

THE GAME PLAN

SPECIAL NEEDS, SPECIAL STRATEGY

BY LISA WARD

LaTanya and Greg Sothern need a financial plan that accounts not only for their future, but the future of their two boys, especially their 13-year-old son, Thomas III, known as Tre, who has autism and arthrogryposis (a condition limiting movements in his joints) and likely will need financial support through adulthood.

Ms. Sothern, a 47-year-old assistant principal at an elementary school, and Mr. Sothern, 48 and a fire marshal, live in Prince George's County, Md., a suburb of Washington, D.C. Their younger son, Quentin, is 9 years old.

They earn about \$165,000 a year, but aren't saving money. Ms. Sothern has about \$16,000 in a 403b tax-advantaged retirement account offered through her employer, but she stopped contributing to it in 2013.

During the recession, the couple's wages were temporarily cut by the municipalities for which they worked, causing them to miss mortgage payments on their townhome. They amended the terms of their mortgage through the federal government's Home Affordable Modification Program in 2013. The house is worth about \$210,000, and they owe \$154,000.

Ideally, they would like to sell it. Not only does Tre sometimes struggle to navigate the stairs, they also would like more space.

Both Mr. and Ms. Sothern will have pensions when they retire. Both receive life insurance through their employers.

In addition to their mortgage, the couple owes \$12,432 in car loans and \$1,500 on credit cards.

Their monthly expenses include: \$1,394 for mortgage payments; \$410 on car payments; \$247 on car insurance; \$280 for cellphone; \$150 for landline, cable and internet; \$230 for electricity and water. The family receives health insurance through Ms. Sothern's employer but they still end up paying about \$250 a month out of pocket for medicine and supplies.

Prince George's County pays



LATANYA SOTHERN

A financial planner suggests the Sotherns monitor discretionary spending.

for Tre's tuition and transportation to a private school specializing in autism. But education and child care still account for a large portion of the family's spending. The couple pays \$1,400 a month for Quentin to attend a private school in Washington. They also pay a driver \$450 a month to take Quentin to school. In the summer, they pay about \$5,000 for camp and child care for both boys.

ADVICE FROM A PRO: The couple needs to prioritize discretionary spending, says Andrew H. Hook, a certified financial planner and attorney based in Virginia Beach, Va.

One area where they are being "eaten alive," says Mr. Hook, is education. As they contemplate selling their home, they should research if they can afford a home in a public-school district where Quentin could receive a comparable education at a lower cost. Mortgage payments shouldn't exceed 30% of their income.

The couple's immediate goal should be to save about six months of expenses in an emergency fund. After that, they should use any extra money to fully fund their retirement-savings accounts. Mr. Sothern should open a 403b account through his employer, Mr. Hook says, and Ms. Sothern should resume contributing to hers. Finally, they should consider starting a 529 college-saving account for their younger son.

To begin planning for Tre's future, the couple should meet with school officials to determine if he should continue working toward a regular di-

ploma or pursue a special-needs diploma instead, says Mr. Hook.

"A regular diploma is always the preferred option," says Mr. Hook, but there are some big financial advantages to earning a special-education diploma. It would allow Tre to attend school until he turns 22 years old. Tre also would receive vocational training and transition planning where the school would identify publicly available programs for him after graduation.

Because state and federal programs that provide housing, vocational and transportation services to adults with disabilities often have very long waiting lists, the family should identify and apply for such programs soon, Mr. Hook says.

The couple also may want to consider hiring a local special-needs attorney. The lawyer could help them apply for Medicaid waivers, which could be used for expenses such as incontinence products and in-home care. The lawyer also could assist the family with transition planning.

The Sotherns need to set up a special-needs trust, and any inheritance or life-insurance payout should be placed in it, Mr. Hook says. Without such a trust, any money left to Tre by his parents or grandparents would make him ineligible for public benefits until he was down to his last \$2,000.

The couple also may want to consider buying additional life insurance to help support Tre after they pass, Mr. Hook says.

Ms. Ward is a writer in Mendham, N.J. Email reports@wsj.com.