Let's talk: Financial Planning

Raising a child to adulthood is full of hopes and challenges. For families of children with disabilities, concerns about their child's futures may be magnified. Some people with developmental disabilities will have a high degree of independence and others will need one or more advocates looking out for their interests throughout their lives.

Families can plan with their children with disabilities about where they will live, how they will receive needed support, and how the costs will be covered. Include your child in the planning process to the greatest extent possible and, as your child gets older, it is important to include them even more.

It is very important to plan regardless of the type and severity of your child's disability, the makeup of your family, or the amount of money you may have. Some goals may only be accomplished with a certain amount of money, but other wishes can be realized in other ways.

By planning, you can make sure that your child's personal and financial future is what your child desires and needs, and is what you want for them. Your planning will help maximize your child's independence and dignity. Through this planning, you can ensure that the involvement and resources of your friends, relatives, service providers, and others are directed the way you and your child envision. You can safeguard your child's future and have peace of mind that your child will live a full and productive life with friends, have a job, or participate in other meaningful activities, and have their individual needs and wishes fulfilled.

While there is no way to cover everything here, let's talk about some of the fundamentals, myths, and realities of financial planning.

"Estate planning" is the process of planning how you want to transfer your money and other assets to others during your lifetime or at your death.

The most important part of a future plan is that it is created for each particular individual and family situation and offers guidelines, but is also flexible enough to be used in the future.

Families should seek an attorney who understands not only estate planning issues but who is also knowledgeable about government benefits and understands, and is sensitive to, the needs of people with disabilities.

Many families have thought, or been told, that they should not leave money to their child with a disability or their child will lose public benefits such as Supplemental Security Income (SSI) or Medicaid. On the contrary, the fact that someone is receiving benefits should be an incentive to begin planning.

Generally speaking, we all make better and more comprehensive decisions when we plan rather than acting in the midst of a crisis.

ABLE accounts now permit qualifying individuals with disabilities to set aside funds for their own use without jeopardizing vital financial assistance and healthcare benefits.

It is never "too early" to start planning and it is never "too late" either.

It is important to include your child to the maximum extent possible during the process. Make sure their goals are reflected in the plan.

The documents that may help carry out your estate plan include a will, beneficiary designation forms for insurance policies or retirement accounts, one or more trusts, and a letter of intent.

Your attorney will have certain legal issues to address, but should listen to your goals and expectations and work them into the plan as fully as possible.

One plan does not fit all.

Remember to involve your child whenever, and however, possible. Ask your child the same questions you ask yourself and incorporate his or her answers. There is a saying many advocates with disabilities use that is worth remembering: "Nothing about me without me."

All adults, including adults with disabilities, should make their own decisions. Some adults may need help making some decisions, but can still make others on their own. Other adults may not be able to make decisions at all.

A person does not need a guardian simply because they have a disability or make mistakes or choices that others think are unwise.

Although guardianship is available to enable others to make decisions on behalf of people with disabilities, it should be used only as a last resort.

An advance directive should include an agent to make health care decisions on behalf of someone else and should be used to communicate one's wishes regarding medical treatment and other health care issues.

The Power of Attorney can be broad or it can be limited so that the agent can only make certain types of decisions or take certain actions.

If a guardian is needed, an individual may need a guardian of the person but not a guardian of the property or vice versa.

Someone seeking guardianship must prove that the person is "disabled" within the meaning of the law, that the person needs a guardian, and that the petitioner is the best person to be the guardian.

Wills can range from simple to complex documents depending on your circumstances. A will is important even if you do not have a lot of money or other belongings.

ABLE accounts permit qualifying individuals with disabilities to set aside funds for their own use without jeopardizing vital income and health insurance benefits.

ABLE accounts are intended to be used to pay for the beneficiary's "qualified disability expenses".

Only contributors to a Maryland ABLE account will qualify for the state income tax deductions of up to $2,500 per contributor per ABLE account.

ABLE accounts provide one more tool that can be used to assist people with disabilities to manage their money and maintain critical benefits. ABLE accounts can be beneficial in giving the owner/beneficiary greater autonomy and control over their own funds.

Have your wishes and plans driven by what your child wants for their life. The purpose is to provide guidance to others who may provide care, support, or other assistance for your child.

It is recommended that you revisit your financial planning at least every three years or whenever you or your family members have a significant change in health, financial, or other family circumstances.

Myth: I have little assets or money so I don't need a plan.
Reality: Planning involves much more than finances. It is important even when there is little or no money involved in order to increase the likelihood that your wishes are carried out.

Myth: There is no guarantee that supports and services will be available when we need them, and the service system keeps changing, so we shouldn't plan.
Reality: If the exact support you specify isn't the same when it comes time to implement your plan, others can work with your child to change details within the framework you've built.

Myth: I should disinherit my child so she does not lose her government benefits.
Reality: You could set up a special needs trust in your will so that your child's inheritance is held by the trust and does not jeopardize her benefits.

Myth: After I die, my child will receive government benefits, which will provide everything she needs.
Reality: Government benefits cover basic necessities, such as food, shelter, and medical care. Usually, other items that impact quality of life, such as vacations, special equipment, and personal and household items are not covered.

Myth: I have left everything to my other children who will take care of my child with a disability.
Reality: While you may have faith in your other children, if you leave them money with the expectation that they will care for your child with a disability, you have no way to control how they actually spend the money. In addition, they could be taxed on the money you leave them and, if they die, the money could pass to their heirs.

Myth: If my child is not eligible or does not yet qualify to receive services from the Developmental Disabilities Administration (DDA), there's nothing I can do.
Reality: Some families are able to help their children become more independent with little or no DDA services, particularly when support needs aren't very great. Some help their child by renting an apartment and assisting with the costs of supports. Others leave their house to their child when they die. Some people may not be able to get services now, but will when their families can no longer provide support. Planning with them will help direct how services should be provided when they do become available.

Myth: I'm too old (too young) to start planning.
Reality: Futures planning is an ongoing process. The earlier you start thinking about a futures plan, the better prepared you and your child with a disability will be for what the future may bring. However, it is never too late.

Myth: I shouldn't establish a futures plan in case the laws change.
Reality: It is true that laws change, but a good plan is flexible enough to adapt to any changes. Also, plans should be reviewed and revised periodically. If you die without a will, the state decides where your money will go and this distribution could affect your child's ability to collect public benefits he may need.

Some financial planners have a fiduciary duty to their clients and some do not. A financial planner with a fiduciary duty has a legal responsibility to always act in the best interest of the client. Please realize that not everyone offering financial or investment services has taken specialized courses in all aspects of financial planning. There is little regulation of the financial planning industry.

If you need help finding a financial planner that will best represent you and your family's needs, please reach out to us at 410-535-2413 or via email at admissions@arcsoch.org We'd love to help!