

M E M O R I A L M E R I T S

The Special Needs Life Insurance Protection Workbook

Policy Audit • Coverage Calculator • Family Coordination Plan

A companion resource for families navigating life insurance
when your child's dependency is permanent

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How to Use This Workbook

This workbook is designed to be printed, filled out, and brought to your next meeting with your financial planner, estate planning attorney, or insurance agent. It covers three areas that determine whether your life insurance actually protects your child's future or inadvertently puts their benefits at risk.

Section One: Policy Audit

Review every policy you currently own. Verify beneficiary designations, coverage amounts, and trust coordination. Designed for families who already have coverage and need to confirm it is structured correctly.

Section Two: Coverage Calculator

Calculate the coverage your family actually needs using variables that standard calculators ignore: caregiver career sacrifice, lifetime care costs by disability type, inflation over decades, and ABLE account coordination. Designed for families building a coverage strategy from scratch.

Section Three: Family Coordination Plan

Identify and address the most common ways extended family members accidentally disqualify your child's benefits. Includes a letter of intent template and conversation guides for grandparents, siblings, and ex-spouses. Designed for families whose individual planning is solid but whose broader family may be the risk.

Important: This workbook is an organizational and planning tool, not legal or financial advice. Every family's situation is different. The information here should be reviewed with a qualified special needs estate planning attorney and a financial planner who specializes in disability planning.

SECTION ONE

Life Insurance Policy Audit

Use this section to document every life insurance policy your family currently holds. For each policy, verify the beneficiary designation, confirm whether it coordinates with your child's special needs trust, and flag any issues that require immediate correction.

Policy One

Insurance Company

Policy Number

Policy Type (Term / Whole Life / Universal / Survivorship / Group / Other)

Face Amount (Death Benefit)

Monthly or Annual Premium

Policy Start Date

Expiration Date (if Term)

Policyholder (Insured Person)

Beneficiary Designation Review

Primary Beneficiary (exact name as listed on form)

Contingent Beneficiary

Date Beneficiary Was Last Updated

Coordination Check

- ☐ Beneficiary names the trustee of the special needs trust (not the child directly)
- ☐ Beneficiary designation includes the trust name and date of creation

- ☐ Beneficiary designation matches the current trustee (not a former trustee)
- ☐ This policy does NOT name my special needs child as a direct beneficiary
- ☐ My estate planning attorney has reviewed this designation

Issues or corrections needed for this policy

Policy Two

Insurance Company

Policy Number

Policy Type (Term / Whole Life / Universal / Survivorship / Group / Other)

Face Amount (Death Benefit)

Monthly or Annual Premium

Policy Start Date

Expiration Date (if Term)

Policyholder (Insured Person)

Beneficiary Designation Review

Primary Beneficiary (exact name as listed on form)

Contingent Beneficiary

Date Beneficiary Was Last Updated

Coordination Check

- ☐ Beneficiary names the trustee of the special needs trust (not the child directly)
- ☐ Beneficiary designation includes the trust name and date of creation
- ☐ Beneficiary designation matches the current trustee (not a former trustee)
- ☐ This policy does NOT name my special needs child as a direct beneficiary
- ☐ My estate planning attorney has reviewed this designation

Issues or corrections needed for this policy

Policy Three

Insurance Company

Policy Number

Policy Type (Term / Whole Life / Universal / Survivorship / Group / Other)

Face Amount (Death Benefit)

Monthly or Annual Premium

Policy Start Date

Expiration Date (if Term)

Policyholder (Insured Person)

Beneficiary Designation Review

Primary Beneficiary (exact name as listed on form)

Contingent Beneficiary

Date Beneficiary Was Last Updated

Coordination Check

- ☐ Beneficiary names the trustee of the special needs trust (not the child directly)
- ☐ Beneficiary designation includes the trust name and date of creation
- ☐ Beneficiary designation matches the current trustee (not a former trustee)
- ☐ This policy does NOT name my special needs child as a direct beneficiary
- ☐ My estate planning attorney has reviewed this designation

Issues or corrections needed for this policy

Policy Audit Summary

After reviewing all policies above, answer the following:

- ☐ Every policy names the trustee of our special needs trust as beneficiary
- ☐ No policy names our special needs child as a direct beneficiary
- ☐ All beneficiary designations have been reviewed by our estate planning attorney
- ☐ Our employer group life insurance beneficiary designation is also coordinated
- ☐ Our retirement account (401k, IRA) beneficiary designations are also coordinated
- ☐ We have confirmed that beneficiary designations override our will

Immediate action items from this audit

Date of this audit

Next scheduled review date

SECTION TWO

Special Needs Coverage Calculator

Standard life insurance calculators assume your dependents will eventually become financially independent. This calculator accounts for the variables unique to special needs families. Complete each section, then bring the totals to your financial planner for a coverage recommendation built around your family's actual needs.

