



# Financial Wellbeing

SPECIAL NEEDS TRUST PLANNING

## TRUST PLANNING WORKBOOK

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## ❖ Meet The Team

### [Dolores Crowley' Story](#)

My name is Dolores, I have 3 children, David age 22 and twins, Sean & Kate 17. David was born at 28 weeks and weighing in at just under 2lbs. As we were both in intensive care in different hospitals, I did not hold him until he was nearly 3 weeks old. He had suffered a brain haemorrhage, collapsed lungs, skin transparent, was not able to take a bottle, had lost weight and was on a machine to help him breathe. Yet, when eventually I held him, I thought he was the most beautiful baby I had ever seen in my life. My only wish was for him to breathe, as I held him that's what I whispered to him. It didn't matter what the consultants/nurses/doctors told me, I just needed him to live.

I love David as I do all my children, but I do have concerns for his future more than my other children. I'm involved in Financial Wellbeing because as a Carer for my mum for over 30-years and now for David, I feel I can understand parents. I want to be there to give parents the knowledge I have built as a Carer. If I can help one person then that's good enough for me.

### [David Crowley's Story](#)

I started working with Financial Wellbeing in October 2014. I also ask people to sign up to our free monthly newsletter and get the names and the email address of the people we meet at different events. I add these names to the database and I proof read our newsletter to check for any spelling mistakes.

I attend all the workshops and I do the opening and closing formalities. I also organised the sat nav so we could find the venues and I prepare the room for the workshop. I like to wear my Financial Wellbeing t-shirt. I like to go for a cup of tea with Allan and Dolores and we discuss how the workshops went. I write articles about different things that I find interesting, I hope everyone likes these articles.

### [Allan Cuthbert's Story](#)

My niece Laura was born in 2000 with Down syndrome and this was our family's first introduction into the special needs world. It wasn't until years later that I realised the financial pressures put on a family of a child with additional needs. It shocked me how hard it was for my brother Pierce, and other parents, to gather information and professional advice, not only on finance but on lots of aspects of their child's care.

That was when I decided that I wanted to make a difference. I founded Financial Wellbeing in 2008, a company dedicated to Special Needs Trust Planning. It gives me great joy to help ease the financial worries of parents who are raising a child with additional needs. This is my way of helping parents who are constantly faced with difficult choices and challenges. I hope this workshop motivates you into creating a brighter and more secure future for all your family.

## **1) Entitlements**

### **Domiciliary Care Allowance**

The wording on [www.welfare.ie](http://www.welfare.ie) states "*a severe disability requiring continual or continuous care and attention substantially in excess of the care and attention normally required by a child of the same age*". Eligibility is not based on the type of disability, but on the substantial care your child needs.

It's not a Means Test payment but, as always, there are some criteria to be met. If your child has been diagnosed with Autism, Asperger, Childhood Disintegrative Disorder or a rare condition then you are advised to have the medical professional/ specialist/ early intervention team helping with your child, to complete an additional medical form (Dom Care 3).

### **Carer's Benefit**

A parent who gives up full-time work to look after their child with special needs can receive this payment. It is not Means Tested but is based on your PRSI contribution & classification. You must have been employed for at least 8 weeks in the previous 26 week period. You will receive your payment for up to 2-years and can work up to 15-hours (earn limit is €332pw). This is a taxable source of income.

### **Carer's Allowance**

Your child must require additional support because of age, illness, physical or learning disability. In order to receive your payment you must not be engaged in employment or education courses for more than 15-hours a week. The Carer's Allowance is Means Tested; the first €665 of a couple's weekly income is disregarded. Pension contributions, travel to work and PRSI can also be deducted. This is a taxable source of income.

### **Household Benefits Package**

If you are entitled to Carer's Allowance, then you may also be entitled to the Household Benefits Package. This is made up of a utility allowance which covers electricity; alternatively, you can use your credit towards your gas bill. From 2013 the rate is €35 per month and a free TV licence.

### **Free Travel Pass**

All people in receipt of Disability Allowance or Carer Allowance or under the age of 16 with a visually impairment are entitled to their own travel pass. Free travel is available on all State public transport and a limited number of private operators. If your child is unable to travel alone then you can apply for a Companion Pass which allows a Carer to travel with your child for free.

### **Carer's Support Grant**

Previously known as the Respite Care Grant is a tax-free payment made in June of each year for each child/person that you are a nominated Carer of. This payment is not Means Tested or a taxable source of income. If you are in receipt of Carer's or Domiciliary Care Allowance then you will automatically receive this grant.

