

CP OF NYS COMMUNITY TRUSTS

Cerebral Palsy Associations of New York State's (CP of NYS) Community Trusts allow persons with disabilities to have a trust fund to provide for their future needs beyond the basics provided to them by family or a service provider – “supplemental needs” – without adversely affecting their eligibility for government benefits.

The trust can be funded by:

- A parent.
- A relative.
- Any other person.
- The disabled person him/herself.

The trust can be funded with:

- A lump sum Social Security payment.
- A lawsuit settlement or judgment.
- An inheritance.
- Excess income (i.e., “spend down”).

CP of NYS offers two trust options:

Community Trust I:

Is a “third party” trust established by someone else to benefit the disabled person – the “beneficiary” – and to ensure the beneficiary's needs are taken care of even after the donor is no longer living.

Community Trust II:

Is a “self-settled” trust established by the disabled person to protect their assets (as listed above) and maintain benefits eligibility. This option allows the person to have the benefit of their funds for supplemental needs and yet remain eligible for government programs and benefits.

Q. Where can I get additional information?

A. For questions or additional information, please contact:

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Cerebral Palsy Associations
of New York State

Real people. Realizing potential.

COMMUNITY TRUSTS

*Pooled Supplemental Needs
Trusts*

Susan Constantino
President & CEO

J. David Seay
*Executive Vice President
& Chief Legal Officer*

Q. What is a trust?

A. A trust is a legal agreement through which you give money or assets to another person or entity – such as a bank or the CP of NYS Community Trusts – called a “trustee” – to manage it for the benefit of the person – the “beneficiary.” The person giving the money or asset and the beneficiary can be the same person. A “supplemental needs” trust is a special type of trust that assists people with disabilities and can be a very valuable estate planning tool.

Q. Why should I consider a Supplemental Needs Trust?

A. These trusts can provide supplemental needs for a beneficiary throughout his or her lifetime while maintaining eligibility for public benefits or other sources of support. By transferring money to a Supplemental Needs Trust, you can feel secure that the property will be available for the beneficiary’s vacation, home computer, special medical equipment or support, gifts or other luxury items or expenses not provided for by government services, without affecting his or her public benefit eligibility. These Trusts can also be used to provide for or supplement future housing expenses for individuals with disabilities, giving families peace of mind about their loved one’s future needs even after the family members are gone. They can also be used to protect income above the Medicaid “spend-down” limits and preserve eligibility for government benefits and programs. Both Community Trusts are Pooled Supplemental Needs Trusts.

Q. How will the beneficiary access these funds?

A. Your beneficiary’s representative will request a disbursement from the Trust for a particular purpose. The Trustees will routinely honor any appropriate request as they are both legally bound and committed to acting in the best interest of the beneficiary. The distribution will typically be made to a third party and not the beneficiary directly, to help ensure that disbursements from the Trust do not affect the beneficiary’s eligibility for government entitlements.

Q. Who are the Trustees of the Community Trust?

A. There are seven Trustees, including representatives of CP of NYS as well as representatives from one or more of its Affiliates.

Q. How are the funds in the Community Trusts invested?

A. The funds are professionally managed and invested in a balanced portfolio in accordance with the Trust’s investment policy, which is established by the Trustees. The Clore-Kelly Group of Merrill Lynch Wealth Management is the Investment Advisor for the Trusts.

Q. What happens to the remaining funds at the end of the beneficiary’s lifetime?

A. For Community Trust I, the “third party trust,” when a beneficiary dies, 50% of the remaining funds go to the designee(s) of the contributor, and 50% will go to CP of NYS or a local CP Affiliate designated by the contributor.

For Community Trust II, the “self settled trust,” all funds will remain in the Trust and be used for the benefit of other individuals with disabilities from the Affiliate that provided services to the beneficiary during their lifetime (as opposed to being paid back to Medicaid).

Q. Will I receive a tax deduction if I establish an account in the Community Trust?

A. No. Because the funds can potentially be used entirely for the individual’s benefit, with no assets passing to a charity, a contribution to the Community Trusts does not constitute a charitable contribution for tax purposes. However, donors of funds for Community Trust I may be eligible for a tax deduction for the 50% of the funds that go to the CP Affiliate after the beneficiary’s death.

Q. How do I establish an account within the CP of NYS Community Trusts?

A. Please contact **J. David Seay, Executive Vice President & Chief Legal Officer of CP of NYS, at 212-356-1224, or email at dseay@cpofnys.org**. For the establishment of an account with Community Trust I, you will be provided with a Sponsor Agreement, which allows you to establish a Trust account by agreeing to a contribution of \$10,000 over a three year period. The minimum initial contribution is \$5,000 upon acceptance of the Sponsor Agreement with the balance of the \$5,000 to be paid within three years.

A minimum deposit of \$250 will be required for establishment of an account with Community Trust II. These

limits are waived for Self Settled Trusts which are funded by excess income of the beneficiary.

Trust accounts can be established and funded during the lifetime of a family member/donor, through a bequest under a Will, as a designated beneficiary under a life insurance policy, retirement account or other asset, or by Court Order.

Q. May a family member add to the account in the future?

A. Yes. Funds can be added to the account at any time, in any amount.

Q. Will I be able to find out about the activity in the account in the future?

A. All Trust accounts are pooled as part of the Master Trust for investment and management purposes, but each beneficiary has his or her own individual Trust Account for accounting and distribution purposes. In the Sponsor Agreement, the Sponsor will be asked to determine who should have access to account information. They are entitled to request account information from the Trustees at least annually.

Q. Are there fees charged for the Trusts?

A. Yes. Fees are minimal and designed only to cover costs of operating the Trust.

Q. What are the fees?

A. There is a \$250 initial set-up fee for Trust accounts that are funded with assets only; this fee is waived if the account is a Community Trust II account funded with excess income only. For Trust accounts with a value below \$25,000, there is a 3% annual fee, with a \$50 minimum. The fee schedule increases to an additional 2% for the next \$75,000, and 1% of the amounts over \$100,000.00.

Monthly income transfers are assessed an additional \$50 per month when a transfer is made, to a maximum of \$500 per year.

In addition, there are administrative fees in connection with the Trusts annual accounting, and legal and consulting fees; these are assessed on a pro rata basis. Fees associated with a particular Trust account (for example, fees for cancelled checks, bank checks, wire transfers, etc.) are assessed to that Trust account only.