

Inquiring Parents Want to Know: Part 3

Planning for the financial future of your child with special healthcare needs: Trusts and ABLE accounts

Can I get Social Security for my child with a disability?

Social Security for children under age 18 is a needs-based program. Your child is eligible to receive Supplemental Security Income (SSI) if they have a “medically determinable physical or mental impairment” and the child’s parents meet financial criteria. After age 18 if there is persistent disability, parental income is no longer considered. Money for SSI comes from the general fund.

<https://www.ssa.gov/pubs/EN-05-10026.pdf>

[PACER.org/transition/resource-library/publications/NPC-25.pdf](https://pacer.org/transition/resource-library/publications/NPC-25.pdf)

A second form of Social Security titled Retirement, Survivors, and Disability Insurance (RSDI) is available to children who have a parent who retires, has a disability, or passes away. A child with a disability may continue on this form of Social Security after the age of 16, if the disability persists. Once an individual is on RSDI for two years beyond their 18th birthday, they are also put on Medicare. This is a subset of the Social Security Disability Insurance (SSDI) program, as the funds are drawn from the Social Security account of the parent who is deceased, retired, or has a disability.

Finally, SSDI refers to individuals whose funds come from an existing Social Security account. In the case of RSDI, it is the parent’s account. Alternatively, if an individual has worked and paid into the Social Security system, and then becomes an individual with a disability, the funding would come from the individual’s account.

<https://www.ssa.gov/pubs/EN-05-10029.pdf>

<https://www.ssa.gov/redbook/eng/overview-disability.htm>

What is an ABLE Account?

The ABLE Act of 2014 (Achieving a Better Life Expectancy) is a tax-advantaged savings account for individuals with disabilities and their families. An ABLE Account recognizes the significant cost of living with a disability and allows individuals to save money without counting it as assets that would disqualify someone from receiving their benefits such as SSI, Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public benefits. Money in an ABLE account must be spent on “qualified expenses,” which include education, housing, transportation, health care, and more.

[PACER.org/parent/php/PHP-c219.pdf](https://pacer.org/parent/php/PHP-c219.pdf)

<https://savewithable.com/mn/home.html>

What is a special needs trust?

This is a trust set up for an individual with special needs, where contributions do not count as assets against Social Security or Medical Assistance (MA) benefits. It is similar to an ABLE Account, but there are no annual limits on the contributions and no total limit. Individuals who are employed can contribute to their special needs trust and use it as a savings account. At the end of an individual's life, remaining funds go back to the state to pay back any medical expenditures that occurred during the individual's lifetime.

<https://www.nolo.com/legal-encyclopedia/special-needs-trusts-30315.html>

<https://estate.findlaw.com/trusts/special-needs-trusts-faq-s.html>

What is a supplemental needs trust?

A supplemental needs trust is another way to protect assets and allow individuals with disabilities to receive funds from others, such as an inheritance, without impacting benefits such as SSI or MA. The main difference between this and a Special Needs Trust is that at the end of the life of the individual receiving the money, the funds go to the beneficiaries set up at the time of the trust creation and not back to the state.

https://en.wikipedia.org/wiki/Supplemental_needs_trust

Still have questions?

Contact PACER's Health and Information Center for clarification on any topics covered in this document or with additional questions at (952) 838-9000 or PACER@PACER.org.

PACER.org/health/contactus.asp