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Pooled
Alliance
Community
Trusts

Building Lifetime Trust

A Division of the
Brain Injury Alliance of Washington
(BIAWA): 91-1206800



Frequently Asked Questions (FAQs)

1. *What are The Pooled Alliance Community Trusts (PACT)® Pooled Trust Services?*

The Pooled Alliance Community Trusts (PACT)® were established in 2018 by the Brain Injury Alliance of Washington (BIAWA) as a responsible investment option for individuals with limited assets who are looking to protect their government benefits and/or who need assistance in making sound financial decisions. PACT is a lifetime promise to advocate for Trust members and to promote the highest quality of life possible.

BIAWA is a 501(c)(3) nonprofit with 35 years of experience working with sensitive and special needs communities. In 2016, it was brought to BIAWA's attention that there was a dire lack of investment resources for such communities. Moreover, individuals receiving government assistance often find themselves in a paradox where acquiring assets (e.g. from a dispute settlement) jeopardize their government benefits being received. Having worked with countless individuals in vulnerable situations, BIAWA decided to interject by creating PACT, for which it acts as the Trustee.

PACT is proud to offer three different types of Pooled Trusts. Two of these Trusts —the First Party Pooled Special Needs Trust and the Third Party Pooled Special Needs Trust — are open to all individuals affected by physical or mental disabilities (not only those with Brain Injury). The other type of Trust offered by PACT is the Pooled Basic Support and Maintenance Trust, which is open anyone (not only individuals affected by disability).

2. *What is a Pooled Trust? What is a d(4)(c) Trust?*

A Pooled Trust is a financial management tool established and administered by a nonprofit (in this case, BIAWA). Individuals establish accounts either for themselves or for their loved ones. The assets of these accounts are then “pooled” together and invested as a whole. Because a Pooled Trust represents the combined assets of multiple individuals' accounts, the Trust can make more stable investments and provide additional services that would not otherwise be possible for a stand-alone Trust. Note that, while the assets are pooled, each beneficiary's Individual Trust Account remains separate and his or her own. Each beneficiary retains only a certain portion of the Pooled Trust's value for his or her own disbursements.

A d(4)(c) Trust is a Pooled Special Needs Trust reserved for individuals affected by disability. These individuals may receive government benefits such as Social Security Income (SSI), Medicaid etc. that they would like to protect.

Funds in Special Needs Trusts (SNTs) cannot be used to replace assistance provided by government programs. Using funds from an SNT to pay for food or shelter should also be avoided. If SNT funds are used for food or shelter-related purchases, the beneficiary's SSI benefit amount will be reduced by 1/3, which may affect the beneficiary's qualification for Medicaid.

3. *What are the different types of Pooled Trusts that PACT offers?*

PACT offers three different types of Pooled Trusts:



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- **Pooled First Party Special Needs Trust:** A Pooled Trust specifically for individuals affected by disability who would like to establish a Trust with his or her own assets for him or herself (i.e. the account founder and beneficiary are the same person).
- **Pooled Third Party Special Needs Trust:** A Pooled Trust established by another party (e.g. parents or close friends) using its assets for the benefit of an individual affected by disability (i.e. the account founder and beneficiary are not the same).
- **Pooled Basic Support and Maintenance Trust (BSM):** A Pooled Trust that is open to everyone (not just individuals affected by disability). Unlike funds of a Special Needs Trust (SNT), the funds of a BSM Trust can be spent on food and shelter-related purchases.

*Please note: disbursements are approved at the discretion of the Trustee.

4. Who is an eligible beneficiary for a Pooled Trust?

Anyone is an eligible beneficiary for the Pooled **Basic Support and Maintenance Trust**.

Only individuals affected by disability (physical, developmental or otherwise) are eligible beneficiaries for the **Pooled First Party and Third Party Special Needs Trusts**.

5. Why have a Pooled Trust?

A Pooled Trust can benefit an individual in a multitude of ways:

- Grows wealth under supervision of experienced investment professionals
- Regulates disbursements under discretion of knowledgeable Trustee so that funds are spent responsibly
- Protects government benefits (i.e. SSI, Medicaid etc.) *in the case of First Party Special Needs Trusts and Third Party Special Needs Trusts only.*

6. Why choose PACT?

PACT offers high-quality, professional Trust services at a low cost, maximizing the benefit for beneficiaries:

- Competitively low rates (see the complete Fee Schedule here)
- Personal, client-focused Trustee services that strive to act in the best interests of beneficiaries
- Follows final wishes of the beneficiary
- Opportunity for true impact in the Brain Injury community
When a beneficiary's life ends, the account founder may choose to have some portion of the funds remain in the Trust for the benefit of other PACT members or have some portion of the funds disbursed to BIAWA to fulfill its mission of helping those affected by Brain Injury.

