



## **Customizable Visa Card Offers Flexibility to Beneficiaries**

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### **Evaluating the Alternatives**

The last issue of [The Voice](#) introduced the [True Link card](#), a customizable Visa card that enables individuals with special needs to conveniently make purchases without affecting their needs-based government benefits. Families and trustees have long faced the dilemma of how to help individuals with disabilities buy what they need, when they need it. Gifts of cash, as well as standard credit, debit and gift cards can affect their Supplemental Security Income (SSI) and Medicaid benefits. But the use of True Link cards has been approved by the Social Security Administration.

Each individual's situation, however, is unique, and there are pros and cons to the various options open to individuals with special needs and their caregivers.

### **ABLE Account versus True Link Card**

The [ABLE account](#) is a relatively new savings tool that can enhance the financial freedom of individuals with special needs whose disability occurred *prior to their turning 26*. Many states have established ABLE programs, and most of them are open to residents from across the U.S. Depending on the program, disbursements can be transferred directly to a bank account, issued through paper checks or used to fund a debit card owned by the account holder.

Here are some considerations when weighing [the pros and cons of ABLE accounts](#) versus True Link cards:

- **Restricting and monitoring expenditures** – This is one of the True Link card's major advantages. It can be set to prevent purchases that would affect SSI or other needs-based government programs or that are simply inappropriate. There is real-time

reporting of transactions and a ScamWatch flags businesses with suspicious records. With an ABLE account, there is no way to restrict the use of funds.

- **Housing expenditures** – ABLE funds can be used to pay for housing-related expenses without affecting SSI benefits, while use of a True Link card for such purposes will reduce SSI payments if funded by an SNT or other third party.
- **Contribution limits** – Annual contributions to an ABLE account, from all sources, cannot exceed \$15,000 (as of 2020) (plus the beneficiary’s own earned income up to a limited amount, currently \$12,490 per year). Also, once the balance reaches \$100,000, SSI payments will be suspended until the total drops below that figure. There is no limit to the amount that can be downloaded to a True Link card.
- **Tax-free growth** – ABLE accounts are savings tools. Accounts can be invested in a variety of growth funds, and the earnings are not taxed. True Link, on the other hand, is a prepaid debit card — it’s just cash.
- **Medicaid payback** – Before being distributed to remainder beneficiaries, any balance in an ABLE account upon the primary beneficiary’s death must be used to reimburse Medicaid for services performed since the account was established. There is no payback involved with True Link. Any balance on the card can be reclaimed by the trustee or other third-party administrator on request.
- **Cost** — True Link cards currently have a \$10/month fee plus a modest start-up fee, although this can be charged to the associated account rather than the card. ABLE accounts have fees that vary and may depend on the owner’s state of residence.

### **Credit Cards versus True Link Cards**

Another option is having the beneficiary make purchases on his or her own credit card, with the trustee selectively reimbursing the card for appropriate purchases. Paying off legitimate debt directly is not considered income to the benefits recipient, so long as the underlying expenditures are appropriate. It’s nearly impossible to give the beneficiary a card in the name of the SNT without exposing the SNT’s assets to overuse, since even cards with credit limits may allow over-limit purchases subject to penalty.

Here are some considerations when weighing the pros and cons of credit cards and True Link cards:

- **Eligibility for credit** – Many beneficiaries won’t qualify for a credit card based on their earnings. The True Link card is a pre-paid, reloadable card.
- **Monitoring expenditures** – There is no way to ensure that a traditional credit card won’t be used for food, shelter, or cash disbursements; the cardholder may run up a

bill that the trust or third party can't pay without the payment being treated as food or shelter

- **Time constraints** – Obtaining the documentation needed to make timely determinations of what to reimburse can be difficult.
- **Credit limits** – One way in which to control spending might be to use a *secured* card, which limits charges to a prepaid cash deposit. But the credit line can grow, with the potential to cause problems.

The True Link card offers a level of freedom to those with special needs, while protecting them from lost benefits and financial abuse. While it is proving helpful to a growing number of individuals, however, families considering True Link should first confer with their SNT trustee and/or special needs attorney.

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