



SOCIAL SECURITY, MEDICAID AND YOUR SPECIAL NEEDS TRUST

Being a recipient of Social Security and Medicaid benefits exposes you to the world of guidelines, restrictions, income thresholds and reporting. As the Trustee of your Special Needs Trust we are vigilant about keeping you eligible for these essential programs.

All our payment restrictions are guided by the rules of Social Security and Medicaid. You can read all trust related SSI rules in detail at <https://secure.ssa.gov/apps10/poms.nsf/lnx/0501120200>.

Let us help with a brief overview of what Social Security and Medicaid think about distributions from your trust. *(following text copied direct from Social Security website on 6/26/2017)*

E. Policy - Disbursements from trusts

1. Trust principal is not a resource

If the trust principal [meaning funds in the Trust] is not a resource, disbursements from the trust may be income to the SSI recipient, depending on the nature of the disbursements. Regular rules to determine when income is available apply.

a. Disbursements which are income

Cash paid directly from the trust to the individual is unearned income.

Disbursements from the trust to third parties that result in the beneficiary receiving non-cash items (other than food or shelter), are in-kind income if the items would not be a partially or totally excluded non-liquid resource if retained into the month after the month of receipt (see [SI 00815.550](#) and [SI 01110.210](#)).

For example, if a trust buys a car for the beneficiary and the beneficiary's spouse already has a car which is excluded for SSI, the second car is income in the month of receipt since it would not be an excluded resource in the following month.



b. Disbursements which result in receipt of in-kind support and maintenance

Food or shelter received as a result of disbursements from the trust by the trustee to a third party are income in the form of in-kind support and maintenance and are valued under the presumed maximum value (PMV) rule. (See [SI 00835.300](#) for instructions pertaining to the PMV rule. See [SI 01120.200F](#) for rules pertaining to a home.)

c. Disbursements which are not income

Disbursements from the trust other than those described in [SI 01120.200E.1.a.](#) and [SI 01120.200E.1.b.](#) are not income. Such disbursements may take the form of educational expenses, therapy, medical services not covered by Medicaid, phone bills, recreation, entertainment, etc., (see [SI 00815.400](#)).

Disbursements made from the trust to a third party that result in the beneficiary receiving non-cash items (other than food or shelter) are not income if those items would become a totally or partially excluded non-liquid resource if retained into the month after the month of receipt (see [SI 00815.550](#) and [SI 01110.210](#)).

For example, a trust purchases a computer for the beneficiary. Since the computer would be excluded from resources as household goods in the following month, the computer is not income (see [SI 01130.430](#)).

d. Reimbursements to a third party

Reimbursements made from the trust to a third party for funds expended on behalf of the trust beneficiary are not income.

Existing income and resource rules apply to items a trust beneficiary receives from a third party. If a trust beneficiary receives a non-cash item (other than food or shelter), it is in-kind income if the item would not be a partially or totally excluded non-liquid resource if retained into the month after the month of receipt. If a trust beneficiary receives food or shelter, it is income in the form of in-kind support and maintenance (ISM).