## **2) Tax & Credits**

### **Incapacitated Child Tax Credit**

A credit can be claimed by a parent in respect of a child who has special needs. However, it should be noted that when the disability can be treated by the use of a device, medication, or therapy, then the Revenue deems your child's condition as not permanent.

### **Medical Expenses**

You can reclaim some of the medical expenses you and your family incur. This is done through a tax refund at the standard rate. You can only claim for medical expenses if you have receipts to prove your claim. All receipts must be kept for 6-years. If your child has special needs, you may claim additional tax relief on; professional fees, hygiene products, excessive hospital travel and overnight accommodation.

### **Home Carer's Tax Credit**

You can claim this tax credit if you are married and if one of you is a stay-at-home parent. The criteria are that, you must be in receipt of Child Benefit, and that one of you does not earn over €9,400 per year, this also excludes any Carer Allowance payments.

### **VAT Relief**

You may claim a refund on VAT for certain equipment, aids and appliances used by your child to help with independent living. The rule is that it must be specifically for your child and assist them in some way. Home renovations, sensory rooms, disabled bathrooms and communication aids such as iPads can also be claimed.

### **Housing Adaptation Grant**

This means tested grant pays for necessary building works to render a house more suitable for the accommodation needs of a person with additional needs. A maximum grant of €30,000 (covering up to 95% of works), is available to applicants. If you only require work to a maximum value of €6,000, you can apply for the means-tested Mobility Aids Grant Scheme instead.

### **Local Property Tax**

There are two different types of LPT relief. First relief is a reduction in the chargeable value of a property to the original value of the home before adaptation occurred. The second is a full exemption because your home was bought, constructed or fully renovated because of your child's disability.

### **Homemaker's Scheme**

You can claim credits towards your PRSI if you have given up work to take care of your child who has special needs. Years spent out of the workforce, looking after your child, are credited. Credits are awarded at the same rate as your last paid PRSI contribution. This is important to keep up as it will contribute to your future state pension.

### **3) Health & Schemes**

#### **Medical Card**

A Medical Card allows you and your family to receive certain health services free of charge. The criterion is that you will have to qualify under Means Testing but all children in receipt of Domiciliary Care Allowance automatically qualify.

#### **GP Visit Card**

If your family income is above the threshold for a Medical Card, you may still be entitled to a GP Visit Card because the income limits are generally 50% higher than for the Medical Card. This entitles you to free GP visits but you will have to pay for any subsequent medication up to the maximum value of the Drug Payment Scheme. All children under 6 are entitled to a GP Visit Card.

#### **Long Term Illness Card**

If your family is not eligible for a Medical Card or a GP Visit Card, your child with additional needs may still get an individual Long Term Illness Card. This has nothing to do with income but is based on your child's medical condition. This allows your child to get medicines directly related to the treatment of their illness, free of charge.

#### **Free Nappy Scheme**

This scheme provides nappies free of charge to children who have special needs and are of age 3-years and upwards. The supply is restricted and is administrated by your local HSE centre in conjunction with your local health nurse.

#### **Disability Passenger Scheme**

Tax relief is available to buy an adapted vehicle for the purpose of transporting your special needs child. If you qualify, you can also claim repayment of excise duty on fuel used in your vehicle, up to a maximum of 600 gallons per year. In addition, your vehicle may be exempt from the payment of annual road tax. The conditions for qualifying are strict and do have written confirmation before you make a purchase. A Primary Medical Certificate is your first step.

#### **Disabled Parking Card**

The Disabled Person's Parking Card is for drivers or passengers with disabilities. Card holders can park in disabled parking spaces. The card is mostly for people whose disability affects their mobility and who currently hold a Primary Medical Certificate.

#### **Disability Allowance**

As your child with special needs grows up, your Domiciliary Care Allowance will cease when they reach 16. Then it is time to apply for the Disability Allowance. This is a Means Tested payment for people with disabilities who are unable to work long term. Unlike the Domiciliary Allowance, **your child's income, assets and capital are taken into account.**

## **4) Banking Facilities**

Most parents find it very complicated to open, operate and manage a bank account for someone with special needs and parents eventually run into numerous issues.

We've had families tell me shocking stories such as, their son who has an intellectual disability had his bank account cleaned out and his parents were unaware. Banks have also refused to open up accounts for many families as they state that the person with special needs does not understand the terms and conditions. We ask who does!

When speaking to parent we find most parents have fallen into the trap of opening a joint account with their child but this is only a temporary fix and will cause issues when the parent passes away as this account will have to be frozen. An even bigger issue is when the Department of Social Protection is carrying out a means test assessments then all money in a joint bank account can be allocated to either party.