Part A: Caregiver Career Sacrifice

If either parent reduced work hours, changed careers, or left the workforce entirely to provide care, that lost income must be factored into your coverage calculation. Standard calculators only measure current income.

Caregiver's salary before caregiving began

Caregiver's current salary (or \$0 if not working)

Annual income difference

Years of reduced or lost income so far

Estimated years of continued reduced income

Estimated lost Social Security benefits (fewer working years = lower benefit)

Estimated lost retirement savings (reduced or no 401k/IRA contributions)

Subtotal A: Total caregiver career sacrifice

\$

Part B: Lifetime Care Costs

Estimate the annual cost of care your child will need after both parents have passed. Multiply by the number of years you expect to fund through the trust. Your child's disability type, severity, and residential needs will determine these figures. A special needs financial planner can help refine these numbers.

Annual residential or supported living costs (not covered by Medicaid)

Annual therapy and medical costs (not covered by Medicaid)

Annual supplemental expenses (recreation, personal care, transportation, technology)

Annual trust administration fees (trustee compensation, tax preparation, legal)

Total estimated annual cost

Your child's current age

Your child's estimated life expectancy

Youngest parent's current age

Estimated years the trust must fund (child's life expectancy minus youngest parent's age)

Subtotal B: Total annual cost x years of funding needed

\$

Part C: Inflation Adjustment

A dollar today will not cover the same expenses in 20 or 40 years. Use a 3% annual inflation rate as a conservative estimate. Multiply Subtotal B by the inflation factor below based on how many years the trust must fund.

Years of Funding	Inflation Factor	Multiply Subtotal B by
10 years	1.34	Subtotal B x 1.34
20 years	1.81	Subtotal B x 1.81
30 years	2.43	Subtotal B x 2.43
40 years	3.26	Subtotal B x 3.26
50 years	4.38	Subtotal B x 4.38

Subtotal C: Inflation-adjusted total

\$

Part D: Existing Resources (Subtract These)

Total the resources that will already be available to fund your child's care. These reduce the amount of life insurance coverage you need.

Current savings designated for child's care

ABLE account balance

Existing special needs trust balance

Current life insurance coverage already properly designated

Other designated resources

Subtotal D: Total existing resources

\$

Your Coverage Target

Add Subtotal A (caregiver sacrifice) to Subtotal C (inflation-adjusted care costs), then subtract Subtotal D (existing resources). The result is your estimated additional coverage need.

Subtotal A (Caregiver Career Sacrifice) \$

Subtotal C (Inflation-Adjusted Care Costs) + \$

Subtotal D (Existing Resources) – \$

Estimated Additional Coverage Needed

\$

Note: This figure represents additional coverage beyond what you already have in place. Bring this worksheet and your calculation to a financial planner who specializes in special needs planning. They can refine the numbers based on your child's specific disability, your state's Medicaid program, and the investment strategy of your trust.

SECTION THREE

Family Coordination Plan

The most common reason special needs protection plans fail has nothing to do with the policy or the trust. It is a well-meaning family member who does not understand the rules. This section helps you identify the risks, have the conversations, and document the agreements.

Part A: Grandparent Estate Plan Review

If your child's grandparents have included them in a will, trust, or beneficiary designation, verify that the inheritance flows to the special needs trust rather than to your child directly.

Grandparent Set One (Maternal or Paternal)

Names

- ☐ Their will or trust has been reviewed for direct bequests to our child
- ☐ Any bequest to our child is directed to our special needs trust, not to the child individually
- ☐ Their estate plan includes a "special needs trust trigger" provision
- ☐ We have had a conversation about why direct gifts and inheritances create risk
- ☐ Their estate planning attorney is aware of our child's special needs trust

Issues or action items

Grandparent Set Two

Names

- ☐ Their will or trust has been reviewed for direct bequests to our child
- ☐ Any bequest to our child is directed to our special needs trust
- ☐ Their estate plan includes a "special needs trust trigger" provision
- ☐ We have had a conversation about why direct gifts create risk
- ☐ Their estate planning attorney is aware of our child's special needs trust

Issues or action items

Part B: Ex-Spouse Beneficiary Coordination

If a divorce decree requires either parent to maintain life insurance naming children as beneficiaries, and one of those children has special needs, the court-ordered designation may conflict with the trust strategy.

