

## InfoSheet Special disability trusts

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### **What is a special disability trust?**

On 20 September 2006 the Commonwealth government enacted legislation which established exceptions to the ordinary means tests that apply to the pensions of persons with severe disabilities.

The result is that you may set up a special disability trust for the benefit of a severely disabled relative or friend without affecting that person's pension entitlements. The proceeds of the trust must be used for the care and accommodation of the severely disabled person. A special disability trust may be established by deed while you are alive or in your will with effect after you die. The rules for special disability trusts are strict & complex.

### **What is a severe disability?**

There are a number of tests for determining whether a person has a severe disability. Most commonly a person will be deemed to have a severe disability if that person has an impairment that qualifies that person for a disability support pension.

### **Trust purpose**

The sole purpose of the special disability trust is to meet the reasonable care and accommodation of the severely disabled person.

### **Are there limitations to the trust?**

Yes. A special disability trust may only have assets of up to \$500,000.00 plus the severely disabled person's residence. Any assets in excess of those requirements will be taken into account by Centrelink in assessing the severely disabled person's pension.

### **Contact Ward Legal's estate planning team**

Telephone: Ray Ward – 8215 1510

Email: [rward@wardlegal.com.au](mailto:rward@wardlegal.com.au)

Website: [www.wardlegal.com.au](http://www.wardlegal.com.au)