

MONEY MATTERS



SSI: A Recent Law Change Affects Planning For The Disabled

by David Harmon

(NAPSA)—A recent law change closed Social Security Administration gaps in determining SSI (Supplemental Security Income) eligibility for the disabled. Prior to the new statute there was nothing in the SSA law regarding trusts. Now the law generally provides that trusts established with the assets of an individual or his or her spouse will be considered a resource for SSI eligibility purposes. However, a basic understanding of the new regulations, SSI, and state Medicaid law is critical to proper planning. Here are a few commonly asked questions answered by experts at MetLife.

Q. What is SSI?

A. SSI is a federal program usually administered by state agencies that provides income to the aged, the blind, and the disabled. Cash benefits are paid each month up to the “federal benefit rate.” For the disabled, eligibility for SSI is based on need as well as disability. A person is not qualified to receive SSI if he or she has “countable resources” in excess of \$2,000 or “countable income” in excess of the federal benefit rate.

Q. What is Medicaid?

A. Medicaid is a state-administered, federally subsidized program that pays for needed medical care for eligible persons. An applicant’s medical diagnosis, finances and age are used in determining eligibility. In most states people who qualify for SSI automatically receive Medicaid.

Q. How do trusts come into all this?

A. Generally a trust is a legal arrangement that involves property and ownership interests that may or may not be considered a resource for SSI purposes. The new regulations call for close



scrutiny as to whether any trust assets or income can be attributed to the disabled SSI applicant, or can be indirectly tied to the applicant. Under the new law, the general rule is that self-funded or self-settled trusts using the assets of the disabled person are countable resources for SSI purposes.

The good news is that SSA regulations still allow what are called special needs or supplemental needs trusts that have been established with the assets of third parties and do not consider these trusts a resource for SSI eligibility purposes. This means that parents, grandparents, or relatives can set up funding for the lifetime care of a disabled relative without worrying about losing SSI.

For more information about this and other related topics call 1-877-MetDESK or visit the MetDesk Web site at www.metlife.com/desk.

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