

OSNT Quarterly

Achieve with us.

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DIRECTOR'S MESSAGE

Hello Again!

In this edition there is BIG NEWS to report! In addition to the results of our 2015 Customer Service Survey, we have exciting news about changes in the trust that will be effective on January 1, 2016.

In May of this year, the OSNT Advisory Committee decided to put out a Request for Proposal (RFP) for a new trustee. Since that time, we received five proposals, heard presentations from three candidates, and, on September 19, 2015, the Board of Directors of The Arc Oregon approved the committee's recommendation to appoint Key Bank as the new trustee of The Oregon Special Needs Trust. Be sure to read the article inside for more information about this important change.

As this issue of the OSNT Quarterly is being distributed, I will be attending the 2015 National Special Needs Conference put on by Stetson Law School. I look forward to learning new information about the age limits for deposits to trust accounts, and more information on how the ABLE accounts will be handled by the Social Security Administration. Stay tuned for my report in the Winter edition.

As always, please do not hesitate to contact me if you have any questions or need assistance related to your account at the OSNT. I am here to help!



Paula Boga,
Program Director

Paula

Q Why do disbursements have to be for the **Sole Benefit** of the trust account beneficiary, and what exactly does that mean?

A In the Social Security Program Operations Manual System (POMS), section SI 01120.201 (F) explains the general rule regarding sole benefit as *"a trust established for the sole benefit of an individual if the trust benefits no one but that individual, whether at the time the trust is established or at any time for the remainder of the individual's life."*

In reviewing trusts, the Social Security Administration uses this definition to determine whether a trust is a countable asset, or if it will be exempt from consideration when reviewing eligibility for benefits. This rule goes on to talk about exceptions to the sole benefit rule as follows:

"Consider the following disbursements or distributions to be for the sole benefit of the trust beneficiary:

- Payments to a third party that result in the receipt of goods or services by the trust beneficiary;
- Payment of third party travel expenses which are necessary in order for the trust beneficiary to obtain medical treatment; and
- Payment of third party travel expenses to visit a trust beneficiary who resides in an institution, nursing home, or other long-term care facility (e.g., group homes and assisted living facilities) or other supported living arrangement in which a non-family member or entity is being paid to provide or oversee the individual's living arrangement. The travel must be for the purpose of ensuring the safety and/or medical well-being of the individual."

Q & A

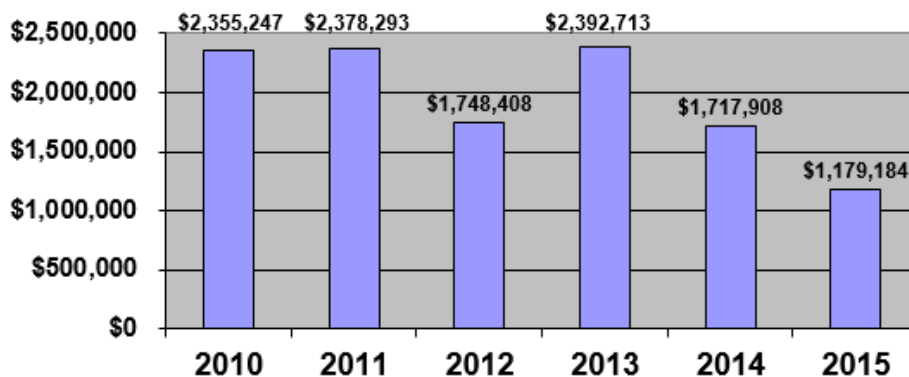
Investment Performance: 3rd Quarter - 2015

OREGON SPECIAL NEEDS TRUST

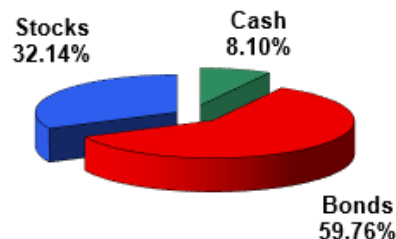
Performance Results for the Period Ending September 30, 2015

The Oregon Special Needs Trust seeks to achieve a rate of current income necessary to meet the needs of the Trust beneficiaries.

