

Beyond one day at a time

Planning the future: For you and for
a loved one with special needs



An extraordinary life

Our loved ones with special needs touch our lives in inspiring ways. The joy and happiness — and sometimes the challenges — they bring are extraordinary. Yet the day-to-day care and devotion required can be all-consuming. As a parent or caregiver, you may feel overwhelmed and find it difficult to think beyond “one day at a time.”

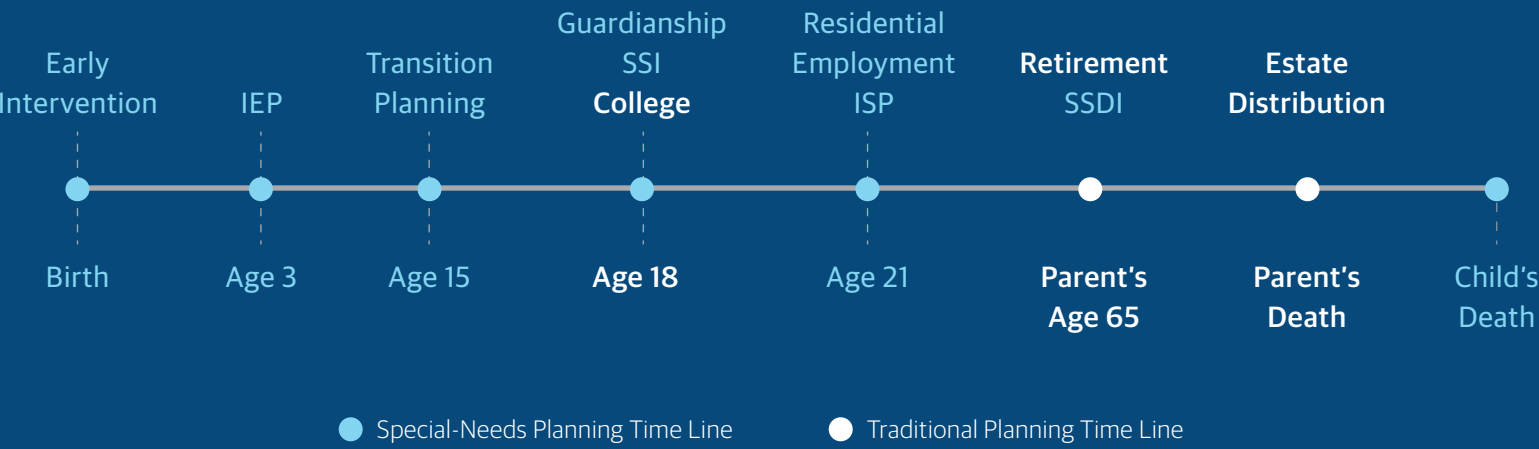
Still, you have one hope for the future: that your loved one lives a high-quality, fulfilling, and happy life. Ensuring financial confidence and future quality of life, however, takes more than hope — it takes special planning for you and your child.

A plan within a plan

Whether you’re a young family or already retired, if you have a loved one with special needs, your Northwestern Mutual financial professional has the experience and solutions to help design a financial plan that takes care of your needs and those of your loved one.

Planning for the future of someone with special needs might feel overwhelming. But there’s nothing more important. After all, how you build your financial plan today will impact how well your loved one thrives in the years to come. And the good news: You don’t have to do it on your own. Your financial advisor and team of professionals will guide you every step of the way.

PLANNING FOR TWO GENERATIONS



Thanks to advances in medicine, the average life expectancy for people with disabilities now comes close to that of the overall population. And with up to one in four adults in the United States currently diagnosed with a disability, planning is more important than ever.¹

