

A step-by-step framework for supporting your child

Special Needs Planning Workbook

Using the Special Needs Planning Workbook

This workbook can help guide you through the special needs planning process. It includes sections on five major planning components of a good financial strategy: lifestyle, estate planning, portfolio management, family protection and liability/cash flow management.

As you go through each section, you may find that you haven't addressed all the items listed or still have some outstanding tasks. At the end of each section, you can write the most pressing of these tasks as "Actions required." Once you've completed the workbook, list all your actions required on page 8. Then assign an order of priority to each of them. Completing this page provides you with an action plan for addressing your special needs concerns.

Before you get started, ask yourself if your current financial strategy addresses the five major planning components:

- Lifestyle Yes No
- Estate planning Yes No
- Portfolio management Yes No
- Family protection Yes No
- Liability/cash flow management Yes No

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Introduction

Congratulations on taking the first step toward pursuing a secure financial future for your child with special needs.

This workbook will ask you to think critically about every aspect of your finances. Once you've completed the sections, you'll have a framework for helping you pursue your financial goals.

The information and figures you provide on the following pages should be reviewed and adjusted annually. Revisiting this information regularly will help to ensure that your plans evolve along with your child's needs. The workbook can also be used as a guide to discuss elements of your financial situation with your Merrill financial advisor.

To learn more about the services available for families of children with disabilities, please talk with your financial advisor, visit ml.com or call 877.456.7526.

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Lifestyle

Your current lifestyle should take into account not only your future but your child's as well. As you anticipate how much you'll need to live into your 90s, you want to make sure your assets last through your child's life, too.

Letter of Intent

A Letter of Intent should describe your family's and your child's wishes for the future once you are gone. This should include pertinent information about your child's history, medical needs, preferences regarding living arrangements, and hobbies and interests. The letter might not answer every question that arises concerning your child's care, but it will serve as a valuable guide for your financial advisor, attorneys and future care providers.

Have you drafted a Letter of Intent that explains your vision of your child's quality of life?

Yes No If yes, when was the Letter of Intent last updated? _____

Are all involved individuals still willing and able to perform their tasks as you expect?

Yes No

What is your child's current living arrangement?

- Established and unlikely to change in the foreseeable future.
- Established but will change in 5 to 10 years.
- In transition. Unsure about what living arrangement will be.

Do you currently have out-of-pocket expenses for your child's care?

Yes No If yes, how much? _____

How would your child's quality of life change if you no longer provided these funds?

- Dramatic change. I would not want my child to live in this manner.
- Mild change. Quality of life would be acceptable but not what I envisioned.
- No impact. Unsure about what living arrangement will be.

If no impact, do you expect to incur expenses in the future?

Yes No

Do you know how much of your total estate you'll need to leave for your child's care?

Yes No

Retirement

Will your current retirement strategy provide the income you need to reach your goals? If you're not sure, you may want to consider ways to potentially increase your income during retirement. This could include revising the asset allocations within your retirement portfolio, working longer, working during retirement, or lowering your expectations. Your financial advisor can provide you with a free Wealth Outlook analysis. Used in conjunction with the Special Needs Calculator, this will help you understand what your retirement lifestyle expectations should be.

Do you have a clear understanding of what your income will be during your retirement?

Yes No If yes, what is your planned annual retirement income? \$ _____

Lifestyle (continued)

How confident are you that your retirement strategy is on track to provide you with the retirement you envision?

- Very confident. There is a greater than 80% probability that my current strategy will provide me with the retirement I envision.
- Confident. There is a 60% to 80% probability that my current strategy will provide me with the retirement I envision.
- Somewhat confident. There is a 50% to 60% probability that my current strategy will provide me with the retirement I envision.
- Not very confident. There is less than a 50% probability that my current strategy will provide me with the retirement I envision.
- I don't know.

Does your retirement strategy take into account ongoing expenses for your child?

