



Customizable Visa Card Aids Financial Independence

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A new type of customizable Visa card is making it more convenient for individuals with special needs to make their own purchases without affecting their needs-based government benefits. Parents and trustees have long struggled with how to enable beneficiaries to buy what they need, when they need it. Giving them cash, as well as standard credit, debit and gift cards, can affect their Supplemental Security Income (SSI) and Medicaid benefits. [True Link cards](#), originally designed for vulnerable older adults, are part of a growing trend by private industry to provide innovative solutions to challenges faced by the disability community. The cards have been evaluated by the Social Security Administration (SSA) (see SI 01120.201.11e in the agency's Program Operations Manual System, known as POMS, [here](#)) and have begun enhancing the independence of users when set up correctly.

A Persistent Problem

Supplemental Security Income (SSI) and Medicaid are often essential to the economic security of individuals with special needs. But they both have stringent requirements regarding financial need.

Supplementing the baseline benefits provided by SSI and Medicaid without affecting the beneficiary's eligibility is a major reason for establishing special needs trusts (SNTs). But there are rules that make it difficult for SNTs or third parties to supplement these benefits. (Note: this article doesn't address the expanded Medicaid available in many states under the Affordable Care Act, which has very different rules, [nor does it address SNAP](#) or housing subsidies like Section 8.)

For instance, cash can never be distributed directly to the SSI or Medicaid beneficiary without counting as income and potentially affecting benefits. In addition, if a third party or

SNT pays food or shelter expenses for an SSI recipient, SSI payments will be reduced. That means that even credit, debit and gift card purchases for food or shelter, if paid for by an SNT or other third party, will shrink benefits. In addition, gift cards that can be exchanged for cash or could be used for food or shelter are considered income by SSI when first received, and any balance that remains the following month is counted as a resource. While a bona fide *loan* of cash or even support shouldn't be treated as "income," such arrangements can be difficult to structure and aren't always a realistic option.

A New Solution

The True Link card is a pre-paid, reloadable card imprinted with the "VISA" logo, that can be configured by a trustee, [representative payee](#) or other "administrator" to prevent expenditures that could affect government benefits. Although technically a debit card, it can block all cash withdrawals, and while it can't block specific purchases, it can block vendors where those types of purchases are made. Typically, restricted vendor categories include restaurants, grocery stores, convenience stores, bars and liquor stores, utilities (but not phone, tv or cable) and casinos. Specific vendors can be blocked and scammers avoided by prohibiting online or over-the-phone purchases. Overdrafts aren't an issue, because if insufficient funds are available, the purchase will simply be denied. The card is also non-transferrable, and if given to the beneficiary to use, would be imprinted with the card holder's name.

Trustees can load SNT funds to the card through an associated bank account, similar to the way PayPal works. Through an online portal and/or text alerts, the administrator will receive real-time reports on how the card is used, including any failed attempts. As long as the card is used for purchases that won't count as income for benefit purposes, the beneficiary's government benefits are unaffected. The administrator can also respond in real time to special situations, making one-time exceptions to allow prohibited vendors or cash disbursements.

While the card can bear the beneficiary's name, the trustee or other third party should be the account owner and administrator. If the beneficiary were the account owner, disbursements would be counted as unearned income by SSI and Medicaid, and any unspent balance would be considered a resource during the month after being loaded onto the card.

Keep in mind that the cardholder will need to have and remember a "PIN." That's not so that the cardholder can get cash – cash disbursements can be blocked 100 percent. It's because current point-of-sale (POS) machines can identify the card as a debit card and will

demand the PIN to process a charge. Gas station pumps will also put a hold on the card, based on whatever rules are generally used for debit card purchases.

Best Practices

Here are some suggestions for SNT trustees considering use of the True Link card:

- **Consider the beneficiary.** Is the potential cardholder someone who knows how to follow rules? Can remember a PIN if required? Won't panic if the purchase is rejected at the cash register?
- **Review** benefits currently received by the beneficiary to determine if there are types of purchases that should be avoided.
- Develop a **distribution plan**. This should include the types of purchases envisioned so that potential problems and card settings can be identified. Consider creating a Distribution Request Form to be used for special requests. For a sample, see the [True Link Card Toolkit](#).
- **Create a beneficiary agreement** that establishes terms of the card's use. It should be customized for, and signed by, each beneficiary. For a sample see the [toolkit](#).
- There may be situations in which the trustee approves use of the True Link card for food and shelter. In that case, the purchases will be considered ISM (in-kind support and maintenance) by SSI and will reduce payments. In such cases, the trustee may wish to formulate a **"receipt of ISM"** letter in which the beneficiary recognizes their responsibility to report this expenditure to SSA. For a sample, see the [toolkit](#).
- Always collect receipts from beneficiaries. For instance, since some stores may sell a few food items even though their primary category is non-food. Consider a loan arrangement with a feasible repayment plan in the event that the beneficiary does use the card for a food item.
- Carefully review the card's Spending Monitor to ensure you know how each category operates. You can work directly with True Link if you would like assistance setting this up.
- Start by customizing the card to meet the beneficiary's initial needs and expand the list of allowed merchants based on appropriate use of the card and receipt collection.

Risks

Since there's often a learning curve when individuals begin using the True Link card, it's advisable for them to start with small expenditures at stores they frequent until they're confident that they won't run into problems.

While there's always a risk that an unethical "friend" will influence the beneficiary to make purchases that aren't in their best interest, at least the card has protections against theft. True Link carries Visa's Zero Liability Guarantee, which offers safeguards if the card is lost or stolen. And while there's always a risk that an unethical cardholder/beneficiary will figure out a way to get around the card's limits on cash — after all, any goods purchased for a beneficiary can be turned into cash if the beneficiary is desperate enough — you can't control everything.

It's possible that trustees and their clients will encounter SSI and Medicaid field personnel who are not yet aware of the latest government policy, so they should be ready to point out the relevant POMS citations. True Link has a trust services team that has intervened in the past when there have been questions from government agencies.

While the card is proving helpful to a growing number of individuals, offering a level of freedom while protecting them from lost benefits and financial abuse, each case is unique. In the next issue of The Voice, we'll examine the use of [ABLE accounts](#) or standard credit cards versus the True Link card. Families considering a True Link card should first confer with their SNT trustee and/or special needs attorney.

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