

**The True Link
Protection Visa® Prepaid Card
Compliance Guide**

Prepared by Stephen W. Dale, Esq., LL.M Attorney and Counselor at Law

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Introduction

Supplemental Security Income (SSI) recipients often have other sources of supplemental support, such as a family member, legal settlement, or a special needs trust (SNT, also called a disability trust or supplemental needs trust), in addition to their benefits income. Without this supplemental support, the SSI recipient might not be able to afford to meet certain needs – for example, hearing aids, transportation, physical therapy, or a home remodel necessary to accommodate a disability. In many cases, this supplemental support can also reduce dependency on government benefits in both the short and long term. An SNT trustee's mandate is to use the funds available in the trust to provide this type of supplemental support without endangering eligibility for SSI, Medicaid, or other life-saving benefits.

True Link Financial, Inc. offers a suite of technology-based financial solutions and True Link Financial Advisors, LLC offers investment management services (both companies are referred to herein as True Link), designed specifically for special needs trusts. True Link Financial, Inc.'s products and services include the True Link Protection Visa Prepaid Card and software to manage disbursements, and reporting for trusts. The True Link online dashboard simplifies managing disbursements and can customize the reloadable True Link Protection Visa Prepaid Card to work only where and when beneficiaries need it to, which is why [the Social Security Administration \(SSA\) has provided guidelines in the Program Operations Manual System \(POMS\)](#) for using the True Link system to make

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disbursements from SNTs to help protect SSI benefits. True Link Financial Advisors, the company's investment management arm dedicates its financial services expertise to serving pooled and individual trustees throughout the United States.

The Social Security Administration (SSA) evaluates benefits claims and determines eligibility by referring to the federal administrative rules outlined in the POMS. In April 2018, the SSA updated the POMS to specifically clarify how the True Link system can be used to make disbursements from special needs trusts for beneficiaries who receive SSI. ([See POMS SI 01120.201 I.1.e.](#))

This document explains the relevant POMS rules and how the True Link system can be set up to comply with those rules, to help safeguard benefits. This document also provides best practices so that both the trustee and beneficiary can get the most out of it.

This Compliance Guide and the Toolkit are intended to provide guidance, but they are not a substitute for legal advice. Each state's and program's rules are different, as is each individual's needs and situation. If you are a trustee of a special needs trust, you should seek legal advice from an attorney familiar with administration of SNTs and benefits eligibility. Ask them to review this Compliance Guide and the Toolkit and to assist you in discharging your duties as trustee.

How the True Link Protection Visa Prepaid Card works

The True Link Protection Visa Prepaid Card can be an administrator-managed prepaid card with unique administrative controls that allow a trustee to exercise discretion over how it is used. The True Link Protection Visa Prepaid Card can be customized through the True Link online dashboard to allow only approved purchases and block all purchases that are not authorized by the trustee. With these controls in place, trustees have a simple, auditable way to provide supplemental support and manage trust disbursements.

Using the True Link Online Dashboard, the trustee or administrator can:

- Make trust disbursements onto the True Link Protection Visa Prepaid Card
- Manage settings
- Make individual authorizations based on the trustee's discretion
- Block access to cash, purchases at specific stores, and entire categories of spending, such as grocery stores
- Easily monitor spending habits and adjust The True Link Protection Visa Prepaid Card settings as needed
- Receive text* alerts about completed and blocked transactions (* Standard text message rates, fees, and charges may apply.)
- Maintain an auditable record of restrictions and any purchases made

When the True Link Protection Visa Prepaid Card is customized via the True Link system, according to the guidelines in the POMS, the cardholder cannot use it to purchase food or shelter, access cash in any way, including through an ATM, in a bank, or by cash back after a purchase. System settings can be customized to pay only a specific purchase, e.g., buying up to \$100 of gas or paying a one-time cell phone bill.

The True Link system adheres to the SSA's rules regarding administrator-managed prepaid cards. Beneficiaries have access only to the funds the trustee transfers to the True Link Protection Visa Prepaid Card, and can use those funds only as allowed by the True Link Spending Monitor, which is set up and maintained by the trustee. Beneficiaries do not have the right, authority, or power to convert or sell the True Link Protection Visa Prepaid Card.

