



When Should a Special Needs Trust Be Updated?

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Special needs trusts (SNTs) are financial instruments designed to enhance quality of life for individuals with disabilities by supplementing the government benefits available to them. Assets held in SNTs aren't counted when determining an individual's eligibility for means-tested public programs such as Medicaid and Supplemental Security Income (SSI). Since personal circumstances change, it sometimes makes sense to update an SNT. But how can you tell when it's time to modify one?

First party SNTs, which are funded with the beneficiary's own resources, are *irrevocable*, meaning that they can't be revised. But *third party* SNTs, which hold funds that originated with someone *other than the beneficiary*, can be structured to be *revocable*, so they can be altered. While it's a good idea to review an SNT on your own each year, you generally won't need to amend it unless you or the beneficiary have experienced major changes in your personal circumstances.

- **Beneficiary's situation** – Has your family member's health changed? Do they have new living arrangements, perhaps having moved to another state? Have their public benefits significantly changed? Any of these circumstances could trigger the need to amend the SNT. They may now have additional needs for support, while government benefits and SNT regulations may differ in a new state.
- **ABLE accounts** – [These accounts may be a good complement to the SNT.](#) Funds held in them, as with SNTs, aren't counted when establishing eligibility for means-based government benefits. In addition, they can be managed by the beneficiary, but there are strict requirements for their use. You may want to set up a plan to periodically distribute SNT funds to an ABLE account.
- **Financial circumstances** – Stock market volatility, unanticipated expenses, a new job and more can bring change to your personal finances. You may want to reassess which assets should be held by the trust. At the same time, you might want to revise trust language, or [an accompanying letter of intent](#), concerning priorities for the trustee to consider when making distributions on behalf of the beneficiary.
- **Family changes** – Births, deaths and marriages since the SNT was created may be reasons to change your allocation of assets to the trust.

- **Trustees and/or [advisory committee](#) members** – Individuals who were once appropriate advocates for your child with special needs may no longer be a good fit for that responsibility.

A third party SNT shouldn't be considered a static document. It's a blueprint for the beneficiary's financial security. Keeping it current is important for its long-term effectiveness.

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