



Financial resources are available for disabled kids that can be used to help defray costs of care. Unfortunately, these valuable resources can be inaccessible due to restrictive eligibility requirements. Thankfully, parents have options to help ensure life-long care for their child, such as utilizing special savings accounts and trusts for disabled children.

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Personal Accounts for Children with Disabilities

There are a few types of personal financial accounts that can be created for a child with disabilities. These accounts can help to pay for medical, therapeutic, and other daily costs over the course of a child's life. These accounts can serve as excellent savings options since many are tax-advantaged.

ABLE Accounts

[ABLE accounts](#) are savings accounts that are subject to certain tax advantages that other savings accounts are not. Individuals with disabilities are eligible for ABLE accounts if they fall below a designated income and resource level. The first \$100,000 collected in an ABLE account is not treated as an "asset." This means that beneficiaries are not at risk of losing



benefits from public insurance programs like Medicaid.

The funds needed to start an ABLE account are often much less than those required to establish a special needs trust (SNT) or a pooled trust. The money in these accounts can be used for anything that considered a “qualified disability expense,” which provides some more choice and control for the individual and his/her family than other special needs savings options.

“Qualified disability expenses” may include:

- Medical treatment
- Education, tutoring, or job training
- Transportation
- Assistive devices and accommodations
- Housing
- Legal fees
- More

Flexible Spending Arrangement (FSA)

A [flexible spending arrangement \(FSA\)](#) allows individuals to set aside money from their employment benefit plan that can be used to help with medical or other qualified expenses. This money is not subject to traditional payroll taxes. However, it *must* be spent by the end of the benefit year. Oftentimes, individuals use these funds to pay for expenses like:

- Deductibles
- Copayments
- Medical expenses not covered by insurance and
- Certain types of medical equipment



Health Savings Account (HSA)

A [health savings account](#) is very similar to a FSA, except that the money can be saved over time in this non-taxed account. Only people enrolled in a [High-Deductible Health Plan \(HDHP\)](#) are eligible for an HSA. HSAs are “portable” meaning that if you change employers, the account will move with you, which provides another level of stability to families. As with an FSA, there are specific items that can be purchased with the funds from an HSA.

Health Reimbursement Arrangement (HRA)

[Health reimbursement arrangements](#) are funded solely by employers and set aside a certain amount of non-taxed money that is used to reimburse employees for the medical expenses of their family members. These plans vary based on employer contracts and preferences.

Trusts for Disabled Children

Unlike personal savings accounts, trusts are controlled by trustees. Trustees make financial decisions on behalf of a beneficiary, in this case, a child with disabilities. There are often different restrictions regarding how this money is to be spent, but generally it must be used in the best interest of the designated beneficiary. While many types of trusts exist, there are two are used most for disabled children and their families:

Special Needs Trusts (SNTs)

Special needs trusts may be opened in the name of an individual with disabilities by a family member or loved one. These trusts do not count as income or assets, so they don't impact your child's eligibility for public assistance programs like Medicaid. The money placed in a SNT is under the control of a trustee who is in charge of spending this money in a way that helps the beneficiary. SNT funds can be used on things like:



- Personal care attendants
- Out-of-pocket medical expenses and
- Accessible home modifications

In the case of a lawsuit, individuals may decide to have their settlement pay into an SNT where it can be managed professionally, rather than in the form of a lump-sum or a structured annuity.

Pooled Trusts

Pooled trusts are often used instead of SNTs in situations where there is:

No single trustee available or

Not enough initial funding to open a special needs trust

In pooled trusts, money is given to and managed by a non-profit organization for the entirety of the beneficiary's lifetime.

Financial Assistance

If you feel you want help making decisions about your child's financial future, or if you simply want a second opinion, it may be helpful to hire someone to assist you. Depending on your situation you might consider:

A Financial Planner

A licensed financial planner is a qualified individual who can advise you on how to spend and allocate your assets. This may be beneficial for your family if you are unsure about how to spend and save your money. Some financial planners specifically work with families of children with disabilities. These planners will be well-versed in the many saving and spending



options associated with disabilities.

An Attorney for Estate Planning

An attorney for estate planning will function similarly to a financial planner, except that he or she can provide legally binding contracts that work to protect resources for your child. An attorney that focuses on estate planning will be aware of the potential benefits and drawbacks involved in setting up trusts, and may help you safely allocate your money.

Is it time to contact an attorney?

Any parent whose child was injured at birth should consider talking to an attorney about their experience. A [medical malpractice attorney](#) who exclusively works on birth injury and HIE-related cases is equipped to answer your questions. The HIE Help Center is owned and operated by [ABC Law Centers](#), a law firm that ONLY takes on birth injury cases. We've been this way since the firm's inception in 1997.

Our team is available 24/7 to listen to your story, provide answers and help your family. Don't worry about the cost, we cover it all. You pay *nothing* unless we win your case.

Related reading:

- [Financial Planning for Disabled Kids](#)
- [Legal Options for Medical Malpractice](#)
- [Tax Planning for Parents of Disabled Children](#)