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Special Needs Clients? Understand These Rules

By Kathy Kristof

Mike Walther's little brother, Sean, was just 2 years old when his doctor delivered a dire prognosis: Sean was permanently disabled, unlikely to ever walk or talk. Suggesting that it might be best for the family to put him in an institution, the doctor said there was no point in trying to send him to school.

As it turns out, Sean was later diagnosed with a type of autism called Asperger's syndrome. Now in his mid-40s, he walks, talks, plays golf and has a part-time job and a generally happy life.

Sean also changed his brother's life. Watching the economic challenges that their parents went through — as they navigated the complex social service system to manage Sean's care — persuaded Mike Walther that families with disabled children needed specialized help. He founded Oak Wealth Advisors in 2008 to provide that service.

Now, in addition to helping his own clients, he's developed a curriculum to teach other advisors about this tricky area of planning. "It surprises me how many planners claim to be comprehensive, but have no background in disabilities," Walther



Mike Walther
Oak Wealth Advisors Founder

says. "Roughly 10% of the population has an intellectual disability that makes it impossible for the person to manage their own financial or health affairs. If you think you have no special-needs clients, you probably are not asking the right questions."

GOVERNMENT BENEFITS

A critical difference between standard planning and special-needs planning has to do with tapping government benefits. With a traditional financial planning practice, clients typically expect to pay for all their needs with their own savings and investments. That's simply not possible when you have a special-needs child, Walther says. Not only

is the cost of health care, education, therapy and other needed support services prohibitively expensive — some services simply are not available outside of government programs.

"Government benefits are pivotal," Walther says. "Even if you have millions of dollars and can pay for all sorts of things, there are a number of programs that you simply don't have access to unless you qualify for Medicaid and Supplemental Security Income."

Moreover, the practical reality of dealing with a severely disabled child often leaves parents short on resources. In many instances, one or both parents end up sacrificing their own career goals in order to manage the child's myriad needs — shuttling the child to doctors' appointments and therapy, and managing schedules and special diets. "It can be really overwhelming," Walther says.

That's one of the reasons that Walther has his special-needs clients work through the planning in stages. The first step is to jot down an emergency plan that describes who the child is; what he or she needs; and who should be involved if something were to happen to the parents, he says.

Over the next several years, Walther has the parents add pages to the plan that describe the child's abilities, long-term goals and wishes. This becomes a comprehensive guide that travels with the disabled child, speaking for him or her in instances where the child is unable to be personally articulate.

PLANNING IN 3 STAGES

Walther then guides the family through the three stages of planning necessary to raise a severely disabled child: early education, occupational training and adult life, and retirement planning for both parents and child.

Each stage has its challenges and tricks, he notes. In the early years, for example, families should know that the Individuals with Disabilities Education Act guarantees an "appropriate public education" on the government's dime to every child. If your local public school doesn't have the facilities or resources to deal with your child's disability, it is compelled to pay for what the child needs — even if another institution provides it.

It is up to the parents, however, to notify the school district when a child needs more help than an ordinary classroom can provide. Once notified, a process is set in motion to identify the child's needs and the assistance necessary to deliver the promised education.

The challenge here is that schools are cost constrained, but can't legally deny services that a child needs because it's too expensive. So, in some cases, they'll contend that a child needs less than what the parents believe is necessary. If the parents are convinced that what the district is providing is far less than what their child deserves, Walther may suggest that the family hire an attorney who specializes in protecting a child's educational rights.

SPECIAL QUALIFICATIONS

Once children reach adulthood, they will "age out" of the educational system. At that point, it's extremely important to understand the qualifications for Medicaid and SSI, because these government programs will allow special-needs individuals to maintain eligibility for social and occupational therapy programs that are likely to be pivotal to their way of life, Walther notes.

To be eligible for these programs, disabled individuals must be virtually destitute, with no more than \$2,000 in liquid assets in their name. Well-meaning parents may want to give the child more, but even providing access to a credit card with more than a \$2,000 credit limit could jeopardize benefits, Walther cautions.

Parents, siblings and other relatives who want to provide extras — tickets to movies and baseball games, or perhaps greens fees for an avid golfer like Sean — need to use a special-needs trust to provide the resources. These trusts give a guardian the ability to pay for these extras without violating the rules of government programs.

Giving money to the disabled individuals directly, or leaving them as beneficiaries of bank accounts or wills, will disqualify the person for government benefits. "Trusts are really flexible vehicles in planning, but they're absolutely pivotal if you need government benefits," Walther says.

BUILDING A BUSINESS

Notably, when Walther started his practice, he was a bit concerned about being able to make money following his passion. He had been working for larger advisory groups for nearly a decade, making a substantial income,

when his wife asked what he'd want to do when he retired.

With little hesitation, he said he'd want to help special-needs families. "When she said, 'Why don't you do that now?' I pulled out my [partnership income statement] and said, 'Are you sure?' She really deserves the credit for getting me into this."

But in a matter of six years, Walther has built the firm's assets under management to \$100 million and has hired two part-time employees, who both feel as passionately about special-needs planning as he does.

"The funny thing is, if you ask any of us, we're going to feel like we're overpaid. What we do is really fun and rewarding," he says. "By the same token, with this practice, you never leave work. All of my clients have my home number," he adds, "because you never know when they are going to have an emergency — or feel like something is an emergency. I will take a few minutes away from my family at any time so that they can have a better weekend."

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