

# Exceptional Family Care

**Special Needs Financial Planning**  
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# Exceptional Family Care Planning Team



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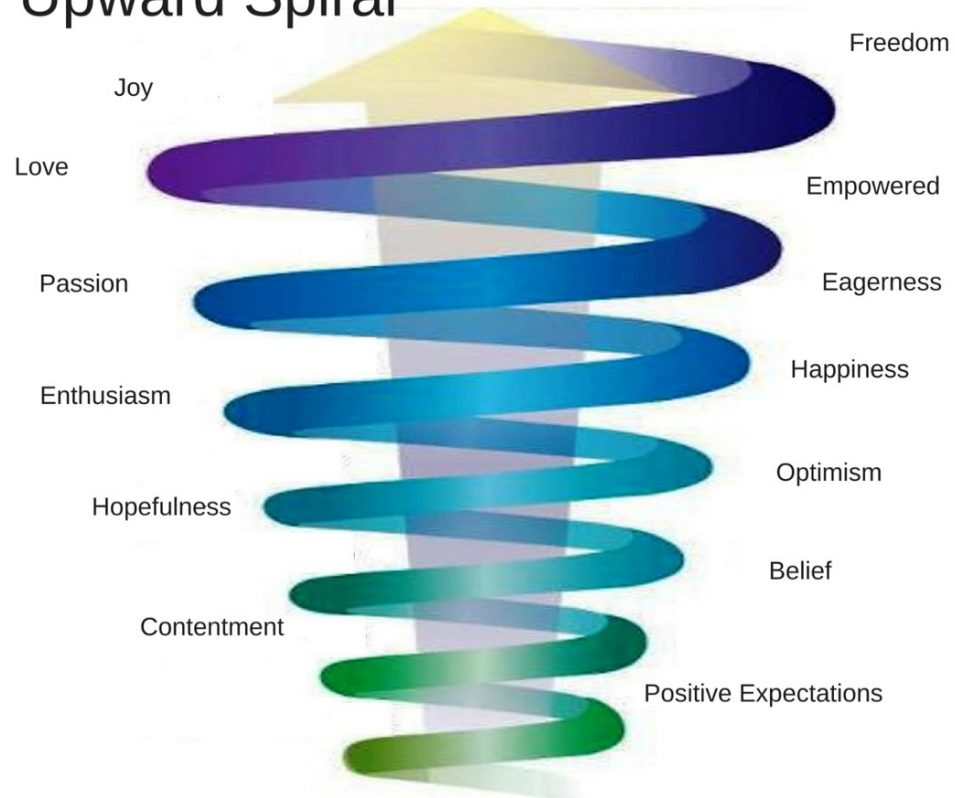


