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# Ensuring lifelong care for dependants with special needs

Lorna Tan

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Most trusts are set up by individuals with more than $2 million in assets and usually through professional firms and banks.

These firms charge a set-up fee of about $3,000 to $10,000, and a minimum initial capital of $50,000 is typically required. There is also an annual fee - usually a percentage of the assets held - which kicks in once the trust is activated, usually when death or incapacity occurs.

Fees vary among firms and depend on the nature of the assets as well as the complexity of the trust.

However, such an arrangement may be unsuitable for some families with special needs members who require particular attention.

For these families - especially those who cannot afford private trust firms and banks - their top concern is how such family members will be cared for after the caregivers die.

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## FIRST APPOINTMENT WITH CAREGIVERS

**Holistic needs assessment**

**Develop care plan**

**Identify source of funds**

## SET UP TRUST AND PRE-ACTIVATION

**Review**

Lifelong review and case management through transitions with caregiver and life beneficiary.

**Review assets**

- Caregivers earmark assets for trust
- Case manager refers caregivers to seek legal advice and make their will

**Review care plan**

- Examine family support
- Analyse needs
- Recommend interventions
- Set short- and long-term goals

## ACTIVATION (upon demise/Incapacitation of caregivers)

**SNTC case manager**

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- Follow up on assets earmarked for the trust
- Disbursements according to Letter of Intent
- Conduct home visits

- Demise of life beneficiary
- Life beneficiary leaves Singapore permanently
- Trust funds fully utilised before life beneficiary's demise

## How much does it cost?

| SNTC fees | Amount ($) | Subsidy (%)* | Fee payable after subsidy ($) |
|---|---|---|---|
| One-time set-up | 1,500 | 90 | 150 |
| Annual pre-activation | 250 | 100 | 0 |
| One-time activation | 400 | 90 | 40 |
| Annual post-activation | 400 | 90 | 40 |

NOTE: SNTC refers to Special Needs Trust Company.
* Subsidy by the Ministry of Social and Family Development.

Source: SNTC SUNDAY TIMES GRAPHICS

This is where the Special Needs Trust Company (SNTC) can step in.

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Set up in 2008, SNTC is the only non-profit trust company in Singapore with a charity status to provide affordable trust services to people with special needs and who are unable to manage their finances independently.

It allows family members to set aside money and assets in SNTC accounts to support these loved ones, and aims to safeguard these assets to enhance the beneficiary's financial security and well-being.

The trust fund stood at $18.4 million as at April 30 and 468 SNTC accounts have been opened. Of these, 22 have been activated, with funds disbursed monthly to pay for the living expenses of beneficiaries.

Supported by the Ministry of Social and Family Development, SNTC partners the Public Trustee Office, which manages and invests the trust funds. It should be noted that the principal value of the SNTC trust funds is guaranteed by the Government.

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SNTC general manager Esther Tan says: "We want to help our target group of low- to middle- income families to understand that the SNTC trust service is affordable and they can use the infrastructure to safeguard their monies for their special needs dependants."

**Who are the target customers of SNTC?**

SNTC trusts can be set up by parents who have children with special needs, or by children whose parents have developed disabilities in old age or through accidents.

The person with special needs - physical, intellectual or mental disabilities - must be a Singaporean or permanent resident residing here.

Says Ms Tan: "The target group would be low- to middle-income families with modest means, but have no suitable immediate family members or friends to manage the monies they intend to leave for their special needs dependants."

SNTC's priority is to reach out to elderly parents or caregivers to work with its social workers to develop a holistic care plan for their special needs dependants. This will help address the dependants' accommodation and care needs.

Even if parents are reluctant to set up a trust, SNTC can still work out a care plan at no charge to provide an idea of how much they need to set aside.

**How does it work?**

SNTC case managers, who are trained social workers, work with caregivers to identify and assess a dependant's needs and develop his case plan.

The firm places great importance on a "holistic needs assessment" to identify the special needs person's requirements across his lifespan. To do that, the case manager is required to understand the family background, including the income level and social

The detailed case plan projects the amount of trust funds that caregivers will need to set aside so that the beneficiary can enjoy a similar quality of life when the caregivers are no longer around.

SNTC is the trustee, but the power of investment and asset management is given to the Public Trustee.

A Letter of Intent will outline the caregivers' wishes on how the trust funds should be used for the dependant's care, such as accommodation and daily living and medical expenses.

The trust will also name the residual beneficiaries who will inherit the trust funds after the special needs person has died. They could be siblings, relatives or charities.

After the trust is set up (but not yet activated), the case manager will conduct reviews with the caregiver at least once a year.

These reviews will note any changes to contact details, the person's needs, Letter of Intent and residual beneficiaries.

SNTC will work with the caregivers to guide them to take the necessary action to make their wills, Central Provident Fund (CPF) and/or insurance nomination to ensure that money will be injected into the trust after their death.

Another action plan is put in place once the trust is activated. SNTC will follow up on all assets willed or nominated by the parents or caregivers to SNTC trust, to ensure that the executors and/or insurance companies will hand the funds to the special needs beneficiary's trust account.

The case manager will regularly meet and perform post-activation reviews with the person named by the caregivers who have died or become incapacitated as the one primarily in charge of the special needs person. Home visits will also be conducted to check on how the beneficiary is doing.

and in the best interests of the special needs beneficiary.

**What are the set-up and activation fees?**

The fees payable to SNTC are heavily subsidised. For instance, the set-up fee is $1,500 and it is 90 per cent subsidised. There is an annual pre-activation fee of $250, which enjoys a 100 per cent subsidy, so there is zero charge.

The one-time fee when the trust is activated, which is when the caregiver dies or becomes incapacitated, is $400. This is 90 per cent subsidised, as is the annual post-activation fee of $400.

The subsidies are from the Ministry of Social and Family Development and they are offered with no requirement for means testing of the household, which makes it very affordable.

**What can form the trust's assets?**

As part of the case plan development process, the case manager will discuss with the caregivers on the trust funds that can be topped up over time. The sources include personal savings, insurance death payouts and benefits, and CPF savings. Caregivers are encouraged to pledge the proceeds from the future sale of their homes upon their deaths as well.

There is a minimum sum of $5,000 to set up a trust. However, if the caregivers are cash-strapped and meet SNTC's donation criteria, it will use the donation funds to provide them with the initial capital to set up the trust.

**Special Needs Savings Scheme**

The SNTC's services are complemented by the Special Needs Savings Scheme (SNSS), which enables parents to set aside CPF savings for the long-term care of children with special needs.

children, but who had little in savings outside of their CPF.

SNSS allows them to nominate these children to receive a regular stream of fixed payouts upon their death. No fees are levied on the CPF members and the same interest rate as the parents' CPF accounts will continue to be earned.

The minimum monthly CPF payout is $250 for each nominated child with special needs. Parents are free to decide on the monthly amount but it must be at least $250.

There is no minimum balance sign-up for SNSS. However, a participating parent's CPF savings upon his death must be sufficient to support a year's worth of payouts or at least $3,000. If this condition is not met upon the parent's death, the CPF savings will be disbursed as a lump sum to the nominee.

To qualify as a nominee under SNSS, a person should require assistance in at least one activity of daily living (washing, dressing, feeding, toileting, mobility and transferring) or be attending or have attended a special education school.

As at the end of last month, 399 SNSS applications have been approved.

**Lorna Tan**

SNTC trust account - How it works