

**Information
of interest to
people with
disabilities
and other
special needs
and their
families.**

Family Holiday Parties: A Time for Sharing Fun, Sharing Facts

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For families who face special needs challenges on a regular basis, this holiday time can be a welcomed break from routine. It might also be an excellent opportunity for face-to-face, heart-to-heart chats that help your friends and family:

- understand the issues you face,
- learn how they can help,
- feel your appreciation for the help and gifts they've given, and
- know how gifts they may give to a person with special needs may inadvertently become problematic.

Broaching the subject can be difficult, as Deanna Olsen, CFP, CLU, ChFC, CLTC, explains. Olsen has earned the Chartered Special Needs Consultant (ChSNC)¹ designation and is a Special Care Planner in Clarkston, MI, associated with Detroit Financial Group² in Farmington Hills, a general agency of Massachusetts Mutual Life Insurance Company (MassMutual).

"You want them to understand your circumstances, without feeling that you're complaining or spoiling the party atmosphere," Olsen says, "and you want them to know you appreciate what they do for you, without implying you expect their help or their gifts."

"It's a fine line," says Timothy Martin, CFP, ChSNC, who is also a Special Care Planner with Detroit Financial Group, "but it's important that you share certain information with those closest to you. We urge our clients to call a family meeting after they've put together a financial strategy or life care plan³. It's the best way to share what you've done. However, if an opportunity avails itself at a family gathering, take advantage of it."

Letting family know what gifts are acceptable

If your spouse or child with special needs is receiving government benefits, or may need to apply for them at some point in the future, having assets greater than \$2,000 can make him or her ineligible for benefits. Here are some ways to protect that eligibility.

Martin suggests looking for openings in conversations where you can talk about receiving financial gifts. "Money, savings bonds, the start of a college savings plan, being named in a will or as a beneficiary to a life insurance policy or other investment account –to name a few can have consequences, so if a related topic comes up for discussion, let them know how your family might be affected."

"Another way to protect eligibility is if family members or friends call before the holidays to ask what they might give as gifts," says Olsen. "Tell them what's on your family's wish lists, but also mention how gifts of money, if they choose that option, may be given." (See next section for more information.)

"This is also a good time to let family know that gifts of time are also welcome," adds Martin. Suggest they spend time out with your family member with special needs – a movie date, ball game, or a trip to a museum, perhaps – to give you a break. Or ask if they might help with care or transportation on a particular day.

If your family member with special needs has a special needs trust (SNT), tell family members how to direct gifts to the trust. "If the trust is a first-party trust," explains Olsen, "which is a trust established by the person with money of his or her own, such as a settlement from a lawsuit or insurance claim, additional deposits are usually not made. However, most third-party trusts, those established by someone other than the trust beneficiary, are structured so funds, including gifts from others, can be directed to the trust at any time."

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“For third party trusts, it can be as simple as making a check payable to the name of the trustee of the trust, including the date of the trust’s establishment,” says Martin.

Returning/exchanging gifts

What if you receive a gift you know will cause some problems? How do you tell someone their gift is trouble?

“We like to give gifts to make people happy, don’t we?” asks Olsen. “So first, let them know how much you appreciate what they’ve done. Next, explain how their gift, in its current state, will affect your family’s

strategy or your spouse or child’s eligibility for benefits and offer suggestions for how it can be remedied.”

A check made payable to the person with special needs (a grandparent giving to a grandchild, for example) – Ask the gift giver to make the check payable to the trustee of the SNT, if one has been established.

A friend or relative (not a parent/guardian) opens a savings account for a child’s college education – Bank or investment accounts opened for the benefit of another person (in that person’s name) may require the person’s social security number or signature, so

this type of gift is not usually a surprise. It could be, though, if the person’s social security number is known or the person is involved in the transaction without fully understanding what’s taking place. The solution: consider closing the account and directing the money (if total assets are under \$2,000) into the person’s third party SNT. Additionally, the gift giver might open another account, which would be in his or her own name, protecting the eligibility of the person with special needs for government benefits.

A loved one has established a trust fund (not a special needs trust) for the person with special needs – “Meet with your loved one and the financial professional and the attorney who helped establish the trust,” Martin recommends, “so you can discuss recommendations of the financial professional and the recommendations of the attorney along with your own strategy and how the new trust affects it.” Together, a solution could be found. For instance, distributions from the trust might be directed to the person’s SNT or the trust might be rewritten to include special needs provisions.