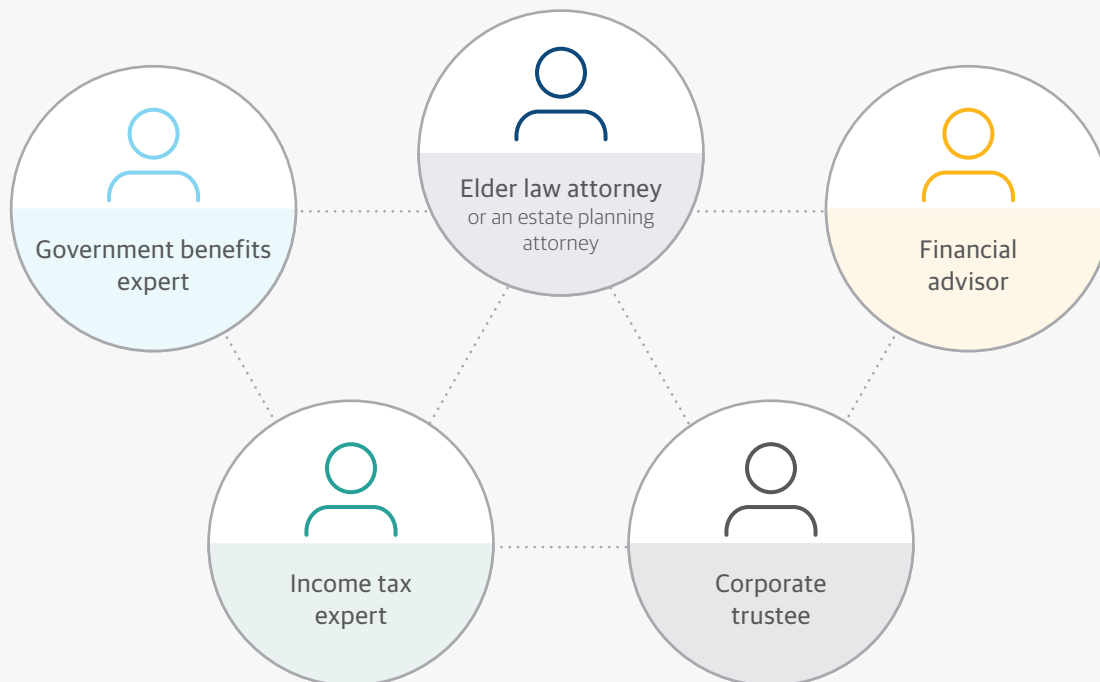
¹ CDC Morbidity and Mortality Weekly Report, 2018

Here are some of the key planning considerations we'll go over in this guide:

- 1 **Identifying your goals for your loved one** and documenting those wishes by creating your letter of intent.
- 2 **Finding your team of professionals** – these are the experts who will guide you step by step.
- 3 **Leaving a legacy**, including estate planning documents such as wills, trusts, powers of attorney, advanced medical directives, and guardianship.
- 4 **Navigating you through your legal options**, including a special needs trust, beneficiary designation issues, guardianship of adult dependent, and compliance with benefit program requirements.
- 5 **Highlighting the importance of a personalized financial plan** to make sure you and those who depend on you are able to live the best possible life.

LEAN ON A TEAM OF PROFESSIONALS

It's key to have a team of professionals who are experts in special-needs planning. This team includes:



Your Northwestern Mutual financial professional can help you build your team of experts and coordinate their efforts on your behalf. With their guidance, you'll be empowered to make informed decisions, take appropriate actions, and help provide for those who depend on you.

Let's make a plan together

We'll look at where you are today and where you want to go, tailoring your plan from a range of financial options designed to reinforce each other to get you there. That way, you'll have the confidence to live the life you see for your family — including your loved one with special needs — and have a plan to retire when and how you've always dreamed. Your Northwestern Mutual financial advisor will guide you along the way:

1. Build a personalized financial plan

It starts with understanding you and what you want out of life for your family and your child with special needs. Then we'll help you design a plan to make it happen.

2. Where you are now

No matter where you're starting from, we'll give you a clear view of your financial picture so you can see exactly where you stand today.

3. Where you're going

From saving for a new home to making a plan for your loved one's future — we'll show you how close you are to your goals, any gaps you have, and opportunities we find.

4. A range of options to get you there

Get personalized strategies to help grow your money while making sure your loved one is protected. You will learn the right strategies to ease your mind and create financial confidence for everyone in your family.