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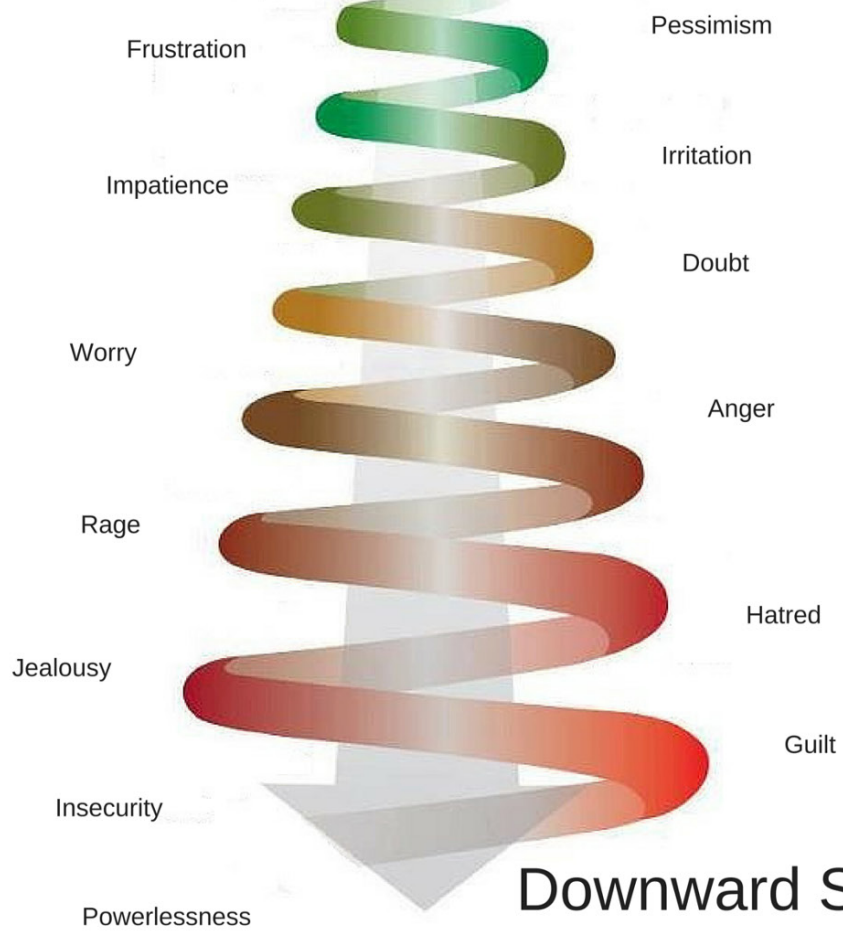
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# Upward Spiral



