



The Business Case for the Special Needs Market - Part 3

What are the Risks and Opportunities in Helping Families who have Members with Special Needs?

By Mary Anne Ehlert

The special needs market is a growing and increasingly relevant segment for financial professionals. The demand for professional services within special needs is significant and the value of these clients to a financial professional's book of business has tremendous potential. This is the third in a series on the impact of special needs to the financial services professional.

With the rise of developmental disabilities, more young families will see the need to prepare financially for the future; and with an increase in such cognitive disabilities, older families need to examine long-term care from a different perspective. As a financial professional, the responsibility is enormous as there are many nuances to adequately managing the needs of this wide spectrum of people. If you are unaware of the laws and policies that govern this "special" world, it can result in your client losing benefits essential to their daily living or an inheritance needed for a more secure future. Furthermore, missteps may leave a financial professional liable for the consequences. For example, even if your client can afford to get into an elderly care home, waiting lists for residential services range from 59,000 to 87,000 people¹ and this fact stresses the importance of having special needs conversations very early. Additionally, even with health insurance from a caregiver or a government program, one in four persons with a disability report they have had trouble finding a doctor who understands their disability² and can provide effective consultation. Lastly, many financial professionals are not aware that, in order to qualify for government benefits, individuals with special needs cannot have assets or an inheritance of more than a house, a car, a prepaid funeral and \$2,000 – but many advisors have allowed their clients to exceed these limits and damaged the family's financial picture.

Understand the Risks

Financial professionals must realize the risks in working with these families. Advisors must have at least a basic knowledge of the special needs landscape and terminology. Without it, an advisor could be held liable for the misguided recommendations they give.



Here is one type of misstep. A person with special needs should not have significant assets in their name; otherwise, they may not qualify for the important government benefits that provide both medical coverage as well as access to other valuable programs. For example, one client asked for assistance in planning for his sister. His parents had recently passed away and had left a \$700,000 inheritance to her. Unfortunately, by the time the error was noted and corrected, \$400,000 of these funds had to be paid back to the state as reimbursement for medical expenses paid by Medicaid. The parents had intended this money to be supplemental funds for the lifelong care of their daughter. When talking to the advisor, the brother learned that no discussion of special needs planning had ever been done. If a proper assessment had been made, the entire \$700,000 could have been used for supplemental expenses. There is no way to know if the parents had been advised properly or not, but we do know the end result. A situation like this could leave the professional open to a lawsuit due to misguided advice.

Recognize the Opportunity

In many cases, financial professionals do not know they are working with a family with special needs. Knowing how to research the client's needs and ask the right questions in order to get to the bottom of their concerns is always the best remedy. In one instance, a certified financial planner in New Hampshire had been managing a client's wealth portfolio for several years. He sensed his client was holding something back, but he could not put his finger on it. Meanwhile, some of his client's decisions were not making sense. When the planner took the time to learn more about people with special needs and the issues surrounding special needs planning, and after deciding to dedicate a portion of his practice to this area, he sent a note to his clients. This client called him upon receipt of the letter, saying, "I'm so glad you now understand; my son Bob has special needs and maybe you can help me." The client relationship reached a new level of communication and assistance with the newly acquired expertise.

In conclusion, more financial expertise is needed in the special needs community as more Americans are born or become disabled. These are not typical clients. These are situations that millions of Americans with disabilities face in their lifetime. They are in need of a well thought out plan designed to create a more secure and fulfilling future. However, the rules are complex and errors may result - families may be left with few resources despite their huge need.



Proven methodologies have helped financial professionals better prepare their clients, but it all starts with acquiring a knowledge base and a unique skill set designed to protect both the client and the advisor. Financial professionals can grow their business and deepen their client relationships by:

- Recognizing the risks and opportunities in special needs
- Learning to ask the right questions
- Becoming aware of the variety of special needs situations
- Connecting with the vast array of special needs resources

¹ Center on Residential Services and Community Living, 2003

² Kaiser Disability Survey, 2003

Mary Anne Ehlert is the founder and president of Protected Tomorrows, Inc., the leader in enhancing the lives of families with members who have special needs. By guiding families through its comprehensive, proprietary planning process, Protected Tomorrows helps ensure the well-being of a loved one by creating a Future Care Plan™. Through their work with clients and the family's advisors, and alongside of other advocates and legislators, Protected Tomorrows addresses many concerns of families with special needs such as: future care funding, government benefits, legal considerations, residential options, employment opportunities, recreational choices, education options and family communication. For questions, contact info@protectedtomorrows.com or visit www.protectedtomorrows.com.