

Qualified Income Trust

This Trust Agreement is made by _____, (hereinafter referred to as "Grantor") and _____, the Trustee for the benefit of _____, Grantor.

OR:

This Trust Agreement is made by _____, Attorney-in-Fact for, _____ (hereinafter referred to as "Grantor") and _____, the Trustee.

This is a Qualified Income Trust created pursuant to 42 U.S.C. § 1396p(d)(4)(B) and applicable Tennessee law and policies. The Trust shall be known as the "_____, Grantor Irrevocable Qualified Income Trust" ("Trust").

1. Trust Purpose. The purpose of this Trust is to assist the Grantor to qualify for Medical Assistance ("Medicaid"), to receive necessary nursing facility care or Home and Community Based Services ("HCBS"). Grantor understands that Grantor must meet the eligibility criteria under Tennessee's standards, including the standards applicable to Qualified Income Trusts. In the administration of the Trust, the Trustee shall perform all acts necessary to establish and maintain the Grantor's eligibility for Medicaid, and to comply with Tennessee's applicable standards for valid Trusts.

2. Trust Funding. Grantor hereby undertakes to convey and to transfer to the Trustee either (i) his/her entire Social Security, pension, and any other monthly income he/she may receive, or (ii) so much of his/her income as shall in any month exceed the prevailing Tennessee Medicaid Income Cap. (The Grantors actual income in the Trust is set forth on Schedule "A", annexed hereto.) Such payments made into the Trust from the Grantor's income shall constitute the Trust fund.

3. Distributions During Grantor's Lifetime.

A. During the Grantor's lifetime, the Trust fund shall be held, disposed of, and administered by the Trustee in a separate account for the Grantor so that all of the income placed in the Trust each month is disbursed by the Trustee in accordance with Federal law and Tennessee law as follows:

(1) A sum equal to the Personal Needs Allowance for the benefit of the Grantor as determined by the State of Tennessee (in 2005, that amount is Forty [\$40.00] Dollars); (2) A sum approved by the Tennessee Department of Human Services as a Minimum Monthly Maintenance Allowance to the Grantor's spouse, if any; (3) Necessary medical and remedial expenses not subject to third-party payment (Item D); (4) A sum for payment of health insurance premiums, including any applicable Medicare premiums; (5) A sum up to \$20 to pay for expenses

necessary for managing the Trust (i.e., bank charges); and (6) Payments for the Grantor's contribution to the cost of care ("Patient Liability Amount").

4. *Irrevocability.* The Trust shall be irrevocable. The Trustee shall have the right to amend the Trust, by instructions in writing, only with respect to the identity of the Trustee or the naming of a Successor Trustee, for the purpose of conforming the provisions thereof to prevailing law, or otherwise to maintain the validity of the Trust under Tennessee Medicaid standards.

5. *Termination.* The Trust shall cease and terminate upon the death of the Grantor, or earlier if the Trustee determines that the existence of the Trust is no longer necessary to establish Medicaid eligibility for the Grantor, or if nursing facility care or HCBS is no longer medically necessary for or no longer being received by the Grantor. Upon the termination of the Trust, the Trust property shall be distributed as follows:

A. To the State of Tennessee, Bureau of TennCare, in an amount equal to the total Medical Assistance paid on behalf of the Grantor by the State Plan for Medical Assistance or other approved waiver programs.

B. Any remainder after the State of Tennessee's claim has been paid, to the Grantor's or the heirs at law.

6. *Trustee's Powers.* The Trustee shall have all of the powers granted by the laws of the State of Tennessee, as limited by the restrictions relating to the purpose of and standards applicable to this Trust.

7. *Annual Accounting.* The Trustee shall be required to submit an annual accounting to the Tennessee Department of Human Services or its designee, in a form agreeable to the Department of Human Services, of all income placed in the Trust, all funds distributed, the purpose for the distribution, and the total amount of funds remaining.

8. *Law to Govern; Construction.* The construction of this instrument and the validity of the interest created hereby shall be governed by the laws of the State of Tennessee. The administration of the Trust shall be governed by the laws of the State of Tennessee, or by the laws of any other state in which the Trust may from time to time be administered.

Signed by Grantor and Trustee on _____:

_____, Grantor

_____, Trustee
State of Tennessee
County of _____

On _____, before me personally appeared _____, Grantor, who is known by me or who proved to me on the basis of satisfactory evidence to be the person described in this instrument, and who executed the foregoing instrument and acknowledged that s/he executed it as his/her free act and deed.

OR – Acknowledgement by Attorney-in-Fact:

State of Tennessee
County of _____

On _____, personally appeared before me, _____, Attorney-in-Fact with whom I am personally acquainted or who proved to me on satisfactory evidence, to be the person who executed the foregoing instrument as Attorney-in-Fact for _____, Grantor, and who acknowledged that s/he executed the same as the free act and deed of Grantor.

Notary Public

My commission expires: _____

State of Tennessee
County of _____

On _____, before me personally appeared _____, Trustee, who is known by me or who proved to me on the basis of satisfactory evidence to be the person described in this instrument, and who executed the foregoing instrument and acknowledged that s/he executed it as his/her free act and deed.

Notary Public

My commission expires : _____

Title to Property Held in Trust

Title to the Trust fund should be held by the Trustee in substantially the following format: _____, Trustee under the Irrevocable Trust Agreement for the benefit of _____, Grantor, dated _____.

Schedule "A": Income of Grantor Transferred into the QIT

<u>Source</u>	<u>Amount</u>
Social Security	
Pension	
Other	