Boredom



# Downward Spiral

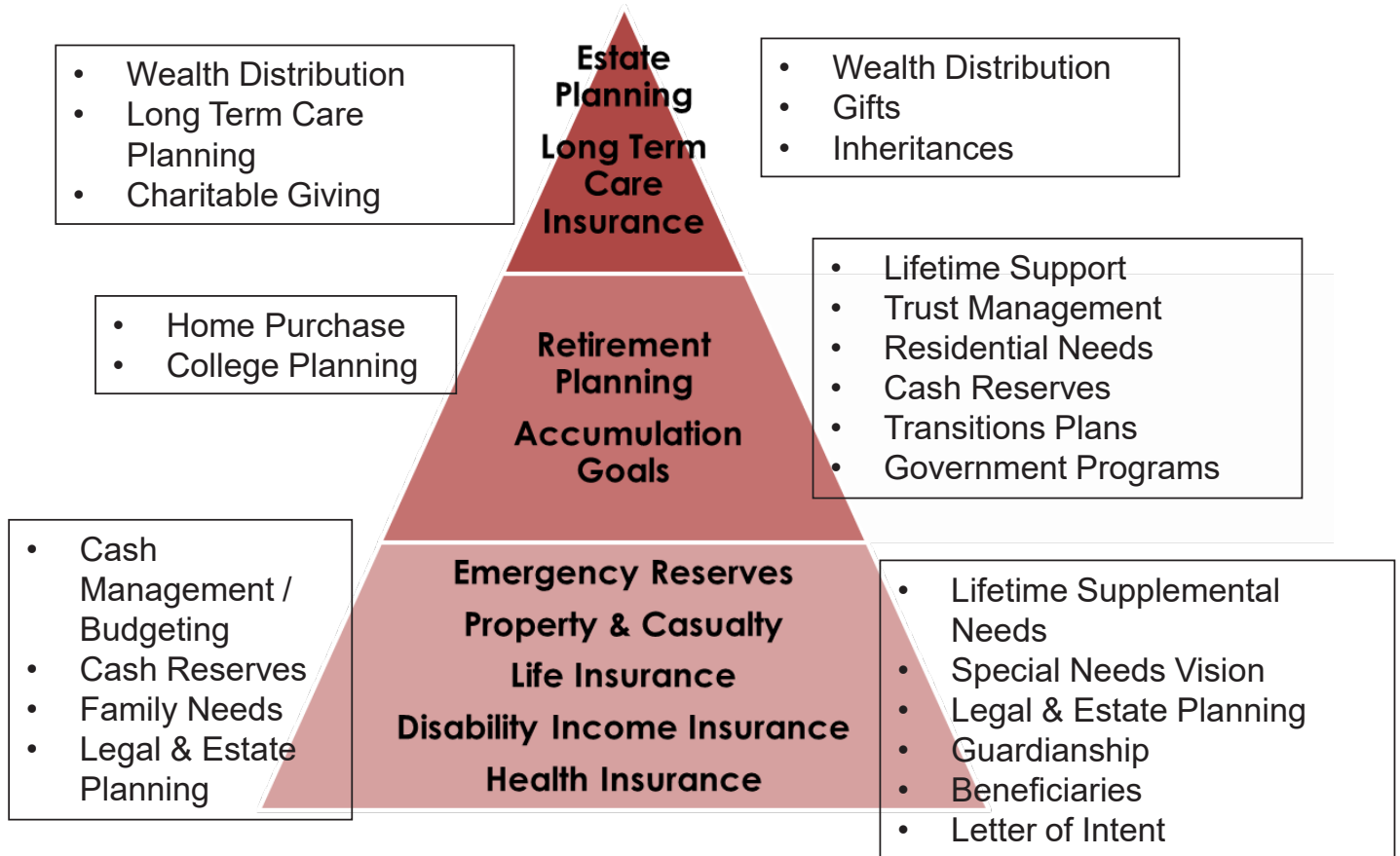
# A Comprehensive Planning Process

1. Address Priorities and Concerns  
Create a Quality of Life – Possibilities and Opportunities
2. Identify Financial Resources  
Determine Plan / Care Costs
3. Choose Guardian(s) & Trustee(s)  
Prepare Letter of Intent  
Legal Instruments (Wills, Directives, POAs, Special Needs Trust)\*
4. Hold Family Meeting
5. Review Plan Annually

# Life Planning Stages

## Traditional Planning

## Special Needs Planning



# Special Needs Planning – 4 Focus Areas

## Integrated Planning

1

### Family Assets and Planning

- Balancing needs of all family members
- Coordinating Resources
- Care-giving planning (residential, social, etc.)

2

### Employer Benefits

- Life, health and welfare
- Retirement plans
- Deferred compensation/stock

3

### Government Benefits

- Means-tested benefits (Supplemental Security Income, Medicaid)
- Entitlements (Social Security Disability Insurance, Medicare)

