



What, Where, Why, and When must a Special Needs Trust Be Reported to Government Agencies?

Originally published in August 2020, the original version of this Voice® article was written by SNA member [Emily Kile](#). The article was updated in 2026 with appreciation and gratitude for the original authors' work, with revisions by Latisha Bernard Schuenemann.

One of the most common questions attorneys are asked after drafting a Special Needs Trust (SNT) is, “Do I have to tell Social Security and Medicaid about the trust?” The short answer is **yes**. Of course, the longer answer is more nuanced and dependent on factors like the type of trust, the benefits the beneficiary receives, and the state in which they reside.

There are two basic categories of SNTs: third and first.

- A third party SNT is drafted as part of an estate plan for a beneficiary receiving government assistance to be able to inherit funds, and not lose means-tested benefits like SSI and Medicaid. This SNT is called a “third party SNT” because the money that funds the trust is from someone other than the beneficiary.
- A first party SNT is created when a special needs beneficiary owns the assets that fund the trust. This might occur if the special needs beneficiary receives a personal injury award, or when he or she directly inherits assets such as life insurance or a retirement account.

The purpose of both types of SNTs is to enable the recipient of certain government assistance programs to maintain those benefits while still permitting the trustee of the SNT to spend money for the benefit of the beneficiary.

It may seem surprising that an SNT and its assets must be reported to public benefits agencies, but it's a standard requirement. When an individual accepts SSI or Medicaid benefits, they agree to inform the Social Security Administration (SSA) and their state Medicaid agency about any changes in their financial situation. Although a beneficiary cannot directly access the funds or assets held in an SNT, they still have a financial interest in the trust.

When Does It Have To Be Reported?

If the SNT does not own any assets because it will be funded with assets after someone dies, there is no reason to report the SNT because the beneficiary's financial situation has not changed.

However, when assets are titled in the name of the SNT, the trust and all of the assets that are titled to that trust must be disclosed to agencies providing benefits, including SSA and Medicaid. Typically, any change to one's financial situation must be reported as follows:

- **SSI and Medicaid:** Any change in financial status must be reported within **10 days after the end of the month** when the change occurred.
- **Housing Assistance:** Trusts or trust distributions may need to be reported annually during recertification.

Specific states or localities may require shorter reporting timelines—some as little as **10 days after the change**. Distributions from the SNT might impact the amount and availability of those benefits. The drafting attorney likely drafted a Special Needs Trust that complies with all of the requirements to ensure that the assets in the trust will not be counted, and thus the beneficiary will remain eligible for government assistance; however, it is the agencies that provide those benefits that get to make that decision – even if there was a hearing in court and the judge approved the SNT.

Who has the obligation and authority to report the SNT?

Responsibility for reporting often depends on the trust's terms and state laws. Typically, one of the following individuals must notify agencies:

- The beneficiary,
- A representative payee,
- A legal guardian, or
- The trustee (if directed by the beneficiary or required by state law).

What must be reported?

Generally, a copy of the trust and the initial inventory (if any) must be sent to any agency that is providing a needs-based benefit to the beneficiary. The attorney who drafted the SNT can provide information about the best way to report the SNT and its funding, but generally it is prudent to include:

- A cover letter to each of the agencies explaining that the trust is an SNT and the assets should not be counted as belonging to the SNT beneficiary.
- It is important to reference the social security number of the beneficiary.

- If the SNT is also being reported to the Medicaid agency, the beneficiary's Medicaid number should be included.

Keep a copy of your letter and proof of mailing to verify the trust was reported. If a benefits agency notifies you that SNT assets will be counted and benefits will stop, contact an attorney immediately. Appeals have strict deadlines, so act quickly!

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