



Dear Parent /Guardian,

In our first issue dated 7/17/2014, I identified some concerns that would need to be considered. These concerns will be addressed by introducing the first step in a five step process to help you take action and make critical decisions. The five steps that will be addressed are:

- Step One - Choose Your Team
- Step Two - Calculate your financial needs
- Step Three - Create your strategy
- Step Four - Write your vision down
- Step Five - Review Regularly

The quality of your loved ones life in the future may depend greatly upon your willingness to properly prepare today. Therefore, it's important to choose a team of dedicated professionals who understand the specific concerns of your family. Your team should include family members, an attorney, a social worker and a financial advisor.

Choose professionals with special needs expertise – people who understand fiduciary requirements, government benefits and tax laws. Our firm understands the role each person plays when developing special needs strategies. We account for this by working with other professionals on a daily basis. At this time please close your eyes and picture your loved one as being the center core - now surround him or her with family/friends, social worker, qualified attorney and financial advisor. Now start to identify who those players may be – make a list then start interviewing. For example:

- How long have you been involved with special needs?
- What made you decide to get involved with special needs?
- What area of special needs are you experienced in?

Choosing the right professionals will help prevent you and your family from common pitfalls. These include but are not limited to:

Gifts to Minor Act Accounts:

Once the minor becomes an adult and takes control of the account, he or she has discretion as to how the funds are used – regardless of your wishes. You need to start considering Guardianship and available resources for purposes of SSI eligibility.

Unstructured Beneficiary Designations:

Designating a retirement plan, 401(k), insurance policy, or annuity directly to an SSI or Medicaid recipient may cause a reduction or elimination of public benefits. Be aware that many IRA's or 401(k) have employees' children as default beneficiaries. Is your special needs child a beneficiary? And if so, was the proper beneficiary designation used?

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Directing child's inheritance to another family member on behalf of child:

Here you are faced with loss of control, you can jeopardize funds if the family member faces bankruptcy, litigation, or predeceases the child

Of all the pitfalls, a lack of estate strategies can have the most undesirable consequences.

No Will or Trust :

Dying without a will or trust will usually leave all or a portion of the estate to your children. Any child receiving Supplemental Security Income (SSI) or Medicaid may fail eligibility until the inheritance is spent down, converted to an exempt resource, or placed in Medicaid "Payback" Special Needs Trust. And worse yet your child's future is left to chance.

Child could become "ward of the court":

If parents die without an estate plan, their child becomes "ward of the court." This could result in the Court appointing guardians for personal care and financial affairs:

The court decides who cares for the child. This could be a stranger if family is unavailable or unsuitable.

Approval for financial transactions could be delayed months if the court is left to review them.

Assets held for the benefit of a child with special needs could be drained by unethical individuals.

In the next issue I'll introduce step two of our process – Calculate

Remember "A special tomorrow begins today"

**Please pass this on to friends and families
that you know that may benefit from this and future volumes.**

Regards,

Team Members

Pat Rinaudo, Financial Advisor & Mark Rothchild, Registered Representative

Financial Advisors do not provide specific tax/legal advice and this information should not be considered as such. You should always consult your tax/legal advisor regarding your own specific tax/legal situation.

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