



# Designing an Investment Strategy for *Special Needs Trusts*

## Financial Planning and Special Needs Trusts

A Special Needs Trust, also known as a Supplemental Needs Trust, enables an appointed trustee to hold property for the benefit of a disabled individual.

Beyond personal planning advantages, Special Needs Trusts may be structured so the beneficiary continues to have access to valuable government benefits, regardless of the value of the trust.

Experienced legal counsel should be retained to create a Special Needs Trust. In many cases, an attorney is also the trustee or co-trustee.

## Protecting Eligibility for Public Assistance Programs

A correctly structured Special Needs Trust provides for the needs of a disabled person without disqualification from Social Security and Medicaid benefits.

Fulfilling this requirement presents the trustee with the need to understand all of the strict technical requirements for these various programs, which include the following:

- To qualify for the Social Security Administration's Supplemental Security Income Benefits (SSI), a disabled adult can possess a limited amount of assets, excluding a home and a car. SSI benefits are to be spent on shelter, food and clothing.
- A disabled person may also qualify for Medicaid, which pays medical expenses, nursing home care and mental health services. Eligibility conditions include income and resource limits, and each state has specific requirements that must be met to qualify for services.

Since these benefits add greatly to a disabled person's ability to receive proper care, family members want to avoid giving a disabled person property that would disqualify him or her from receiving these benefits.



## Successful Investing with First Fiduciary

First Fiduciary helps clients meet their investment objectives by:

- Strictly adhering to our conservative investment philosophy.
- Emphasizing capital preservation over the entire market cycle.
- Investing in financially healthy, dividend-paying companies with solid balance sheets, robust cash flow and leading competitive positions.
- Employing a highly disciplined approach to portfolio management and fundamental research.
- Providing exceptional client service.

**Our goal:** to provide our clients with peace of mind while generating superior long-term growth of their assets.



## Selecting a Trusted Advisor to Manage the Assets

Because the disabled person may need care for decades, assets in a Special Needs Trust often have a long investment horizon. At first glance, a high-quality bond strategy may appear attractive as an investment approach for a Special Needs Trust. However, a bond portfolio's real value and earnings power will erode over time with inflation.

To produce real growth of trust assets, trustees need a prudent asset management strategy that incorporates disciplined equity investing with an emphasis on dividends.

An individual portfolio strategy should be constructed according to the specific situation and goals. The trustee of a Special Needs Trust should select an investment manager whose approach includes:

- Participation in rising markets while avoiding speculative investments.
- Preservation of capital in difficult markets and reducing volatility.
- A long-term investment focus.

The portfolio strategy may incorporate bond investments to generate a stable flow of current income and decrease volatility in the overall portfolio.

## Choosing First Fiduciary as Your Investment Manager

Selecting an investment manager for a Special Needs Trust is an important decision. Why choose First Fiduciary?

- First Fiduciary has *highly knowledgeable professionals with deep experience* working with attorneys, accountants and Special Needs Trusts.
- We focus on providing our clients with *peace of mind while generating superior long-term growth of assets*.
- Investors know what to expect from us. We *invest in large, well-established companies with solid dividend yields*—a time-tested strategy in place since the founding of the firm in 1975.
- Our investment approach provides the opportunity to generate *superior risk-adjusted returns over an entire market cycle*.

Our individually managed accounts can be tailored to meet the unique requirements of Special Needs Trusts, and our portfolio management team will ensure your portfolio is constructed and managed according to the trust's specifications.

Performance plus peace of mind. That's the **First Fiduciary Advantage**.

*First Fiduciary Investment Counsel* is one of America's preeminent investment management firms. For 35 years, we have successfully pursued one goal: to provide our clients with peace of mind while generating superior long-term growth of their assets. For more information, call Terry Taylor (800-872-0118) or email him (terry@firstfiduciary.com) to discuss the **First Fiduciary Advantage**.