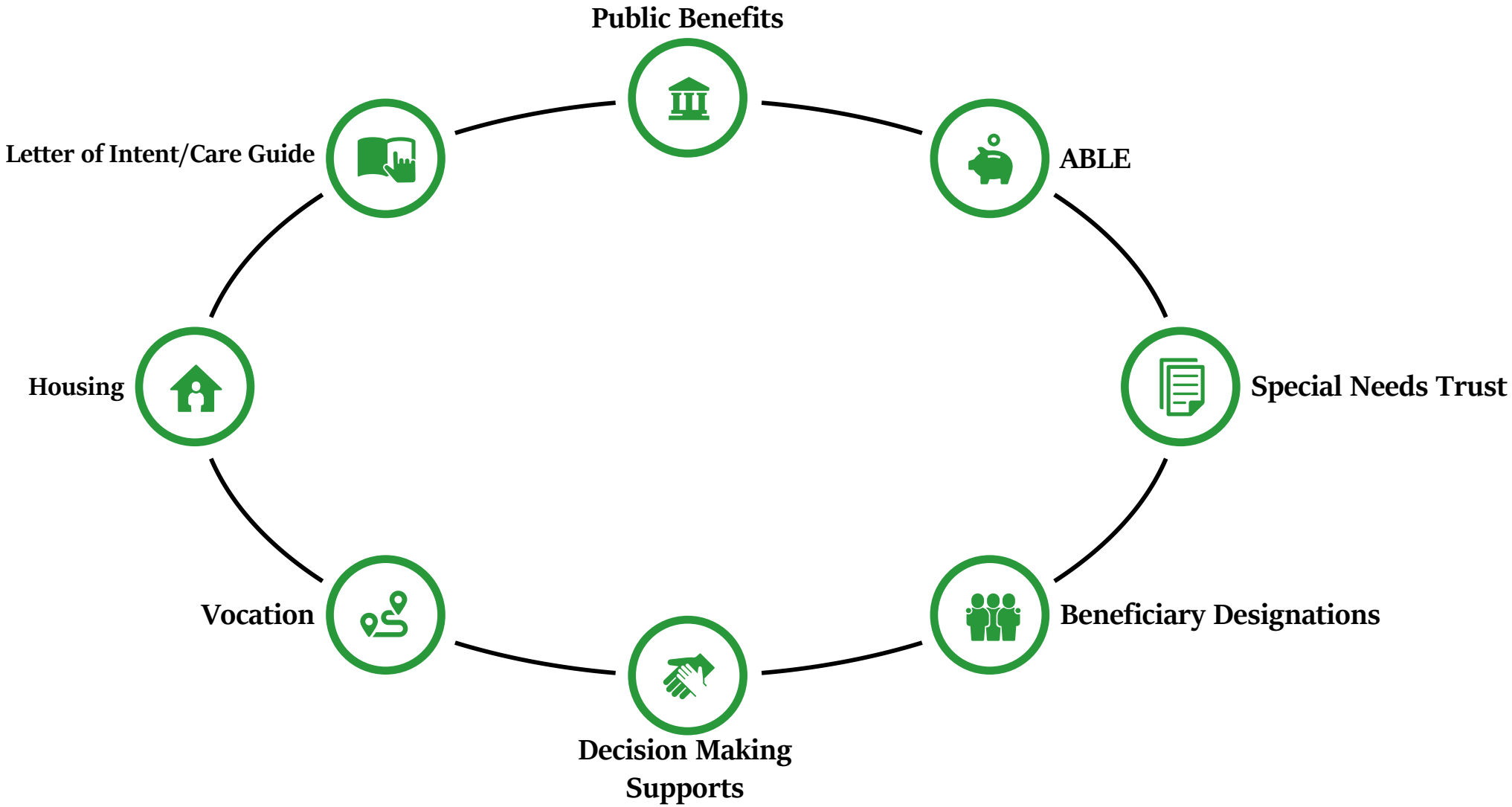
Essential Elements of Special Needs Financial Planning

OAK
WEALTH ADVISORS

Fall 2026 Update

Essential Elements of a Successful Special Needs Plan



Essential Elements: Public Benefits



Benefit	Financial Means Testing
Early Intervention/Special Education/Transition	No – protected under IDEA
Children's Long-Term Support (CLTS Medicaid Waiver)	Katie Beckett disregards parents' income & assets; CLTS may apply a Parental Payment Limit
Supplemental Security Income (SSI)	Yes – countable income reduces payment; $2,000 asset limit ($994/mo. max in 2026, $1,029/mo. in 2027)
Adult Medicaid & Long-Term Care (IRIS & Family Care in Wisconsin)	SSI-related (EBD): must maintain SSI financial eligibility (see above). MAPP: up to 250% FPL w/ premium, $15,000 asset limit (ABLE excluded)
Social Security Disability Insurance (SSDI – own work record or Childhood Disability Benefits on parent's record)	Earned income only (2026 SGA: $1,690/mo.; $2,830 if blind)
Medicare	Begins after 24 months of SSDI/CDB entitlement
Housing Assistance (HUD)	Income-based, plus $105,574 net-asset cap in 2026 (HOTMA)
FoodShare	Income and expense formula