Recommended Practices

In cases wherein the SNT beneficiary receives SSI, administrators should consider these key practices:

- Set up the True Link system so that cardholders cannot access cash in any way while using the True Link Protection Visa Prepaid Cards.
- Configure True Link settings so True Link Protection Visa Prepaid Cards work only at merchants where food and shelter cannot be purchased
- Collect receipts for all purchases made using the True Link Protection Visa Prepaid Card
- Explain clearly to beneficiaries how to use the True Link Protection Visa Prepaid Card in compliance with the POMS
- Require beneficiaries to sign an agreement that certifies they will use the True Link Protection Visa Prepaid Card only for approved expenses

The True Link Protection Visa Prepaid Card can be loaded with funds from source accounts controlled by the trust administrator. Beneficiaries do not have access to the funds in these source accounts, nor can they load funds onto the True Link Protection Visa Prepaid Cards or remove funds from the True Link Protection Visa Prepaid Card themselves. Administrators can remove funds from the True Link Protection Visa Prepaid Cards and return them to trust source

accounts at any time. Cardholders can only spend funds the administrator allows and loads onto the True Link Protection Visa Prepaid Card, and only make purchases approved in advance by the administrator via the True Link online dashboard.

If a purchase is attempted and there are insufficient funds or the transaction is not allowed by the administrator via the True Link online dashboard, the attempted transaction will be blocked. The True Link Protection Visa Prepaid Card is also non-transferrable – meaning that it cannot be sold for cash or given to another person. The beneficiary's name is printed on the front, which also bears the Visa brand mark.

Using a True Link Protection Visa Prepaid Card for a Special Needs Trust Beneficiary

Trustees of special needs trusts often struggle with providing for beneficiaries' needs without giving beneficiaries cash, since the use of cash will almost always affect the beneficiaries' eligibility for assistance programs like SSI and Medicaid. Sometimes a trustee will arrange direct payment for services and items the SSI beneficiary is allowed to receive, or hire a caregiver to make purchases on their behalf, but this is often expensive or otherwise infeasible.

Common alternatives to direct payment are the use of traditional gift cards or for beneficiaries to secure a credit card and request that the trustee pay the credit card statement or reimburse the beneficiaries for those items that are allowed or will not cause a reduction in benefits. However, there are significant limitations to either method: It can be very difficult for the trustee to control either the credit limit on the card or what purchases are made, and traditional gift cards may always be sold for cash by the beneficiary.

The True Link system, when used with the Visa card allows the administrator to impose important restrictions on spending that can help protect the beneficiary's eligibility for benefits and can help ensure neither the True Link Protection Visa Prepaid Card, nor trust funds loaded onto it, are misused.

Balancing a beneficiary's financial security and financial independence can be difficult. The True Link system can help increase autonomy and quality of life for beneficiaries without sacrificing financial security. For example, using the True Link system's options for customizing the True Link Protection Visa Prepaid Card means a beneficiary can buy pre-approved items without having to ask a store to ring up and then void a purchase in order to get the total cost, and then go back to the trustee and ask for a check for that precise amount.

In scenarios like this one, beneficiaries are made to explain their circumstances multiple times to multiple strangers because the purchase process is atypical. In addition to being a hassle, this can be embarrassing for some beneficiaries. Even when a trustee has approved a purchase, there can still be a significant lag before the beneficiary can actually make the purchase.

With the True Link system, once a purchase request is approved, the trustee can simply fund the True Link Protection Visa Prepaid Card. The beneficiary can purchase the item without asking the retailer to make any exceptions or having to tell the retailer about their particular circumstances. Neither are there paper checks to slow down the process.

Supplemental Security Income and Resources Basics

Supplemental Security Income (SSI) is a federal program administered by the Social Security Administration. The Social Security Administration's POMS (Program Operations Manual System) is the series of guidelines that function as the primary source of information used by Social Security employees and eligibility workers to review and process claims for benefits eligibility.

