

# The Arc of Indiana

*advocating for people with developmental disabilities and their families since 1956*

## The Arc Master Trust

*a service of The Arc of Indiana  
established 1988*

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[www.arcind.org](http://www.arcind.org)



# The Arc of Indiana

Established in 1956 by parents of children with developmental disabilities, The Arc of Indiana is a resource for families to come together and advocate for a better life for their children.

The Arc is committed to progressive legislation to protect rights and improve services for people with developmental disabilities.

The Arc is Indiana's leading advocacy organization for people with developmental disabilities and their families.

The Arc of Indiana is affiliated with  
The Arc of The United States

# Highlights of The Arc of Indiana's history include:

- Working to close Indiana's state institutions, allowing former residents to live successfully in the community.
- Leading the fight to allow all children to attend public schools.
- Ensuring all infants and toddlers with disabilities receive early intervention services.
- Fighting for legislation and funding to provide Medicaid waivers for home and community based services.

- **Establishment of The Arc Master Trust** – the nation's most successful special needs trust, allowing families to provide for their loved ones after their death, and allowing people with disabilities to establish their own trust.
- Through public education, The Arc has changed minds and proved that people with developmental disabilities can and do live as our neighbors, work in businesses, and play in the community.

# The Arc Master Trust History

The Arc Master Trust was founded by The Arc of Indiana in 1988 to allow families to provide for their loved ones after they are gone.

The Trust was created through the combined efforts of Alan Kemp; Tom Ewbank, an attorney and leading expert in Indiana on Trusts; and the support of local chapters of The Arc of Indiana and The Arc of Indiana Board of Directors.

The Arc Master Trust II was established in 1995 to allow people with disabilities to fund their own trust. The Arc of the United States was instrumental in establishing the federal legislation that allowed for the creation of trusts by people with disabilities.

# Trust I and Trust II Today

Alan Kemp retired as Trust Director in 2005.  
Tom Ewbank serves as legal counsel to the Trust.



Melissa Justice serves as Trust Director.  
She previously served The Arc for twelve years  
as Controller and manager of financial services  
for the Trust.



Geyssel Gonzalez and Elizabeth Clayton  
serve as Trust Account Managers.

As of December, 2007, combined deposits for Trust I  
and Trust II total \$32 million, and are secured  
at The National Bank of Indianapolis.

# Special Needs Trusts

- A special needs trust provides a person with a disability with resources, without jeopardizing eligibility for government benefits.
- A “master trust” is another term for a pooled trust.
- In a pooled trust, funds are “pooled” for investment and management, but each enrolled beneficiary has his or her own account.

# The Arc of Indiana Master Trust

- The Arc of Indiana offers two master trusts.
- Trust I is most often funded by parents or grandparents.
- Trust II is most often funded by persons with a disability, using their own money to fund the trust.
- Both trusts can provide items that are not covered by government programs.
- Trust funds are secured and deposited at The National Bank of Indianapolis.

# The Arc Master Trust provides continuity and affordability

- The Arc of Indiana was founded in 1956, and remains a stable, vibrant organization. We have been here for families for 50 years, and will continue to be here for many years to come.
- The Arc Master Trust is an affordable option. Individually managed bank trusts must be relatively large, often starting at \$300,000. Minimum funding requirements for The Arc Trust are dramatically less.

# The Arc Trust has 20 years of Trust administration expertise

- Each time a special needs trust is used, the Trustee must report this to government agencies.
- The Arc Trust staff provides this reporting for each disbursement made on behalf of the beneficiary.

# Funding Trust I

- Most parents or grandparents fund an Arc Trust I account upon their death – through a will, living trust, or life insurance.
- In some cases, as trust is funded during the donor's lifetime.

# Trust I – Key Person and Remaindermen

- Typically, Trust I is set up to be spent over the beneficiary's lifetime, creating an "annual targeted spending amount."
- Trust staff work with one or more "key persons" who help communicate how funds should be spent.
- When the beneficiary passes away, any funds remaining in the trust account pass on to whomever was designated to receive the funds – the "remaindermen," who are named by the donor when the trust is established.

# How can the Trust be used?

- The trust can pay for dental care, eye care, or medical expenses not covered by Medicaid or other insurance.
- The trust can be used for school tuition, communication aids, cable television, phone and Internet service, transportation, clothing, household items, furniture, vacations, entertainment, gifts, donations to church or others, and many other items.

# How are requests for disbursements made?

- Requests are easy to make and usually can be made over the phone.

# What are the fees?

- Fees include:
- A one-time enrollment fee.
- An annual renewal fee that is paid annually until the trust is funded.
- An annual consulting fee that is paid once the trust is funded. This fee comes from the trust account.

# Does The Arc require any funds remaining in Trust I to go to The Arc?

- No. You *can* designate that any funds remaining in Trust I after the beneficiaries death remain with The Arc, but this is not a requirement of Trust I.
- Our goal is that all funds will be spent during the beneficiary's life time.

If my child lives beyond life expectancy, and all funds are spent from the trust account, what happens?

- The goal of Trust I is to continue to provide for an individual who lives beyond life expectancy and depletes his or her account.

# Trust II

- Thanks in part to the leadership of The Arc of The United States, Congress passed legislation in 1993 that made it possible for a person with a disability to fund their own trust, and remain eligible for government benefits.
- The Arc of Indiana established Trust II in 1995.

# Why would a person with a disability fund their own trust?

- If a person with a disability receives an inheritance, a lump sum back payment from social security, or a personal injury settlement, these funds may make them ineligible for government benefits.
- Funds can be put in a trust to keep government benefits, and allow funds to be spent wisely over time.

# Is there a minimum or maximum that can be placed in Trust II?

- There is no required minimum, but accounts are usually funded with several thousand dollars.
- An account, however, can be started with as little as the cost of the enrollment fee.

# How often can Trust II funds be used?

- A Trust II account can be used approximately 12 times per year for one time expenses.
- In addition, a Trust II account can be used to pay monthly, recurring bills such as cable, phone, internet, etc.

# Does Trust II require a remainder to be left to The Arc?

- Trust II, unlike Trust I, does have a remainder requirement – here's why.
- Federal law requires that any funds left in a trust funded by a person with a disability must go back to the state to reimburse the state for Medicaid funds spent on that person. If any funds are left *after* Medicaid has been reimbursed, funds can then pass on to an heir – but it would be very rare for any funds to be left.
- Federal law allows that if the Trust is administered through a not-for-profit like The Arc, the organization can retain up to 100% of any funds left, rather than that money going back to the state. The Arc Trust retains only 50% of any funds remaining, and any other funds would go back to repay the state for Medicaid funds spent on that person. If The Arc did not retain 50%, it is extremely likely that those funds would return to the state.

# What does The Arc do with funds retained from Trust II?

- The Arc's policy is that remainder funds be used to benefit people with disabilities in Indiana.
- Funds can be used to assure Trust I beneficiaries who deplete their account continue to receive benefits.
- Funds have been used to assist thousands of low-income people with disabilities with The Arc's "Winter Heating Assistance Program."
- Funds have been used to support the ongoing advocacy work of The Arc.

# Contact The Arc Master Trust

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