A financial advisory practice of Ameriprise Financial Services, LLC

Financial Planning for Families Caring for Children With Special Needs

Caring for a child with special needs is a journey filled with love, resilience and meaningful moments. Along the way, families may also encounter unique financial considerations—from healthcare and education to long-term support. Thoughtful financial planning can help bring clarity and confidence, allowing you to manage today's needs while preparing for the future, so you can stay focused on what matters most: your child's well-being.

Assess your family's needs and costs. A helpful first step is gaining a clear understanding of your child's unique needs and the resources that support them. This may include healthcare, in-home assistance, specialized childcare or educational accommodations. In some families, caregiving decisions can also influence work schedules or household income. Looking ahead, it's worth considering how needs may evolve over time—such as future living arrangements, adult care services or ongoing financial support. Taking time to plan thoughtfully can help you feel more prepared and confident as you look to the future.

Explore available benefits and resources. Many federal, state and local programs are available to support families with special needs. Depending on eligibility, Medicaid and Supplemental Security Income (SSI) can help cover medical and living costs. The Individuals with Disabilities Education Act (IDEA) provides free, customized public education for children with disabilities. You may also be able to claim certain tax credits or deductions, such as the Child and Dependent Care Credit or medical expense deductions. Because eligibility for these deductions or credits can be complex, it may help to work with a financial advisor or advocate who specializes in special needs planning.

Build a financial safety net. Building a financial safety net is an important step in protecting your family's future. Start by creating an emergency fund with three to six months' worth of expenses in a separate account to help manage unexpected medical or care-related costs. In addition, review your life and disability insurance policies to ensure your family's financial stability if something happens to a primary caregiver or income earner. Taking these steps can provide peace of mind and help you feel more prepared for life's uncertainties.

Plan for long-term care and independence. If your child may require lifelong support, early planning is key. Establishing a special needs trust can help you set aside funds for your child's future without affecting eligibility for government benefits. These trusts can cover supplemental expenses such as recreation, education and personal care. You may also want to explore ABLE (Achieving a Better Life Experience) accounts, which allow individuals to save money tax-free for qualified expenses for those with disabilities.

Keep organized records. Keeping key information organized can make everyday decisions—and unexpected moments—feel more manageable. Saving records related to your child's care, such as medical information and expense details, can help you track spending, support insurance claimsand simplify tax preparation.

It's also helpful to put important legal documents in place, including guardianship designations, powers of attorney and health care proxies. Having these conversations and documents prepared can provide reassurance, knowing your child's needs and preferences are clearly outlined and supported over time.

Caring for someone with special needs involves thoughtful financial planning to ensure long-term stability and support. A knowledgeable financial advisor can help you understand available resources, strengthen your long-term financial foundation and develop a strategy tailored to your family's unique circumstances.

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