

Policy Statement for Paying Trust Funds on Behalf of Beneficiaries of the Life's WORC Pooled Trusts

Welcome to the Life's WORC Pooled Trust (hereinafter the "Trust" or "Trusts"). This policy statement will serve as guidance for beneficiaries and potential beneficiaries of the Trusts regarding payment procedures for the Trusts. You should use this statement as guidance only and not as a definitive statement of what distributions will be made from the Trust. Although every effort will be made to accommodate the reasonable payment requests of beneficiaries, all Trust payments must be pre-approved by the Trustees of the Trust in their **sole and absolute discretion**.

SSI BENEFICIARIES

The rules for individuals receiving Social Security Income (SSI) are very strict. Failure to adhere to these rules could result in the individual suffering a diminishment or even the loss of SSI benefits.

The Trust will not pay cash directly to the individual. However, it may pay third parties for goods or services received by the beneficiary except in the following circumstances:

1. The trust cannot purchase an asset that is not excluded for SSI purposes. For example, if the Trust buys a car for the beneficiary and the beneficiary's spouse already has a car which is excluded for SSI, the second car is income in the month of receipt since it would not be an excluded resource in the following month. Another example of an asset that is not excluded for SSI purposes would be where Trust moneys are used to open up an IRA or mutual fund account.

2. Generally, the Trust will not pay a third party for food or shelter provided to the beneficiary.

3. Under no circumstances will disbursements be made for gift cards and gift certificates. However, the Trust may make disbursements for credit card bills except for unauthorized expenditures such as food or shelter items.

4. All disbursements must be made for the sole benefit of the individual beneficiary. If the distribution would benefit the beneficiary but also another person, a *pro rata* distribution must be made. For example, William is confined to a wheelchair and a van is required to transport him. However, the van will also be used by William's father to drive to work. The Trustees must determine what percentage of the van is for the sole benefit of William and what percentage is for the benefit of his father. Only the percentage that is for the benefit of William will be dispersed from the Trust.

Some examples of permissible Trust distributions are:

- Home purchase, with rent paid by occupants

- Home improvements, repairs, and maintenance by outside source
- Tools to perform home improvements, repairs, and maintenance by homeowner
- Installation of burglar alarm or monitoring/response system in home
- School tuition, books, and supplies
- Health and life insurance premiums
- Entertainment, including books and magazines; trips to movies, plays, museums, and sporting events; audio/video equipment; hobby supplies, etc.
- Purchase and maintenance of car or bus passes
- Household goods and other items of personal property of reasonable value
- Clothing
- Telephone expenses
- Dental care, physical therapy, massages, support services and other medical costs not covered by any benefit programs
- Home care services not covered by another program
- Durable medical equipment, such as wheelchairs
- Cable
- Internet bills
- Condo fees
- Closing costs
- Purchase or replacement of furniture and equipment
- Insurance not required by a mortgage holder
- Educational expenses
- Therapy
- Medical services not covered by Medicaid
- Phone bills
- Recreation

- Computers
- Vacations (except for food and shelter)
- Accounting services
- Transportation costs
- Funeral (before death of beneficiary of first party trust)
- Haircuts/beauty salon
- Legal fees
- Musical instruments
- Non-food grocery items (laundry soap, bleach, fabric softener, deodorant, dish soap, hand and body soap, personal hygiene products, paper towels, napkins, tissues, toilet paper, any household cleaning products)
- Pet and pet supplies
- Snow removal
- Gifts of limited amounts to family members may be considered (Contact Life's WORC for more information)

Examples of expenditures that would not be permitted for SSI recipients however are permitted for those who receive SSA and /or SSD only:

- Mortgage payments
- Property insurance & Real property taxes
- Rent
- Gas
- Electricity
- Heating fuel
- Water
- Sewer
- Garbage collection services
- Credit card bills (in beneficiaries name only)

- Restaurant bill & groceries
- If beneficiary is a minor (21 years or less), expenditures that fall within the parent's obligation of support

MEDICAID BENEFICIARIES – (SSA & SSD) * APPLIES TO SURPLUS INCOME BENEFICIARIES

The rules for distributions for Medicaid beneficiaries must also be followed so that the individual's Medicaid will not be jeopardized. Generally, the Trust may pay for everything for Medicaid beneficiaries that it could pay for SSI beneficiaries.

There are additional expenditures that can be made for Medicaid beneficiaries that cannot be paid for SSI beneficiaries. Expenditures may be made for food and shelter for Medicaid beneficiaries. For example, the Trust may pay for a restaurant bill or for a mortgage or rent payment without interfering with the Medicaid beneficiary's receipt of Medicaid services.

The Trust will not distribute cash or cash equivalents to Medicaid beneficiaries. However, it will pay third party vendors unless the vendor is supplying a service for which Medicaid or another government program will pay. All disbursements must be for the sole benefit of the Trust beneficiary.

FIRST PARTY (A/K/A SELF SETTLED) TRUSTS

With respect to first party trusts, the Trust cannot make distributions for expenses incurred after the beneficiary's death.

In the case of a first party trust, the trust must notify the social services district in advance of any transactions tending to substantially deplete the principal of the trust, in the case of a trust valued at more than \$100,000; for purposes of this clause, the trustee must notify the district of disbursements from the trust in excess of the following percentage of the trust principal and accumulated income: five percent for trusts over \$ 100,000 up to \$ 500,000; 10 percent for trust valued over \$ 500,000 up to \$1,000,000; and 15 percent for trusts over \$ 1,000,000.

GENERAL POLICIES FOR ALL BENEFICIARIES

The Trust will **not** pay for

- bail, restitution, and related legal fees
- fire arms

The Trust will only make payment to third party vendors who have legitimate registered businesses.