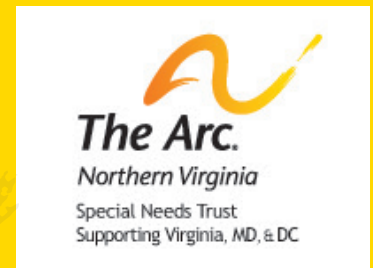


The Arc of Northern Virginia Special Needs Trust Program



Self-Funded Trusts

What is a first-party or Self-Funded trust?

A first-party trust (also sometimes referred to as a Self-Funded or self-settled trust) may be established at The Arc of Northern Virginia by the individual with a disability, her parents, grandparents or legal representative (her Guardian or Conservator, for example, if the relevant court order grants authority to establish a Special Needs Trust. Self-Funded trusts are funded with the individual's assets—usually an inheritance or the proceeds of a structured settlement, a lump sum payback, caregiver benefits, child support, or the individual's earnings, which she wishes to set aside for future needs.

What is the role of The Arc of Northern Virginia?

The Arc of Northern Virginia functions as Manager of the Personal Support Self-Funded and Personal Support Family-Funded Trusts.

We oversee day-to-day client relations working directly with the person with disabilities, their siblings, parents, case managers, attorneys, dentists, and other service providers to assist with the processing of complete and accurate disbursements as well as general trust administration.

How difficult is it to administer a SNT?

Very. The trustee must maintain a comprehensive, current understanding of government benefit regulations to ensure the trust's administrative practices and decision-making remain in sync with the latest requirements. The trustee of a SNT must ensure each disbursement request is well documented, unduplicated and in the sole interest of the individual with a disability.

Who is the trustee?

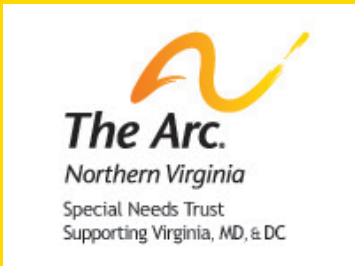
Key Private Bank serves as Trustee of the Personal Support Self-Funded and Personal Support Family-Funded Trusts. We collaborate with Key Private Bank's Private Wealth Management team. Key Private Bank has fiduciary responsibility and is responsible for asset management and asset allocation, account and tax reporting, and check processing for all disbursements approved by the Trust Manager.



What happens to the money in a Self-Funded SNT when the Beneficiary passes away?

The first-party SNT involves a mandatory Medicaid-payback clause which means any funds remaining in the trust after the Beneficiary's death must first reimburse Medicaid for any Medicaid-funded care for the individual during her life time.

In The Arc of Northern Virginia's Special Needs Trust program, there is one exception to the Medicaid payback requirement: Grantors may leave the remaining funds to The Arc of Northern Virginia's Special Needs Trust to help fund the needs of other individuals with disabilities in the future. The Grantor may then choose to payback Medicaid or designate family members and/or nonprofit organizations to receive funds remaining in the SNT after the Beneficiary passes.



Self-Funded Trusts

Self-Funded

- You receive SSI and Medicaid and have just learned you will be receiving an inheritance which will exceed the monthly income limit.
- Your disability makes budgeting challenging and you would like gifts you have received to fund your future needs.
- You work part-time and would like to save a portion of your earnings for your post retirement expenses.
- You will soon receive a pay-out from a structured settlement. You want to preserve your benefits and ensure the settlement funds are available for your future dental, vision & other medical care needs.

Since the inception of our program in 1999, our SF trust clients have increased steadily from just 4 in 2000 to 490 today (Figure 1). Annual growth in SF trust clients over the past five years has averaged 35%. Today, 64% of our current trust clients have established and funded SF trusts (Figure 2).

Figure 1: Distribution of Trusts by Type, Mar. 2016

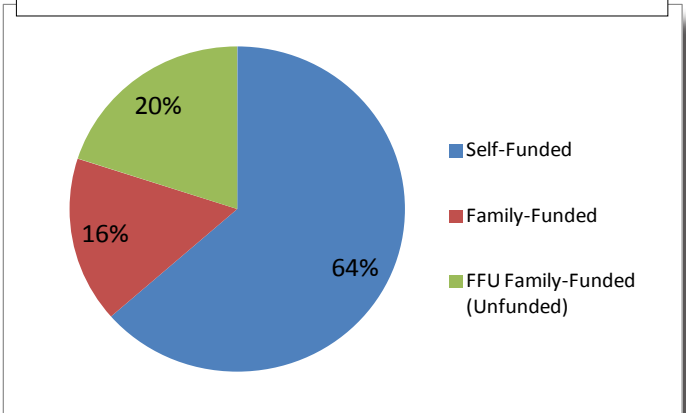


Figure 2: New Trusts Established by Year, 2000-2015
Self-Funded (SF), Family-Funded (FF) and Family-Funded Unfunded (FFU)

