



Questions and answers about **Berkshire County Arc's** **Master Special Needs Pooled Trust**

1. What is a pooled trust?

It is a trust where each individual has his/her own account within the trust. His/her money is pooled with others' funds producing a larger sum of money for more effective investment purposes. The individual who qualifies for such a trust must be "disabled" as defined within the Social Security Act. The individual benefiting from the trust is the "beneficiary". Fees and benefits from investment are determined by each individual's percentage of investment in the funds capital amount.

2. What is the purpose of a pooled trust?

A pooled trust supplements basic support programs such as Masshealth, SSI and SSDI. It also allows individuals to accumulate wealth to enhance their lives while at the same time protecting their eligibility for these public benefits.

3. What are some benefits of a pooled trust?

A pooled trust is dependable. Administered by the Arc, a non-profit organization dedicated to serving the needs of individuals with disabilities since 1954, it is not affected by the health, good will or well being of any one individual. Oversight of the trust is constant and consistent.

4. As a parent or guardian will I lose my right to determine how my family member's money is spent?

No. You will be able to help determine a spending plan allowing for both goods and services that you feel will enhance your family member's life. However, the trust is a "discretionary trust", so only Berkshire County Arc, as "trust manager" can request that money be disbursed from the trust fund. A guardian for the trust's purposes is a legal guardian, conservator, agent acting under power of attorney, trustee, representative payee, or any other legal representative or fiduciary of the beneficiary.

The trust is also a "spendthrift trust" and is not subject to attachment or control by any creditor, and no beneficiary can compel a disbursement from the trust.

The trust is "irrevocable". Once the trust is funded, the money placed in trust is not refundable. However, future designations of funds to the trust, such as the income from an insurance policy, are revocable upon written notice to the trustee.

5. Who is trustee for the pooled trust?

Berkshire Bank is trustee and fiduciary manager of the trust. However, Berkshire County Arc may replace the trustee at any time if it is dissatisfied with the current trustee's performance.

6. What is Berkshire County Arc's role in the trust process?

Berkshire County Arc is advisor to and manager of the trust. Any requests for disbursement of money from a trust account, no matter who initiates them, must be made by Berkshire County Arc. The beneficiary's "primary representative" will communicate the beneficiary's needs to Berkshire County Arc.

7. Are there fees associated with joining the pooled trust?

Yes, there is, a \$500.00 or \$600.00 enrollment fee (see enclosed fee schedule); a yearly administration fee, 1.2% to Berkshire Bank and 1% or a minimum of \$250.00 to Berkshire County Arc; a \$200.00 yearly tax preparation fee and a \$100.00 one-time account closing fee assessed by Berkshire Bank.

8. Are their legal fees associated with the trust?

Yes. While there is no trust to be written, saving the beneficiaries significant funds, there are also two legal bills associated with the trust. See the fee schedule. These first bills, either \$450.00 or \$562.50 are paid by Berkshire County Arc. The second legal bill, usually around \$600.00, is the beneficiary's responsibility. This bill may be paid from trust funds.

9. How will the individual's trust fund be invested?

The funds will be invested by the trustee, Berkshire Bank. The bank portfolio for the Berkshire County Arc Pooled Trust currently includes investments in both equities and bonds using diversified and low cost Exchange Traded Funds (ETFs). The composition includes both domestic and developed international stocks, as well as investment grade corporate bonds (rated "Baa3" or higher by Moody's Investors Service and "BBB-" or higher by Standard and Poor's). The allocation to equities within the portfolio is approximately 50%, with the significant majority invested to passively track the S&P 500 index (a market capitalization weighted index of 500 large US companies).

10. Who may fund the pooled trust and how often can deposits be made?

A pooled trust is "self-settled", meaning that it is established with a beneficiary's own funds. For example, funds may come from an inheritance, an injury settlement, or from an individual's own savings. The individual funding the trust is called a "grantor".

Funding a trust in an organized manner is much more productive than random spend downs. The funds in the trust are its "assets".

11. Is there a minimum investment to join the pooled trust?

Yes. The minimum initial deposit is \$7500.00.

12. Is there a maximum amount the trust will accept?

No, the trust has no maximum investment.

13. Why is the trust a “remainder trust?”

The trust is a remainder trust because upon the death of the individual enrolled in the trust there are several remainder persons who have first rights to the money. Berkshire County Arc is first remainder person and is due 5% during the first two years of the accounts creation and 20% thereafter of any money left in the trust. **BCArc must keep this money in a trust maintenance account that may be used to offset costs of administering the trust, to augment existing trust accounts, to initiate new trust accounts for disabled individuals in need, and to aid any individual disabled person.**

MassHealth has second rights for any money remaining in the trust.

Any designated beneficiaries have third rights to remaining funds. An individual may choose any person or charity or organization to be beneficiary of any remaining money in the trust.

14. Is there a minimum amount that must be retained in a trust account?

Yes. A minimum of \$2500.00 must be retained in the trust. Should funds fall beneath this level, the enrollee or his/her representative, after a grace period of three months during which the account may be replenished, will be asked to spend down the funds in the trust. This is to the benefit of the individual who will otherwise lose disproportionate money to fees.

15. How will I know how the pooled trust is performing and being used?

The trustee will provide quarterly accountings showing all receipts, disbursements, and distributions to and from each trust sub account. Also, trust sub account records shall be available at all reasonable times for inspection by the beneficiary or his/her primary representative. However, the trustee is not required to furnish trust records to any individual, corporation, or other entity without the express written approval of the beneficiary or his/her representative.