



SURPLUS INCOME TRUST

(A Trust for Persons with Disabilities)

(To Hold Excess Income Only)

Information & Procedures

1501 Franklin Avenue
Mineola, NY 11501

516-34-TRUST (348-7878)

Fax: (516) 519-5218 or 802-8459

Email: trustservices@lifesworc.org

Website: www.lifesworctrust.org

This document is distributed with the understanding that Life's WORC is not rendering legal, accounting, tax or other professional advice or opinions on specific facts or matters, and, accordingly, assumes no liability whatsoever in connection with its use. Persons with disabilities and their families are strongly encouraged to consult with an attorney who has the knowledge and expertise in the estate planning process as it pertains to the special needs of persons with disabilities.

Life's WORC Surplus Income Trust Information and Procedures

The Trusts:

Individuals receiving Medicaid home care services must use their excess income to contribute towards the home care services they receive. This often leaves them without enough funds to pay their living expenses. However, by using The Life's WORC Surplus Income Trust, these individuals may deposit their excess income into trust and their living expenses will be paid by the Trust. The Life's WORC Surplus Income Trust is established pursuant to federal and state law that permit a disabled person to shelter their own income in order to remain eligible for governmental benefits that are subject to means tests. Disbursements are made at the sole discretion of the Trustees and must be for the sole benefit of the disabled beneficiary. The trust is administered by Life's WORC.

Eligibility:

Individuals who are disabled as defined in Social Security Law Section 1614(a)(3)[42USC 1382c(a)(3)] are eligible to establish a Life's WORC Surplus Income sub-trust account. There are no funding restrictions with respect to an individual's disability, ethnicity, religious beliefs, or geographic location.

Suitability:

The beneficiary and his/her representatives are solely responsible for determining whether this trust meets the beneficiary's needs. Fees are charged each month. The trustees do not know the individual circumstances of any individual and cannot determine if the trust represents the optimal solution for a particular person. Prospective beneficiaries should consult with their attorneys, case managers, or other advisors before depositing funds in the trust.

Establishing An Account:

A completed Joinder Agreement (signed and notarized), together with any other required information, and guaranteed funds (cashier's check, money order, personal or certified check drawn on beneficiary's bank account) made payable to *Life's WORC Surplus Income Trust, fbo Beneficiary's name*, must be sent to: **Life's WORC Trusts Services, Mineola, NY 11501**

Please allow a minimum of **21** days for the account to be accepted. Life's WORC will contact the beneficiary and/or their representative regarding any questions or problems with the submitted information/funds, or if the incorrect Joinder Agreement has been submitted.

Once established, a trust binder containing an acceptance letter, copy of the signed Joinder Agreement, as well as, other information regarding administration of the sub-trust account will be mailed to the beneficiary or the contact person listed in the Joinder Agreement.

Life's WORC will submit trust documents to Medicaid and/or other government agencies for approval as needed.

Life's WORC Surplus Income Trust Information and Procedures

Acceptable Joinder Agreement Signatures:

The Joinder Agreement may only be signed by one of the following: the Disabled Beneficiary (must have the ability to sign), a parent, grandparent, or Guardian. An agent of a Power of Attorney may also sign, provided the appropriate language is contained in the document (see below).

The following must be submitted if not being signed by the account beneficiary:

Signed by the Guardian - Proof of Guardianship is required and must be submitted with the Joinder Agreement.

Signed by an agent of a Power of Attorney – The Power of Attorney must specifically include the powers to establish and fund a trust. A copy of the Power of Attorney must be submitted with the Joinder Agreement.

Account established by court order - Contact the Life's WORC office for instructions regarding the completion of the Joinder Agreement.

Minimum to Establish Account:

The minimum deposit to open or establish a Surplus Trust account is \$300. However, an account can be funded with the full monthly surplus amount. The initial funds to establish the account must be (cashier's check, money order, personal or certified check drawn on beneficiary's bank account). If the monthly spend down amount is \$300 or less, a subsequent deposit of the full monthly surplus amount must be submitted within 30 days of acceptance in order to meet the minimum balance requirement before payments can be made.