Taking each step, one by one

1. Build a personalized financial plan

When caring for a person with special needs, it can be difficult to look beyond the moment. Have you thought about what you want life to be like for your loved one with special needs 5, 10, 20, or 30 years from now?

- What opportunities or life experiences do you want your child to have?
- Where will he or she live?
- What are your hopes for his or her socialization or community involvement?
- Who will provide care to your loved one when you're gone?

While the idea of planning for the long term can feel overwhelming, it's important to take the time to visualize the future. By setting specific goals, you'll be laying the groundwork for a plan to get there.

2. Where you are now

As your goals for the future become clear, the next step is to develop a plan to bring that vision to life. How much money will you need for your own retirement? How much will your loved one need? Where will it come from? While all families should have a written financial plan to help them reach their goals, it's particularly critical when you have a family member who will be a long-term dependent.

Having a reliable financial plan is the best way to be sure there will be funds available well into the future for your loved one's medical care, education, and long-term support, as well as necessities for yourself or other caregivers. A detailed financial plan will also help you avoid mistakes that could keep your loved one from receiving essential government support and benefits.

Your team of professionals, including your financial advisor and estate planning attorney, will help you develop a financial plan that:

- Considers the estimated future cost of your loved one's care.
- Identifies financial resources that may be available to you.
- Establishes a special-needs trust to help you ensure your dependent receives proper care throughout life.
- Takes into consideration a plan to fund the child's education.
- Recommends additional steps you can take — beyond financial considerations — as you plan for your family's future.



DOCUMENT YOUR GOALS IN A LETTER OF INTENT.

Once you've established goals for your loved one with special needs, document them in a letter of intent. This letter details the individual's family and medical history, daily needs, likes and dislikes, hobbies, religion, and values, along with your specific wishes and expectations for the future. While a letter of intent isn't a legally binding document, it will serve as a blueprint for future caregivers and help to make sure that your loved one continues to receive the care needed, should something happen to you.



Estimate the future cost of care

Part of the challenge in providing a lifetime of support for a loved one with special needs is estimating how much money will be needed to provide the life you want for him or her.

Consider working with a life care planning company (or consulting firm) such as National Care Advisors* to develop an estimate of the cost of care for someone with your loved one's condition and timeline, taking into consideration where you live and the level of care you currently provide.

Working with social services professionals, you can develop a budget for day-to-day expenses, including health and personal care, educational experiences, transportation, and other costs — and make sure those estimated costs are woven into your overall financial plan. Another option is to work with a certified life care planner, who helps families with loved ones who are injured or disabled to develop a long-term plan to deal with their unique challenges.

Identify the benefits your loved one is entitled to

Benefits can be an essential part of your plan to ensure the quality of life for your loved one, but not everyone is eligible for them. If your loved one has assets of more than \$2,000 (or in some states more than \$1,000), he or she may be disqualified from receiving some government benefits. This can be an enormous loss since eligibility for critical services — such as supported employment and vocational rehabilitation services, group housing, transportation assistance, in-home nursing and personal attendant care — could also be lost. A company like National Care Advisors or a certified life care planner can help identify government benefits your child may be eligible for and how to access and preserve those benefits, as well as funding sources that can cover those expenses and identify any gaps or shortfalls that may exist.

* National Care Advisors serves individuals with complex care needs since 2008, offering life care planning, quality of life assessment, third-party benefit analysis, education consulting, and case management. Please visit www.nationalcareadvisors.com for more information.

One of the most important steps to take is to make sure your loved one with special needs is getting the benefits such an individual is entitled to, which could include:

- + Disability income and survivor benefits from Social Security.
- + Health care and custodial home care service benefits from Medicaid waivers.
- + Vocational services to help individuals become successfully employed.
- + Public school services, such as therapies, tutoring, and specialized support services.
- + Veterans' benefits: Family members may be eligible for financial assistance, medical coverage, and other services through the U.S. Department of Veterans Affairs.

Establish a special-needs trust

A special-needs trust will allow you and others to provide funds to support your loved one with special needs without jeopardizing eligibility for government benefits.