The trustee of a special needs trust, and, for that matter, the beneficiary (or their legal representative), must understand the SSA's basic rules concerning what is income and what is a resource. Participation in SSI is determined by documenting needs based on disability and financial necessities. The maximum federal benefit, known as the FBR, or Federal Benefit Rate, is \$794 for an individual in 2021 (\$1,191 for an eligible individual with an eligible spouse). In addition, a few states supplement SSI payments, so there may be a second component to the benefit. In California, for example, the 2021 State Supplement Payment (SSP) adds \$160.72 for a single person, for a maximum total of \$954.72. (Source: <https://www.ssa.gov/oact/cola/SSI.html>)

Once the SSA has determined a person to be eligible for SSI as a result of a disability, there are still two tests that the individual must meet to continue to receive benefits. The first test is an income test, which determines how much money the individual will receive. The second test is the resource test, which determines whether or not the individual is still eligible based on their assets.

Test 1 - Income Test

Think of SSI as a source of income that will raise the individual's income up to the maximum SSI rate. (This is not completely accurate, but it may help make the

program more understandable.) SSI classifies income into three categories: 1) unearned income; 2) in-kind support and maintenance (ISM); and 3) earned income. Through this categorization of income, the government is able to determine the amount in benefits an individual will receive. For this guide, we will focus on unearned income and in-kind support and maintenance. While earned income can create its own concerns, it is less relevant to the use of the True Link Protection Visa Prepaid Card (Source: <https://www.ssa.gov/ssi/text-income-ussi.htm>).

Unearned Income

SSI defines unearned income as any cash or gift the SSI beneficiary receives, or is entitled to receive, from annuities, pensions, alimony, support payments, dividends and interest outside of an SNT, rent, litigation awards or settlements, or payments from other programs. Unearned income is distinct from earned income, like wages. If an SSI recipient receives unearned income from anywhere, it will typically reduce their SSI benefits amount dollar-for-dollar after the first \$20, an allowance sometimes referred to as the “disregard.” A basic principle of SSI is that the benefits recipient cannot receive direct funds of more than \$20 a month without having their benefits reduced.

Note that the unearned income rules are not the same as tax concepts, accounting principles, or everyday language use. If a concerned parent gives an SSI beneficiary \$50 for a movie date, popcorn, and soft drinks, and the individual spends the money exactly as planned, the \$50 gift is counted as unearned income for SSI purposes and will affect the level of benefits, reducing it by \$30 (\$50 gift - \$20 “disregard”). The same principles apply for any cash received by the SSI beneficiary, regardless of the source (except, as noted above, for wages

as they follow different, more complicated rules) (Source: <https://www.ssa.gov/ssi/text-income-ussi.htm>).

In-Kind Support and Maintenance

In-kind support and maintenance (ISM) may be the hardest category of income to understand. It is non-cash assistance to a benefits recipient that helps the recipient secure food and/or shelter. One example of ISM is when someone other than the benefits recipient is paying rent directly: If the trustee of a special needs trust pays the beneficiary's rent directly, then the beneficiary has received ISM. Another example of ISM would be giving the recipient a week's worth of groceries.

Let's review how a benefit reduction is calculated. As of 2021 (Source: <https://www.ssa.gov/oact/cola/SSI.html#:~:text=The%20monthly%20maximum%20Federal%20amounts,%24397%20for%20an%20essential%20person.>), SSI payments are set at a maximum of \$794, the Federal Benefit Rate (FBR). The federal amount generally goes up every year based on a cost-of-living adjustment. (Remember that some states add a supplement to that figure; the state supplement can be larger or smaller, and may or may not change each year.) The SSI benefit, with the addition of any state supplement, is intended to provide the beneficiary's basic support needs – shelter, food, and incidentals.

The SSA reasons that if an individual is not paying the full amount of their rent or food from the SSI benefit, then SSI can be reduced without affecting the beneficiary's ability to meet essential needs. When someone else – including a concerned parent, a charitable organization, or a special needs trust – provides food or shelter directly, the SSI benefit will be reduced dollar-for-dollar for the amount paid for that food and shelter, up to a maximum of one-third of the

federal contribution plus \$20. That means a maximum reduction of \$284.66 in 2021; this capped amount is referred to as the Presumed Maximum Value, or PMV.

Example 1: Sam receives \$794 in SSI benefits. He moves to an apartment that costs \$1,000 per month. The trustee of Sam's special needs trust pays the \$1,000 rent directly to Sam's landlord. Sam's SSI will be reduced by the 2021 maximum of \$284.66, and his federal SSI check will be \$509.34 (\$794 minus \$284.66).