Fees:

A one-time enrollment fee in the amount of \$250 will be charged to establish a Surplus Income Trust account. This fee will be deducted from the initial deposit. In addition, the first month's administrative fee (see schedule) will be charged in the month the account is established.

Trust expenses and fees are deducted before requested disbursements; therefore, please remember to consider this when submitting disbursement requests.

Minimum Balance Requirement:

A minimum balance of \$300 is required to remain in the account at all times. In addition, the amount available for use each month will be the total balance minus the minimum balance and the associated monthly administration fees.

Deposits:

Life's WORC Surplus Income Trust Information and Procedures

After the trust has been established submit your monthly deposits to Life's WORC Trust Services. All checks should be made payable to **Life's WORC Surplus Income Trust, FBO (beneficiary's name)**.

Monthly deposits should be the total amount of your Medicaid spend down or surplus income. They should be received by Life's WORC Trust Services no later than 5-7 business days after your monthly benefits have been paid to you.

Disbursements

Requests for Disbursement:

All requests for disbursement must be submitted in writing and include appropriate documentation (receipt, invoice, etc.). The request must be signed by the disabled beneficiary or other individual authorized by the beneficiary to contact Life's WORC. The authorization is initially given in the Joinder Agreement, subsequently the authorized persons may be changed only by written request of the person who signed the Joinder Agreement.

The request and supporting documentation should be submitted to Life's WORC Trust Services and will be reviewed by an authorized representative. Approved requests are processed approximately 14 days after the approval date. Please plan accordingly; Life's WORC Trust Services is not responsible for late charges incurred.

All requests must be for the sole benefit of the account beneficiary and have been incurred within 90 days of the date of submission.

Required Documentation:

Requests to pay rent or a mortgage require a current signed lease, rental agreement or mortgage document indicating the beneficiary as tenant. The disbursement will be made payable to the landlord or mortgage company only.

Requests to pay credit card invoices will be limited to current charges only. The complete detailed statement must be submitted. Items ineligible for disbursement will not be paid (see "Disbursement Limitations" below). Lack of appropriate documentation or available funds will result in delayed processing time of disbursement requests.

Automatic Payment for Disbursements:

Automatic payment for disbursements may be requested after 3 consecutive months of deposits. An *automatic payment application* must be completed and approved. For your convenience the application is included in your trust binder or one can be obtained from our Trust Services department by calling (516) 34 TRUST or (516) 348-787

The minimum balance requirements must be met at all times. Monthly deposits should be received at least **3** business days prior to release of the automatic payment.

Life's WORC Surplus Income Trust

Information and Procedures

Disbursement Limitations:

Every request for disbursement is individually reviewed. Approval is at the discretion of the Trust Administrator. The primary consideration in all request reviews is to protect the Beneficiary's government benefits. Requests that may adversely affect government benefits, or are not for the sole benefit of the account beneficiary may be denied.

In addition, prohibited distributions include, but may not be limited to, the following:

- disbursements payable to the beneficiary
- bail and/or restitution
- fire arms
- Medicaid eligible expenses incurred after the trust was established
- donations
- bills for payment of monthly "surplus income"
- medical expenses eligible to reduce monthly surplus income
- cash advances taken on credit cards

Disbursements will not be issued directly to the Disabled Beneficiary but will be made only to third party service providers and vendors that are *legitimate registered businesses*.

Calculating Available Balance:

A pooled supplemental needs trust is very complicated in nature, therefore accurate account information and statements are only available to the trustees after month-end processing by the bank. We recommend that you keep a record of your deposits and submitted disbursement requests. Please do not submit disbursement requests in excess of your monthly deposit less fees.

