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# Introduction to Special Needs Trust

This Special Needs Trust Agreement ("Agreement") is made and entered into as of August 9, 2025, by and between the Grantor and Docupal Demo, LLC, a company located at 23 Main St, Anytown, CA 90210, United States. This document establishes a Special Needs Trust, designed to protect the interests and well-being of a beneficiary with disabilities.

## Purpose of a Special Needs Trust

A Special Needs Trust is a legal tool that allows a person with a disability to have assets held in trust for their benefit. This arrangement is carefully structured to avoid disqualifying the beneficiary from needs-based government assistance programs, such as Medicaid and Supplemental Security Income (SSI).

## Why It's Important

This type of trust is critical because it allows beneficiaries to maintain eligibility for these essential government benefits. At the same time, the trust provides access to funds that can significantly enhance their quality of life. These funds can cover needs that government benefits do not, offering a more complete and personalized level of support.

## Legal Protections

The trust provides important legal protections. Assets held within the Special Needs Trust are not considered "countable resources" when determining eligibility for needs-based government benefits. This ensures that the beneficiary can receive the assistance they need without jeopardizing their access to additional support through the trust. The trust also protects these assets from being directly accessed by the beneficiary in a way that could potentially disqualify them from receiving government benefits.



# Definitions

For the purposes of this Special Needs Trust Agreement, the following terms shall have the meanings set forth below:

## Beneficiary

"Beneficiary" refers to the individual with a disability for whose benefit this Trust is established. This Trust is intended to supplement, and not supplant, any government benefits for which the Beneficiary may be eligible.

## Trustee

"Trustee" means the individual or entity named in this Agreement, or any successor, responsible for managing and administering the Trust assets in accordance with the terms of this Agreement and applicable law. The Trustee has a fiduciary duty to act in the best interests of the Beneficiary.

## Discretionary Distributions

"Discretionary Distributions" are payments made by the Trustee from the Trust assets for the benefit of the Beneficiary. These distributions are made at the Trustee's discretion, guided by the Beneficiary's special needs and in accordance with the terms of this Agreement. Distributions should not be made in a manner that would disqualify the Beneficiary from receiving Government Benefits.

## Special Needs

"Special Needs" include the Beneficiary's requirements for care, comfort, education, training, and other services or items that are not provided by Government Benefits. These needs are intended to improve the Beneficiary's quality of life.

## Government Benefits

"Government Benefits" refer to any and all governmental assistance programs for which the Beneficiary is eligible, including but not limited to Social Security Income (SSI), Medicaid, and other federal, state, or local programs that provide support or



services to individuals with disabilities. Eligibility requirements for these programs will be considered when making distributions.

## Creation and Funding of the Trust

This Special Needs Trust is established by ACME-1 on this 9th day of August, 2025, for the benefit of the Beneficiary, as named in Article I. The Trust will be funded with assets as described below, and governed by the terms outlined in this agreement.

### Initial Funding

The initial funding of this Trust may consist of various assets, including but not limited to cash, stocks, bonds, real estate, personal property, and life insurance proceeds. The Grantor may contribute additional assets to the Trust from time to time, subject to the terms of this Agreement.

### Asset Transfer

To properly fund the Trust, assets must be formally transferred into the ownership of the Trust. This typically involves changing the title or registration of the asset to reflect the Trust as the owner. Examples of asset transfer methods include:

- **Bank Accounts:** Re-titling accounts to the name of the Trust (e.g., "[Trust Name], Trustee").
- **Real Estate:** Executing and recording a deed transferring ownership to the Trust.
- **Stocks and Bonds:** Re-registering the securities in the name of the Trust.
- **Life Insurance:** Designating the Trust as the beneficiary.

The Trustee is responsible for ensuring that all asset transfers are completed accurately and in compliance with applicable laws and regulations.

### Funding Restrictions

While the Grantor and other parties may contribute to the Trust, certain funding restrictions must be considered to protect the Beneficiary's eligibility for government benefits and to avoid adverse tax consequences.



