

FINANCIAL PLANNING AND FUNDING STRATEGIES



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Financial Planning and Funding Strategies

According to the most recent statistics, nearly 20% of children living in the United States have special healthcare needs, and close to 30% of U.S. households with children have at least one child with a special need. Among kids ages 3 to 17 with special needs, about 56% have a current mental health or behavioral diagnosis, such as ADHD, depression, or anxiety.¹

Without question raising a child with special needs comes with unique challenges, and one of the most crucial aspects to consider is financial planning. Families navigating the complexities of caring for a special needs child must approach financial planning with a thoughtful and comprehensive strategy. In this report, we will broadly explore some of the key considerations required in such a strategy and offer practical tips for families seeking to ensure both the life-long well-being of their special needs loved one, and their own long-term financial security.

We will also explain how the All Needs Planning approach to financial planning aligns with our broader three-step process and helps to ensure you have a Funding Strategy that covers your cost of care needs, including all paid and unpaid support services and resources.

Let's start by identifying some of the key issues that typically must be addressed in the process of creating a special needs financial/funding strategy:

Cost of Care Analysis

The most crucial (and often missed) step in planning is knowing what the future costs are going to be for your loved one, especially when you are no longer around. Families often just assume they need to save a certain amount or purchase a life insurance policy for the future, but wouldn't it be better to know exact numbers? Our approach has found it is possible to be very specific and strategic about making sure the right amount of future funding is in place for your loved one. Our Cost of Care Analysis is a tool we use to determine the monthly, annual, and lifetime funds you'll need, and we use these numbers to explore and identify what resources can be used to meet the cost of care.

Special Needs Trust

A Special Needs Trust is a tool that may be needed for some families. It allows parents to set aside funds for the future care of their child without jeopardizing eligibility for government assistance programs such as Medicaid and Supplemental Security Income (SSI). An SNT acts as a firewall between the funds set aside to supplement the needs of the individual with a disability and their access to public benefits. One such benefit, the Medicaid Waiver, is designated to provide lifelong services to an individual with a disability. However, there are some things that the waiver will not provide. This is where supplemental funds may be needed and the SNT trust is an avenue to address that need.

Government Benefits

As mentioned, families with special needs may need to become familiar with the various government benefits available to them. Programs such as Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) are designed to address room and board expenses while Medicaid and Medicaid waiver programs address the health and services needs of individuals with disabilities. Knowing these programs' eligibility requirements and application processes is necessary for taking full advantage of them.

Budgeting for Long-Term Care

All members of a family need to consider how to cover long-term care expenses. For parents, this means determining how they will cover their own long-term care needs as they age. If nursing home care or assisted living is needed, parents will want to have an insurance or savings plan to cover those costs. A plan is also needed to cover the long-term care expenses of a loved one with a disability. As noted, identifying the cost of care, and then strategizing how to cover it is paramount to a successful special needs plan, and it is the prime objective of our Cost of Care Analysis. Factoring in inflation and potential increases in care needs over time is also essential to help ensure that the family's broader financial plan remains sustainable in the long run.

Life Insurance and Estate Planning

Life insurance can play a pivotal role in the financial stability of a family with a special needs child. Parents may want to consider purchasing life insurance policies to provide a financial safety net for their child in the event of their untimely death. Additionally, carefully crafted estate planning can ensure that assets are distributed appropriately and that a guardian is designated to care for the child.

ABLE Accounts

Achieving a Better Life Experience (ABLE) accounts are tax-advantaged savings accounts designed to help individuals with disabilities and their families save for qualified disability-related expenses. Contributions to ABLE accounts grow tax-free, and funds can be withdrawn without penalty if used for qualified disability expenses.

The All Needs Planning Approach

As noted, at All Needs Planning we focus on helping you create a Funding Strategy that is part of your broader financial plan, and which helps you examine, understand, and address all the above issues as they may apply to your situation. Our process includes doing a full Cost-of-Care Analysis for your special needs child. We will also do a full risk analysis to help you prepare for every possible situation, including what happens if there is a loss of income in the family or if the primary earner dies prematurely. We work with you to help answer and address your most important funding and financial questions, such as:

- How much will it cost to care for your special needs loved one?
- How much will you need for retirement?
- Do you have other goals that will need additional funding?
- Are there gaps?

Actively Managed Retirement Planning

In addition, our process also ensures that your financial/funding strategy includes a sound retirement planning component designed to help you create a secure future for your entire family. We believe it is especially important for special needs families to have a financial strategy that makes asset protection its top priority. In our experience, that means an investment strategy geared specifically toward retirement income rather than portfolio growth.

Importantly, our approach to income investing also includes ongoing active portfolio management through a national Registered Investment Advisory and money management firm specializing in conservative, fixed-income financial strategies. We feel that expert active management of your investments is important in today's financial markets and better ensures you can remain confidently on track toward meeting your long-term financial needs and achieving your goals. Active management helps protect your investments against market volatility and generate reliable interest and dividend return, while also maximizing opportunities for strategic portfolio growth.

And because investing for income is more strategic than more conventional growth-based financial strategies, we feel it is better suited to address the many varied and complex needs and challenges of special needs families. This includes challenges related to:

- Maximizing the value of your Social Security benefits and Medicare
- Minimizing your tax burden
- Estate planning and distribution
- Remainder Interest

Conclusion

Financial planning for special needs families requires a proactive and multifaceted approach. At All Needs Planning, we help you build a comprehensive financial plan that ensures your long-term financial security and includes a Funding Strategy to cover your cost of care needs and prepare you for all contingencies. We have designed our proprietary three-step approach to make it easier for families to understand and engage in the special needs planning process with confidence and peace of mind!



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