

Make sure you have a strong financial plan that covers the care needs of a family member with special needs.



If you have concerns about a family member with special needs, you should have a strong financial plan that provides supplemental funds for them while maintaining eligibility for government programs such as Supplemental Security Income (SSI) and Medicaid. The funds in the trust may be used for items not covered by those government programs, such as a computer, car/van, education, vocational training, vacations and experimental medical treatments. The assets within the trust can be protected from the claims of creditors, because the individual with special needs has no control over the trust. Ultimately, the trust provides funds that allow the individual with special needs to live their best life possible, and lets them maximize their potential.

Special Needs Trust Types

First-Party Special Needs Trust

(also called payback or self-settled)

A first-party trust is used for the property of a person with special needs. If a person with special needs acquires significant assets such as those awarded from a personal injury settlement, gift, divorce or inheritance before age 65 it can be placed, by the court or family member, in a first-party special needs trust. This type of trust has strict federal and state rules to help ensure the trust isn't being used as a shelter for assets. In addition, first-party trusts have a Medicaid payback requirement upon the death of the individual with special needs. Your attorney who specializes in special needs or elder care can help provide details and draft the trust appropriately.

Get help from professionals

A financial professional and specialized attorney will help you navigate all of this, so your special needs trust reflects your hopes and wishes for your child or family member with special needs and ensure the trust is appropriately drafted.

Third-Party Funded Special Needs Trusts

A third-party special needs trust is the typical type of trust used to benefit a person with special needs—created and funded by someone other than the disabled beneficiary. These trusts have no payback requirement and give the trustee greater flexibility in regard to distributions. By properly drafting a third-party trust, families can help avoid the future need to create a more limiting first-party trust because of an inheritance. This trust can be a very powerful planning tool for the family of an individual with special needs.



Talk to an advisor to explore your trust options, or call us at 800-332-4015.

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