- Yes No

Actions required:

Estate planning

Estate planning can help ensure your child's continuity of care once you're gone. Items in this section should be a high priority on your action plan.

Neither Merrill nor any of its affiliates or financial advisors provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

Which of the following documents are currently in place?

- | | | | |
|------------------------------------|------------------------------|-----------------------------|---|
| Will | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Reviewed by special needs attorney |
| Living trust for you | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Reviewed by special needs attorney |
| Special needs trust for your child | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Reviewed by special needs attorney |
| Conservatorship for your child | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Reviewed by special needs attorney |
| Durable power of attorney | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Reviewed by special needs attorney |
| Medical directive | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Reviewed by special needs attorney |

Have you named someone as the person to be responsible for your child's daily care?

- Yes No If yes, whom? _____

Have you named someone as the person who has the authority to oversee your child's financial affairs once you're gone?

- Yes No If yes, whom? _____

Actions required:

Portfolio management

In a special needs situation, you need to have a strategy in place that considers as many issues as possible, without leaving anything to chance. Ask your financial advisor about our Wealth Outlook asset allocation analysis, a tool that can help you prioritize your objectives, evaluate your risk tolerance and select an asset allocation strategy that balances your risk tolerance, time horizon, goals and liquidity needs with the returns you seek.

How do you describe your relationship with your financial advisor?

- My financial advisor understands my family's special needs situation very well. I feel confident that my financial strategy takes into account my entire family's needs for a secure future.
- My financial advisor is aware that I have a child with special needs. My financial strategy takes into account some special needs concerns, but I'm unsure about how they affect my entire family's future.
- My financial advisor is aware that I have a child with special needs, but special needs concerns were not taken into account during the development of my financial strategy.

How much do you keep in short-term investments for emergencies?

- More than one year's living expenses.
- About one year's living expenses.
- Less than one year's living expenses.
- I don't know.

How do you describe your approach to investing?

- Active participant. I discuss each transaction with my financial advisor.
- Hands-off. I defer to investment professionals.
- Self-directed. I manage my investments without professional advice or input.

Given your current blend of stocks, bonds and cash, could you draw enough money to cover your child's out-of-pocket expenses through his or her lifetime?

- Yes
- No

Given your current blend of stocks, bonds and cash, could you withstand a major market correction without significant impact to your income needs?

- Yes
- No

Have you delegated the day-to-day management of your portfolio to investment managers?

- Yes
- No

Are you responsible for the selection of individual stocks for your portfolio on a day-to-day basis?

- Yes
- No
- If yes, who will take over when you are unable to perform this duty? _____

Actions required:

Family protection

For families of children with disabilities, the issues concerning family protection go far beyond a smooth transfer of assets to your heirs. Have you thought about your child's future living arrangements? What role will guardians, trustees, durable powers of attorney and advocacy groups play in your child's and your family's future? Have you reviewed health insurance sources, such as group plans, Medicaid and Medicare?

How much life insurance do you currently have?

Insured	Death benefit	Type of insurance			
_____	_____	<input type="checkbox"/> Term	<input type="checkbox"/> Universal life	<input type="checkbox"/> Whole	<input type="checkbox"/> Second to die
_____	_____	<input type="checkbox"/> Term	<input type="checkbox"/> Universal life	<input type="checkbox"/> Whole	<input type="checkbox"/> Second to die
_____	_____	<input type="checkbox"/> Term	<input type="checkbox"/> Universal life	<input type="checkbox"/> Whole	<input type="checkbox"/> Second to die
_____	_____	<input type="checkbox"/> Term	<input type="checkbox"/> Universal life	<input type="checkbox"/> Whole	<input type="checkbox"/> Second to die
_____	_____	<input type="checkbox"/> Term	<input type="checkbox"/> Universal life	<input type="checkbox"/> Whole	<input type="checkbox"/> Second to die

Are you confident that the amount of coverage you have is adequate?

Yes No

Are any of your insurance policies intended to fund a special needs trust?