A special-needs trust gives you and other family members the opportunity to leave assets — such as money, IRA or qualified plan assets, life insurance proceeds, or property — to the trust rather than directly to the person with a disability. The trust can hold money earmarked to pay for amenities that government benefits don't provide, like entertainment, computers, travel, and other extras. A trustee — whom you name — will then have authority to use funds from the trust to help care for your loved one. And as you establish the trust and name a trustee, make sure other members of the family are aware of the trust and understand the role it will play to help secure the entire family's financial future.

Consider setting up a 529 ABLE account

One option for a dependent with special needs is a 529 ABLE (Achieving a Better Life Experience), or a 529A, account. These can be used in a number of ways and offer the beneficiary flexibility and a sense of independence.

In December of 2014, Congress passed legislation allowing states to establish and maintain these accounts that can be used to pay qualified expenses of blind or disabled beneficiaries. Much like the 529 education accounts you may be familiar with, a 529 ABLE account also offers tax-free growth and tax-free withdrawals, as long as the money is used for qualified disability expenses. There are eligibility requirements, however. And while anyone may contribute to a person's 529 ABLE account, there are limits to how much can be contributed each year.

Qualified expenses include expenses for the designated beneficiary related to the individual's blindness or disability, including expenses for education, housing, transportation, employment training, personal support services, wellness, financial services, and legal fees.

While ABLE accounts are regularly paired with special-needs trusts, an ABLE account might not be a good fit for everyone. Your financial professional can help you determine if a 529A plan is a good fit for your situation and goals.





3. Where you're going

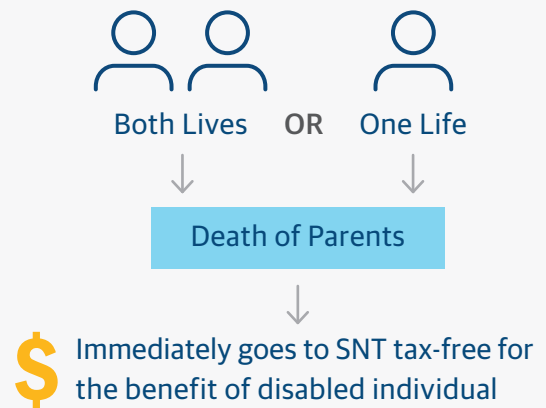
A strong financial plan can provide the direction to help you achieve the goals you have for your loved one and your entire family. We can guide you in putting your plan into action, including to:

- Help you with selecting the right financial instruments to make your financial plan succeed as well as ensure that the needs of your loved one are appropriately funded.
- Work with the government benefits expert who will help you obtain the benefits your loved one may be entitled to. The social services professional or government benefits specialist on your team will lead this process.
- Establish a special-needs trust by working with an attorney who has experience in the areas of elder law, tax law, and estate planning. Your Northwestern Mutual financial professional can recommend – and work with – an attorney who can help you establish a trust. The sooner you get started, the better.
- Have all relevant legal documents drafted and executed to make sure your assets are distributed according to your wishes and that the proper guardian is named for your loved one.
- Direct the reallocation of assets, if needed. Funding the special-needs trust may, for some families, require a reallocation of their current assets, while others may need additional assets to secure the level of financial security they wish for their child or dependent. If additional funding will be needed, parents and grandparents will often direct that life insurance proceeds be left to the trust.
- Evaluate the benefits of a 529 ABLE plan for the future education of your loved one with special needs and establish an account if appropriate.

COST-EFFICIENT WAYS TO FUND YOUR TRUST

One effective way to make sure your loved one is cared for throughout life is to use life insurance to fund your special-needs trust. This is an especially useful option for families that might not have a lot of other assets to leave to their child.

PARENTS OWN LIFE INSURANCE ON



The types of life insurance you can use to fund your special-needs trust:

Individual whole life: This solution offers permanent protection and guaranteed growth.

Individual universal life: This solution offers permanent insurance with premium flexibility but without guaranteed growth.

