

SETTING UP A SPECIAL DISABILITY TRUST

If you want to give assets to an adult with a severe disability, without compromising their eligibility to public welfare or housing, you may be able to set up a **Special Disability Trust** on their behalf.

Special Disability Trust funds can be used for the reasonable “care and accommodation needs” of the adult (beneficiary) and discretionary funding of up to \$12,000 per annum (in 2018/2019 financial year). A beneficiary can have only one Special Disability Trust and a Special Disability Trust can have only one beneficiary. However, a beneficiary can have other trusts in addition to a Special Disability Trust.

The advantages of a Special Disability Trust:

- Trust funds up to a limit (currently \$669,750) and unlimited income made by the trust will be exempt from the Centrelink pension assets and income tests;
- Eligible family members of the principal beneficiary can make a combined gift of up to \$500,000 to the Special Disability Trust;
- The beneficiary of a Special Disability Trust will still be eligible for Queensland public housing even if they have assets exceeding those allowed ([\\$116,375.00](#)) provided these assets are protected by the Special Disability Trust.

The disadvantages of a Special Disability Trust:

- The definition of “severe disability” is restrictive (e.g. a person who works more than seven hours per week but needs assistance managing their money or a person with a mental illness whose sole carer does not qualify for the carer’s payment, may not be eligible for a Special Disability Trust);
- There are very limited circumstances under which care and accommodation can be funded by the Special Disability Trusts, and limited funds for discretionary spending, so it may be necessary to establish another trust to make sure that all the beneficiary’s financial are met;
- Trust assets can’t be withdrawn or used for any other purpose;
- Additional reporting requirements can make it an expensive option;
- As only one Special Disability Trust can be established per person, this could present difficulties for separated or divorced parents who each want to individually provide for their child.

Is a Special Disability Trust right for you?

Special Disability Trusts are useful for protecting Centrelink and public housing entitlements. If you do not need to protect these entitlements, you probably don’t need a Special Disability Trust.

What are my next steps?

- **Check your eligibility.** Call Centrelink on 1800 734 750 to see whether this option is available to you.
- **Make an appointment with DLQ**

To find out more about setting up a Special Disability Trust, call Disability Law Queensland on 3622 1250.