- **Gift Tax:** Large contributions may have gift tax implications. It is recommended that the Grantor consult with a tax advisor to understand these implications and plan accordingly.
- **Government Benefits:** Transferring assets improperly could disqualify the Beneficiary from receiving Supplemental Security Income (SSI) or Medicaid. The Trustee must ensure that all transfers are structured to comply with applicable SSI and Medicaid rules.
- **In-Kind Transfers:** The Trustee should carefully evaluate the acceptance of in-kind contributions to ensure the asset is appropriate for the trust and can be efficiently managed.

The Trustee has the discretion to refuse any contribution that would jeopardize the Beneficiary's eligibility for government benefits or otherwise be detrimental to the Trust. The Trustee may seek legal or financial advice when evaluating potential contributions.

## Trustee Powers and Duties

The Trustee has significant responsibilities in managing this Special Needs Trust. These duties are designed to protect the Beneficiary's interests and ensure the trust operates according to its purpose.

### Fiduciary Duties

The Trustee must uphold certain fiduciary duties. These include a duty of loyalty, requiring the Trustee to act solely in the best interest of the Beneficiary. The Trustee must also exercise a duty of care, managing the trust with prudence and diligence. Impartiality is another key duty, meaning the Trustee must act fairly if there are multiple beneficiaries. Finally, the Trustee has a duty to inform and account, keeping the Beneficiary (or their legal guardian) reasonably informed about the trust and providing regular accountings.

### Discretionary Authority

The Trustee has discretionary authority to make distributions from the trust. These distributions should be for the Beneficiary's special needs. This authority, however, may be limited. The agreement may specify the types of expenses the trust can





cover. The Trustee may be required to consider the availability of government benefits before making any distributions. The Trustee must ensure that trust distributions do not negatively impact the Beneficiary's eligibility for these benefits.

## Management Powers

The Trustee has the power to manage the trust's assets responsibly. This includes the power to invest and reinvest assets. It also includes the power to sell or exchange assets. The Trustee can also manage real estate, collect income, and pay necessary expenses. The Trustee may engage professional advisors, such as financial consultants or legal counsel, if needed. All actions must align with the trust's purpose and the Beneficiary's best interests.

## Reporting Requirements

The Trustee must adhere to specific reporting requirements. The Trustee will provide regular accountings to the Beneficiary or their legal guardian. These accountings will detail all trust activity, including income, expenses, and distributions. The Trustee is also responsible for filing any necessary tax returns related to the trust. The Trustee must maintain accurate and complete records of all trust transactions.

# Beneficiary Rights and Use of Trust Assets

This section outlines the rights of the beneficiary and how the trust assets can be used. The primary goal is to enhance the beneficiary's quality of life while protecting their eligibility for government benefits.

## Beneficiary Rights

The beneficiary of this Special Needs Trust has the right to have the trust managed responsibly by the trustee, in accordance with the terms of this agreement. This includes the right to:

- Have their needs assessed and addressed in a timely manner.
- Receive distributions from the trust to supplement, but not supplant, government benefits.



- Request an accounting of the trust's assets and activities.

## Permissible Use of Trust Assets

The trustee has the discretion to use the trust assets for the beneficiary's benefit. These uses must comply with the purpose of maintaining the beneficiary's eligibility for public benefits. Distributions should improve the beneficiary's life. Trust assets can cover a wide range of expenses, including but not limited to:

- **Medical and Dental Care:** Expenses not fully covered by insurance or government programs, such as specialized treatments, dental work, and prescription eyeglasses.
- **Education:** Tuition, books, supplies, and tutoring for educational or vocational training programs.
- **Recreation:** Entertainment, hobbies, vacations, and social activities.
- **Transportation:** Vehicle purchase or modification, public transportation costs, and travel expenses.
- **Therapies:** Occupational, physical, speech, and other therapies not fully covered by insurance.
- **Supplemental Needs:** Items and services that improve the beneficiary's comfort and well-being, such as clothing, personal care items, and electronic devices.
- **Housing:** Paying for supplemental housing costs, provided it does not jeopardize the beneficiary's eligibility for SSI or Medicaid.

## Prioritization of Needs

When using trust assets, the trustee must prioritize the beneficiary's needs. The trustee will address these needs in the following order:

1. **Basic Needs:** Ensuring the beneficiary has adequate food, clothing, and shelter.
2. **Healthcare Needs:** Addressing medical, dental, and therapeutic needs.
3. **Quality of Life:** Providing opportunities for education, recreation, and social interaction.

