

**2026 National Conference on Special Needs  
Planning and Special Needs Trusts**

***Breakout Session 1***

**Beyond Preservation: Balancing Beneficiary Quality  
of Life, Fiduciary Duties, and Public Benefits**

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**We Will  
Cover...**



- What is the SNT's purpose?
- Understand the SNT before administering
- Fiduciary Duties for SNTs
- Public Benefits protection
- Practical framework
- Case Studies
- Q&A

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What is the purpose of the SNT ?

- Preserve SSI?
- Preserve Medicaid?
- Preserve trust assets?
- Avoid fiduciary liability?
- **Or** improve the beneficiary's life within the trust's purposes?

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Preservation is important.  
But it is not the whole inquiry.

- Public-benefit preservation matters
- Prudent stewardship matters
- Beneficiary quality of life matters
- Future needs matter
- The **objective** is neither maximum spending nor maximum preservation

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Overarching Considerations

- **Authority:** Can the trust make the distribution?
- **Public Benefits:** What are the consequences?
- **Fiduciary Judgment:** Is it reasonable and prudent?
- **Structure:** Is there a better way to accomplish the objective?

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## Know the Trust You Are Administering

- First-party SNT
- Pooled trust
- Third-party SNT
- Different trusts may involve different rules, interests, and limitations
- **Ask:** “Can this trust pay for this?”



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## Read the Trust Before the POMS

- What is the trust's purpose?
- What is the distribution standard?
- What discretion does the trustee have?
- What does the trust say about benefits and other resources?
- Who has authority to make the decision?
- The POMS addresses benefit consequences, not the scope of fiduciary authority



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## Fiduciary Duties: What Do They Require Here?

- Administer according to the trust's terms and purposes
- Exercise prudence
- Identify loyalty and conflict issues
- Consider competing interests where applicable
- Actually exercise the discretion granted

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## Prudence Applies to Spending and Not Spending

- Beneficiary's circumstances and objectives
- Trust size and liquidity
- Current and foreseeable future needs
- One-time versus recurring obligations
- Other resources and realistic alternatives
- **The least expensive choice is not necessarily the most prudent**



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## Individualized Discretion Requires Individualized Information



- What does the beneficiary need and want?
- What are the beneficiary's living and support circumstances?
- What other resources are realistically available?
- What would the proposed expenditure accomplish?
- **A trustee cannot meaningfully exercise discretion without adequate information**

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## Loyalty, Conflicts, and Benefits to Others



- Family caregivers
- Shared housing
- Vehicles
- Companion travel
- Incidental benefit does not necessarily end the analysis
- Identify and appropriately manage conflicts

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## Public Benefits: Guardrails, Not the Distribution Standard

- Public-benefit rules matter
- But they answer a specific question:  
“What happens if the trust does this?”
- Not necessarily:  
“Should the trustee do this?”



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## Which Benefits Are We Actually Protecting?

- SSI
- Medicaid and the applicable eligibility pathway
- Medicaid waiver services
- Medicare
- Housing assistance
- SNAP and other federal, state, or local benefits
- Identify the benefits the beneficiary actually receives

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## Payment Method Can Change the Result

- Cash
- Direct vendor payment
- Reimbursement
- Trustee-controlled payment mechanisms
- ABLE account
- **Same objective. Different benefit consequences.**



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### Don't Just Say: *It Will Affect SSI*

- **How much?**
- **For how long?**
- Will Medicaid be affected?
- Will another benefit be affected?
- What does the beneficiary receive in exchange?
- **Quantify the consequence whenever reasonably possible**



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### Sole Benefit Does Not Mean Nobody Else Can Benefit

- Determine whether a sole-benefit rule actually applies
- Identify the beneficiary's primary benefit
- Identify benefits to third parties
- Distinguish incidental benefit from a transaction primarily benefiting someone else
- Separately consider fiduciary conflicts



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### A Practical Framework for Distribution Decisions

1. Understand the Beneficiary and Objective
2. Define the Transaction
3. Identify Authority
4. Map Public Benefits
5. Analyze Cost, Sustainability, Alternatives, and Timing
6. Choose the Payment Method
7. Document the Decision



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### Case # 1: The \$20,000 Vacation

- Beneficiary: age 38
- SSI and Medicaid
- Third-party SNT: **\$350,000**
- Broad comfort-and-welfare standard
- Proposed vacation: **\$20,000**
- Companion required
- **Approve? Deny? Not Yet? Not This Way?**



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### Case # 1: Apply the Framework

- Is the expenditure authorized?
- What are the benefit and companion-expense consequences?
- What does the trip mean to the beneficiary?
- What future needs are foreseeable?
- Is spending approximately **5.7% of principal** sustainable?
- Could the objective be accomplished differently?
- **Reasonable fiduciaries may reach different conclusions**

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### Case # 2: Paying the Parent Caregiver

- Parent has provided 15 years of uncompensated care
- Requests **\$40,000 per year**
- Beneficiary receives Medicaid-funded personal care
- What services and hours will the parent provide?
- Is there duplication? Is compensation reasonable?
- Is the parent also the trustee?
- **The family relationship does not answer the fiduciary question**



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### Case # 3: The Shared Home

- Trust assets: **\$1.5 million**
- Proposed home: **\$650,000**
- Beneficiary and two family members will reside there
- Family provides substantial informal support
- Who owns the home and pays ongoing expenses?
- What benefit do the family members receive?
- **What is the exit strategy if circumstances change?**



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### Case # 4: Would You Accept the SSI Reduction?

- Safer apartment
- Closer to work, family, transportation, and community
- Trust-paid rent will reduce SSI
- Medicaid expected to continue
- What is the actual financial consequence?
- What does the beneficiary gain in exchange?
- **Is preserving every SSI dollar necessarily the best outcome?**



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### Defending the Decision

- What did the beneficiary request and why?
- What authority did the trustee rely upon?
- What benefit consequences were identified?
- Were cost, sustainability, alternatives, and conflicts considered?
- Why did the trustee reach this result?
- **“No” deserves the same analytical discipline as “Yes”**

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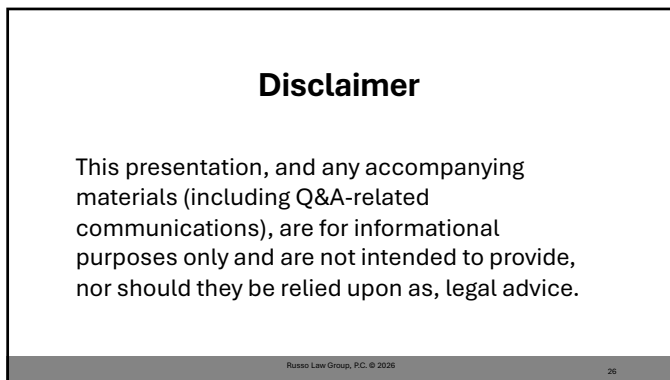
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