



Disability and Financial Security: Tips for Financial Planning

Caring for a child with disabilities can be quite expensive, as the costs of therapy, home care, equipment, and frequent appointments can pile up fast. Parents of children with disabilities have to conduct financial planning for two generations, effectively - they must plan for their own retirement, as well as for the lifelong financial security of their children.

It's important to meet with a financial planner early, especially since a child's medical expenses can grow as they age and develop. Further, depending on a child's specific circumstances, parents may not be able to work a full or part time and provide for all the care their child needs. When children are young, they are eligible for support programs such as Early Intervention and support through special education programs, but these programs end when the children 'age out' between ages 21-24. Before this happens, it's important to have a plan in place to help pay for continued services. If a child with disabilities doesn't have a caregiver, the courts may appoint a public conservator, guardian or administrator.

How do you go about planning for the care of a child with disabilities?

- 1. Evaluate your current finances.** What are your (and your child's) current expenses? What is your income? What kind of benefits is your child eligible for, and, if they are eligible, have they applied/been accepted?
- 2. Evaluate your child's future needs.** If your child has severe disabilities, are there certain medical costs that will be constant? When you talk to your child's doctor, do they say that it is likely that there will be additional costs for future health consideration? If your child cannot earn an income, will they need assistance with paying for food, housing, medical care, home care, and other needs?
- 3. Figure out ways to save more of your existing income.** Budgets are often quite tight, but there might be ways to trim costs.
- 4. Talk to a certified financial planner.** Financial planners are trained to help parents plan their finances, but not all financial planners have the same experience when it comes to the specific topic of disabilities. If you're able to do so, find a trusted financial planner through word-of-mouth or from other parents of children with disabilities. If you can't, it's possible to find financial planning services through nonprofit organizations such as [The Arc](#), the [Special Needs Alliance](#), or the [Academy of Special Needs Planners](#). It is also possible - and often recommended - to directly seek an attorney who specifically handles disability-related law. These financial planners can help set up financial systems (such as special needs trusts) that preserve your child's benefits while ensuring they will have money available to cover costs that health insurance and benefits don't.
- 5. Be sure your conversation with a financial planner involves the topic of investments.** Due to better medical care, people with disabilities now have much longer lifespans than they once did. The financial planner can tell you about ways to make sure



your child has the financial means to get the care they need over time - this often means secure long-term investments with guaranteed returns, such as annuities.

6. **Have a succession plan in place.** It's an unavoidable fact that everyone ages. If you're not as able to care for your child as you age, it's important to make a plan that detailed who will take care of your child when you can't. This plan can include details like who the caregiver will be, how they will be paid, how they will be trained to understand your child's specific needs and preferences, and how often they will provide services.
7. **Ensure you are able to properly designate power of attorney for children who cannot make their own financial or legal decisions.** The severity of a child's disability may vary. Those with more severe disabilities may need continued [financial and legal support](#) as they grow into adulthood. It may be a good idea for their safety and financial security for a trusted individual to have power of attorney to ensure that financial and legal decisions are made in the child's best interests.
8. **Check what resources are available in your state and local area.** Different governmental organizations will have different resources available to those with disabilities, because people with disabilities often have lower incomes than those without disabilities and may need extra help. People often already know about SSI, SSDI, Medicaid and Medicare, but sometimes there are local organizations that people might not be aware of - like, for example, Oakland County, MI's [MORC](#), which provides local support for those with developmental disabilities and mental illnesses.

Additional Resources for Disability Financial Planning

- [U.S. Department of Labor: Public Disability Resources](#)
- [Personal Finance Guide for People with Disabilities](#)
- [Financial Steps to Prepare for Disability](#)
- [Understanding Disability – Planning for Financial Well-Being](#)
- [Essential Tips from a Special Needs Financial Advisor](#)
- [\[Download\] Financial Planning Checklist](#)
- [\[PDF\] Getting a Good Picture of Your Finances](#)
- [Disability: Being Prepared](#)