Essential Elements: ABLE Account



- Type of Financial Account (529A)
  - Operates as a hybrid of a savings/investment/checking account
- Eligibility:
  - Disability onset before age 46 (was 26 before 2026)
  - Proof of total and permanent disability: physician's statement, be receiving SSI/SSDI, etc.
- Exempt from eligibility testing for SSI up to a $100,000 balance
- Resource Hubs:
  - https://www.ablenrc.org/
  - https://www.abletoday.org/

Essential Elements: ABLE Account



- Annual contribution limit (all contributors combined)
  - $20,000 in 2026
    - Can include 529 rollovers (now permanent)
    - Can be from any source
  - Plus, up to $15,650 of employment earnings of the individual, if not participating in retirement plan
- Gains tax-free if withdrawals are qualified
- Debit card/ACH/checks for bill pay
- Can be opened by eligible individual or their Authorized Legal Representative

Essential Elements: ABLE Account



- Wisconsin Considerations
  - No WI plan yet (ETA early 2027)
  - Residents can open other states' plans:
    - STABLE (Ohio)
    - ABLE for ALL (Oregon)
  - State income tax deduction for contributors (see Dept. of Revenue)
  - ABLE balances don't count toward the MAPP $15,000 asset limit
- Generally subject to Medicaid estate recovery/payback
- Compare: MAPP Independence Account

Essential Elements: ABLE Account



- Saver's Credit eligibility if working
- Avoids in-kind support & maintenance penalty considerations for those on SSI
  - Works in conjunction with a Special Needs Trust and individual's bank account

Essential Elements:
Special (Supplemental) Needs Trusts (SNTs)



- Legal arrangement where assets/money managed for benefit of individual with disability
- Exempt from means testing
  - Funding must be reported
- Administrative roles
  - Drafting Attorney
  - Beneficiary
  - Grantor
  - Trustee – Initial and Successor
  - Trust Protector
  - Investment advisor
- Two main types: First-Party & Third-Party

Essential Elements: Attorney/Planner Directories

- Academy of Special Needs Planners
  - specialneedsanswers.com
- Special Needs Alliance
  - specialneedsalliance.org
- National Academy of Elder Law Attorneys
  - naela.org
- Wispact
  - wispact.org
- Life Navigators
  - lifenavigators.org

Self-Settled (First Party) Special Needs Trusts

(known as d4A and d4C in reference to US Law)



- Funded by the individual with a disability with their own assets
- Used to expedite/retain Medicaid eligibility
- Trustee/Administrator
  - When established under Age 65: Individuals, Corporations, or Pooled Trust (Wispact or Life Navigators)
  - When established over Age 65: Pooled Trust
- Subject to Medicaid Estate Recovery
- Income from trust typically taxed to individual's 1040 (grantor trust)

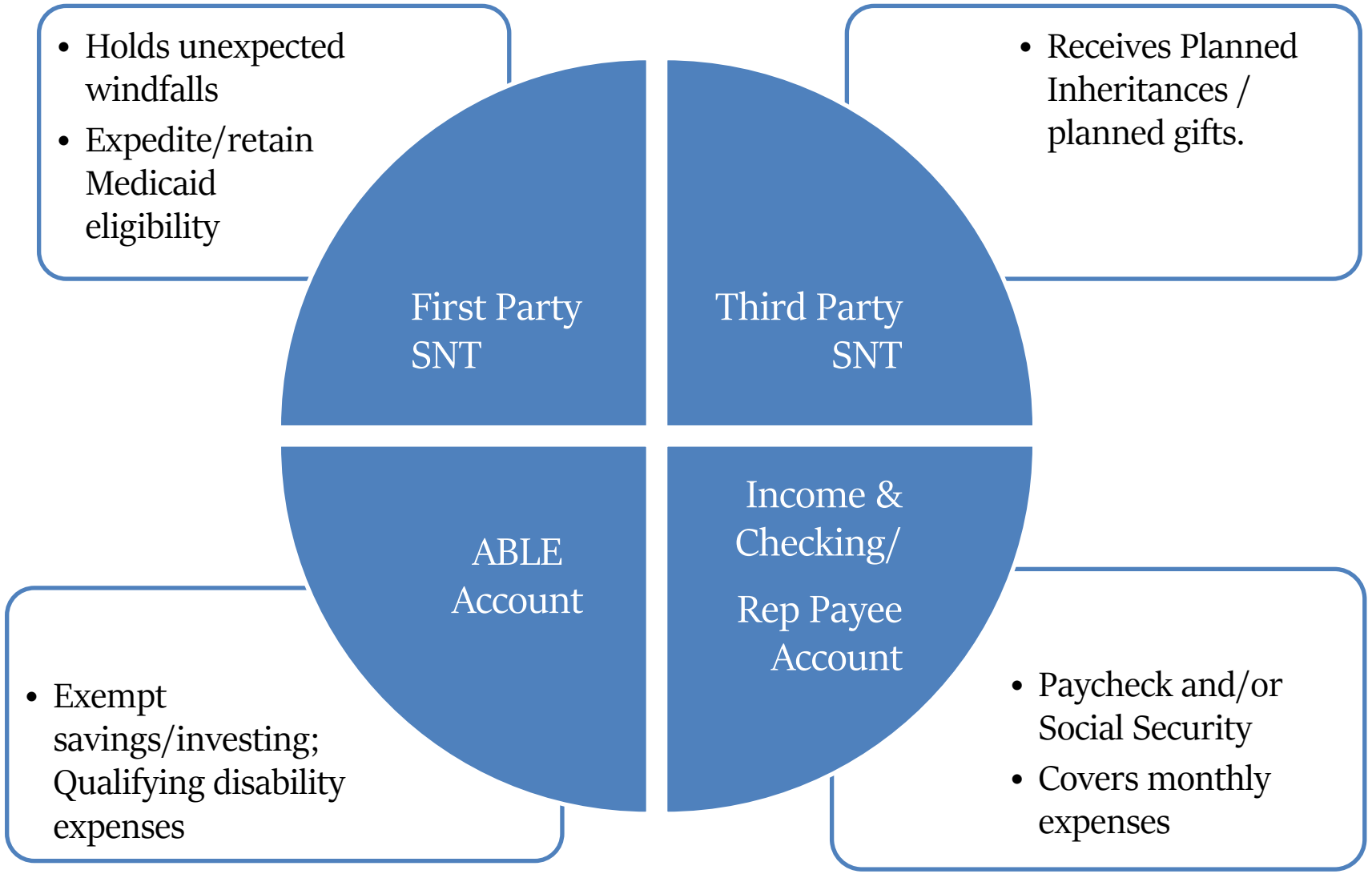
Commonly used for injury settlements, inheritances, or personal gifts made to the individual's name.

