



*The Arc*TM

THE ARC OF TEXAS
MASTER POOLED
TRUST

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What we will talk about today

1. What is a Supplemental or Special Needs Trust (SNT)?
2. What is the Master Pooled Trust (MPT)?
3. Which one is right for you?
4. How will this help with financial security?
5. Questions?

What is a Trust?

- A trust is a relationship where property is held by one party (a person, a bank, a group of people) for the benefit of someone else.
- A trust document gives the rules about what happens to the money or the property.
 - Is it spent or saved?
 - How much can you spend?
 - What can the money be used for?
 - Who can use the money?
 - Is there property? What happens to that property?

What is a Trust?

- Every trust has a
 - ▣ **beneficiary**, the person that the trust is set up to support; and a
 - ▣ **trustee**, the person or persons who make decisions about how the money is spent.

What is a Trust?

- Think of a trust as a special place in which ordinary property that you have (money, homes, land, jewelry, other items) is “placed”.
- Once it is there it takes on a sort of new identity and often is given “super powers”.



What is a Supplemental or Special Needs Trust?

- A Supplemental or Special Needs Trust (SNT) is a specially drafted trust that allows an individual with a disability to retain assets while still keeping their means tested benefits.

MDCP

CLASS

Medicaid

DBMD

SSI

SLMB

CBA

QI

HCS

QMB

YES

TXHML

What is a Supplemental or Special Needs Trust?

An SNT's super power is the ability to make assets "invisible" for Medicaid or SSI purposes.



Why use an SNT?

- The best way to protect public benefits while still having access to money that can improve one's quality of life.
- A tool that will help provide for your loved one after your passing.
- A safeguard for an individual so that they can have the best **quality of life** while still keeping their Medicaid or SSI.

What goes in an SNT?

- SNTs are great for a one time windfall of money.
 - SSI Back payments
 - Lawsuit settlements
 - Inheritance
- SNTs are great for financial planning.
 - Will
 - Life Insurance Beneficiary
- SNTs can be used to hold property or mineral rights

What kinds of SNTs are there?

- Traditional SNTs- a person establishes the trust and an individual or a bank serves as the trustee.
- Pooled SNTs- a person (an individual, their parent, grandparent, guardian or a court) establishes the trust and a non-profit organization serves as the manager (and sometimes trustee).
 - This is the only type of trust that individuals can establish for THEMSELVES.

Third Party vs. Self Settled

- Third Party Trusts are funded with a third party's money on behalf of an individual with a disability.
 - ▣ Use this with a will or life insurance policy.
- Self-Settled Trusts are funded with the beneficiary's own money, typically through personal injury settlements, SSI back payments, inheritances, or savings accounts.

What is the Master Pooled Trust?

- The Master Pooled Trust (MPT) is a unique SNT that offers families an alternative to a traditional trust.
- The Arc of Texas serves as the Manager.
 - As the Manager, The Arc of Texas handles the day-to-day operations of the MPT.
- JP Morgan Chase serves as the Trustee.
 - As Trustee, JP Morgan Chase handles the investments and sends the money to the beneficiaries and their families.

Master Pooled Trust

- The Master Pooled Trust (MPT) has four (I-IV) **MASTER** trusts that individuals or their families can “join”.
 - The MPT currently has over 1200 active sub-accounts.
 - These trusts are already drafted and meet SSA and Medicaid’s requirements for an SNT
- Each beneficiary has their own “sub-account” within the MPT.
 - This means that the beneficiary *only has access to their own personal sub-account.*

Master POOLED Trust

- The MPT is unique because all sub-accounts are “pooled” together for investment purposes.
- By pooling all the sub-accounts together, the trust is able to make larger investments and increase potential for better returns.

Whose Money funds the Master Pooled Trust?

- Trust II & IV are funded with the **beneficiary's own money**, typically through personal injury settlements, SSI back payments, inheritances, or savings accounts. These are “self-settled” trusts.

*****Trust IV is Recommended*****

- Trust I & Trust III are funded with a **third party's money** on behalf of an individual with a disability.
 - Recommend this to families who want to leave money to an individual through their will or life insurance policy

*****Trust III is Recommended*****

Types of Master Pooled Trusts

- Trust I & II are **supplemental trusts** and disbursements will be made only for supplemental needs, which include most items other than food or housing costs.
- **Trust III & IV (RECOMMENDED)** are **discretionary trusts** that allow for more flexibility. If a beneficiary does not currently need to qualify for means-tested benefits (SSI, Medicaid), both basic support (food and housing) and supplemental payments may be approved.

Medicaid Payback...

- Trust II and IV, or our Self-Settled Trusts
 - “Medicaid Payback Provision”
 - When the beneficiary passes away, any money left in the trust has to be used to pay the state back for any Medicaid money spent on their behalf.
 - **All SNTs established with the beneficiary’s own money** (like Trusts II & IV) require this provision in order to protect benefits.
 - The individual may leave money to the Trust before the state is paid back. (But there is **NO REQUIREMENT** to leave any money to the Trust)

Third Party

- Trusts I and III are third Party Trusts funded with another's money on behalf of an individual with a disability.
 - ▣ Use this with a will or life insurance policy.
 - ▣ Mom, Dad, Grandma, Grandpa, Aunt, Uncle, or Friend can place money in a Third Party Trust for an individual.
 - ▣ Provide for financial security without having to pay back Medicaid.

Financial Security

- An SNT – (specifically the MPT!)
 - ▣ allows families and individuals to save money and use it to IMPROVE and individual's quality of life.
 - ▣ allows access to funds that would otherwise disqualify an individual from means tested benefits.
 - ▣ provides professional investment and potential to increase those investments with pooling assets.

Financial Security

- The MPT accepts sub-accounts for any amount.
- Using the MPT, families who might otherwise be unable to do so, gain the experience and professional management of a major Trust company.
- Unlike some traditional bank trustees, The Arc works with families to use the money sensibly and have a continued record of exemplary customer service.
- The Arc understands the unique circumstances families of people with disabilities have.

Is the Master Pooled Trust right for you and your family?

- The Master Pooled Trust is a low cost alternative.
 - Enrollment fee is \$600
 - Annual Fees are:
 - Minimum annual fee: \$300
 - 1.75% on the first \$50,000
 - 1.25% for amounts between \$50,000 up to \$100,000
 - 1% for amounts over \$100,000
 - No Annual Fees required for unfunded accounts.

Master Pooled Trust Highlights

- **Expertise & Skill** – The Arc is a known and trusted organization with a 60-year history of helping people with disabilities. The Arc knows the trust laws and governmental requirements, and how to best serve the needs of people with disabilities.

Master Pooled Trust Highlights

- **Affordability & Accessibility** – The Arc of Texas Master Pooled Trust was designed with lower fees and lower minimum deposits. The low cost of establishing and maintaining a sub-account is attractive to families and beneficiaries, compared to a traditional bank trust. There are no minimum or maximum limits on an account with the MPT.

Master Pooled Trust Highlights

- **Safety & Security** – The Arc of Texas simple and prompt disbursement procedures allow individuals and their families to still have control, with excellent customer service satisfaction ratings. Investments are professionally managed by our Trustee, JPMorgan Chase Bank, NA.

Questions?



The MPT staff is here to help determine what is the best fit for you and your family.

Contact us at 1-800-252-9729

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www.thearcoftexas.org/trust