



Buying A Vehicle With Funds From A Pooled Special Needs Trust

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Buying a vehicle is a big financial decision involving research and patience. For individuals receiving Medicaid and SSI (Supplemental Security Income), the rules allow for ownership of one vehicle without jeopardizing benefit eligibility. When an individual has adequate funds in a pooled special needs trust (PSNT), [using the funds is an allowable disbursement provided proper steps are followed](#).

It's important that the beneficiary or person acting on behalf of the beneficiary (often called the advocate) contact the PSNT administrator before committing to the purchase. The administrator will determine if adequate funds in the account are available to afford the vehicle and assess if the request is a reasonable use of PSNT funds. Safety of the beneficiary and the vehicle are the primary concerns with a vehicle disbursement request. The vehicle must be drivable, insurable and pass all inspections as required by law. Additionally, since the definition of a vehicle can range from a riding mower to a wheelchair-accessible van, the ability of the beneficiary to operate the vehicle also needs to be considered.

When possible, and in compliance with both relevant motor vehicle laws and the organizational policy of the PSNT, the vehicle may be titled or co-titled in the beneficiary's name. If the beneficiary is the primary driver, then the trust can pay for gas and vehicle maintenance. If the vehicle is to be co-owned by another individual, the use and benefit to each owner will be considered in determining the beneficiary's percentage of ownership and the percentage of costs payable by the trust.

Generally, it is recommended that the vehicle be purchased from a car dealership instead of from an individual seller. A dealership will provide some protection to the beneficiary under consumer protection laws, such as the Lemon Law. A dealer may also offer a warranty. In the case of a used car, the dealer may have access to additional reporting on the previous care and condition of the vehicle.

Various documents may be requested to substantiate the disbursement request. It's best to research what is needed before making the request. A list of documents may include but is not limited to:

- Copy of Driver's license

- Buyers' Agreement
- Warranty
- Car Fax report (used car only; required by certain states)
- Mechanic inspection (used car only)
- Insurance quote
- Budget

The purpose of a budget is to demonstrate pre-planning on the part of the beneficiary or advocate regarding the ability to pay for ongoing and future costs associated with owning a vehicle. Categories should include insurance, routine maintenance, gas and repairs.

In addition, the trust administrator will do research to establish the fair market value of the vehicle to determine if the amount requested for the disbursement is reasonable and that the vehicle is reasonably priced.

The trust administrator will often obtain a lien on the vehicle at the time of purchase. This is to protect the beneficiary, who may be vulnerable to exploitation or theft. The physical title will be held by the administrator until the vehicle is sold, no longer operational, stolen or the account is closed. If the vehicle is sold, funds from the sale are owed to the beneficiary's trust account. In the event that the beneficiary passes away, the lien is released and the advocate must abide by state Medicaid policy for Medicaid recipients regarding the remaining funds. If there is no Medicaid payback owed, the lien is released to the successor beneficiary.

The beneficiary and advocate need to work closely with the trust administrator throughout the vehicle purchase process to make sure that all requirements are met. When following these guidelines, using funds from a PSNT to purchase a vehicle can result in safe, reliable transportation for the beneficiary.

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