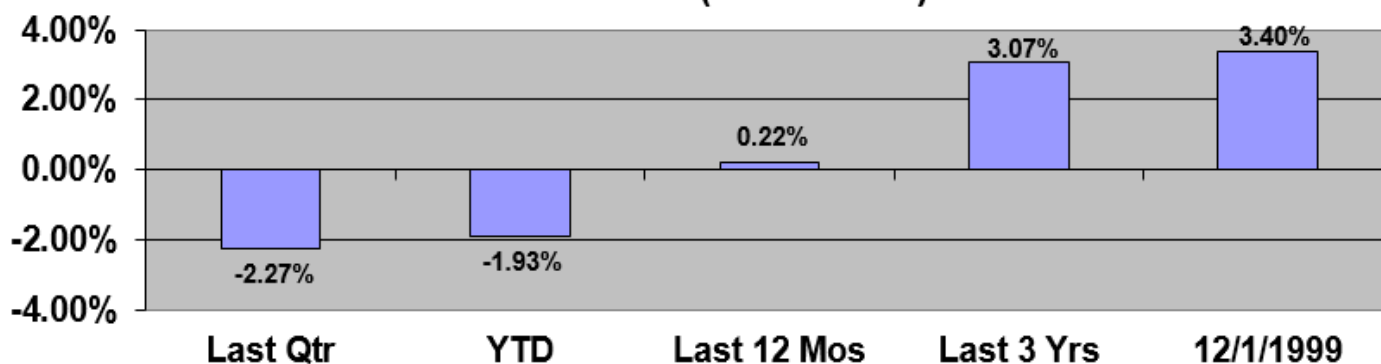
Total Contributions



Portfolio Composition



Total Rate of Return (Net of Fees)



Disclaimer: Returns shown represent the results of the Oregon Special Needs Trust managed by HighMark Capital Management, a subsidiary of Union Bank, NA. Historic performance is no guarantee of future results. Proceeds upon redemption may be either less than or greater than the original investment. There is no guarantee that this or any investment strategy will achieve its investment objective. Investments are not guaranteed by Union Bank, NA and are not insured by the FDIC or any other government agency.

INVESTMENT POLICY UPDATE

For many years, the OSNT has maintained a very broad conservative investment policy in order to protect the principal of individual accounts. While we continue to maintain a relatively conservative policy regarding our strategic asset allocation, The Arc Oregon Board of Directors recently approved a change in the policy that will allow more growth and potential for higher returns. Mike Kaiser of Highmark Investments has been slowly implementing the new policy with changes to the OSNT portfolio, and our new trustee, Key Private Bank, will continue with the same policy once assets are transferred as part of the trustee transition.

PREVIOUS ASSET ALLOCATION

- 0 - 60% Cash
- 40 - 100% Fixed Income
- 0 - 35% Equity

CURRENT POLICY FOR ASSET ALLOCATION

- 0 - 20% Cash
- 45 - 65% Fixed Income
- 30 - 50% Equity

We are confident that the new policy will continue to protect beneficiary assets, while still allowing higher growth potential for all subaccounts. If you have any questions about the investments or asset allocation, please feel free to contact our office for additional details.

THE OSNT & KEY BANK TEAM UP!

After a four month process of requesting, receiving and reviewing proposals from five different banks, The Arc Oregon Board of Directors has chosen Key Private Bank to serve as the new OSNT Trustee, effective January 1, 2015. As you know, Union Bank has been the legal trust and investment advisor for the OSNT since the trust's inception back in 1999. The search for a new trustee was undertaken because we felt that there were some administrative improvements that could be made, and we were especially interested in reducing the bank fees that are charged to every beneficiary's trust account.

