

## INSURANCE

# How Can Setting Up A SNTC Trust Help You When You Or Your Loved Ones Have Special Needs

Continue to live life fully

by **John Lim** September 24, 2022

 Like  Share 25 people like this. Be the first of your friends.



 LATEST  TRENDING

NEWS

 **4 Reasons Why Singapore Is The Most Expensive City In World**

HDB

 **HDB Or Bank Loan: Pros & Cons To Consider Before Deciding On Which Housing Loan To Take**

4 STOCKS THIS WEEK

 **Tencent & Alibaba Earnings Result: How The Two Biggest Chinese Tech Companies Performed In 2022?**

BRANDED CONTENT

 **How Do We Invest To Protect Our Money Against Inflation?**

“Wah John, long time no see! Where did you go?”, the beneficiary puts his arm around my shoulder and smiles.

Nothing seems to have changed. Despite being abroad for 3 years, the beneficiaries at MINDS, seem as friendly and happy as ever. Their caregivers greet me, offering me a Yakult from the sofa they are seated on. I notice one of the caregivers whom I’m familiar with missing. “Oh, where did Aunty go?”

Then I hear that she’s passed away. Some of the parents start sharing about how difficult it has been for her children with special needs. In the past, she would cook their meals, monitor their intake, and take them to their weekly activities. With only their father around now, and with him having to work a full-time job, it was difficult for them to be as well-cared for.

Her children had put on more weight. It seemed like a spark had gone out of their eyes. Their father was also struggling with handling the finances following the demise of his wife. There had been no care or financial plan.

That’s where the Special Needs Trust Company (SNTC) can help.

The Special Needs Trust Company is a registered charity set up to provide affordable trust services to those with special needs. SNTC offers 2 services to help caregivers plan and provide for their loved ones with special needs.

1. Special Needs Savings Scheme (SNSS)
2. SNTC Trust

## What Is The Special Needs Savings Scheme (SNSS)?

According to Esther Tan, the General Manager at SNTC, the SNSS is not a trust but is an extension of the current CPF nomination scheme, which allows parent applicants to nominate their child with special needs to receive a pre-determined monthly payout, instead of a lump sum payout, from the applicant's CPF account.

### Key Characteristics of SNSS



*The different characteristics of the SNSS. (Credit: SNTC)*

The remaining money in the SNSS account will also earn a continual interest rate.

## What Is The SNTC?

The SNTC Trust is a legal arrangement with SNTC for them to hold money for your special needs beneficiary with special needs in a trust. This money can be paid to support the future care arrangements and expenses for your beneficiary.

In addition to administering and monitoring the use of the trust fund set up by the caregivers, SNTC's care managers will make periodic home visits to check on the well-being of these beneficiaries.

## What should you choose?

If you are considering between SNSS and the SNTC Trust, which should you choose?

Esther adds that rather than thinking of it as an either/or option, look at it more as, "mutually complementary options".

The table shows more clearly how the options differ.

## DIFFERENCES BETWEEN SNTC TRUST AND CPF SNSS NOMINATION

		SNTC TRUST	CPF SNSS
1	Savings Options to ensure financial security for Person with Special Needs (PSN)	As trustee, SNTC has a legal obligation to ensure that the monies in the trust account set up by the caregiver is disbursed for the care needs of the PSN.	SNSS is an extension of the current CPF nomination scheme whereby parents, instead of nominating a lump sum payout to their child with special needs, have an option to nominate a monthly payout to their child with special needs.
2	Who can provide for PSN using SNTC trust or CPF SNSS	Anyone can set up a trust for PSN, need not be a parent (can be siblings, relatives, spouse, etc)	Only Parent can sign up for SNSS for their child with special needs. Non-parent will require special approval from MSF.
3	Top Up of SNTC Trust Account or SNSS account	You can top up the trust account anytime and any amount. The trust is also an infrastructure for caregivers to will their future assets such as monies from their insurance policies, property proceeds and savings to the trust account.	During the CPF member's lifetime, he can top up his CPF account, subject to the prevailing limits on different accounts. After demise of the CPF member, monies from his estate cannot be used to top up his SNSS account to support his child with special needs.
4	Flexibility and Mode of Future Payout from SNTC Trust Account and SNSS Account	Amount disbursed and payee will be according to the wishes of the caregiver set out in a Letter of Intent but SNTC has the discretion to vary payment according to meet the needs of the PSN provided that any request for reimbursement is supported by receipts and proof that it is incurred for the PSN.	Quantum of the monthly payout and payee (the PSN or the legal guardian) are as stated in the SNSS nomination form.  Responsibility of parent to nominate a trustworthy legal guardian or deputy to receive the monthly pay-out on behalf a PSN, who lacks mental capacity.
5	Monitoring of disbursements	SNTC checks receipts/invoice/bill before making payment	No monitoring or checking by CPF Board.
7	Care Plan and Letter of Intent	SNTC will work with the caregivers on the future care arrangements and expenses of the PSN and develop a personalised Care Plan and set out their wishes in a Letter of Intent.	This service is not provided by CPF Board.
8	Review of Care Plan	Periodic reviews the Care Plan to capture any changing needs of the PSN and update the Letter of Intent	This service is not provided by CPF Board.
9	Home visits	Periodic home visits to check on the well-being of the PSN	This service is not provided by CPF Board.
10	Future pay-out of any balance of funds upon demise of the PSN	Any trust balance will be paid to the residual beneficiaries named by caregiver who sets up the trust.	Estate of PSN

