Special-Needs Families Must Plan a Retirement Built for Three

The right kind of planning can create a rewarding retirement for parents while making sure that their special-needs child will be cared for.

By Adam Beck

When you run a Google Image search for the word “retirement,” you’re flooded with images that reflect a pretty common theme. A couple, presumably a husband and a wife, smiling and walking on a beach as they stare off into the sunset.

Retirement advisors know that for most of their clients, these sorts of utopian expectations must be tempered by income realities. But what if a client’s vision for retirement must be adjusted for a different reason — not because the client won’t have enough money to live out a relaxing retirement, but because there are three people instead of two sharing in that retirement?

This situation is familiar to older parents who have spent much of their lives raising a child with special needs. Most children, especially typically developing children, usually are expected to move out of the house by the time they are in their 20s. However, for a special-needs child, living independently of their parents may never be realistically achievable.

There is no simplistic answer to a question about what parents of special-needs children must do or should envision for their retirement. Much of that varies depending on their child’s disability, whether they have other children who are able to assist, what kind of financial resources they have, what the child wishes to do and what sort of facilities are available in their area. Here are some topics to discuss with your clients.

Different Expectations

Expect your client’s retirement to look different from that of most people. I have yet to meet any parents of a special-needs child (I’ve particularly come to like the term “exceptional parent”) who feel that their lives have been anything but enriched by the presence of that child. Most of these parents not only accept but embrace that many aspects of their life will be different because of their role in their child’s life. Schooling will be different, their careers will be different, even their vacations may have unique aspects to them that other people wouldn’t understand.

Retirement also will be different. But clients should expect a three-person retirement and discuss with an advisor how savings, spending and lifestyle expectations should be altered. It is not only the parents’ longevity in retirement that is a factor, but also the longevity of the special-needs person that require a more complex approach to financial planning for the future. The retirement nest egg must be much larger, and it will have to last over an additional lifetime, the lifetime of the special-needs family member.

Possible Support Systems

When a special-needs child has siblings, some of the responsibilities can be taken off the parents. A retirement plan for parents of special-needs children must plan for the typically developing children, the special-needs children and the parents. Make sure that all involved parties are aware of your plan and their possible parts in implementing it. Along the way, the plan must anticipate scenarios where the other siblings may be a source of financial and decision-making support for a special-needs sibling.

There are numerous tools and financial vehicles available that can be considered and possibly woven into the complex planning for a special-needs person. Consult experts in this area, as a wrong move or hasty decision can dismantle existing government benefits that are available. Consider setting up a special-needs trust, or investigate ways that the Achieving a Better Life Experience (ABLE) Act may be helpful in a particular situation.

Location

Many couples on the brink of retirement may consider downsizing and relocating. Parents of special-needs children may not be able to downsize. They may need to consider whether facilities and services are available for their child in the particular location where they may wish to retire. Services for the disabled vary widely from county to county, or state to state. Any relocation decisions must take into account the unique needs of the child and the support that might be needed.

Plan, Save, Invest Today!

That’s sound advice for any person of any age. But having income in place for a special-needs child who may outlive parents for an additional 20 years or more makes this advice even more crucial. Parents will need to save more, regardless of their circumstances. Having a written plan in place is critical. Where a special-needs child is concerned, that plan must be overseen by an expert to avoid what could be costly, even life-altering, errors. Seek out experts with appropriate financial and legal credentials to develop a plan for the future of the retirees as well as for the future of the special-needs child. Consult insurance professionals to find out how life insurance might be used in the plan. Tax implications also should be understood and addressed.

With the right planning, retirement can be among the best years of anyone’s life. For parents of special-needs children, retirement will look very different, but it can still be a very rewarding experience for everyone involved.

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