

Long Island BusinessNEWS

Financial Planning for Special Needs Kids

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The parents of children with no learning or developmental disabilities usually try to save for their college educations, and maybe, if they have the money, their weddings and down payments on first homes.

When children have a learning or developmental disability such as autism, the saving situation is much different and the government plays a much bigger role, said Vic LaPoma, a financial planner at the Center for Wealth Preservation in Syosset. Parents of children who have autism and Down syndrome need to focus on stowing away money in third- and first-party trusts that do not count against the benefits granted to people with disabilities by the government, LaPoma explained.

LaPoma is one of a growing number of financial planners on the Island who focus their work on helping parents and grandparents of children set up those trusts. He is one of eight such planners at the Center for Wealth Preservation, said Greg Blum, the managing partner at the firm.

"It's something seen on Long Island a lot," said Michael Kresh, the president of the board of the Financial Planning Association of Long Island. "It's an issue that's definitely growing. Twenty years ago no one was talking about it."

Kresh could not determine the exact number of Long Island financial planners that deal with this issue. He noted, though, that the area is extremely specialized and cannot generate enough work to fill an entire practice.

Craig Marcott, who owns Special Needs Planning in East Patchogue, is an exception. His entire business has been exclusively dedicated to this field since 2004, when he became the guardian for his brother Scott, who has Down syndrome.

"All I do is help parents plan for the future of their special needs child," Marcott said, noting that most of his clients have a child with autism. "It had slowed down for a while, during those bad couple of years. Now, however, it is quite a bit more busy."

Marcott said it is hard to make a name in the special needs field without being dedicated to it exclusively. Financial planners with a general practice need to earn the trust of their clients; Marcott has to go above and beyond that and show his clients he understands what they're going through. "They have a lot on their plate," he said. "It's something that takes a period of time to develop."

Blum, however, has been making a name for his firm in the specialized field by holding seminars on the complicated issues parents and grandparents of special needs children face, and by aligning the Center for Wealth Preservation with nonprofits that help the developmentally and cognitively disabled, such as Camp Anchor in Lido Beach and Association for Children with Down Syndrome in Plainview.

The Center for Wealth Preservation has offered its cache of special needs services for the past 3 ½ years, Blum said, noting that in addition to setting up trusts, the firm helps parents write letters of intent and secure guardianship of their child when he or she turns 18.

Right now, planning for special needs makes up 25 percent of the firm's business, Blum said.

LaPoma, who has two typically developing children and adopted four children with special needs, is one of the special needs planners Blum has brought on to deal with the growing demand for this kind of financial planning.

He explained the intricacies of his specialty, saying that first- and third-party trusts need to be created for children with special needs, especially those who will not be able to take care of themselves, because the trusts do not count when the government is looking at what type of benefits, such as Social Security Income, they will receive.

"It can provide anything that doesn't supplant what the government pays for, like food, housing and medical care through Medicaid," LaPoma said of the trust, noting for example, the money in the trust could be used for a vacation.

Blum explained that if the money is not in the trust, the government will use it for benefits other people with disabilities are granted for free.

David Okrent, an attorney in Dix Hills who also focuses his business on helping the parents of children with special needs, noted that once a disabled person dies, all of the money in the first-party trust must repay Medicaid.

About 20 to 25 percent of Okrent's business is dedicated to financing for parents and grandparents of children with special needs.