Third-Party Special Needs Trusts



- Funded by anyone other than the beneficiary
- Standalone (Living) vs. Testamentary vs. Sub-Trust
- No Medicaid “payback”
- Essential for the family estate plan
- Family roles should be discussed thoroughly
- Pooled Trust options
- Can own home
- Beneficiary Designations are crucial
- Can inherit IRAs and take Required Minimum Distributions over beneficiary’s life expectancy
  - Reference SECURE Act and SECURE 2.0
- Taxes: 1041 Trust Return filed w/ K-1 to beneficiary

Working together



Essential Elements: Beneficiary Designations



- Control distributions from life insurance policies, IRAs, and retirement or investment accounts
- Do not name individuals expecting means-tested benefits as direct beneficiaries
  - SNT stands in on their behalf!
- In Wisconsin, a Transfer on Death deed can be placed on real estate.
- Check and re-check! Be specific!

Essential Elements: Planning for Parents



- Retirement spending/viability
- Social Security optimization for Family Benefit Max
  - Child-in-Care spousal benefit
- 1915(c) Medicaid waiver caregiving income
  - Income Tax-exempt if living in same structure
  - Can be payroll tax-exempt
- Permanent Life Insurance structure
- Roth Conversions
  - ACA Premium Subsidies
  - Medicare IRMAA
- IRA Beneficiary %'s
- Medicaid planning for parents

Planning for Parents: Insurance & Legacy



- Life insurance to fund the SNT
  - Ample term policies during accumulation years
  - Second-to-die policies
  - Long-term care riders
- Inherited IRA paid to SNT over beneficiary's life expectancy
- Pension survivor annuity elections & beneficiaries

Essential Elements: Decision Making



- Supported Decision Making Agreement
- Powers of Attorney for Healthcare or Finance
- Guardianship
- Trustee and Trust Protectors
- Caregiver/service providers

Essential Elements: Care Guide/Letter of Intent



- Important to document an individual's preferences to help future caregivers
- In addition to the estate plan/trust documents
- Electronic (Check out ANYA and Eleplan)
- Update as life transitions occur

Essential Elements: Housing



- Owning vs. Renting
  - If on SSI, consider in-kind support & maintenance rules
- Location and available supports
- Financial Impact
- Living at home with family vs. all other options

Essential Elements: Vocation



- IEP transition planning (begins by age 14 in WI)
- Division of Vocational Rehabilitation (DVR): training, job placement & supports
- Work incentives
  - SSI earned-income exclusions
  - SSDI Trial Work Period ($1,210/mo. in 2026)
- MAPP: keep Medicaid while working
- ABLE-to-Work contributions + Saver's Credit
- Get benefits counseling before starting work

Next Steps for Families



- Review beneficiary designations on every account and policy
- Meet with a special needs attorney about an SNT
- Open or fund an ABLE account
- Start (or update) a letter of intent
- Plan decision-making supports

Ryan McGuire, CFP®, ChSNC®, CPWA®
ryan@oakwealth.com
608-690-6444

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