Key Private Bank was chosen because of the multiple value-added services that they offered in addition to a significant reduction in fees. Some of the changes that you will see next year as a result of this change:

- Reduced fees (see below)
- Monthly statements with more user-friendly, detailed accounting
- Continued online access for those who access that service
- Deposits posted same day as received in our office
- Similar turn-around time for disbursements: Requests processed on Tuesdays and checks mailed on Thursdays
- Earlier receipt of annual tax documents!
- New Master Trust Agreement and Joinder Agreement documents

The day-to-day operation of the trust will continue to be administered by The Arc Oregon, and you will continue to access your trust account just as you always have.

FEE REDUCTION

Effective January 1, 2016, the following fee schedule will be in place for trustee/investment management fees (all other fees remain the same). This new bank fee structure will result in a savings of approximately 30% off current Union Bank fees. Remember, fees are charged based on the total amount of assets in the pooled trust account, and then pro-rated across all funded subaccounts.

- .95% on the first \$1,000,000
- .75% on the next \$2,000,000
- .55% on the next \$2,000,000
- .45% on assets over \$5,000,000



As an example of the potential savings, current fees charged annually on \$15,000,000 in assets is \$114,000. Under the new fee structure, that same annual fee would be only \$80,500! Although we have been applying bank fees on a monthly basis this past year, we will return to the previous schedule of quarterly fee deductions.

In addition to the great service and fees that we expect as a result of this change, Key Bank and its employees are dedicated to serving non-profit organizations around the country. Some things that you may not know about Key Bank:

- Key Bank entered the market in 1985 by acquiring Bank of Oregon and Beaver State Bank, and soon thereafter acquired Pacific Western Bank in 1986.
- In 2014, Key Bank generated \$571,000 in donations to 55 Oregon nonprofit organizations.
- In 2014, 52 employees served on 66 nonprofit boards.
- On KeyBank's Neighbors Make The Difference® Day, more than 6,000 employees in 13 states, from Maine to Alaska, volunteer to help make a difference in their respective communities, for a total 24,000 volunteer hours. In the past 25 years, Key employees have given more than half a million volunteer hours through Neighbors Day.
- Key Bank has consistently received an Outstanding rating for its compliance with the Community Reinvestment Act. Fewer than 10% of financial institutions in the United States are awarded the Outstanding rating, which is based on an institution's level of lending, investments, and service within the low- and moderate-income communities in which they have a market presence.

We are very happy about these positive changes and we hope that you will be too! More information will be provided in the next newsletter, but you are welcome to call our office anytime if you have any questions.



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Watch for the next issue in January for Paula's report on the Stetson Special Needs Trust Conference!

Do you have a story to share? If you would like to be featured in our next newsletter with a story about how the OSNT has enhanced the life of a trust beneficiary, please submit your story to pboga@thearcoregon.org along with a picture!

NEW DISBURSEMENT REQUEST EMAIL BOX



disbursements@thearcoregon.org

Did you know that there is a special email address for disbursement requests? In order to streamline our process and to make sure that disbursements can be processed in a timely manner even when a staff member is out of the office, we have set up this special email box (disbursements@thearcoregon.org) for all disbursement requests. By using this email address to submit your requests, multiple staff members are able to assist you if you call to confirm that the request has been received.

CURRENT ADDRESS?

- Are you receiving OSNT mail for a beneficiary who no longer resides at your address?
- Are you still receiving OSNT mail for an individual who is deceased?
- Have you moved and forgotten to give us your updated contact information?

PLEASE contact our office right away to let us know! Not everyone remembers to keep us informed about changes, so we appreciate your help in keeping our records current.

Stay informed

Stay informed about all of the great things happening at the OSNT and at The Arc Oregon by signing up for our e-newsletter. Go to our website at www.thearcoregon.org and click the *Stay In Touch* box to register.



www.TheArcOregon.org

Do you have a question or topic that you think should be featured in the next newsletter? Please send your question to pboga@thearcoregon.org.