

Special Needs Trust Foundation



Serving San Diego County for over 25 Years

Annual Report 2016

From the President

Thank you to all the supporters of the Special Needs Trust Foundation (SNTF) of San Diego. We have been providing education and Special Needs Trust services for the benefit of people living with disabilities and their families for over 26 years in San Diego County.

The thirteen nonprofit organization members and the two community at-large members of the Foundation Board of Directors serve without compensation. They provide many hours of 'working board' time both around the boardroom table and through the 'electronic boardroom.'

Community education regarding social security benefits and special needs trusts continues to be a priority for the Foundation. This past year, SNTF staffed outreach booths and presented four seminars: three on Understanding Social Security presented by retired Social Security Administration representative Dennis McRoberts, and three on Special Needs Trusts presented by attorneys Nancy Spector, Phillip Lindsley and Mary Waltari.

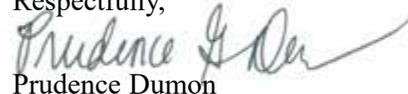
We continue to service two types of trusts: the Third Party Trust that is the traditional model funded by parents and other relatives on behalf of a qualifying person with a disability and the First Person (Self-Settled) Trust that is established and funded by the individual with a disability.

For 2016, Morgan Stanley (MS) continues as our Investment Advisor for both First and Third Party Special Needs Trust accounts. Their efforts help us make the Trusts operate efficiently.

Due to the Trust's continue growth, effective January 1, 2016, we revised the First Party Trust annual fees. Accounts with a balance of \$10,000 or less will have zero fees, other than a \$25 transaction fee for each check written over three checks per month. (If the account is frozen or closing, the fee will not be charged.) Accounts with a balance of \$10,000 to \$100,000 will be charged a \$100 per month fee. Accounts over \$100,000 will be charged a fee of 1.15% per month.

We look forward to continuing our service to the community.

Respectfully,



Prudence Dumon

President, SNTF Board of Directors

Profile

To financially assist a person with a disability is a challenging task. To balance the private resources of a family or individual with public support is a delicate task. Too much on either side tip the scales and the person with disability may suffer.

Formed in 1989, the San Diego Special Needs Trust Foundation (SNTF) created a master trust to provide private support to persons with disabilities without jeopardizing their public support. Special needs are those things for which you or your family members are not entitled to receive government assistance. The trust is a cooperative project of Access to Independence, The Arc of San Diego, Community Catalysts of California, Developmental

Services Continuum, Employment & Community Options, Home of Guiding Hands, NAMI San Diego, Partnerships With Industry, St. Madeleine Sophie's Center, Sharp Healthcare Foundation, Stein Education Center of Vista Hill, United Cerebral Palsy Association of San Diego County, and Unyeway Inc. Through a Special Needs Trust, individuals or family members may leave assets to benefit themselves or their loved ones in a manner that is compatible with the continuation of public assistance.

Individuals with disabilities may direct their personal assets into a **First Party/Self-Settled Special Needs Trust** to manage the proceeds of personal injury and other litigation, inheritances, and retroactive Social Security payments, any of which might otherwise disqualify them from receiving public benefits.

In addition, most families are surprised to learn that they do have a variety of resources within their reach that can be directed to a **Third Party Special Needs Trust**. The funding contribution options include life insurance policies, estate plans, standard government benefits, and savings.

In both first and third party trusts, contributions are pooled for increased investment leverage, but each individual has a separate trust account. To assist the board and our beneficiaries, the SNTF is staffed by Administrative Staff who handle the daily needs of the foundation and a licensed Private Fiduciary who assists with the beneficiary intake and disbursement process.

As little as \$5,000 is all that is necessary to open a person's (trust) account. This is extremely low and more affordable when compared to the minimum deposit required by most banks to set up an individual trust account of this type. At the present time, a one-time processing fee is charged, but only after a Joinder Agreement has been accepted by the Foundation's Board. Annual trust administration expenses are charged to each person's trust account.