The formula below will assist you when calculating the amount available for use between statements:

Account balance from last account statement
+ Deposits made since last statement
- Disbursements submitted since last statement
- Monthly Administrative fee=Total current balance
- One month deposit (minimum balance requirement)
=Balance available for disbursements

Reporting of Accounts to Beneficiaries:

Account statements are prepared monthly and mailed to the individual designated in the Joinder Agreement approximately three weeks after the end of each month. Statements include a summary of the month's activity. Detailed accountings required for benefit

Life's WORC Surplus Income Trust Information and Procedures

recertification and by court order are prepared upon specific request and may require a nominal fee.

Reporting to Government Agencies:

It is the responsibility of the disabled beneficiary, or their representative, to report Trust activity to applicable government agencies. Life's WORC Trust Services will provide, upon request, additional information to the beneficiary, or directly to the government agency, to assist in their reporting requirements if necessary.

Income Tax Reporting:

Life's WORC Trust Services files Federal form 1041 and New York State IT-205 for tax purposes. Each beneficiary with earned taxable interest reportable on their personal income tax return will be issued a grantor letter or form K-1.

Required Assistance with Trust Transactions:

Should the disabled beneficiary require assistance in communicating with Life's WORC and/or government agencies, the beneficiary or his/her parent or Guardian must arrange for appropriate service coordination. Persons authorized to discuss trust matters and/or submit requests on behalf of the beneficiary are designated in the Joinder Agreement. Only written changes to authorized intermediaries will be accepted.

Life's WORC may require an intermediary if, in the sole opinion of the Life's WORC administrator, the beneficiary or named contact is unable to appropriately handle or lacks the capacity to understand trust matters or submit a proper request.

Beneficiary Entering a Nursing Home:

If the beneficiary enters a nursing home, Life's WORC should be notified immediately. A written statement certifying that the beneficiary is or has entered a nursing home is to be submitted to Life's WORC.

Upon receipt of the written statement, the minimum balance requirement will be lifted. The full balance, less unpaid fees & expenses, will be made available for use. There will be no change to the procedures regarding disbursements. The minimum monthly administrative fee will be charged until the account is fully expended.

Beneficiary No Longer Has a Spend-Down/Surplus Income:

If the beneficiary no longer has a spend-down/surplus income, Life's WORC should be notified immediately. A written statement certifying that the beneficiary no longer has a spend-down/surplus income must be submitted to Life's WORC. A copy of the Medicaid determination indicating there is no spend-down/surplus income may be required.

Upon receipt of the written statement and/or Medicaid determination letter, the minimum balance requirement will be lifted. The full balance, less unpaid fees & expenses, will be made

Life's WORC Surplus Income Trust Information and Procedures

available for use. There will be no change to the procedures regarding disbursements. The minimum monthly administrative fee will be charged until the account is fully expended.

Termination of Sub-Trust Account Upon Beneficiary Death:

Consistent with Federal statute, the sub-trust account terminates upon the death of the beneficiary and all funds remaining in the separate trust sub-account shall remain with the Trust to further its purposes.

The party authorized to speak with us on behalf of the beneficiary must notify Life's WORC immediately upon the beneficiary's death and will be required to provide a certified death certificate.

Upon receipt of the death certificate, final disbursements for expenses incurred prior to death may be considered if submitted within 90 days by an individual authorized to make disbursement requests.

Per Federal Statute, no disbursements may be made for expenses incurred after death. Any individual requesting and/or receiving disbursements for expenses incurred after the death of the beneficiary will be required to repay the amount disbursed.

Funeral Expenses:

Per Federal statute no disbursements, for expenses incurred after death, may be made from the sub-trust account. *Life's WORC encourages the purchase of a Medicaid eligible irrevocable prepaid burial contract during the beneficiary's lifetime.*

No disbursements for funeral arrangements will be made from the sub-trust account after the death of the beneficiary.

Contact Information:

Life's WORC Trust Services
Mineola, NY 11501

Phone: (516) 34 -TRUST or 348-7878 or (718) 539-4755

Fax: (516) 519-5218 or (516) 802-8459

Email: trustservices@lifesworc.org

Web: www.lifesworctrust.org