Yes No If yes, is the beneficiary designation correct? _____

Are you insured against a temporary or permanent disability?

Yes No

Do you have long-term-care insurance to preserve your estate in the event you should need custodial care?

Yes No

Actions required:

Liability/cash flow management

In a family of a child with a disability, you should consider how household debt affects all members of the family. Managing your liability and cash flow can be as important as managing your assets. For example, remember to avoid excessive credit card and installment debt.

How much debt do you currently support?

Lender	Type of debt	Balance	Payoff date
_____	<input type="checkbox"/> Credit card <input type="checkbox"/> Installment <input type="checkbox"/> Mortgage <input type="checkbox"/> Other	_____	_____
_____	<input type="checkbox"/> Credit card <input type="checkbox"/> Installment <input type="checkbox"/> Mortgage <input type="checkbox"/> Other	_____	_____
_____	<input type="checkbox"/> Credit card <input type="checkbox"/> Installment <input type="checkbox"/> Mortgage <input type="checkbox"/> Other	_____	_____
_____	<input type="checkbox"/> Credit card <input type="checkbox"/> Installment <input type="checkbox"/> Mortgage <input type="checkbox"/> Other	_____	_____
_____	<input type="checkbox"/> Credit card <input type="checkbox"/> Installment <input type="checkbox"/> Mortgage <input type="checkbox"/> Other	_____	_____
_____	<input type="checkbox"/> Credit card <input type="checkbox"/> Installment <input type="checkbox"/> Mortgage <input type="checkbox"/> Other	_____	_____
_____	<input type="checkbox"/> Credit card <input type="checkbox"/> Installment <input type="checkbox"/> Mortgage <input type="checkbox"/> Other	_____	_____
		Total _____	

Do you currently have an annual budget?

Yes
 No
 If yes, does your budget include line items for savings? _____

Actions required:

Action plan

Order of priority	Lifestyle issues to address	Whom to contact	Target date	Completion date
Estate planning issues to address				
Portfolio management issues to address				
Family protection issues to address				
Liability management issues to address				

Why special needs planning is unique — and important

A scenario

Unexpected inheritance

A favorite aunt dies and unexpectedly bequeaths \$300,000 directly to your child. You are named custodian of the assets and decide to put the money in a checking or savings account that earns a small amount of interest each year. As a parent, you draw directly from this account to pay for your child's expenses but keep the account in your child's name.

Consequences of not planning

As the owner of the account, your child may become ineligible for government benefits. In some cases, the assets in the account would then need to be depleted before your child would be able to reapply for such benefits. You and your child could miss the opportunity to use these assets to supplement your child's quality of life. In addition, you might find it necessary to pull from assets that you may have earmarked for other family members, creating an undue financial burden on them as well.

Have you addressed the following special needs planning issues?

- Family members have received instructions on how to leave gifts. Yes No
- Assets are not put in your child's name so government benefits can be preserved without interruption. Yes No
- Bequeathed gifts are providing annual income to help ensure your child's quality of life or offset cuts in government benefits. Yes No
- A nonprofit organization or family members are the beneficiaries of assets after your child passes away. Yes No

Beneficiary checklist

An overlooked beneficiary designation can void all the planning you've done to help ensure your child's quality of life when you're gone. Consider the following issues annually as you review your overall financial situation.

- **Don't assume anything.** Just because you asked someone to change a beneficiary doesn't mean it was changed. Make sure you get written confirmation on how the beneficiary statement reads.
- **Indicate both primary and contingent beneficiaries.** Administrative clerks sometimes ask you to provide the name of your primary beneficiary, then fail to ask you to provide a contingent beneficiary. Or they complete the contingent beneficiary section by inserting something vague such as "surviving heirs."
- **Pay attention during periods of life transition.** This is when most mistakes occur. If you are changing jobs or financial institutions, or the company with which you do business is sold, review your beneficiary designations.
- **Share information with relatives.** Make sure your relatives are aware of how to name your child as a beneficiary. Let them know that instructions such as "all surviving grandchildren equally" can cause problems.
- **Be thorough in reviewing the following types of accounts:**
 - Life insurance, both personal and work
 - Retirement accounts (for example, employer, 401(k), IRA, Roth IRA, deferred compensation, and executive compensation plans)
 - Tax-deferred annuities
 - Pension benefits, especially benefits that guarantee a minimum of payments
 - Wills, trusts and Letters of Intent

