

Your *Trust* Matters

July 2020 Newsletter



MidWestOne™
TRUST SERVICES



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Dear Clients and Friends,

I hope everyone is staying healthy and safe during the time of Covid-19! I know some of you may be using your time during the pandemic to think about or work on your estate plan. For those considering leaving an inheritance or gift to a loved one with special needs, I want to tell you about why a special needs trust might be the best choice for you.

What are special needs trusts and why should I use one?

Certain government programs that provide assistance to individuals with special needs have financial eligibility requirements. As a result, a beneficiary who directly receives an inheritance or gift may be disqualified from those government benefits until the individual spends down the assets they have received. This often undermines the purpose of the inheritance or gift, which is to supplement the government provided benefits and provide a long-term safety net for the individual with special needs.

A properly drafted special needs trust avoids this problem. Because the trust—rather than the individual—receives and owns the assets, it is not considered a countable resource. The beneficiary continues to receive governmental assistance, and the trustee of the special needs trust can use the trust to supplement those benefits. For example, the trustee could use the trust funds to purchase a wheelchair accessible van for the beneficiary, to pay for vehicle maintenance so the beneficiary can get to doctor appointments, or to pay vet bills for the beneficiary's therapy pet. You can also designate in the trust document what happens to any remaining funds in the trust when the beneficiary passes away. Bank trust departments are ideally suited to serve as trustees of special needs trusts as we have the experience and the resources to help support your loved one, follow best practices and work within the government's guidelines, and provide strong oversight for the assets.

Our trust officers are always happy to meet with you to review your estate plan or discuss estate planning. Please do not hesitate to contact us if we can be of assistance.

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