

Special considerations for beneficiary designations

Naming a loved one with special needs as a beneficiary could have an unintended impact on their eligibility for government benefits.

After starting his new job, John was asked to name a beneficiary for his employer sponsored retirement program. John and his wife, Mary, are proud parents of Sam who has Down syndrome. Each month, Sam receives Supplemental Security Income (SSI) payments to help with his caregiving, occupational therapy and other related expenses.

John and Mary are concerned that naming Sam as a beneficiary on the retirement account could possibly jeopardize his eligibility for key means-tested government benefits, such as:



SSI



Medicaid



Housing assistance



Supplemental Nutrition
Assistance Program
(SNAP)

Because many government benefits have strict asset and income limits. John and Mary are confused about the next best steps to take to protect the future of their son.

Creating a plan to help protect Sam's future

John and Mary worked with a legal advisor to create a well-drafted special needs trust and named it as the beneficiary instead of Sam. The special needs trust is designed to receive the proceeds from John's retirement (or other assets) without compromising Sam's eligibility for government benefits. The funds in the trust can be used to help create the life John and Mary envision for Sam — even after they're gone.

After meeting with their advisor, John and Mary began taking the necessary steps to protect Sam's future, including:



Routinely reviewing all beneficiary designations and any other estate planning documents.



Explaining the potential downsides of well-intentioned gifts to grandparents and other relatives.



Speaking to their advisor to ensure other assets won't interfere with Sam's benefit eligibility.

Taking the first step

Like most parents, there are no limits to what John and Mary will do to protect their child's future. However, the most important step in their journey was probably the easiest — meeting with an advisor.

Creating a plan for your loved one's future starts with meeting your financial advisor to learn the next best steps you should take today.

Visit www.voya.com/voyacares to learn more about special needs financial planning.



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