Grandparents give an annual gift of money to all grandchildren – For some individuals, giving annual gifts of money is a way to share their wealth with loved ones now, rather than as an inheritance later. It’s also a way to avoid certain tax implications. Currently an individual may give gifts of up to \$13,000 (in 2012, subject to annual adjustments) to each recipient without paying a gift tax, and recipients don’t have to pay income tax. Again, the solution is to have the gift directed into the SNT.

A savings bond is received – A single savings bond in a small denomination may not be detrimental to a person’s eligibility for government benefits. However, many bonds received over the years that have accrued interest may bring a person’s total assets to \$2,000 or more. If the person with special needs has been receiving bonds, check to see if the bonds are in his or her name. If so, plan to cash them in before assets exceed \$2,000 or transfer ownership of the bonds to the SNT.

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Showing appreciation

Any time is a good time to say thanks to those who have helped you and your family, but the holiday season gives you further opportunity to do so. Flowers, a special dessert or plate of holiday cookies, or a hug held a little tighter, a little longer. Sometimes little things mean a lot.

"The handwritten note goes a long way in today's technological world," suggests Olsen. "It stands out more. It's a pleasant surprise." Fancy stationery is not necessary. The fact that you took the time, jotted your sentiments on a sheet of paper, and mailed it the old-fashioned way will make the impression that you care.

Don't forget to recognize children in the family who have made sacrifices and helped out throughout the year. They often take on somewhat of a parental role in caring for a sibling or give up things they want for themselves. Do something special to let them know you noticed, even if you tell them all year long.

Finally, if you're the primary caregiver, do something special for yourself. You deserve it.

Happy holidays!

1 Chartered Special Needs Consultant (ChSNC[®]) – a professional designation awarded to those individuals who've completed 120 hours of academic classes in addition to holding either Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC) or Certified Financial Planner (CFP) designations and previously completing the Special Care Planner certification program. The ChSNC designation was developed by The American College in Bryn Mawr, Pennsylvania. The certification program and the professional designation evolved from MassMutual's SpecialCare(SM) Program.

2. A Life Care Plan is a coordinated program of future care planning, financial and legal strategies for people with disabilities and their families. A Life Care Plan continually changes throughout an individual's lifetime and is provided by a team that may include your legal and tax advisors as well as insurance and investment professionals.

3 www.detroitfinancialgroup.com

* The Special Care Planner received advanced training and information in estate and tax planning concepts, special needs trusts, government programs, and the emotional dynamics of working with people with disabilities and other special needs and their families. The certificate program was offered by The American College in Bryn Mawr, PA, exclusively for MassMutual financial professionals. State insurance departments recognize that the Special Care Planner certificate program provides essential information on the profession of special care by granting continuing education (CE) credits (varies by state).

A Special Care Planner through MassMutual's SpecialCareSM program can assist parents in drafting Letters of Intent and can help make a difference in the quality of life for an individual with special needs, their caregiver and other family members. Through SpecialCare you will learn valuable financial strategies, identify financial strategy solutions, access vital information, and meet certified specialists who will work with you and your professional advisors – your banker, accountant or financial planner, lawyer, social workers and health care providers – to review your financial picture and offer options to fit the needs of each situation. For more details, visit MassMutual's website at <http://www.MassMutual.com/specialcare>, or call 1-(800)-272-2216.

About MassMutual

Built on more than a century-and-a-half of financial strength and customer service, Massachusetts Mutual Life Insurance Company (MassMutual) is a leading mutual life insurance company headquartered in Springfield, MA. We operate for the benefit of our members and participating policyholders¹ and offer a range of quality financial products and solutions, including life insurance, disability income insurance, long-term care insurance, annuities and retirement/401(k) plan services. Our family of companies in the MassMutual Financial Group includes: Babson Capital Management LLC and its subsidiary Cornerstone Real Estate Advisers LLC, Baring Asset Management Limited, First Mercantile Trust Company, MassMutual International LLC, MML Investors Services, LLC, The MassMutual Trust Company, fsb and OppenheimerFunds, Inc.