### Financial Wellbeing Solution

A Special Needs Bank Account allows both parents to legally manage a bank account on behalf of their child. Having full access to the account then parents can make decision on their own or jointly with their child, depending on his/her ability to manage their own financial affairs.

From the Special Needs Bank Account you should pay for your child medical needs such as any private therapies, equipment, health insurance, hospital, doctors and consultant visits. You should also use this account to pay for your child's personal needs such as phone, hobbies, clothes, entertainment and holidays.

Keep all your bank statements & do not shred them at any stage. The statements will be used when applying for entitlements and will show proof of the financial position of your child.

To open the account a parent needs to complete the application form on behalf of their child and produce two forms of identification. The application form also needs to be signed by your child's doctor or a doctor's certificate can also be attached to provide evidence of their disability.

When opening the account you should also request a laser card, cheque book, standing order forms and direct debit facilities. You must also ask for DIRT exemption to be applied to the account. This will prevent the government taking 40% as a tax on any interest achieved on the account.

## **5) Special Needs Will**

The purpose of this section is to give you a broad understanding of the legal issues you need to address prior to visiting your solicitor.

- 1) **Will your child be in receipt of a Mean Tested entitlement in the future?**
- 2) **Is your Will set up correctly to protect your child's future inheritance?**

### **Special Needs Trust**

- Sole benefit for your child with special needs
- Your child doesn't own the money in the trust
- Money can only be used for the benefit of your child
- It doesn't impact on any entitlements for your child
- Prevents your child being made a Ward of Court
- Benefits from tax & levy exemptions
- Money left in trust will maintain your child's future quality of life

### **Trustee**

A trustee would manage the financial affairs of the trust. They will be responsible for key investment decision and ensure all money is spent wisely. You will need to nominating individuals who are good at investing and can understand financial risk, return, charges and tax. We recommend selecting two Trustees.

Trustee 1: \_\_\_\_\_ Trustee 2: \_\_\_\_\_

### **Guardians**

A family discussion needs to take place, to openly discuss the best Guardians for your child in the event of you passing away. Guardians would then be the carers of your child and would take over the parents' role in ensuring your child is cared for. We recommend selecting two Guardians.

Guardian 1: \_\_\_\_\_ Guardian 2: \_\_\_\_\_

### **Letter of Wishes**

Nobody knows or understands your child better than you and it is vital that you pass on this knowledge to your Guardians and Trustees. It is not a legally binding document, unlike your Will. However, it does provide valuable information that can help the next caregiver understand what he/she can do to improve the quality of your child's life.

### **Hospital Passport**

Your hospital passport is designed to gather all your child's medical information in one place. This should alleviate some of the stress around medical appointments and hospital stays.

## 6) Future Quality of Life

When you are no longer around to care for your child.....

- ✓ What would a good day be in your child's life?
- ✓ Where would they live?
- ✓ What would they be doing?
- ✓ Who would be in their life?

How much of a fund do you predict that your child will need to have a decent quality of life after you have passed away?

<u>Total Amount Needed?</u>
€

<u>Total Amount Already Saved?</u>
€

### Funding the Future

The amount of entitlement you can put away for your child's future will be a defining factor in the quality of life of your child after you have passed away. The earlier you start, the larger the fund you can build up. On average your child will receive half a million in Domiciliary & Disability Allowance before they reach retirement age.

ENTITLEMENTS	Yearly	Timeline	Lifetime
<b>Domiciliary Care Allowance</b>	<b>€3,714</b>	<b>0-16 Years</b>	<b>€59,424</b>
<b>Disability Allowance</b>	<b>€10,036</b>	<b>16-66 Years</b>	<b>€501,800</b>

1) What amount of your child's entitlement can you invest for their future each week?

ENTITLEMENTS	Weekly
<b>Domiciliary Care Allowance</b>	<b>€72</b>
<b>Disability Allowance</b>	<b>€193</b>

Tick the weekly amount you wish to put away out of your child's current entitlement:

€20     €30     €40     €50     €60+



## **7) Funding A Trust**

We all know it is important to save for your child's future but the government have placed a few barriers in your way.

### **Saving Issues**

- Any savings you have in your child's name will be Mean Tested when applying for Disability Allowance, Medical Card, Free Travel, etc.
- Any saving in the parent's name will be Mean Tested when applying for entitlements such as Carer Allowance, Medical Card, etc.
- Saving policies bring an element of risk to your money & can attract charges.
- DIRT tax on all savings and investments is now 40%.

### **Life Cover Issues**

- The problem with traditional life cover is that it will usually finish before you reach retirement age.
- Life cover works on the principle that it is unlikely to ever be paid out.
- Some life policies promise to pay out but you will eventually get back less than you put in unless you die prematurely.