Example 2: Cheryl is also receiving \$794 in SSI benefits, and she moves into the apartment next to Sam. In order to help Cheryl manage funds and exercise as much personal autonomy as possible, the trustee of her special needs trust gives her \$1,000 per month and lets her pay her own rent – which she does like clockwork on the same day she receives the money from the trust every month. Because she handled the cash directly, this counts as unearned income, rather than in-kind support. Her SSI reduction is \$1,000, more than the total amount of her benefit; she loses SSI altogether.

Example 3: Sally, also an SSI recipient, lives next door to Cheryl and pays the same \$1,000 rent. Her trustee has arranged with the landlord to give Sally access to the communal dining room in the apartment complex, and she takes all her meals at the complex. Her trustee pays an extra \$400 per month for her meals, and so sends a total of \$1,400 to the landlord each month. How much is the reduction in Cheryl's SSI benefit? Exactly the same as Sam's: \$284.66. Payment for Cheryl's food cannot reduce her benefits beyond the maximum reduction, or Presumed Maximum Value.

Test 2 – Resource Test

For purposes of SSI eligibility, income determines how much a beneficiary receives while resources determine whether an individual is eligible at all. So, what is a resource? The Social Security Administration defines a resource as anything that can be converted into cash or support, with “support” defined as above, as food or shelter. One simple way to make the distinction: “income” is money you receive in a given month, and “resources” includes anything that is still there on the first day of the next month.

If a benefits recipient’s countable resources exceed \$2,000 total on the first moment of the first day of the calendar month, the individual is not eligible for benefits that month. Note that this does not mean the benefits are reduced for that month – even a small amount of excess resources will result in complete loss of the SSI benefit.

For example, if an SSI recipient has \$1,999 in their checking account on the 1st of January, and he receives \$781 from SSI on January 3rd for a total of \$2,780, he remains eligible for benefits for the month of January. If he does not spend down the account below \$2,000 by the 1st of February, however, he will not be eligible for SSI – or, in most states, for Medicaid – for the month of February.

However, it is important to note that there are a number of exceptions to the \$2,000 resource rule – items that Social Security excludes from the resource calculation. These items are called “exempt resources.” Exempt resources can include the beneficiary’s residence (up to a certain state-specific dollar amount), one automobile, household furnishings, prepaid burial amounts plus up to \$1,500 set aside for funeral expenses (or life insurance in that amount), tools of

the beneficiary's trade, and funds in a special needs trust or funds withing an [ABLE account up to \\$100,000](#). Each of these exempt resources categories is subject to its own special rules, and so special consideration is required to figure out the effect in individual cases.

In summary, food or shelter given directly is *in-kind support and maintenance*; anything that can be converted into cash, food, or shelter is *unearned income* when given and a *resource* on the first of the month; and things that are not, and cannot be used to obtain, cash, food, or shelter, don't affect SSI payments.

Eligibility for Medicaid

In most states (but not all), any person who receives SSI payments will automatically be eligible for Medicaid, which will provide for most of their medical needs. Because of the high cost of health care, it is often the case that Medicaid eligibility is more important for the beneficiary than the SSI payment itself.

Some individuals may qualify for Medicaid even though they do not receive SSI benefits, though the eligibility process can sometimes be more complicated and difficult to navigate. There are a number of different ways that a given individual might qualify for Medicaid benefits, and the rules under which an individual might qualify may not even resemble one another, depending on the program. Direct payment from a trust for expenses like food and shelter may have a different effect, or even no effect on eligibility, depending on the particular Medicaid eligibility standards being applied. Availability of assets may or may not have an effect on direct Medicaid eligibility. For the special needs trust beneficiary receiving Medicaid benefits directly (that is, without qualifying for

SSI), it is important for the trustee to consult with a knowledgeable attorney about how to manage trust benefits.

Applying the POMS Guidelines to the True Link Protection Visa Prepaid Card

When using a True Link Protection Visa Prepaid Card, it is essential that both the trustee and the beneficiary (or the beneficiary's legal representative) understand how income and resources affect SSI eligibility. As mentioned earlier, a critical challenge for the trustee of a special needs trust is providing assistance to the beneficiary without giving the individual cash. For many years, trustees have utilized credit cards and gift cards in order to make distributions. Yet the True Link Protection Visa Prepaid Card is neither a credit card nor a gift card; it is a Visa Prepaid Card customized by using the True Link system, to permit one purchase and decline another. The True Link system is innovative – there is nothing else quite like it.