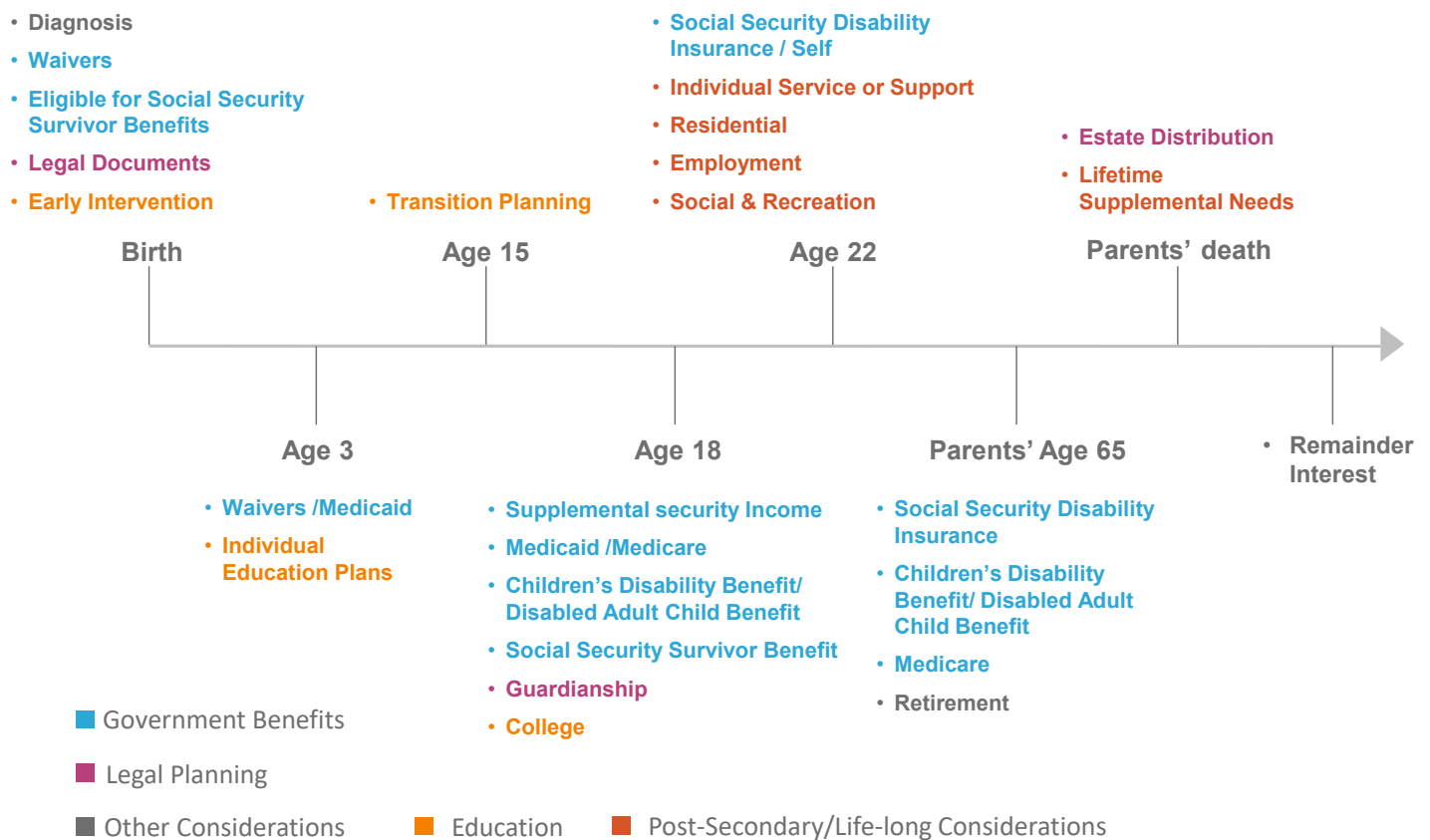
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### Legal Planning

- Wills, Advanced Medical Directives
- Special Needs Trusts and types
- Titling – ownership and beneficiaries