The trustee must always consider the impact of distributions on the beneficiary's eligibility for government benefits. Distributions should supplement, not replace, these benefits. The trustee should consult with a special needs planner or attorney when necessary to ensure compliance with applicable laws and regulations.





# Interaction with Public Benefits

This Special Needs Trust is designed to supplement, not replace, any public benefits the beneficiary may receive. The trustee must always consider the beneficiary's eligibility for government assistance programs. These programs include Supplemental Security Income (SSI) and Medicaid. The trustee's actions should aim to preserve, and not jeopardize, these benefits.

## Safeguarding Public Benefit Eligibility

The trust agreement includes specific provisions to protect the beneficiary's eligibility for public benefits. The trustee is prohibited from making distributions that would reduce or eliminate the beneficiary's access to these crucial government programs. Before making any distribution, the trustee must carefully evaluate its potential impact on the beneficiary's eligibility.

## Compliant Disbursement Strategies

To safeguard public benefits eligibility, the trustee should use compliant disbursement strategies. One such strategy is to pay directly for the beneficiary's goods and services instead of providing cash. For example, the trustee could pay the beneficiary's rent or utility bills directly to the landlord or utility company. The trustee can also pay directly for medical care, therapies, or other services the beneficiary needs. Another strategy involves using trust funds to purchase "exempt" assets. These are assets that do not affect eligibility for SSI or Medicaid. A home or a vehicle are common examples of exempt assets. Purchasing these types of assets can improve the beneficiary's quality of life without affecting their benefits. The trustee should also coordinate with the beneficiary's support team. This team may include social workers, case managers, and other professionals. Coordinating distributions ensures that the trust funds are used in a way that complements, rather than conflicts with, the beneficiary's public benefits.

## Legal and Regulatory Compliance

The trustee must stay informed about the relevant laws and regulations governing public benefits. These include the Social Security Administration's (SSA) rules for SSI and state Medicaid regulations. Changes in these rules can impact how the trust is administered. The trustee should seek legal counsel when necessary to ensure compliance.



# Trust Termination Conditions

## Trust Termination

This Special Needs Trust will terminate upon the occurrence of any of the following events:

- The death of the beneficiary.
- The trust assets are depleted to the point where continuing the trust is no longer financially feasible, as determined by the Trustee in their sole discretion.
- A specific date or event as may be outlined elsewhere in this agreement.

## Distribution of Residual Assets

Upon termination, the Trustee will distribute any remaining trust assets according to the terms outlined in this agreement. These terms may include distribution to:

- The beneficiary's heirs, as determined by applicable law.
- A charitable organization whose mission aligns with the needs of individuals with disabilities.
- Another special needs trust established for the benefit of another person with a disability, as determined by the Grantor or, if the Grantor is deceased or incapacitated, by the Trustee.

## Role of Successor Trustee and Beneficiaries

The Successor Trustee, if any, will be responsible for managing the trust termination process. This ensures assets are distributed according to this agreement and all legal requirements are met. Beneficiaries or their legal representatives will be notified of the termination and the distribution plan. They will receive any assets they are entitled to under the terms of this trust.



# Amendments and Revocation

## Irrevocability

This Special Needs Trust is irrevocable. The Grantor, ACME-1, cannot revoke or terminate it once established, except as otherwise provided in this agreement or by court order. This ensures the trust assets remain protected for the Beneficiary's long-term care and needs, without jeopardizing eligibility for public benefits.

## Amendments

While the trust is generally irrevocable, amendments may be permissible under specific circumstances. Any proposed amendment must adhere to the formalities outlined in this Trust Agreement.

## Initiation of Changes

Changes to the trust can be initiated by the Trustee or a court of competent jurisdiction.

## Required Consents

Amendments may require written consent from the Grantor, the Trustee, and/or the Beneficiary (or their legal guardian). The specific requirements for consent will be determined by the nature of the proposed amendment and the provisions of this Trust Agreement.

# Trustee Succession

This section outlines the process for appointing successor trustees to ensure the continued management of this Special Needs Trust.

