

# Distributions

## What can the Special Needs Trust be used for?



**Ardent Community Trust of Pennsylvania**  
*Formerly - The Arc Community Trust of Pennsylvania*

*This list is offered to provide guidance on how a special needs trust can be utilized to help enhance the quality of a person's life, and is by no means all inclusive. Please keep in mind that the Trustee by law must have absolute discretion in reviewing requests for distributions. Therefore, you should not view this list as guarantees. Your trust document may also contain specific language regarding distributions.*

### **In-Kind Support and Maintenance (ISM)**

#### **Food and Shelter Expenses**

Making distributions to enhance the quality of life of the beneficiary is one of the primary purposes on any Special Needs Trust (SNT). However, there are strict rules the Trustee must follow in making disbursements, so that a disbursement will not jeopardize the beneficiary's eligibility for public benefits.

Food and shelter expenses paid for by the special needs trust (or any other source) are considered income as in-kind support and maintenance (ISM) to a third party provider of goods or services. This support can lead to a 1/3 reduction in SSI. The amount of your SSI payment is based upon the current "federal benefit rate" (FBR), a value established by the government each year. In 2020, the FBR is \$783 for an individual and \$1,175 for a couple.

#### **Generally, the 1/3 Reduction Rule Applies if your Situation Meets Both the Following:**

- you lived in another person's household for the full calendar month, and
- you received both shelter and food from others living in that household.

This reduction rule simply means that your SSI payment will be reduced by one-third. So, if you are an individual receiving SSI in 2020 and have no other income, your payment would be \$522 instead of \$783.

#### **The 10 Items SSA Count as ISM**

1. Food
2. Mortgage (including property insurance required by the mortgage holder)
3. Real property taxes (less any tax rebate/credit)
4. Rent

5. Heating fuel
6. Gas
7. Electricity
8. Water
9. Sewer
10. Garbage removal

SNT disbursements (as long as not cash to the individual), including payments directly made to third-party vendors, that are not for ISM expenses are NOT considered income. Examples: educational expenses, psychological therapy, any medical services not covered by Medicaid, phone bills, and recreational and entertainment expenses.

#### **Allowable Uses - Non ISM Items**

The following is an alphabetical list of generally permissible distributions from an SNT that will not reduce or eliminate SSI. This list is not meant to be an exhaustive list but a guide.

- Automobile/van;
- Accounting services;
- Acupuncture/acupressure;
- Appliances (TV, microwave, stove, refrigerator, washer/dryer);
- Bottled water or water service;
- Burglar Alarm;
- Bus pass/public transportation costs;
- Camera, film, recorder and tapes, development of film;
- Clothing;
- Clubs and club dues (record clubs, book clubs, health clubs, service clubs, zoo, advocacy groups, museums);
- Computer hardware, software, programs, and
- Internet service;
- Conferences;
- Cosmetics;

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- Courses or classes (academic or recreational), including books and supplies;
- Curtains, blinds, and drapes;
- Dental work not covered by Medicaid, including anesthesia;
- Down payment on home or security deposit on apartment;
- Dry cleaning and/or laundry services;
- Education expenses including tuition and related costs;
- Elective surgery;
- Eye glasses;
- Fitness equipment;
- Funeral expenses;
- Furniture, home furnishings;
- Gasoline and/or maintenance for automobile;
- Haircuts/salon services;
- Hobby supplies;
- Holiday decorations, parties, dinner dances, holiday cards;
- Home alarm and/or monitoring/response system;
- Home improvements, repairs, and maintenance (not covered by Medicaid) including tools to perform home improvements, repairs, and maintenance by homeowner;
- Home purchase (to the extent not covered by benefits);
- House cleaning/maid services;
- Insurance (automobile, home and/or possessions);
- Legal fees/advocacy;
- Linens and towels;
- Magazine and newspaper subscriptions;
- Massage;
- Musical instruments (including lessons and music);
- Nonfood grocery items (laundry soap, bleach, fabric softener, deodorant, dish soap, hand and body soap, personal hygiene products, paper towels, toilet paper, and household cleaning products);
- Over-the-counter medications (including vitamins and herbs);
- Personal assistance services not covered by Medicaid;
- Pet and pet supplies, veterinary services;
- Physician specialists if not covered by Medicaid;
- Private counseling if not covered by Medicaid;
- Repair services (e.g., for appliances, automobile, bicycle, household, or fitness equipment);
- Snow removal/landscaping/gardening/lawn services;
- Sporting goods/equipment/uniforms/team pictures;
- Stationery, stamps, and cards;
- Storage units;
- Taxicab;
- Telephone service and equipment, including cell phone, pager;
- Therapy (physical, occupational, speech) not covered by Medicaid;
- Tickets to concerts or sporting events (for beneficiary and an accompanying companion, if necessary);
- Transportation (automobile, motorcycle, bicycle, moped, bus passes, insurance, vehicle license fees, gas, car repairs);
- Tuition and expenses connected with education
- Utility bills (satellite TV, cable TV, telephone—but not gas, water, or electricity);
- Vacation (including paying for a personal assistant to accompany the beneficiary if necessary).

## Important Considerations:

1. Disbursement requests should be made by the beneficiary or his/her primary representative.
2. Requests can be made by phone, fax, on-line or email.
3. When making a request, please indicate what good or service is desired, why, and at what expense.
4. Disbursement requests are either approved or denied based on multiple factors, such as the specific regulations affecting the type of disbursement requested, the balance in the trust, and the beneficiary's annual budget.
5. Please allow for 5-7 days for the request to be processed. Emergency requests may be processed more quickly.
6. ACT's staff prefer to work directly with the vendor of the desired goods or services to make payment. Reimbursements to the beneficiary's primary representative can be made, but a detailed receipt is required and the disbursement must be approved in advance.
7. Under no circumstances can we give cash directly to the beneficiary.
8. All disbursement requests are considered on a case-by-case basis. Despite the complexity of law governing the use of Special Needs Trusts, we try to keep the process as simple and informal as possible.