# Key Planning Phases





Contact

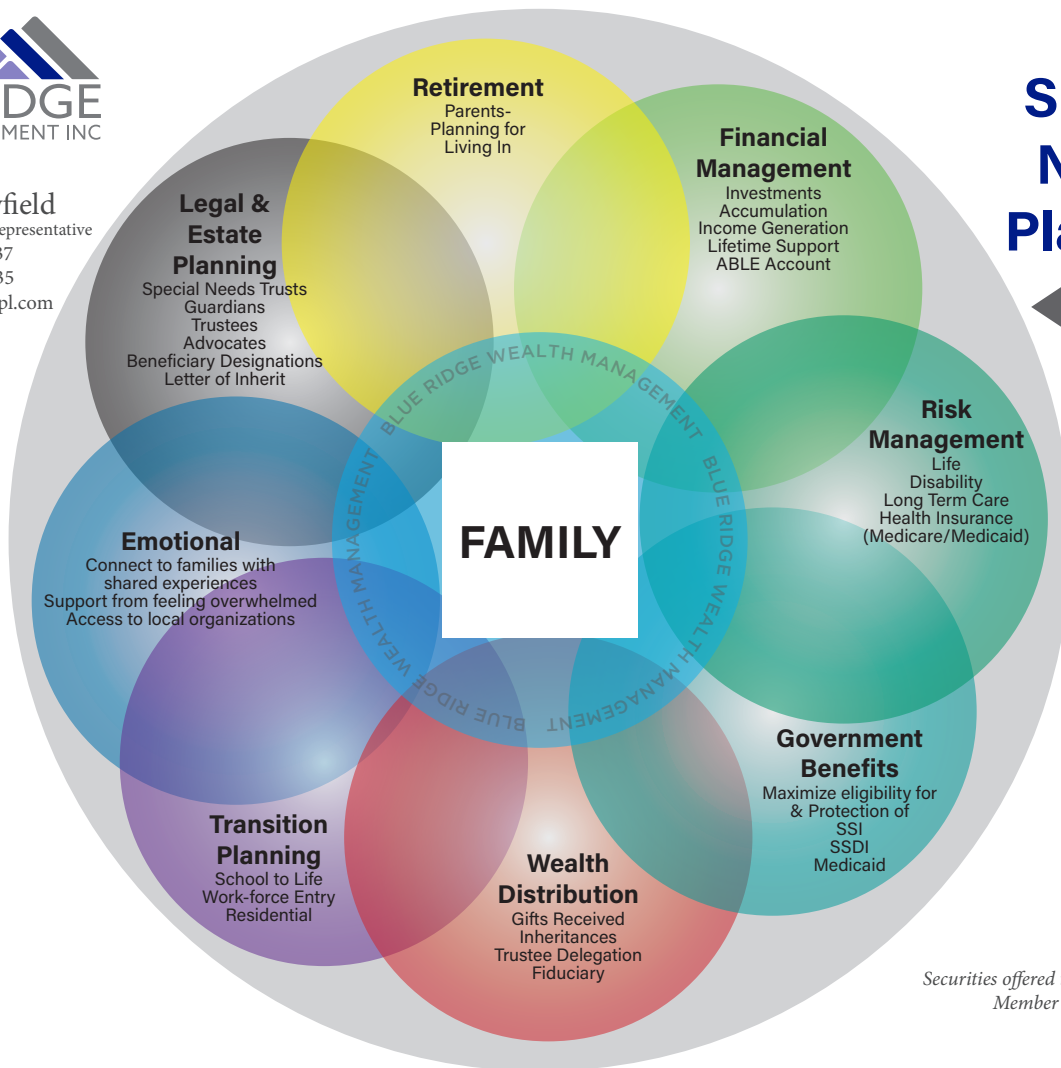
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**Special  
Needs  
Planning**



*Securities offered through LPL Financial  
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# Government Benefits:

## Entitlement Benefit vs. Public Assistance

### Entitlement

- Social Security Retirement Income
- Family Benefits
- Medicare
- Social Security Disability Insurance (SSDI)
- Survivor Benefit
- Children's Disability Benefit

### Public Assistance

- Supplemental Security Income (SSI)
- Medicaid
- Public Supports:
  - Supplemental Nutrition Assistance Program (SNAP)
  - Temporary Assistance for Needy Families (TANF)
  - Children's Health Insurance Program (CHIP)

Note: Benefits may vary by state and jurisdiction.

# Survivor Benefit Based on Parent's Earning Record

## How the benefit works

### Three life events

Parent prematurely dies  
before retirement

Parent becomes disabled

Parent reaches full  
retirement

### Example

- Henry has three children under the age of 18.
- He is eligible for a \$2,400 monthly retirement benefit.
- A life event happens; his children under the age of 18 are eligible for approximately 50% of his eligible parent benefit
- Each child is eligible to receive these benefits until he/she turns 18 years old or \$400 a piece. As each child reaches the age of 18 and ages out of the benefit, the benefit is equally split among the remaining children under the age of 18.