## Appointment of Successor Trustees

The grantor has the primary responsibility for selecting successor trustees. The selection process will follow the order of succession as detailed below. Each successor trustee must formally accept the appointment in writing.



## Qualifications

A successor trustee must be a legal adult. They should have experience in trust administration, financial management, or special needs planning. This ensures they can competently manage the trust assets and understand the beneficiary's specific needs.

## Order of Succession

The order of succession for trustees is as follows:

1. **First Successor Trustee:** [Name of First Successor Trustee]
2. **Second Successor Trustee:** [Name of Second Successor Trustee]
3. **Third Successor Trustee:** [Name of Third Successor Trustee]

If a named successor trustee is unable or unwilling to serve, the responsibility passes to the next named individual in the order of succession.

## Court Appointment

If no named successor trustee is available or willing to serve, a court of competent jurisdiction may appoint a successor trustee. Any interested party, including the beneficiary or a family member, can petition the court to appoint a suitable replacement. The court will consider the beneficiary's best interests when making this appointment.

## Governing Law

This Special Needs Trust is established and will be governed by the laws of the state in which it is created and administered. These laws include the state's trust code, which provides the legal framework for trust administration, trustee duties, and beneficiary rights.

## Statutory References

Relevant statutory references also encompass Medicaid regulations and Social Security Administration (SSA) rules concerning Supplemental Security Income (SSI). These regulations are crucial for maintaining the beneficiary's eligibility for



government benefits. The Trustee must adhere to these state and federal guidelines in the administration of this Trust.

## Miscellaneous Provisions

### Severability

If any provision of this Trust Agreement is deemed unenforceable, the remaining provisions will still be valid and enforced to the fullest extent possible. This ensures that the primary intent of the trust is upheld even if specific clauses are challenged.

### Spendthrift Provision

No beneficiary has the right to assign, encumber, or direct the trustee to pay any part of the trust income or principal to anyone other than the beneficiary. This protects the trust assets from creditors and ensures they are used solely for the beneficiary's benefit.

### Trustee Liability

The Trustee will not be liable for actions taken in good faith and with reasonable diligence. The Trustee is only liable for acts of gross negligence or willful misconduct.

### Dispute Resolution

Any disputes arising from this Trust Agreement shall be resolved through mediation. If mediation fails, the parties agree to binding arbitration in accordance with the rules of the American Arbitration Association. The location of arbitration shall be Wilsonville, Oregon, unless otherwise agreed upon.

### Notices

All notices related to this Trust Agreement must be in writing and delivered by:

- Personal delivery
- Certified mail, return receipt requested
- Electronic mail



Notices are effective upon receipt and should be sent to the addresses listed in this agreement, or as subsequently updated by written notice.

## Governing Law

This Trust Agreement is governed by the laws of the State of Oregon. Any legal actions concerning the trust must be initiated in Oregon.

# Acknowledgements and Signatures

## Acknowledgements

### Grantor Acknowledgement

I, the Grantor, acknowledge that I have read and understand the terms and provisions of this Special Needs Trust Agreement. I enter into this agreement voluntarily and with the intention of creating a legally binding trust.

### Trustee Acknowledgement

I, the Trustee, acknowledge that I have read and understand the terms and provisions of this Special Needs Trust Agreement. I accept the appointment as Trustee and agree to administer the trust in accordance with its terms and applicable law. I recognize my fiduciary duties and responsibilities to the beneficiary.

## Signatures

To signify their agreement to the terms and conditions outlined within this Special Needs Trust Agreement, the parties below affix their signatures. This document requires the signatures of the Grantor and the Trustee to be considered fully executed. Furthermore, notarization is required to validate this agreement legally. Depending on jurisdictional requirements, witness signatures may also be necessary for full legal effect.

Role	Name	Signature	Date
Grantor			2025-08-09





Role	Name	Signature	Date
Trustee			2025-08-09

### Witness Attestation (If Required)

We, the undersigned, attest that the Grantor and Trustee signed this Special Needs Trust Agreement in our presence, and that they appeared to be of sound mind and acting freely and voluntarily.

Witness	Signature	Date
		2025-08-09
		2025-08-09

### Notarization

A notary public must complete the following section to attest to the validity of the signatures.

