



## **How to plan for retirement when you have a child with special needs**

***This post focuses on the importance of proactive retirement planning for those with a special needs dependent.***

*Planning for retirement can be one of the most rewarding life changes parents go through. Thinking about leisure time, vacations, and a more relaxed pace of life brings feelings of excitement and anticipation.*

*For parents with a special needs child, this process is markedly different. The added stress and anxiety about being able to retire in comfort, while at the same time making ongoing accommodations for their child can cast uncertainty about when and how retirement will happen. The reality is that careful planning needs to take place early, and involve conversations with a myriad of professionals including a special needs attorney, financial planner, tax advisor, and even a case manager or a life care planning professional.*

### **Starting early**

*“Planning for retirement is hopefully a continuation of a financial planning process. Parents of special needs children deserve a retirement not only for their hard work at their career over the years, but also for the added stress that has been part of their lives due to parenting a special needs child,” says Jeff Yussman, Esq. of [Yussman Special Needs Law and Wyatt Estate Planning](#), located in Kentucky.*

*Some of the factors that might impact retirement planning include discussions about the status of benefits, including state and federal support that can be unpredictable. Making decisions based on the current offerings can be problematic since state benefits change frequently and federal benefits may also change.*

*“Particularly on the state side, if parents are looking at different types of Medicaid waivers that might pay for housing or other care for their child, those benefits might not be as robust as they are now, and they’ll need to have enough money to be able to supplement where the government may fall short.”*

### **Communication is key**

*While some parents’ tendency might be to sacrifice their own retirement savings for their children, it’s critical to strike a balance so that parents don’t end up punishing themselves to make sure their children, special needs or otherwise, have a robust life.*

*“Being intentional and getting both parents on the same page for their own goals for retirement and for their child is so important,” says Jeff. “Often parents are not on the same page and involving both the financial planner and special needs attorney to work with the couple will get them closer to a solution. Balancing between what the parents want for themselves and worked to achieve and what their child is going to need can require numerous conversations and additional planning.”*

*While part of the process involves reviewing their assets, their net worth and liabilities, it should also include an honest discussion about what parents want to have in retirement and whether their lifestyle will be able to support their special needs child, in addition to any other children. And while no one wants to be faced with the reality that they might need to continue working for a few more years, it becomes even more important to start these conversations early.*

*“If parents are concerned that their finances will be insufficient to support their goals, they might want to explore whether a second-to-die life insurance would be a good addition to their financial portfolio.”*

### **Being realistic**

*As [Emily Kile, Esq. of Kile Law Firm](#) located in Arizona notes, thoughtful and deliberate planning well in advance of impending retirement can be beneficial not only for parents, but for the caregivers and additional family members that might be impacted by a major life change.*

*“I think that parents of a special needs loved one need to think earlier about their retirement. They need to think, not only about the financial consequences of retirement, but also the planning about who will be advocating for their special needs loved one when they are no longer able to do so. For example, moving the special needs loved one out of their home to the group home or other future housing option while the parents are still living is a great idea because then the plan will be in place before the parents are no longer available to advocate for their dependent,” she said. “Actions they take to make these transitions earlier and not during a crisis, should also help parents understand what are realistic expenses that need to be privately funded and it also probably provides excellent input into which other family members or friends are going to step up and be available to help.”*

*Some additional factors include reviewing titling of accounts, beneficiary designations and making sure the estate plan meets the goals for the special needs child and the Agents and Trustees. A trustee named in the parents’ plan might not make sense for the special needs beneficiary. Making realistic decisions with the help of certified public accountants,*

*financial advisors and estate planning attorneys about the tax consequences of those plans will aid in the retirement planning process.*

*An added consideration could be that a well-intentioned sibling or family member might indicate their willingness to have the individual with special needs live with them, but the reality is that their life plans might change with marriages, divorces, having their own children, etc.... and this could potentially jeopardize the stability of the special needs beneficiary.*

### **Future needs**

*While planning for retirement does not always necessitate end-of-life conversations, an added consideration for parents with special needs children is that their regular estate planning meetings should include careful consideration as to the longevity of their financial planning, and maintaining a realistic outlook about what the future might mean for the special needs beneficiary who might outlive both parents. Additionally, the loss of private health insurance might create gaps in their support structure that need to be addressed.*

*“We often see older parents who kept their child at home and believed they were the only person who could take care of them, but when the parents pass away, that child is dealing with the loss of parents, loss of housing, loss of a known routine and sometimes there isn’t a family member who is willing to pick up those pieces. It is a huge responsibility.” said Emily. “Another issue is that parents do not always consider if the public or private benefits, including private health insurance coverage, will change at the death of the parent.”*

*The reality is that while parents must often deal with additional factors when considering retirement planning with a special needs child, they should be encouraged to start early, have honest conversations, and involve the right professionals to assist them during their planning process.*

*“Parents who have a special needs beneficiary need to think about this from day one because we don’t know when we might become disabled ourselves or die and if we didn’t learn that lesson before the Coronavirus hit then we’ve certainly learned it now. All of us put off difficult decisions thinking we’ll get there later on and I don’t think you have that luxury when you have that special needs loved one.”*

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