



# **Pioneer Bank & Trust**

## **Trust & Investments**

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Ask a Trust Officer

## **Special needs trusts**

Dear Trust Officer:

I have a child with autism, and I'm thinking about the child's financial future. I've heard about special needs trusts, which can provide for financial support without jeopardizing public benefits. What is the difference between a first-party special needs trust and a third-party special needs trust?—*Caring Parent*

Dear Caring:

A "first-party" trust is established with the assets of the special needs person. For example, if someone won substantial damages in a court case for being disabled in an accident, and those funds were placed in a special needs trust for that person, that is a first-party trust. Assets in a first-party trust may be subject to claims from the government for repayment of, for example, medical expenses incurred by the state for the special needs person.

A "third-party" special needs trust is funded with the assets of someone other than the special needs person. For example, you might set up such a trust for your autistic child. Repayment provisions generally are not required for third-party trusts.

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