### **The solution is .....Trust Life Policy**

- A Trust Life Policy is specifically designed to fund a Special Need Trust.
- When a parent dies it will pay out a lump sum of money into a Trust.
- The premiums are fixed and will not change as you get older.
- The term of your payment is set at the start.
- The policy is still alive after your term but you will not be paying a premium.
- The policy will pay out when each parent passes away.
- Premiums are paid from your child's current entitlements.
- It doesn't affect you or your child's access to entitlements.
- Additional lump sum if premature death.
- No risk or DIRT tax unlike saving policies.
- Lump sum paid out within days.
- Money is deposited into the Trust
- Money for your child when they most needed (after your death)
- Improves the child's future quality of life

## 8) Trust Fund - €100,000

This section is to give you an estimate of how much it will cost to set up a Trust Life Policy for a minimum of €100,000. This will guide parents on the cost of setting up and funding your child's trust.

### Example:

Dad age 44 & Mum 44, both non-smokers and in good health would pay **€24** per week (€12 each), for 52 weeks each year for a total of 40-year. In total, this would add up to €49,920 being paid into the policy.

### What does the child get back in their trust?

	<b>Event</b>	<b>Amount</b>	<b>Total</b>
A	If both parents pass away after the term	€50,000 €50,000	€100,000
B	If one parent passes away before the end of the term The second person passes away after term	€100,000 €50,000	€150,000
C	If both parents pass away before the end of the term	€100,000 €100,000	€200,000

Out of the child's entitlements, €49,920 would be put away for their future and the minimum that child would get back in the trust fund is €100,000. A pay-out of €150,000 or €200,000 may be paid out depending on when both parents pass away.

### Why not estimate how much of your child's entitlement you ideally should be saving?

- Look at the box below and find the average age of the parents.
- Look at your preferred term 20/30/40-year.
- Draw a circle around the number associated with your age & term.

<b>AGE</b>	<u>30</u>	<u>31</u>	<u>32</u>	<u>33</u>	<u>34</u>	<u>35</u>	<u>36</u>	<u>37</u>	<u>38</u>	<u>39</u>	<u>40</u>	<u>41</u>	<u>42</u>	<u>43</u>	<u>44</u>
<b>20-Years</b>	€23	€24	€24	€25	€26	€26	€27	€28	€29	€30	€31	€32	€33	€34	€35
<b>30-Years</b>	€16	€17	€17	€18	€18	€19	€19	€20	€21	€21	€22	€23	€24	€25	€26
<b>40-Years</b>	€13	€14	€14	€15	€15	€15	€16	€16	€17	€17	€18	€19	€21	€22	€24
<b>AGE</b>	<u>45</u>	<u>46</u>	<u>47</u>	<u>48</u>	<u>49</u>	<u>50</u>	<u>51</u>	<u>52</u>	<u>53</u>	<u>54</u>	<u>55</u>	<u>56</u>	<u>57</u>	<u>58</u>	<u>59</u>
<b>20-Years</b>	€36	€38	€39	€41	€42	€44	€46	€48	€50	€52	€55	€58	€61	€63	€67
<b>30-Years</b>	€27	€28	€30	€31	€32	€35	€38	€41	€45	€47	-	-	-	-	-
<b>40-Years</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*N.B. All figures are estimate and based on two parents in good health and both non-smokers (if you smoke or have health issues then it will cost more).*

## 9) Action Plan

Take a couple of minutes and write down 5- actions you will carry out to secure your child's future;

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_
- 4) \_\_\_\_\_
- 5) \_\_\_\_\_

## 10) Special Needs Trust Planning™

For parents who want to get everything in place for their child's future then we have put the following package together.

### Trust Planning Package

- Initial consultation to discuss your financial & legal situation
- Assistance in applying for the Trust Life Policy
- Guidance on when to set up a Special Needs Trust
- Advice on Wills, Guardians & Trustees
- Assistance in completing Financial Wellbeing's Letter of Wishes
- Co-ordinating with your Solicitor to complete your Will

### Plus;

- Assistance in opening a Special Needs Bank Account
- Support in completing your child's Hospital Passport
- Special Needs Guidance on your personal finances
- 2<sup>nd</sup> Consultation to present your tailored Special Needs Trust Plan™
- Unlimited email & phone aftercare support

**Total Package Fee = €300**

### Consultation Slots

We only have a limited availability and you must have attended one of our workshops to book your private consultation. All workshops are announced on our monthly newsletter and website [www.financialwellbeing.ie](http://www.financialwellbeing.ie).