

New Yorkers with income over Medicaid's income guideline which is equivalent to the federal poverty level per month can now create "income only" trusts. The New York City Medicaid Program which is administered by New York City's Human Resources Administration approved these special trusts allowing Medicaid recipients to "pay" their "excess" income, to an approved "pooled trust" which is designed to pay the individual's fixed living expenses. The "pooled trust" is managed by a not-for-profit organization mandated to hold the funds in an account for beneficiaries. This income protection strategy adds an important element to a family's asset protection plan and Medicaid planning.

### **Who can benefit from funding an "Income Only" trust?**

1. Individuals 65 & under who are in the community or receiving Medicaid benefits at home.
2. Individuals of any age who are only seeking "community-based Medicaid services" which can include in-home care.

### **How does the "pooled trust" work?**

The Medicaid recipient must select a "pooled trust fund" to receive their excess income. Non-for-profits operate such funds. The Medicaid recipient will initially deposit two (2) month's worth of surplus income; one month as a deposit, one as the working fund to pay bills. The "pooled trust fund" pays the beneficiary's expenses such as food, rent and other living expenses. The fund pays the bills to the third parties directly. Each month the Medicaid deposits the excess income and it is applied to expenses.

### **What happens to the money remaining in the "pooled trust" at death?**

All unspent "pooled trust" funds which remain in the trust will either a) benefit other disabled individuals in a pooled non-profit trust, or b) be paid back to Medicaid. When properly set up, the income received is subsequently paid out for expenses each month, therefore there is only a modest amount retained in the "pooled trust".

### **What are the costs to set up and manage the "pooled trust"?**

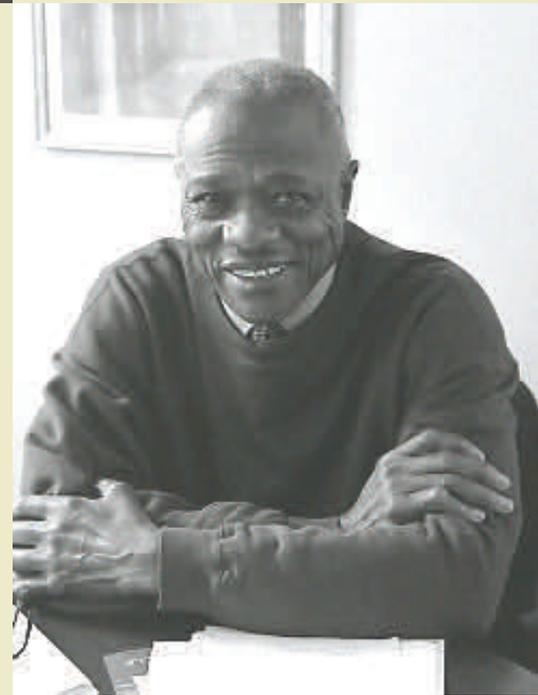
Generally there is a an initiation fee to establish or form a "pooled trust". There may also be a service fee to cover the administrative costs of operating the trust and paying the monthly bills.

### **How do I apply to join a "income only" trust?**

The Medicaid recipient must sign is an agreement to join the not-for profit trust. The firm Grimaldi and Yeung can assist. If the individual under 65 wishes to set up an "income only" Trust, it must be established by the parent, guardian or person acting under a Power of Attorney (POA) or approved by a court.

### **Important Considerations**

The income savings resulting from funding a pooled trust is limited to New York State Medicaid benefits as administered by the New York State Department of Health (DOH). Federal programs such as Social Security, Veteran's & Worker's Compensation have not accepted the "pooled trust" as an option for exempting monthly income. This is especially important for SSI recipients.



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