# Children's Disability Benefit

- If you qualify with a life event, your child with a disability may also receive a benefit after age 18, based on his or her parent's earning record and provided the child's disability occurred before age 22.
- There are three life events:
  - parent prematurely dies before retirement
  - parent becomes disabled
  - parent reaches full retirement

## **Example:**

- Steve is an adult who became disabled before the age of 22 and is eligible to receive monthly income based on his parent's Social Security earnings record.
- He may receive up to 50% of his parent's benefit (amounts vary) and approximately 75% after the parent passes away.
- It is a separate benefit and does not decrease the amount paid to his parent.

# The ABLE Act (Achieving a Better Life Experience)

What is an ABLE account?

- ABLE Accounts, which are tax-advantaged savings accounts for individuals with disabilities and their families, were created as a result of the passage of the Stephen Beck Jr., Achieving a Better Life Experience Act of 2014 or better known as the ABLE Act.
- The beneficiary of the account is the account owner, and income earned by the accounts will not be taxed.
- Contributions to the account, which can be made by any person (the account beneficiary, family and friends), must be made using post-taxed dollars and will not be tax deductible for purposes of federal taxes, however some states may allow for state income tax deductions for contribution made to an ABLE account.

More information can be found at:

<http://www.ablenrc.org/>

<https://www.able-now.com/>

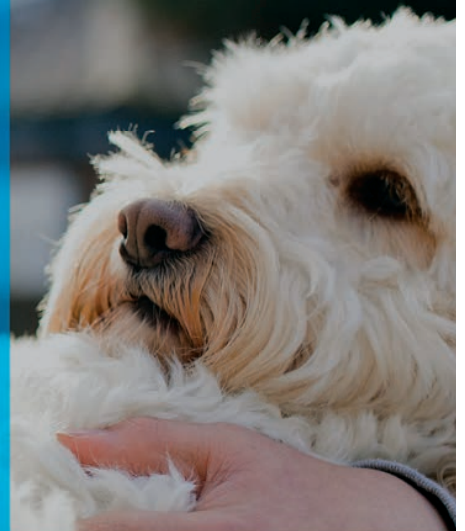
**ABLEAmerica<sup>SM</sup>**

Tax-advantage savings plan for  
individuals with disabilities



**CAPITAL  
GROUP<sup>®</sup>**

**AMERICAN  
FUNDS<sup>®</sup>**



**Saving now for a  
better future tomorrow**

ABLEAmerica is a nationwide plan sponsored by

Virginia529<sup>SM</sup>

ABLEAmerica is a nationwide plan sponsored by **Virginia529<sup>SM</sup>**

Life with a disability has its own challenges and rewards. That's why we've designed ABLEAmerica to help meet your needs and reach your goals.



## GOAL: GROWTH

### Building savings

Sarah's daughter, Mia, was diagnosed with epilepsy. Knowing that it is more expensive than ever to raise a child,\* not to mention a child with special needs, Sarah began to worry about the additional costs associated with caring for Mia later in life, such as education and/or on-going medical care. Sarah talked with her financial advisor about how best to prepare and decided to invest in growth-oriented funds to build savings for Mia's future.



\* Expenditures on Children by Families, 2015. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.



# Building blocks for a better life



## WHO IS ELIGIBLE?

- ABLÉ accounts are available to U.S. citizens and permanent residents who can legally own securities, including individuals who are blind or disabled from a condition that began prior to age 26.
- Those who meet the age requirement and may be eligible for SSI or SSDI benefits because of their disability.
- Individuals with a written, signed diagnosis from a licensed physician.



## WHO OWNS THE ACCOUNT?

- The beneficiary\*



## WHO CAN CONTRIBUTE?

Anyone can contribute to an ABLÉ account, including:

- Parents
- Grandparents
- Extended family
- Friends
- Beneficiary
- Charity/trust

# A better path forward

Until recently, people with disabilities and their families may have faced a hard choice: either save for the future or qualify for federal disability benefits. That changed under the Achieving a Better Life Experience (ABLE) Act, which was signed into law in 2014.

