

## **Keeping your income while under Medicaid: "Pooled Income Trusts"**

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Medicaid allows a single person living in the community to keep \$720 a month of gross income and a married couple \$920 a month. More income can be kept if it is used to pay for certain items i.e., medical expense, medical insurance, or of it is contributed to certain types of Trusts, one of which is the Pooled Income Trust.

In 1993 the Federal Government, in an effort to provide a more humane existence for individuals with disabilities, carved out exceptions for certain trusts which individuals could place their own assets and income into without losing, or being ineligible for, Medicaid, plus other government benefits. A Trust is nothing more than an agreement by two people, the person creating it, called the Creator, Grantor or Settlor and a person the creator trusts called a "Trustee". There are unlimited types of trusts. The trusts that the government made exceptions for is a form of a "Special or Supplemental Needs Trust".

A "Special or Supplemental Needs Trust" is a Trust in which the Trustee can use the property and income for a beneficiary to supplement government benefits. The original Supplemental Needs Trust was one created by a Parent for an adult disabled child. Today there are many variations of it, several of which fit into the 1993 exception. All of the exception trusts have two common features. First, they are for the benefit of the disabled individual; and Second, upon the death of the disabled any assets remaining in the trust must either reimburse Medicaid, or if trust is a pooled income trust pay the remainder to the charity.

The law created in 1993 permits a person under the age of 65 and disabled, to have their own trust created. However, if the person is over 65 and disabled they cannot, they must use a "Pooled Income Trust". It sounds intimidating but it is not. A "Pooled Income Trust" is simply a Supplemental Needs Trust that is managed by a Non- for-profit organization. These organizations, such as NYSARC or UJA, charge very minimal fees and are great to work with.

Where these Pooled Income Trust trusts have become most popular is in the community or Home Care setting. Our typical client over age 65, who needs home care, has income in excess the allowed \$720 a month and needs to keep it to pay bills. This trust is a lifesaver for this client. If this client took advantage of this trust in effect they would keep all of their income. Once it is all set up, it simply works like this:

- (1) Monthly they would contribute their income in excess of the \$720 and
- (2) then submit bills, incurred for the benefit of the disabled individual, which the Trustee then pays.

These exception trusts have taken us a long way in being able to keep individuals at home while protecting their independence and dignity.