Second to die: This insures both parents and gives a death benefit at the second death. Premiums tend to be more affordable than with two individual policies.

Term: This is the most affordable option, but parents might outlive the benefit period.

How you choose to fund your special-needs trust is an important decision. Your financial advisor can help you find the product that works best for you.



4. A range of options to get you there

Get access to more financial options designed to reinforce each other so your plan can work its hardest for you, including investments for growth, insurance for protection, and annuities for help with income in retirement.

Just as financial markets, laws, and regulations will undoubtedly change over time, so will the needs of your family. And when they do, we'll work with you to shift the strategies in your plan. So your plan stays flexible, and you stay on track to meet goal after goal. That's why it's important to review your plan regularly.

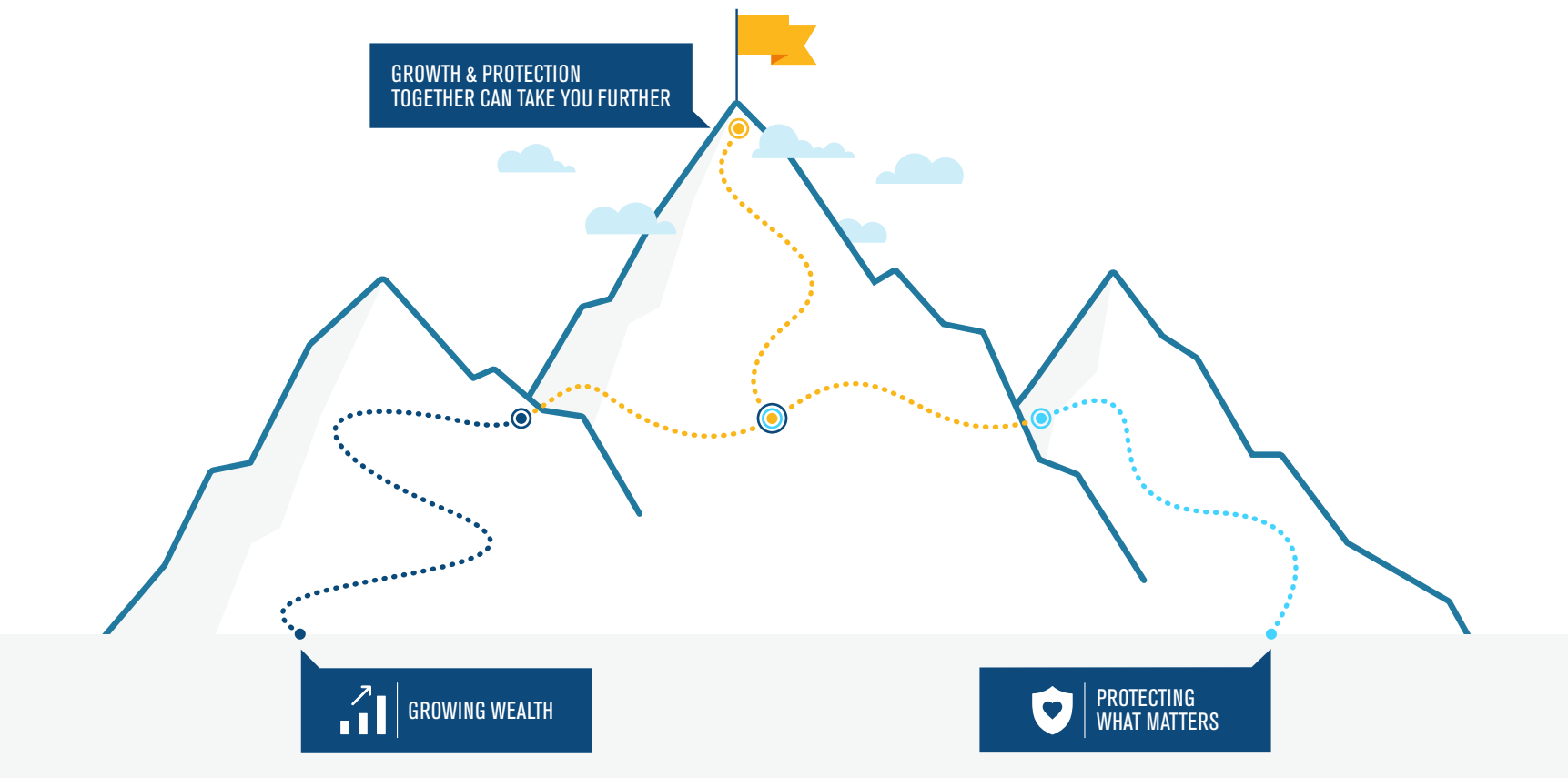
Here are some other things to watch for:

- Periodically check with relatives to make sure they do not give (or name as direct beneficiary of) significant assets to a loved one with special needs. Instead, the family members can leave assets to the special-needs trust for the child. The dependent should not have more than a total of \$2,000 of assets in his or her name.
- Regularly check special-needs trusts to make certain they are adequately funded.
- Meet with your expert team of professionals at least once a year to monitor how your plan is performing relative to your goals and objectives.
- Create a list of important information that your beneficiaries, trustees, executors, and/or named guardians may need. Include the location of important records, legal documents, safety deposit boxes, investments and other accounts, insurance policies, employer or government benefits, and the names of any advisors. Your Northwestern Mutual financial professional can provide you with a complimentary copy of "A Guide for the Future," a booklet designed specifically for keeping such information organized and in one place.

Planning in partnership for a secure future

A family's love alone won't protect the future of a person with special needs. Early planning can give you the comfort of knowing you have done all you can to provide the support and resources necessary for a comfortable life. And while there may be many details and unknowns as you prepare for the future, remember that you don't have to do it alone.

Your Northwestern Mutual advisor is ready to help you navigate the complexities of special-needs planning. This person will look at where you are today and where you want to go, tailoring your plan from a range of financial options designed to reinforce each other to get you there. That way, you'll have the financial confidence for the best possible life for yourself and those who depend on you.



1. Save for retirement

Are you saving the right amount of money in retirement? A financial plan gives you additional options beyond 401(k) and investments that can help you and your child with special needs.

2. Grow investments

The right mix of investments contributes to a healthy financial plan that focuses on your unique situation, such as planning for multiple generations, SSI or SSDI for a child with special needs, state benefit management, residential planning, and Medicaid planning.

3. Protect loved ones

Your child with special needs likely depends on you and your income, and it's important to have a financial plan for the child if something happens to you. Life insurance can play a critical role by replacing lost earning potential.

4. Protect income

Your income funds all your goals and supports your child with special needs. So, it's important to have a financial plan in place if you were ever sick or hurt and unable to work for an extended period of time.

5. Manage debt

Whether it's credit cards or other debt related to raising a loved one with special needs, a plan can help you balance that debt — and an advisor can help you with strategies to help pay down and manage it.

6. Secure lifelong income

A financial plan helps you use a range of financial options that reinforce each other in order to create a reliable stream of income for years to come.

THE NORTHWESTERN MUTUAL DIFFERENCE

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No.1

Largest direct provider of individual life insurance in the U.S.²

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of our policyowners stay with us year over year³



Talk to your financial professional about creating a plan that accounts for your loved one with special needs and your entire family's financial security.



Northwestern Mutual is helping to speed up the search for a cure to childhood cancer and to support families battling the disease. **Learn more about how we're helping at [NMFoundation.com](https://www.nmfoundation.com).**



¹ Among U.S. life insurers. Ratings are for The Northwestern Mutual Life Insurance Company and Northwestern Long Term Care Insurance Company, as of the most recent review and report by each rating agency. Ratings as of: 06/23 (Moody's Investors Service), 08/23 (A.M. Best Company), 08/23 (Fitch Ratings), 05/23 (S&P Global Ratings). Ratings are subject to change.

² Latest U.S. rank as of 2022 based on direct premiums written. Source: S&P Capital IQ Pro. Prepared and calculated by Northwestern Mutual.

³ Loyalty is based on Northwestern Mutual client data.

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