7. How does PACT operate?

PACT has partnered with respected industry leaders to provide topline, quality services: Robert A. Zielke of The Zielke Law Firm, P.S. in his role as Trust Manager (disbursement approval),



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UBS Financial Services, Inc. Special Needs Group (investment management), and True Link Financial (financial services).

Beneficiary funds are invested by UBS Financial Services, Inc. Special Needs Group, an international investment management firm with a robust profile of experience. UBS Financial Services, Inc. invests beneficiary funds into one of the available Trust pools (cash-equivalent, conservative, and moderate growth) based on the needs and goals of the beneficiary.

When a beneficiary would like a disbursement from the Trust for an expense, Robert A. Zielke uses his firsthand knowledge of government processes, benefits, and trust management to review the disbursement request. Mr. Zielke ensures that each disbursement complies with government and trust regulations and that the beneficiary's best interests and wellbeing are maximally promoted.

True Link Financial carefully tracks beneficiary investments and disbursements to ensure that assets are appropriately accounted.

Educated BIAWA staff and select Board Members oversee the operations of all these processes to ensure that the mission of PACT is upheld.

8. *How much does PACT cost?*

PACT is pleased to offer its Trust services at a competitively low rate.

There is a one-time **enrollment fee** of **\$750**. An **annualized Trustee fee** of **1.75%** will be deducted quarterly from each Individual Trust Account. If **disbursements** are taken, a **\$10** fee will apply for each disbursement check. BIAWA will cover the fee for one disbursement check per month for each beneficiary.

Other fees* may apply. A full fee schedule is available upon request.

**Additional fees may apply if personal property and/or real property is approved by the Trustee and purchased using Trust funds.*

9. *How long does it take to set up a Pooled Trust with PACT?*

The timeframe for setting up a pooled trust will vary depending on individual circumstances. In general, funds may be available for use within 2-4 weeks, though this is a rough estimate, and time will vary depending on the source of the funds.

10. *How are the PACT funds invested?*

When you start a Pooled Trust with PACT, you will be asked questions about your income and expenses. Based on your needs and goals, the PACT team will place you into one of the three investment options through UBS Financial Services, Inc.: Cash-Equivalent, Conservative, and Moderate Growth.

Disclaimer: Past performance does not guarantee future results and current performance may be lower/higher than past data presented.



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11. Are Pooled Trusts taxable?

The Trustee is obligated by law to prepare certain tax forms and distribute a Form K-1 to the beneficiary. The annual cost of this service will be deducted from the Individual Trust Account. The Trustee will reimburse the beneficiary for any income taxes owed as a result of the Trust income reported to the beneficiary but that will come from the Individual Trust Account.

12. What can the funds of a Pooled Trust be used for?

Funds from a Special Needs Trust (SNT) can be used to pay for entities that reasonably enhance the beneficiary's life, health, and welfare. Examples include medical, dental, and pharmaceutical expenditures not covered by government benefits, therapy, rehabilitation services and equipment, legal or guardianship expenses, travel, entertainment, recreation and social activities. *This is not an exhaustive list of items for which disbursements can be made. Please consult the Trustee for further information. All disbursements are at the sole discretion of the Trustee.*

Special circumstances:

- Any single expense over 10% of the amount in the Individual Trust Account is highly scrutinized by the courts, and the Trustee cannot guarantee that it will be approved. Please notify PACT if a large disbursement is anticipated. *Additional fees may apply if personal property and/or real property is approved by the Trustee and purchased using Trust funds.*
- Those over the age of 65 who wish to become a part of one of PACT's Pooled Special Needs Trusts are required to obtain recommendation from an attorney before enrolling in PACT. (Please contact PACT for a list of recommended Elder Law Attorneys.)
- Funds in Special Needs Trusts (SNTs) should not be used to replace assistance provided by government programs. Using funds from an SNT to pay for food or shelter should also be avoided. If SNT funds are used for food or shelter-related purchases, the beneficiary's SSI benefit amount will be reduced by 1/3, which may affect the beneficiary's qualification for Medicaid.
*A Basic Support and Maintenance Trust can be used for any entity that reasonably enhances the wellbeing of the beneficiary, including food and shelter. *All disbursements are at the sole discretion of the Trustee.*

13. Can a beneficiary ever withdraw from PACT?

No. Trusts established by PACT are irrevocable. Please read the Joinder Agreement carefully for complete details and consult with an attorney for legal advice.