- ☐ A divorce decree requires one or both parents to maintain life insurance for our child

Which parent is required to maintain coverage

Current beneficiary designation on that policy

- ☐ The beneficiary designation directs our child's share to the special needs trust
- ☐ If not, a motion to modify the decree or designation has been filed or is planned

Attorney handling modification (if applicable)

Issues or action items

Part C: Extended Family Gift Guidelines

Aunts, uncles, family friends, and community members may want to help. These guidelines ensure their generosity does not accidentally disqualify your child's benefits.

Safe Ways to Give

- ☐ Contribute directly to the special needs trust (checks payable to the trust, not the child)
- ☐ Purchase physical items directly and give them as gifts (clothing, electronics, experiences)
- ☐ Contribute to the child's ABLE account (up to \$20,000 annually as of 2026)
- ☐ Pay directly for services (lessons, outings, memberships) without giving cash

Gifts That Create Risk

- ☐ Cash or checks made payable to the child directly
- ☐ Savings bonds purchased in the child's name
- ☐ GoFundMe or crowdfunding deposits made to the child's personal account
- ☐ Custodial accounts (UTMA/UGMA) in the child's name

Family Members Who Need This Information

Name and relationship

Name and relationship

Name and relationship

Name and relationship

Name and relationship

☐ All listed family members have been given these guidelines

Date guidelines were shared

Part D: Trustee and Guardian Coordination

Document who serves in each role and confirm the succession plan is clear. The trustee and the guardian should be different people to provide accountability over how funds are managed and spent.

Special Needs Trust

Trust name and date created

Trust type (Third-Party / First-Party)

Primary Trustee

First Successor Trustee

Second Successor Trustee

Trust Protector (if designated)

- ☐ Trust document includes provision for trustee removal and replacement
- ☐ Trust document specifies whether the trustee is compensated
- ☐ Professional trustee has been identified as a backup option

Guardianship

Designated Guardian

Successor Guardian

- ☐ Guardian is a different person than the Trustee
- ☐ Guardian has agreed to serve and understands the commitment
- ☐ Guardianship designation is documented in our will

Part E: Letter of Intent

This is the most important non-legal document you will create for your child. It bridges the gap between the legal authority your trust and guardianship documents provide and the practical, day-to-day knowledge only you have. Write it for the person who will care for your child when you cannot. Update it annually.

About Our Child

Full legal name

Date of birth

Primary diagnosis or disability

Secondary conditions or comorbidities

Social Security Number (keep this document secure)

Medicaid ID Number

Daily Routine

Describe your child's typical daily schedule from waking to bedtime. Include morning routines, meals, medications, therapy sessions, school or day program hours, evening routines, and bedtime rituals. Note what helps transitions go smoothly and what causes distress.

Medical Information

Primary care physician (name, practice, phone)

Specialists (name, specialty, phone)

Current medications (name, dosage, schedule, prescribing doctor)

Allergies (medications, foods, environmental)

Pharmacy (name, phone, account number)

Behavioral and Communication Information

Describe how your child communicates needs, preferences, and discomfort. Note behavioral triggers, calming strategies, and what a new caregiver should know to avoid preventable distress.

Preferences and Comfort

Favorite foods and dietary restrictions

Preferred activities and interests

Things that cause anxiety or distress

Comfort items or routines

Residential and Program Information

Current living arrangement

Day program, school, or employment (name, contact, hours)

Transportation arrangements

Key support staff or aides (names, roles, contact)

Financial and Legal Contacts

Estate planning attorney (name, firm, phone)

Financial planner (name, firm, phone)

Insurance agent (name, company, phone)

Where trust documents are stored

Where this letter of intent is stored

Our Wishes for Our Child's Future

In your own words, describe the life you envision for your child. Where you hope they will live. What experiences matter to them. What values should guide decisions about their care. This is the section where the person reading this letter understands not just what your child needs, but who your child is.

Date this letter was written or last updated

Parent/Guardian signature

Parent/Guardian signature
