

Special Needs Alliance Wants Changes to Disability Legislation

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The Special Needs Alliance (SNA) sent a letter to a Florida congressman proposing changes to a bill meant to amend the tax code to provide tax-exempt financial security accounts for people with disabilities.

H.R. 2370, authored by Rep. Ander Crenshaw, R-Fla., offers families of disabled persons the ability to set up financial accounts that are similar to the "529 plan" education savings accounts that families use to pay for their children's college educations. An aide to Rep. Crenshaw said that the bill would bridge the gap for families of children with special needs who would not necessarily be going to college but who will have expenses that would be difficult to meet.

SNA attorney Rebecca L. Berg said in the May 22 letter that the legislation would "create an additional set of rules and requirements for 'qualified disability trusts,' which are already codified in the Internal Revenue Code."

Berg wrote that using the word "trust" in the legislation could confuse people with special needs trusts. Berg also expressed concern about the interrelation between the proposed legislation and existing state laws with regard to protections for disabled people, particularly when guardians or conservators are involved.

In addition to H.R. 2370, two similar bills were introduced in the Senate in March that would create tax-exempt accounts for the disabled. S. 2741, the Disability Savings Account Act of 2008, was introduced by Sen. Christopher Dodd, D-Conn., and S. 2743, the Financial Security Accounts for Individuals with Disabilities Act of 2008 was introduced by Sen. Robert Casey, D-Pa.

Attorney Brian Rubin, chair of the SNA's public policy committee, said that Casey's bill in the Senate is basically the same bill that Crenshaw introduced in the House of Representatives. Rubin said that Dodd's bill is better but still needs work.

The bills and their potential effect on structured settlements will be examined in the June 4 issue of the Structured Settlements Report.