Special Needs Calculator

The Special Needs Calculator helps you estimate how much you may need to help preserve the financial security of your child with a disability. Visit specialneedscalculator.com to see how the Special Needs Calculator can:

- Help begin the special needs planning process
- Identify a surplus or shortfall relating to the financial security of a child with special needs
- Run “what if” scenarios

The Special Needs Calculator can provide five assumptions:

- Expected income of a child with special needs over a certain period of time
- Projected expenses for a child with special needs
- Number of years to parents’ retirements
- Projected years of income for a child with special needs
- Projected life expectancy of a child with special needs

The next two pages give you the opportunity to generate estimates based on your experience and to compare those estimates with your assumptions. Once you complete the information, transfer each section’s “Total” amount to the Income details and expense details section of the Results page in the Special Needs Calculator.

Resources and strategy providers:

- specialneedscalculator.com
 - Teams led by financial advisors
 - Trustee alternatives
 - Outside special needs professionals
 - Others: _____
-
-
-
-

Special Needs Calculator worksheet

Transfer only each section's "Total" amount to the Special Needs Calculator.

Beneficiary's projected annual income

Salary/wages	\$ _____
Federal government benefits	\$ _____
State government benefits	\$ _____
Retirement income	\$ _____
Investment income	\$ _____
Legal settlements	\$ _____
Other	\$ _____
Total	\$ _____

Beneficiary's projected monthly housing expenses

Mortgage/rent	\$ _____
Property taxes	\$ _____
Home insurance	\$ _____
Electric and gas	\$ _____
Water and sewer	\$ _____
Telephone	\$ _____
Repairs/maintenance	\$ _____
Snow removal/lawn care	\$ _____
Other	\$ _____
Total	\$ _____

Beneficiary's projected monthly transportation expenses

Auto payment	\$ _____
Auto insurance	\$ _____
Fuel/oil	\$ _____
Auto repairs/maintenance	\$ _____
Bus/taxi/train/air/public transportation	\$ _____
Other	\$ _____
Total	\$ _____

Beneficiary's projected monthly personal expenses

Necessities	
Food at home	\$ _____
Food away from home	\$ _____
Clothing purchases	\$ _____
Dry cleaning	\$ _____
Education expenses	\$ _____
Employment expenses	\$ _____
Medical/dental insurance	\$ _____
Medical/dental nonreimbursed	\$ _____

Special Needs Calculator worksheet *(continued)*

Beneficiary's projected monthly personal expenses (continued)

Life insurance premiums	\$ _____
Prescription drugs	\$ _____
Eyeglasses/contact lenses	\$ _____
Care assistants/domestic help	\$ _____
Adaptive technology	\$ _____
Environmental modification	\$ _____
Computer software	\$ _____
Professional expenses	\$ _____
Loan repayments	\$ _____
Tax-deferred planning contributions	\$ _____
Tax payments	\$ _____
Other	\$ _____
Total	\$ _____

Other expenses

Television and subscription services	\$ _____
Newspapers and periodicals	\$ _____
Books	\$ _____
Vacations	\$ _____
Camps	\$ _____
Pet care	\$ _____
Membership/clubs	\$ _____
Instructions/lessons	\$ _____
Sports/hobbies	\$ _____
Entertainment	\$ _____
Other	\$ _____
Total	\$ _____

Beneficiary's projected future asset replacement expenses

(Estimate the useful life in years, divide the cost by the useful life and then divide by 12.)

