

What Medicaid Applicants Need to Tell a Bank when Establishing a Qualified Income Trust

- 1) Due to a requirement for Medicaid eligibility you need to set up an account for a Qualified Income Trust, also known as a “Miller Trust,” and be able to (1) make monthly income deposits to the account and (2) pay monthly expenses with the account funds.
- 2) Due to the nature of the Qualified Income Trust almost all funds deposited into the Trust will be depleted at the end of each month.
- 3) A Qualified Income Trust is established with a Social Security Number. (The bank may request an EIN which is required for some other trust types. A Qualified Income Trust or “Miller Trust” does not require an EIN.) Banks can verify this information at: http://www.irs.gov/irm/part21/irm_21-007-013r-cont02.html where the below information is provided:

If	Then
The trust is a Miller type trust	<p style="text-align: center;">Do not assign an EIN. Instead, inform the trustee that he/she <i>must</i>:</p> <ul style="list-style-type: none"> • Use the SSN of the beneficiary or trustee to report trust activities, and • Provide information such as the SSN, BOD, closing month of accounting year, principal activity, and the market to which they sell their product or services, if not already provided on Form SS-4 under Treasury Regulation 301.6109-1(d)(2). <p style="text-align: center;">Note:</p> <p style="text-align: center;">Miller Trusts are treated as grantor trusts under IRC § 671.</p>

- 4) If the Trust’s beneficiary (the Medicaid beneficiary/applicant) is not establishing the Trust, then the individual establishing the Trust must have a Power of Attorney or legal guardianship to act on behalf of the Trust’s beneficiary. Some banks may have internal policy that requires review of the Power of Attorney document to determine if there is authority to establish trusts. If a Power of Attorney document grants general authority to handle the financial or health care affairs of an individual, this should be sufficient to allow the Power of Attorney to establish a Qualified Income Trust for that individual.
- 5) An initial amount up to \$20 can be deposited to open a Qualified Income Trust bank account, if needed.
- 6) The State sent information on the establishment of Qualified Income Trusts to New Jersey banks through their Association.

More information on Qualified Income Trusts is available online at:
<http://www.state.nj.us/humanservices/dmahs/clients/mtrusts.html>.