



# Know more about Special Needs Trust

## Why Special Needs Trust?



Problem of existing assets management plan

According to government statistics in 2014, there are about 70,000 to 100,000 people with intellectual disability in Hong Kong. While these individuals have legal right to own assets, it is difficult for them to manage the assets on their own when their parents pass away.

With reference to a survey conducted in 2016 by the Faculty of Law, HKU, out of 2513 parents, about half showed interest in joining Special Needs Trust (SNT), which indicated a demand for a safe and reliable mechanism of financial management.

As suggested in the Policy Address of Chief Executive of HKSAR in 2016, a working group has been established by the Labour and Welfare Bureau to explore the feasibility of establishing SNT in HK, with a view to providing affordable services for people with special needs.

**Current mechanism cannot fully cater the needs  
of people with intellectual disability!**

According to current mechanism (excluding SNT), parents may use the following methods to settle financial matters for children, but they cannot fully satisfy their needs.

## **WILL**

To indicate how to distribute parents' assets after they pass away.

### **Advantages**

- ✓ Simple procedure
- ✓ Can distribute assets according to wish

### **Disadvantages**

- × Children may not be able/ have the ability to manage the assets
- × Require at least one reliable will executor

## **GUARDIANSHIP**

Guardians own legal power to take care of dependents through Guardianship Board after parents pass away.

### **Advantage**

- ✓ Make decision for children on important issues

### **Disadvantages**

- × Children will be classified as "mentally incapacitated person" (MIP)
- × Only HK\$15,000 or below can be processed monthly
- × With limited effective period

## **ENDURING POWER OF ATTORNEY (EPA)**

When parents are mentally incapacitated, EPA allows trustee to take care of parents' financial matters.

### **Advantages**

- ✓ Parents can appoint attorney to use their assets to take care of their children when parents are mentally incapacitated
- ✓ Efficient and cost-effective
- ✓ No financial limit on the amount of property

### **Disadvantages**

- × Cannot handle children's housing & medical issue
- × Only effective before parents pass away

## **PRIVATE TRUST**

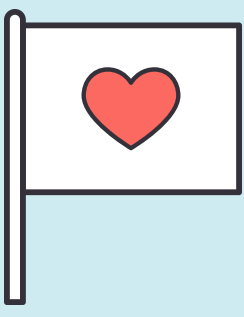
Trustee would distribute and manage parents' assets for their children according to parents' wish.

### **Advantages**

- ✓ Comprehensive arrangement
- ✓ Tailor-made for children

### **Disadvantages**

- × Expensive charges
- × Difficult to find a trustee who is reliable and possesses related knowledge



## What is Special Needs Trust?

Special Needs Trust (SNT) is an affordable trust specially designed for people with special needs (including people with intellectual disability).

SNT can reduce the cost of administration by pooling money contributed by parents for management and investment. The amounts designated for each beneficiary will be segregated. There are also similar SEN trust set up for people with special needs in other places, e.g. Singapore, US and Taiwan.

### Objectives

- To find reliable trustee to take care of financial matters for people with special needs after their parents pass away
- To provide affordable financial planning services for individuals with special needs so as to ensure their quality of lives

### Major Features

- Assets would be managed by government or public organizations, which is more reliable
- Reasonable charges
- Parents and children can devise care plan together
- Registered social worker acts as case manager can ensure care plan to suit beneficiary's needs, and beneficiary receives proper care and support

# How to join SNT?

Parents (settlers) have to devise three documents :



## 1) Care Plan

Care plan sets out the expenditures needed for the beneficiary. Such as housing, living & care, health & medication, education and interest class, rehabilitation & training.

### Care Plan Sample

Item	Expected monthly expenses
<b>Housing</b>	
Rent	\$10,000
<b>Living &amp; Care</b>	
Petty cash	\$1000
Food	\$3000
Domestic helper	\$5000
<b>Health &amp; Medication</b>	
Health check-up	\$500
Dental service	\$400

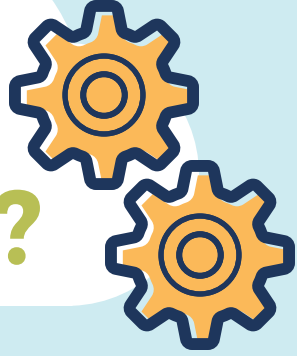
## 2) Letter of Intent

In the Letter of Intent, parents may appoint a trustworthy caregiver to arrange the expenses for the benefit of the beneficiary in accordance with the care plan.

## 3) Will

A will enables parents to transfer a substantial amount from their estate into the trust on their death, e.g. they may instruct the executor to sell their flat and put the proceeds into the trust.

# How does SNT operate?



Before parents pass away:

**Settlors (parents) + Trustee +  
Beneficiary (children) +  
Case manager (social worker)**



**Devise care plan, write a Letter  
of Intent, prepare a will**



**Transfer a nominal sum to  
set up the trust**

When the parents pass away, the trust  
will be activated



**Trustee will give money to the appointed  
caregiver (such as relatives) according to  
Letter of Intent and care plan until all  
money in the trust is used up or  
when beneficiary passes away**



**Case manager adjusts care plan  
regularly according to  
beneficiary's needs**

# Frequently Asked Questions



## Q : What are the major features of SNT?

SNT can reduce the administration cost by pooling money contributed by parents for management and investment. It only manages money but not shares or properties. The charge of SNT is reasonable and affordable. Parents and their children can devise the care plan together according to individual needs.

## Q : What are the differences between SNT & private trust?

Private trust has a generally higher maintenance fee, it only accepts settlors with assets of tens of million or above, and the trustee is required to possess professional financial knowledge. While the asset value of settlors and maintenance fee for SNT is much lower, and registered social worker would act as case manager.

## Q : Why social worker is needed to be case manager?

Social worker can provide comprehensive need assessment for children (e.g. social network, emotional state) and make necessary transferal, so as to ensure the care plan can cater for their needs.

## Q : Can I bring my jewellery and shares into SNT and save them for my children?

No. SNT only manages money. Other assets e.g. jewellery and shares can be left for children through will.

## Q : How much money is needed to set up SNT? Is means-test needed?

Only a nominal sum (e.g. HK\$5,000) is needed to set up SNT. It is non means-tested.



**Q : Who will take care of the asset transferred in the trust?**

Government will take care of asset in every account. The government is currently exploring the feasibility of setting up public trust organization.

**Q : Would the set up of SNT affect children's application on disability allowance or other social security system?**

SNT focuses on the future care and security brought to children after parents pass away. It will not affect other social welfare the children are enjoying.

**Q : There is risk for investment. Will I lose all the money in the account?**

No. SNT serves to provide stable and long term protection for children. For those places with SNT, assets will be invested in low-risk investment to earn income.

**Q : I have more than one child, can I only set up one shared SNT account?**

No. In SNT, the amounts designated for each beneficiary will be segregated.

**Q : After I pass away, will the SNT help me to lease the flat, and distribute the rent for my child as living cost?**

No. The procedures for distributing the rent for children as living cost is very complicated, and it will increase the operating expenses of SNT.

**Q : When my child passes away, how would the money left in the account be handled?**

In the Letter of Intent, parents can indicate how to deal with the money left in the account (e.g. transfer to certain individuals or for charity). When a child passes away, government (trustee) will handle the reminding money according to the Letter of Intent.

# Further information...

## Concern Group of Guardianship System and Financial Affairs

### Facebook page

「特殊需要信託」資訊站

Special Needs Trust Campaign

<https://www.facebook.com/SNTCamp/>



### Email

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## Acknowledgement

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## Reference

Census and Statistics Department

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