Car	\$ _____
Furniture	\$ _____
Major appliances	\$ _____
TV/DVD/Streaming device	\$ _____
Phone	\$ _____
Computer	\$ _____
Other	\$ _____
Other	\$ _____
Total	\$ _____

Beneficiary's life expectancy _____ years

Provider's years to retirement _____ years

Special needs profile

Description of condition

Letter of Intent

Agencies/service providers

Estate planning

Trustee/guardian information

Special circumstances

Special needs profile *(continued)*

Financial advisor contact information

NAME

STREET ADDRESS

CITY

STATE

ZIP CODE

TELEPHONE (WORK)

TELEPHONE (HOME)

E-MAIL (WORK)

E-MAIL (HOME)

Attorney contact information

NAME

STREET ADDRESS

CITY

STATE

ZIP CODE

TELEPHONE (WORK)

TELEPHONE (HOME)

E-MAIL (WORK)

E-MAIL (HOME)

Personal information

Client 1

NAME

ADDRESS

CITY

STATE

ZIP CODE

SOCIAL SECURITY NUMBER

DATE OF BIRTH

MARITAL STATUS

OCCUPATION

EMPLOYER

TELEPHONE

BUSINESS TELEPHONE

FAX

E-MAIL

Will Trust POAs Financial strategy

NAME OF FINANCIAL STRATEGY

WHEN DO YOU PLAN TO RETIRE?

Client 2

NAME

ADDRESS

CITY

STATE

ZIP CODE

SOCIAL SECURITY NUMBER

DATE OF BIRTH

MARITAL STATUS

OCCUPATION

EMPLOYER

TELEPHONE

BUSINESS TELEPHONE

FAX

E-MAIL

Will Trust POAs Financial strategy

NAME OF FINANCIAL STRATEGY

WHEN DO YOU PLAN TO RETIRE?

Investment information

Client 1

SALARY

EXPLANATION

Permanent income

SOCIAL SECURITY

PENSIONS

TOTAL PERMANENT INCOME

DO YOU DRAW MONEY FROM YOUR MERRILL ACCOUNTS?

OTHER INCOME

SPECIAL CIRCUMSTANCES THIS YEAR

Retirement plans

IRA

ROTH IRA

401(k)/403(b)/457

EMPLOYER PLAN

Client 2

SALARY

EXPLANATION

Permanent income

SOCIAL SECURITY

PENSIONS

TOTAL PERMANENT INCOME

DO YOU DRAW MONEY FROM YOUR MERRILL ACCOUNTS?

OTHER INCOME

SPECIAL CIRCUMSTANCES THIS YEAR

Retirement plans

IRA

ROTH IRA

401(k)/403(b)/457

EMPLOYER PLAN

Investment information (continued)

Client 1

Assets

Banks

_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT

Brokerage firms

_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT

Securities held by you

_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT

Insurance/annuities

_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT
_____	\$ _____
APPROXIMATE VALUE OF ALL ASSETS OUTSIDE MERRILL	AMOUNT

Client 2

Assets

Banks

_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT

Brokerage firms

_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT

Securities held by you

_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT

Insurance/annuities

_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT
_____	\$ _____
NAME	AMOUNT
_____	\$ _____
APPROXIMATE VALUE OF ALL ASSETS OUTSIDE MERRILL	AMOUNT

Current financial standing

Risk

Conservative Moderate Aggressive

Asset allocation

_____ % stocks _____ % bonds _____ % cash

Do you feel you have adequately addressed the following financial concerns?

Retirement planning Yes No

Estate planning Yes No

Family protection Yes No

College funding Yes No

Notes: _____

How would you describe the purpose of your Merrill account?

Future retirement Current income Wealth creation Other

Do you use MyMerrill.com®?

Yes No

Are there any special transactions/services we provide for you?

Yes No What are they? _____

Review/schedule

CPA

Attorney

Now you can move forward

To learn more about how Merrill can support your family or to locate a financial advisor with special needs experience, call **877.456.7526**. For additional information, please visit ml.com.

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