Because of the unique customization options the True Link system offers, on April 30, 2018, the Social Security Administration specifically clarified how True Link Protection Visa Prepaid Cards can be used to make disbursements from special needs trusts for beneficiaries who receive SSI. As long as the True Link system is used to set up the True Link Protection Visa Prepaid Cards according to [the guidelines in the POMS](#) for administrator-managed prepaid cards, True Link Protection Visa Prepaid Cards provided by a trustee to SNT beneficiaries would not be countable as income or as a resource.

(<https://secure.ssa.gov/apps10/poms.nsf/lx/0501120201#i1e>)

Here is the relevant full text from the POMS:

“Administrator-managed prepaid cards

Administrator-managed prepaid cards, such as True Link cards, are a type of Visa Prepaid Card, which the True Link system can customize to block the cardholder’s access to cash, specific merchants, or entire categories of spending. Typically, the trustee is the account owner and administrator, and the trust beneficiary is the cardholder. To evaluate the income and resource implications of trust disbursements to administrator-managed prepaid cards, we must determine who owns the Visa prepaid card account.

If the trustee is the owner of the Visa prepaid card account:

- Whether the trust beneficiary receives income from trust disbursements depends on the type of purchase reflected in the Visa card transaction statement. Treat purchases in the following manner:
 - If the administrator-managed Visa prepaid card is used to obtain cash, such as at an ATM, the withdrawal counts as unearned income.
 - If the administrator-managed Visa prepaid card pays for food or shelter items, such as charges at a restaurant, the individual will generally be charged with ISM up to the PMV.
 - If the administrator-managed Visa prepaid card pays for non-food, non-shelter items, such as for clothing at a department store, the individual usually does not receive income unless the item received would not be a totally or partially excluded non-liquid resource the following month.

- The administrator-managed Visa prepaid card is not the trust beneficiary's resource.

If the trust beneficiary is the owner of the Visa prepaid card account:

- Count all disbursements from the trust onto the Visa card as unearned income; and
- Count any unspent balance on the Visa card as a resource as of the beginning of the month after funds are loaded onto the Visa card."

These guidelines specify that to evaluate whether disbursements to the True Link Protection Visa Prepaid Card should be counted as income or as a resource, the account owner of the True Link Protection Visa Prepaid Card must be identified. Typically, the trustee is the account owner and administrator, and the trust beneficiary is the cardholder. If the account owner is the trustee, the True Link Protection Visa Prepaid Card should not be deemed a resource and a disbursement from the trust to a True Link Protection Visa Prepaid Card is not income. At the time a purchase is made, the ordinary rules for disbursements from a trust apply to the purchase: if the beneficiary receives cash or another countable resource its value is countable as unearned income; if food or shelter items are purchased their value counts as in-kind support and maintenance (ISM) up to the presumed maximum value (PMV); and otherwise, the disbursement from the True Link Protection Visa Prepaid Card is not countable as income.

The POMS rule indicates that

1. The trust, not the beneficiary, must be the account owner and administrator.
2. If the True Link Protection Visa Prepaid Card is used to take out cash, that is considered cash income. If it is used to buy food or shelter, it is

considered ISM. If the True Link Protection Visa Prepaid Card is used at places that sell food or shelter, such as Walmart, Target, and drugstores, receipts should be collected for all purchases so you have evidence that the items purchased are not non-allowable expenses.

In other words, this amendment to the POMS means that your beneficiaries can enjoy the independence of using an administrator-managed True Link Protection Visa Prepaid Card that helps to protect their benefits, as long as the correct settings, outlined above, are in place.

Trustees can use the True Link system to set up the True Link Protection Visa Prepaid Cards with the spending restrictions that beneficiaries need, so beneficiaries can confidently and independently use a True Link Protection Visa Prepaid Card. Purchases attempted at merchants or in categories the trustee blocks will be denied.

Conclusion

The trustee of a special needs trust can feel confident that, when used as outlined in the POMS, the True Link Protection Visa Prepaid Card is not inconsistent with the income and resource tests used to determine SSI – and often Medicaid – eligibility.