Celebrating over 26 years, a total of seventy-four families are currently enrolled in the Third Party Special Needs Trust, thirty-five of which are funded and available for distribution. In 2016, nineteen individuals enrolled in the First Party Self-Settled Special Needs Trust bringing the total to one hundred seventy. One hundred and sixty-four of these accounts are funded and available for distribution.

Financial Report

Special Needs Trust Foundation Operating Funds for the Fiscal Year Ending November 30, 2016

	Balance 12/1/15	Receipts	Disbursements	Balance 11/30/16
General Operating Funds:	390,374	240,169	(198,754)	431,789

Master Trust Sub-Accounts Funded for the Year Ending December 31, 2016

	Balance 1/1/16	Receipts	Disbursements	Realized Gains/Losses	Unrealized Gains/Losses	Balance 12/31/16
Master Trust 3rd Party Accts. Funded:	1,696,067	186,549	(242,425)	17,789	49,724	1,707,704
Master Trust 1st Party Accts. Funded:	12,136,465	3,709,772	(2,808,039)	317,588	127,439	13,483,224

Disbursements

Once a special needs trust is funded, disbursements are made from each individual account through a carefully monitored partnership between the Special Needs Trust Foundation as trustee and the beneficiary/key person. The following is a list of example expenditures that can be made through the special needs trust set up for a person with special needs. This list is not meant to be all-inclusive. It is a guideline to suggest ways money may be spent to enhance the quality of life, welfare and happiness of the beneficiary.

- Telephone bills
- TV cable bills
- Cleaning and Maintenance of property
- Repairs: plumbing, roof, electrical, etc.
- Medical & Dental bills not covered by Medi-Cal
- Entertainment/Recreation
- Personal Hygiene
 - Hair Cuts /Manicure
- Vacation: Temporary food, shelter
- Clothing
- Transportation (including insurance, maintenance, gasoline)
- Furniture
- Education (tuition, books, supplies)
- Additional In-Home support needs
- Insurance (home owners, health, car)
- Electronic Equipment
 - Stereo
 - TV/VCR/DVD

The process for families to request a distribution from an individual account is simple, and can be made prior to or after a purchase has been made.

Special Needs Trust Foundation

- ◆ Access To Independence
- ◆ The Arc of San Diego
- ◆ Community Catalysts of CA
- ◆ Developmental Services Continuum
- ◆ Employment & Community Options
- ◆ Home of Guiding Hands
- ◆ NAMI of San Diego
- ◆ Partnerships with Industry
- ◆ Sharp Healthcare Foundation
- ◆ St. Madeleine Sophie's Center
- ◆ Stein Education Center of Vista Hill
- ◆ United Cerebral Palsy
- ◆ Unyeway, Inc

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Successes

Sandy Tells How A Self-Settled/First-Party Special Needs Trust Works for Her:

Upon the passing of her parents, Sandy received an inheritance from their estate. After finding out that this would reduce her Supplement Security Income (SSI), Medi-Cal benefits, and Section 8, she contacted an attorney to find out what her options were. She decided to set up a Self-Settled/First Party Special Needs Trust with the Special Needs Trust Foundation. The Trust allows Sandy to continue receiving her government benefits, while protecting the assets from her inheritance. The Trust allows Sandy to purchase products and services that enhance her quality of life.

How does the Special Needs Trust help you?

I was able to keep my inheritance from my parents and not loose my SSI or Section 8 housing. It has greatly improved my quality of life. I am able to care for my two pets with vet care when needed. My love of horses has enabled me to take horseback riding lessons.

What types of purchases have been made, and what is your experience with the distribution process?

I have gotten a new computer, flat screen TV, and new furniture for my apartment. I am able to get pet care products and food for them. Also when Medi-Cal could not cover special health care service that I needed, the Trust was able to purchase it for me. They are always very prompt with distribution requests that I submit.

What has your experience been working with the Special Needs Trust Foundation?

I have had a very positive experience with them and I don't feel like a number. They have become very personable to me in many situations. I know I am not the only client, but they take the time to make you feel like you are.

What is your recommendation to other families or individuals?

I would highly recommend this group and they are very good people.