Whilst both the SNSS and SNTC Trust are mutually complementary, Esther believes that the trust “offers longer term follow-up. For example, if we see that the money may run out in the next 5 years, we will speak to the successor caregiver to see if there are other options that can be explored.”

## How Will The Money Be Used?

### SNSS

For the SNSS, the money will be given every month to the person with special needs. This money can be used in whatever way the person wishes.

However, if the person with special needs has a deputy in place, the deputy can manage this money on behalf of the person.

### SNTC Trust

Setting up the SNTC trust is a three-step process involving:



*The three-step process in setting up a trust*

During the initial assessment, SNTC will draw up a holistic needs assessment that covers the *current* costs of your beneficiary’s needs, such as:

1. Housing
2. Healthcare
3. Transport
4. Food
5. Personal care
6. Miscellaneous

## **First appointment with Case Manager**



### **Holistic needs assessment**

---



### **Develop care plan**

---



### **Identify sources of funds**

*What happens during the consultation with your case manager*

For the SNTC Trust, this can differ based on the final Letter of Intent that you draw up.

## **What To Do Next**

### **Start early**

Esther Tan, the General Manager of SNTC, suggests that caregivers start early. There are a few reasons for doing so.

Firstly, the trust will provide you with the legal infrastructure to will your estate, nominate your insurance and CPF monies to the trust to provide for your loved ones with special needs. You only need an initial deposit of \$5,000 to start your trust fund. The initial capital to set up an SNTC trust account is very affordable compared to the minimum amount required by private trusts.

The initial deposit will earn interest. The money is managed by the Public Trustee's Office, which earns an average of 2 to 2.5%, which in recent years is higher than Fixed Deposit rates.

Secondly, you need time to save and build up your trust fund. For low to middle-income families, parents can consider purchasing a term plan and nominate the payout to the trust upon the demise of the insured parent.

In November 2021, SNTC partnered with Great Eastern to introduce the **Great Eastern Cares Term Plan**, a term-life plan for parents of children with special needs.

It provides basic protection against death and terminal illness at an affordable premium and provides a lump sum payout of between S\$100,000 and S\$300,000 to the SNTC's trust account upon the demise of the insured parent. This is especially suitable for younger parents of children with special needs.

SNTC also introduced the GOAL Sponsorship to help those who may be unable to afford the initial deposit to set up the SNTC Trust account may wish to consider the Gift Of A Lifetime (GOAL) sponsorship scheme.

GOAL helps a parent purchase a \$100,000 term plan for proceeds to be paid into the child's SNTC trust account upon the demise of the parent.

GOAL has two parts:

1. It sponsors the parent with the initial \$5,000 deposit to set up an SNTC trust account for the child;
2. The parent follows a plan to top-up the trust account to receive matching top-up donations, up to \$5,000. These funds are then used to pay the premium of the term policy, the Great Eastern Cares Term Plan on a parent's life.

To qualify, the parents must meet criteria such as:

- The child meets SNTC's definition of "a person with special needs";
- Monthly per capita income (PCI) must not exceed \$1,900;
- Parents do not own any private property.

