

Understanding SSA Policy Updates

Managing a Special Needs Trust requires careful attention to rules that protect eligibility for important benefits such as Supplemental Security Income (SSI) and Medicaid. The Social Security Administration provides guidance through the Program Operations Manual System, often referred to as POMS. Updates to this guidance help clarify how certain trust distributions are evaluated. Recent updates provide helpful clarification on how funds from a Special Needs Trust can be used while maintaining compliance with SSI regulations. For families, trustees, and professionals who support individuals with disabilities, understanding these changes can help ensure that trust assets are used effectively while protecting essential benefits.

Transfers to ABLE Accounts

One key clarification confirms that transferring funds from a Special Needs Trust to a beneficiary's ABLE account is not treated as income for SSI purposes. Once the funds are deposited into the ABLE account, they may be used for qualified disability expenses. Housing related costs such as rent, utilities, property taxes, and insurance can be paid from an ABLE account without reducing SSI benefits, provided the funds are spent within the same month they are received. This option gives families more flexibility when addressing housing needs while maintaining compliance with benefit rules.

The Sole Benefit Requirement

Special Needs Trust distributions must meet the "sole benefit" requirement, meaning expenses must primarily benefit the individual with the disability. Updated guidance reinforces that certain expenses involving others may still qualify if they support the beneficiary's needs. For example, trust funds may be used for services provided by caregivers, companions, or support personnel when those services directly benefit the beneficiary. Travel related expenses may also qualify when a companion or caregiver is needed to assist the beneficiary.

Travel and Support Expenses

The SSA has clarified that travel expenses for necessary assistance can be permitted under the sole benefit rule. If a beneficiary requires help while traveling, the trust may be able to pay for transportation or lodging for the assisting individual. Importantly, formal medical documentation is not required to justify these expenses. The key consideration is whether assistance is reasonably necessary for the beneficiary.

Managed Spending Tools

Another area of clarification involves the use of administrator managed prepaid cards. These tools allow trustees to provide controlled access to trust funds while maintaining oversight of spending. When structured properly, prepaid cards can help beneficiaries make everyday purchases without the distributions being treated as income.

Vehicles and Registered Property

If a trust purchases a vehicle or another asset that requires registration, it is important that the asset is titled in the name of the trust. Proper titling helps ensure that the asset is not counted as a resource belonging directly to the beneficiary. Attention to these details is essential for protecting benefit eligibility.

Planning for the Future

The updated guidance also reinforces important considerations regarding Medicaid payback and how remaining trust assets may be distributed after the beneficiary's lifetime. Careful planning and administration can help ensure that a Special Needs Trust continues to serve its intended purpose while remaining compliant with applicable rules.

Why These Updates Matter

Although these policy updates may appear technical, they provide valuable clarity for families and trustees managing Special Needs Trusts. Understanding how trust funds can be used helps ensure that beneficiaries receive meaningful support while maintaining access to critical benefits. With proper planning and guidance, Special Needs Trusts can be powerful tools for enhancing quality of life, supporting independence, and creating long term financial security.

Supporting Families and Trustees

At Secured Futures, we help families and professionals navigate complex benefit rules and trust administration. Our goal is to provide guidance that protects eligibility while maximizing the impact of trust resources. If you would like to learn more about Special Needs Trust planning or recent policy updates, our team is here to help.