BEFORE ABLE	WITH ABLE
Can only have \$2,000 in savings to qualify for need-based government programs	Can save up to \$15,000 per calendar year
	Can have up to \$100,000 in the account without the amount being counted against the \$2,000 limit on personal assets to qualify for Supplemental Security Income (SSI)
	Savings grow free from federal taxes and may be free from state tax if used for qualified disability expenses (Tax-advantaged treatment applies to savings used for qualified disability expenses. State tax treatment varies.)
	Money can be withdrawn tax-free to pay for qualified disability expenses. If withdrawals are used for purposes other than qualified disability expenses, the earnings will be subject to a 10% federal tax penalty in addition to federal and, if applicable, state income tax.

\* If the beneficiary cannot or chooses not to establish and manage the account, an individual legally authorized to act on his or her behalf (such as a parent, legal guardian, or person acting under a power of attorney) may open and manage the account.

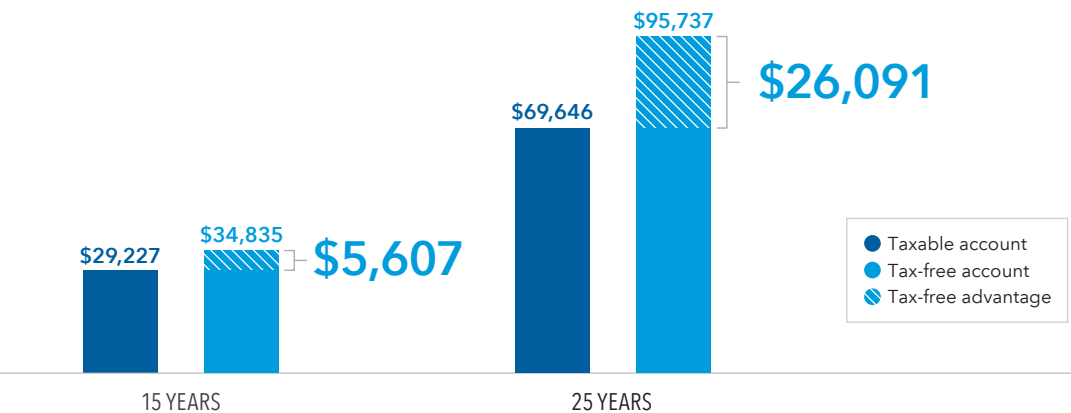
# Fostering health, independence and quality of life

With an ABLEAmerica account, individuals with disabilities can make tax-free withdrawals for qualified disability expenses (QDEs). A QDE includes, but is not limited to:



# Give your savings a tax-free advantage

Imagine you saved \$100 a month in a tax-free ABLE account. Over time, you would have a higher balance than if you invested the same amount in a taxable account (assuming no withdrawals were taken).



Assumes an 8% average annual rate of return (compounded monthly) for both investments and a 25% income tax rate. (The typical mutual fund investor falls into the 25% tax bracket.) Example assumes taxes were paid annually out of account. Your tax rate may vary. Current minimum tax rates on capital gains and dividends could make taxable investment returns higher, thus reducing the difference between the two ending values. Results shown are hypothetical and are not intended to represent an investment in a specific fund. Your investment experience will differ. Regular investing does not ensure a profit or protect against loss. You should consider your willingness to keep investing when share prices are declining.



People living with disabilities may face extra costs of living, often totaling **several thousand dollars** more per year. These costs may add up over time, creating a significant financial burden on households.

Source: "Extra Costs of Living with a Disability: A Review and Agenda for Research" (April 1, 2017). Disability and Health Journal.



## GOAL: GROWTH AND INCOME

### Paying expenses now and saving for later

A car accident in his teens left Marco with lasting physical complications. Several years ago, his financial advisor suggested an ABLE account to help meet his financial goals. Today, Marco invests his assets in growth-and-income portfolios, taking tax-free withdrawals to pay for his transportation and assistive technology needs now, while also saving for the future.





