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Tax Relief for Californians Impacted by Storms: Part 2

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Tax Extension

To help alleviate some of the stress many have endured during this trying period, the FTB has extended the filing and payment deadlines for individuals and businesses in California until October 16, 2023.

This relief applies to deadlines falling on or before January 8, 2023, and before October 16, 2023, including the 2022 individual income tax returns due on April 18 and the quarterly estimated tax payments, typically due on January 17, 2023, and April 18, 2023.

The IRS announced tax relief for Californians affected by these winter storms. Counties that are affected by these storms qualify for an extension to October 16, 2023, to file individual and business tax returns and make certain payments. This includes: Individuals whose tax returns and payments are due

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If you're a parent of a special needs child, you want to be sure that they are taken care of. A special needs trust (SNT) typically is the outcome of a malpractice suit, for example, a child did not receive enough oxygen during the delivery process and as a result has developmental issues. The money from the suit then goes into a special needs trust for the child.

Special needs trusts are complicated and require the assistance of an experienced trustee to ensure the trust is handled correctly. This is important because the child has government benefits which have rules for distributing payments, separate from the SNT. Find more about this type of trust below.

What You Should Know About Special Needs Trusts

What is a special needs trust? Also known as a supplemental needs trust, this legal document is a trust that is created to help those with mental, physical, or behavioral disabilities. This kind of trust is set up as an irrevocable trust because the special needs beneficiary cannot earn a living and likely needs financial support throughout the rest of their life. The trust must also be established before the beneficiary turns 65.

Who controls a special needs trust? A special needs trust is controlled by a trustee. It is the trustee's responsibility to distribute assets once the trust is terminated and if the beneficiary has passed away.

What does a special needs trust pay for? A special needs trust pays for anything that government benef-

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What Our Clients Say About Us

"The Marcia Campbell team was responsive to our needs and questions. They were attentive to details, clear on instructions, and always willing to help with our financial concerns. Thank you!"

— KO

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 on April 18, 2023; Quarterly estimated tax payments due January 17, 2023 and April 18, 2023; and business entities whose tax returns and payments are due on March 15, 2023.

Source: <https://www.gov.ca.gov/2023/01/13tax-relief-for-californians-impacted-by-storms/>

Please contact our office for more information. †

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 -its do not. For example, if a child was going to school the government benefits would pay for food and clothes. If the child wanted a brand-name sweater or an iPad, that would fall under payments from the trust because it is not a basic need.

However, the trust may pay for items that the child needs but are outside of standard products. An example would be a wheelchair. A standard wheelchair would be covered by government benefits, but a motorized wheelchair may not be covered and payment would come from the trust.

The Types of Special Needs Trusts

1. First-person SNT; 2. Third-person SNT. A first-person special needs trust is funded by the special needs person. After the Special Needs Trust Fairness Act was enacted, mentally or legally competent disabled persons were able to put funds into the established trust.

A third-person special needs trust is funded by the assets belonging to another person other than the beneficiary. In California, third-party trusts are not subject to recovery according to the Department of Health Care Services (DHCS).

The Advantage of Special Needs Trusts

When you establish a special needs trust, there are advantages for the beneficiary and the person funding the trust. The beneficiary can receive financial benefits without impacting their eligibility for programs or services that are bound by income thresholds. The person providing funds to the trust has peace of mind that their contributions are secure.

Setting up a special needs trust can be complicated. Ensure you have the support throughout the life of a special needs child by enlisting the help of an experienced attorney to set up the special needs trusts.

Source: <https://mcampbellcpa.com/special-needs-trusts-consider-these-things/>

Please contact our office for more information. †



Do you need a trust accountant for a special needs trust? Schedule time with Marcia L. Campbell, CPA.

As the most experienced CPA in the Inland Empire who specializes in working with seniors and trusts, Marcia L. Campbell is committed to helping each client thrive by caring for their personal and financial well-being with genuine interest, well-established expertise, and a focus on respectful partnerships.

Marcia’s team specializes in a number of services, including elder and financial care, court and trust accountings, as well as private fiduciary and tax services.

At Marcia L. Campbell, CPA, we understand the importance of our clients’ individual needs and are committed to helping them make the best personal and financial decisions for their future.

If you need help, please contact us by calling our office at (951) 686-3608.



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 to receive your newsletter
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