As you can see from the diagram below, the GOAL Sponsorship offers matching donations that pay the premiums of the term life plan. There is no way you can have these premiums at these rates, for a \$100,000 pay-out.

## GOAL Top-up Plan



Life Insured: Mother				
Age Next Birthday (ANB)	30 ANB	35 ANB	40 ANB	45 ANB
Premium \$100K cover till age 100	\$205.97	\$262.59	\$370.60	\$560.43
<b>Without GOAL Sponsorship</b>				
Total premiums till age 100	<b>\$14,418</b> \$205.97 x 70yrs	<b>\$17,068</b> \$262.59 x 65yrs	<b>\$22,236</b> \$370.60 x 60yrs	<b>\$30,824</b> \$560.43 x 55yrs
<b>With GOAL Sponsorship</b>				
Minimum trust top-up* to cover till age 100	<b>\$3,000</b> \$500/yr for 6yrs	<b>\$4,000</b> \$500/yr for 8yrs	<b>\$7,000</b> \$500/yr for 14yrs	<b>\$15,600</b> \$600/yr for 26 yrs
Matching donations	\$3,000	\$4,000	\$5,000	\$5,000
Payout	\$100,000	\$100,000	\$100,000	\$100,000

\* Minimum top-up is \$500/year; and must cover the annual premium to the nearest \$100 over a specified number of years.

*For every dollar you pay, SNTC matches it so that premiums are made more affordable*

## **Talk to a case manager**

Whilst the SNTC Trust and the SNSS can function as useful ways to manage the finances after you, the caregiver, is gone, what's also important to note is the emotional and logistical aspect of caregiving.

For example, some questions to think through include:

1. Where will the person stay? Who will he stay with?
2. Who will take primary care of the person?

Talking to a case manager can help you to also negotiate the tricky situation of family dynamics. "Some parents are scared that they will offend their other children, who might think that their parents do not trust them to manage the beneficiary's money," Esther shared.

A case manager can help you to make sense of the potentially difficult conversation you have with your children about setting up a trust.

## **Talk to your loved one**

Sometimes, when your loved one has special needs, it can be easy to think that they have few ideas about how they want their future to look. Giving them visual representations of the kinds of places they would like to stay in after you're gone may be a difficult conversation, but is a necessary conversation.

Try asking questions like:

1. What do you want to do after mummy is gone?
2. Where do you want to stay? Do you still want to stay here?
3. Who do you want to stay with? Is it with Jie-Jie?

Notice that the questions start off initially quite broad, but they become more close-ended as people with special needs sometimes need a greater structure to facilitate their decision-making.

## **What happens to the money after the person's demise**

After your demise, the SNTC case manager will work with the executor to ensure that assets earmarked for the SNTC trust to provide for your special needs beneficiary are handed over to the trust.



## SNTC Case Manager

- Assets earmarked for trust follow up
- Conduct home visit
- Trust funds payout
- Speak to/ Meet appointed caregivers

*What the case manager will do after your demise*

The trust funds will be paid out to the beneficiary's care home, or the successor caregiver.

They will also conduct regular home visits to ensure that the beneficiary is managing well.

### **SNTC stands for...**

SNTC stands for the Special Needs Trust Company, but it may also stand for "Start Necessary Thinking for Child."

3 years ago, whilst I was working in a learning disabilities team, I remember making a home visit to a care home for older children with beneficiaries. I loved this home because it was always filled with warmth. There would be smiling pictures of beneficiaries with their carers around them and cosy sofas and little corners where you would find funny toys lying around.

As I walked in, a beneficiary ran to me. Even though her parents were now gone, this beneficiary continued to live life fully. She continued to reach milestones that her parents would have never imagined her having. That memory always springs to mind whenever I think of the times I had with beneficiaries.

Someday, your life may pass on. But the lives of your children with special needs, still carry on. And you undoubtedly want them to continue living their best lives, with or without you.

Maybe it's time to start planning, with SNTC so that they can journey with you and give you some peace of mind. You can start a conversation with SNTC by calling 6278 9598 or emailing [enquiries@sntc.org.sg](mailto:enquiries@sntc.org.sg).

***When John isn't writing, he's busy lifting (light) weights. John is a writer that is excited about helping young adults to live healthy, passionate and purposeful lives at work. He writes at [liveyoungandwell.com](http://liveyoungandwell.com).***