## GOAL: PRESERVATION AND INCOME

### Preparing for a rainy day



Sandy was diagnosed with autism as a child. Now in her 20s, she lives independently and works part-time, relying on government need-based programs for the rest of her income. Although Sandy has put most of her ABLÉ investments in growth funds, she also asked her financial advisor for ideas on how to protect her assets during market declines and help pay emergency expenses. After discussing her options, she decided to make additional investments in preservation-and-income funds.

# Investments aligned with your goals

## Your advisor can help you find the right fit

Selecting the right investments can be challenging. We believe that working with a financial advisor, who can weigh the benefits and considerations of each investment, is the best way to make these types of decisions. As the nation’s only advisor-sold ABLE plan, we’ve backed up that belief with a well-designed solution to help you reach your goals.

ABLEAmerica offers investment options managed by American Funds from Capital Group to help you build and protect your savings. Low expenses mean more of your money goes to work for you or your loved one.

### INVESTOR GOALS



### INVESTMENT OBJECTIVES

Growth		Growth and income		Preservation and income	
Long-term growth of capital		Long-term growth of capital and income		Current income and capital preservation	
American Funds Global Growth Portfolio <sup>SM</sup>	CGGGX	American Funds Growth and Income Portfolio <sup>SM</sup>	CGNGX	American Funds Preservation Portfolio <sup>SM</sup>	CPPGX
American Funds Growth Portfolio <sup>SM</sup>	CGQGX	American Funds Moderate Growth and Income Portfolio <sup>SM</sup>	CBAGX	American Funds U.S. Government Money Market Fund <sup>SM</sup>	AAZXX
		American Funds Conservative Growth and Income Portfolio <sup>SM</sup>	CIPGX		

## The ABLEAmerica advantage

- The nation’s only advisor-sold ABLE account gives you access to professional advice and helps you build a comprehensive plan
- Wide-ranging investment options allow you to put more money to work to pursue your goals
- Broadly diversified objective-based investments allow you to select portfolios tailored to your goals and needs

Work with your financial advisor to build a better life with ABLEAmerica.

# The Capital Advantage<sup>®</sup>

Since 1931, Capital Group, home of American Funds, has helped investors pursue long-term investment success. Our consistent approach – in combination with The Capital System<sup>SM</sup> – has resulted in a superior long-term track record.

## Aligned with investor success

We base our decisions on a long-term perspective, which we believe aligns our goals with the interests of our clients. Our portfolio managers average 28 years of investment experience, including 22 years at our company, reflecting a career commitment to our long-term approach.<sup>1</sup>

## The Capital System

The Capital System combines individual accountability with teamwork. Funds using The Capital System are divided into portions that are managed independently by investment professionals with diverse backgrounds, ages and investment approaches. An extensive global research effort is the backbone of our system.

## American Funds' superior outcomes

Equity funds have beaten their Lipper peer indexes in 88% of 10-year periods and 96% of 20-year periods.<sup>2</sup> Fixed income funds have helped investors achieve diversification through attention to correlation between bonds and equities.<sup>3</sup> Fund management fees have been among the lowest in the industry.<sup>4</sup>

<sup>1</sup> Portfolio manager experience as of December 31, 2019.

<sup>2</sup> Based on Class A share results for rolling periods through December 31, 2019. Periods covered are the shorter of the fund's lifetime or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary. Please see [capitalgroup.com](http://capitalgroup.com) for more information on specific expense adjustments and the actual dates of first sale.

<sup>3</sup> On average, our management fees were in the lowest quintile 65% of the time, based on the 20-year period ended December 31, 2019, versus comparable Lipper categories, excluding funds of funds.

**You could lose money by investing in the money market fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.**

**Past results are not predictive of future results. Investing for short periods makes losses more likely.**

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses, summary prospectus and ABLEAmerica Program Description, which can be obtained from a financial professional and should be read carefully before investing. ABLEAmerica is distributed by American Funds Distributors, Inc. Interests in ABLEAmerica are sold through unaffiliated intermediaries.

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