

Alternatives to Guardianship (Part 7): Banking services, ABLE Accounts, Trusts, and Specific Transactions

Hi. I have some valuable information about banking services, ABLE Accounts, Trusts, and Specific Transactions to discuss with you. Consider these and the other options discussed in this series if you are thinking about guardianship or creating an estate plan. Pursuing alternatives to guardianship is important because guardianship significantly interferes with a person's independence, and legal and human rights.

First, let's discuss banking services.

CHAPTER HEADING: BANKING SERVICES

Let's start with direct deposit and direct payment services. Putting either of these in place will make it easier to pay bills. You can work with your bank, employer, the Social Security Administration, and others so that your income is directly deposited into your account. You can also set up automatic bill payments for your mortgage, rent, utility, and other payments. Some banks also have money managers you can hire to pay bills on your behalf.

Another option is an ABLE account.

CHAPTER HEADING: ABLE ACCOUNT

An ABLE, or "Achieving a Better Life Experience" account, is a type of bank account. It allows people with certain disabilities to save and invest their own money to cover disability-related expenses.

This can be important if you, like many people with disabilities, rely on public benefits for income, health, and other support. Most of these programs, including Supplemental Security Income or SSI, Medicaid, and food stamps are income-based. In other words, to be eligible for the benefits, you cannot have cash or other assets valued over a certain amount, usually \$2,000. If you have too much income to qualify for benefits, you can move the excess income into an ABLE account.

There are limits to ABLE accounts.

CHAPTER HEADING: LIMITS TO ABLE ACCOUNTS

For example, to receive SSI, there are restrictions on how much money you can keep in your account. If you exceed this limit, your SSI benefits may be suspended. Also, money in an ABLE account can only be used to pay for disability-related expenses. These include services and items that support your independence, health, and quality of life. It can cover living, education and training, housing, assistive technology, legal, health, transportation costs, and more. ABLE accounts holders or authorized legal representatives are also expected to maintain receipts for all expenses.

Opening an ABLE account is not difficult.

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CHAPTER HEADING: OPENING AN ABLE ACCOUNT

Anyone with a qualifying disability that developed before the age of 26 can open one. If someone is unable to personally open an account, an authorized legal representative such as an agent under a power of attorney or a court-appointed guardian can open an account on their behalf. For more information about ABLE accounts, visit marylandable.org

Trusts are another option.

CHAPTER HEADING: TRUSTS

Trusts have a lot of moving parts, so let's start by defining some key terms. A trust is a legal document that transfers money or other property to someone called a "trustee." The trustee must manage those assets for the benefit of another person, called the "beneficiary." The person who sets up the trust, called the "grantor," can control how the assets are managed and what happens after the beneficiary dies.

You can set up a trust for yourself or on behalf of another person. Trusts can be general or serve a specific purpose. There are a number of options. Some, like Special Needs Trusts, are specifically for people with disabilities. Special Needs Trusts can help a person become eligible for Medicaid or medical assistance, SSI, food stamps, and other income-based government benefit programs.

Trusts are complicated. Best to talk to a lawyer about your options.

Before we finish, I'm going to talk about specific transactions.

CHAPTER HEADING: SPECIFIC TRANSACTIONS

This is only an option when a court has a legal basis to appoint a guardian of the property. Meaning, the court has determined that a person has an illness, disability, or other condition that makes them unable to handle their financial affairs. If that person's financial affairs are relatively simple, the court can give someone authority to take a one-time or limited action instead of appointing a guardian. For example, let's say the person's only asset is a house where they are no longer able to live. The court can order a specific transaction, authorizing the sale of the house so the proceeds can then be used to pay for the person's care. This may be faster, less expensive, and easier than appointing a guardian. For example - If the court appoints a guardian to handle this situation, the guardian will need to complete a training program and file reports with the court. They'll have to come back to court to terminate the guardianship after the house is sold and the proceeds of the sale of the house are spent down. Guardianship is a lot of work; Getting authority for a specific transaction may be a better choice.

Talk to a lawyer to see if this is the right option for you. 3

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We covered a lot here, but this is all important information. Banking services, ABLE Accounts, and trusts can help someone manage their finances.

These, and the other options discussed in this series are alternatives to guardianship. Learn about all the alternatives to guardianship before you ask the court to appoint a guardian for someone. Also keep these in mind as you think about your future. Guardianship is a complex and expensive process and the court may end up appointing someone you don't know or don't want to make decisions for you.

Thanks for watching.