement & investment savings?

# Long Term Care Insurance:

LTC policies will provide a daily benefit which could be used to cover nursing home, home care & assisted living facility costs should you not be able to do 4 of the 6 basic activities of daily living (ADL's).

- ▶ Who will take care of you or your spouse?
- ▶ Who will care for the dependent?
- ▶ Could or would family members help with care?
- ▶ Would you rather them supervise your care?

# Disability & Long Term Care Issues to Consider:

- How long could I sustain the quality of life I have created for my family before all of my assets were exhausted?
- Where would my income come from and for how long?
- Would I have to sell my home or relocate?
- What tax ramifications would I endure by taking funds from my investment & retirement accounts?
- What would a disability or LTC event do to my investment & retirement plan?
- How does this effect my special needs dependent?

# Life Insurance Planning:

- ▶ **Life insurance can be the funding vehicle to create an estate.** This estate will provide income that will enhance the quality of life for the dependent and other family members. Here are some of the things life insurance can help with.
- ▶ Medical Expenses & Educational Costs
- ▶ Housing needs for the Family/Dependent
- ▶ Mortgage Liquidation
- ▶ Funding the Special Needs Trust (Not subject to ordinary income taxes as opposed to utilizing retirement assets).
- ▶ Spousal & Family Income
- ▶ Supplement Retirement



# Life Insurance Planning:

The right amount of coverage & policy can assure that the wishes you have for your family are met even if your not here to see it.

- ▶ **Term Life** will pay out the death benefit if the person covered passes away within the term period chosen. Typically 5-30 years.
- ▶ **Whole & Universal Life** policies have term periods that could take you well into your 100's . These types of coverages could also have cash values that accumulate inside the policy as premiums are paid.
- ▶ **Second To Die** Policies are designed to be permanent and will pay a death benefit upon the death of the second spouse.

# Protecting & Growing Your Investment & Retirement Plan:

- ▶ It's even harder to save and invest for retirement for special needs families since time is hard to find and expenses tend to be higher.
- ▶ Pay yourself and make your contributions & savings automatic.
- ▶ Understanding & monitoring your cash flow & debt is extremely important to financial success .
- ▶ Do not list your dependent as a beneficiary on any accounts or as a pension beneficiary as it will effect their benefit eligibility.
- ▶ Consider Establishing a Special needs trust, assets can be held in trust for your elected beneficiaries.

# Planning Considerations:

- ▶ Prepare a Letter of Intent. Although not legally binding, this document acts as a “letter to the caregiver”.
- ▶ Carefully choose your trustees, advisors & guardian and be sure to ask them if it’s OK prior to making your elections.
- ▶ Coordinate gifting & inheritance strategies.

# Other Planning Considerations:

- ▶ Review ownership & beneficiary designations on existing policies & accounts in place or that may be set up in the future.
- ▶ Consider a Special Needs Trust. Any inheritances, life insurance proceeds or gifts should list the Trust as the beneficiary.
- ▶ Work with a Financial Planner, Attorney & Accountant to assure no areas of you plan are being overlooked and that everyone is communicating on your behalf.

# Anthony B. Soldano

Owner/Principle



INSURANCE AND FINANCIAL PLANNING SERVICES

The Financial Center 300 South Oyster Bay Rd Syosset, NY 11791



**Office: 516-629-9054**

**Mobile: 631-525-2220**

**Fax: 888-371-3135**

**[Anthony@TheEvolutionGroup.US](mailto:Anthony@TheEvolutionGroup.US)**

**[www.TheEvolutionGroup.US](http://www.TheEvolutionGroup.US)**