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MidWestOne™
PRIVATE WEALTH

YOUR TRUST MATTERS



Dennis Mitchell
VP, Private Wealth &
Fiduciary Advisor
West Des Moines, IA
319.356.5824

Special Needs Trusts

For those considering leaving an inheritance or gift to a loved one with special needs, a Special Needs Trust (SNT) is an important estate planning tool to consider. Governmental assistance programs like Supplemental Security Income (SSI) and Medicaid have financial eligibility requirements. As a result, an heir or beneficiary who directly receives an inheritance or gift may be disqualified from receiving SSI and Medicaid until the individual spends down the inheritance or gift they received. This often undermines the purpose of the inheritance or gift, which is to supplement SSI and Medicaid, and to provide a long-term safety net for the loved one.

SNTs are designed to benefit individuals with disabilities by helping manage their financial resources without disqualifying them from governmental assistance programs. Assets in an SNT are not considered the beneficiary's personal assets, so they do not affect eligibility for means-tested programs. The beneficiary can continue to receive governmental assistance, and the trustee of the SNT can use the trust to supplement those benefits. The funds in an SNT are commonly used to pay for things like caregivers or therapies not covered by Medicaid, the costs of transportation (including wheelchair accessible vans), and education or recreational activities. You can also designate what happens to any remaining funds in the SNT when the beneficiary passes away.

SNTs can also be funded with a beneficiary's own assets (such as settlement funds from a lawsuit), but the beneficiary must be under 65 years of age and the trust must include a payback provision to Medicaid upon the beneficiary's death.

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

800.247.4418

MidWestOne.bank

Email: privatewealth@midwestone.com

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