

If properly structured, a Special Needs Trust can preserve governmental program eligibility for the disabled person.

Providing for the Future

When a Special Needs Trust is the owner and beneficiary of a life insurance policy, it is ideal for a special needs child or a dependent adult because the death benefit is:

- income tax-free
- available quickly, and
- usually received without having to go through probate.

Additionally, permanent life insurance provides tax-deferred growth of the cash values that can be accessed during the life of the caregiver.*

If, however, the caregiver is uninsurable, an annuity may offer a desirable funding alternative. However, an annuity will not have an income tax-free death benefit, and annuity payments may be subject to taxation.

To find out how you can continue the loving care with a Special Needs Trust, contact a Transamerica representative today, or visit

www.transamerica.com.

* Loans and withdrawals will decrease the policy value and net cash value and may diminish the death benefit.

This material was not intended or written to be used, and cannot be used, to avoid penalties imposed under the Internal Revenue Code. This material was written to support the promotion or marketing of the products, services, and/or concepts addressed in this material. Anyone to whom this material is promoted, marketed, or recommended should consult with and rely solely on their own independent advisors regarding their particular situation and the concepts presented here.

Life insurance policies issued by Transamerica Occidental Life Insurance Company, Cedar Rapids, IA 52499.

Transamerica Occidental Life Insurance Company ("Transamerica") and its representatives do not give tax or legal advice. The material in this booklet is provided for informational purposes only and should not be construed as tax or legal advice. Clients and other interested parties must consult with and rely solely upon their own independent advisors regarding their particular situation and the concepts presented here.

Discussions of the various planning strategies and issues are based on our understanding of the applicable federal laws in effect at the time of publication. However, these laws are subject to interpretation and change, and there is no guarantee that the relevant authorities will accept Transamerica's interpretations. Additionally, this material does not consider the impact of applicable state laws upon clients and prospects.

Although care is taken in preparing this material and presenting it accurately, Transamerica disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it. This information is current as of February 2006.



Transamerica Occidental Life Insurance Company

Special Needs Trust Consumer Brochure
OLA 1379 0206



PROVIDING FOR
THE FUTURE
The Special Needs Trust



P

ROVIDING FOR THE FUTURE

The Special Needs Trust

You want to ensure that your children have the best possible quality of life. They look to you to see that their needs are met. You watch out for their safety when they're young and help them with their education as they grow older. You guide them toward the future, look forward to their successes, and hope to leave them with a strong financial base when you are gone.

If you are the parent of a child with special needs, you also want to ensure that your child, whether young or an adult, receives the proper



“...ownership of assets in excess of \$2,000 disqualifies an individual with special needs from most federal assistance programs...”

care after you are gone or when you may no longer be able to provide the care he or she requires. You may also find that these special needs arise due to the disability of a loved one.

A Special Needs Trust can help assure your loved one's eligibility for state and federal benefits, while providing for care that would otherwise be unavailable.

Understanding the Issues

When a disabled person receives an inheritance, the government will require that the inheritance be depleted before it will pay for governmentally sponsored services. This can quickly exhaust even a large inheritance.

Under current federal law, ownership of assets in excess of \$2,000 disqualifies an individual with special needs from most federal assistance programs, such as Supplemental Security Income (SSI) and Medicaid.

It is important that anyone with special needs qualifies for SSI, since in many states SSI is closely linked to Medicaid coverage. Medicaid provides many crucial services, including comprehensive health insurance, attendant services, dental coverage, day rehabilitation programs, and group homes.

What Is a Special Needs Trust?

A Special Needs Trust is a separate legal entity that allows you as the donor (trust grantor) to gift assets to a trust specifically created for the benefit of your special needs child or dependent adult.

A Special Needs Trust is designed to provide benefits and services that are otherwise not available. This preserves the disabled person's quality of life without adversely affecting publicly funded benefits.

A Special Needs Trust can hold a wide range of assets, including cash, stocks, personal property, and real estate. It should also be the owner and beneficiary of a life insurance policy.

When you fund the Special Needs Trust with a life insurance policy, an income tax-free death benefit will be paid to the trust to finance the dependent's ongoing care. The money can be used to pay for things that wouldn't otherwise be available such as travel, computers, higher quality medical and dental care, education, and rehabilitation.

Special Planning for Special Needs

The laws governing trusts are complex, and vary from state to state. This is why it is important that you work with a qualified attorney who has experience with Special Needs Trusts.