

# **Invest In**

---

# **LIFE**



*Growing Your Options*

Developmental Disabilities  
**Life Opportunities Trust**

Washington State Developmental Disabilities Endowment Trust Fund

# ***Annual Report 2005***

## FROM THE CHAIR

---



It's hard to believe that the Developmental Disabilities Life Opportunities Trust (DDLOT) is now in its fourth full year of accepting and investing funds for the long-term benefit of people with developmental disabilities. It seems like only yesterday when a group of advocates began working with Senator Dan McDonald in 1999. Other members of the Legislature joined McDonald and co-sponsor Senator Lorraine Wojahn to create the nation's first public-private partnership to help people with developmental disabilities save for the future and protect their financial assets.

The success of this project has been exceptional and has received national recognition. To date more than 500 families and individuals have enrolled in the Life Opportunities Trust and have begun saving for future needs. The money being invested is being matched by state funds allocated by the legislature. Today nearly \$7 million in state matching funds and nearly \$4.7 million in private contributions are being invested by the Washington State Investment Board on behalf of the Life Opportunities Trust.

Enrollments continue to grow each month as families share their personal experiences with each other and describe their overall satisfaction with the Life Opportunities Trust. In fact, as a member of the Governing Board, we have a new challenge in that soon the Trust will meet its capacity for enrollments to receive state matching funds. Because we're confident more families will continue to be interested in participating in this one-of-a-kind investment opportunity, we've begun to discuss additional ways to continue enhancing the successful program.

One possibility is to launch a major fundraising campaign next year to raise an additional \$5 million for matching contributions. Ideas for doing this include working with both public and private sector donors for possible contributions. We're excited about the many possibilities of growing and expanding in new and dynamic ways on the nation's first public-private partnership of a special needs trust to benefit people with developmental disabilities.

I look forward to continued involvement with the Life Opportunities Trust and its ongoing success. Please feel free at any time to let us know if you have any concerns or suggestions to improve the operation of the Trust.

Janet Adams  
Chair, Life Opportunities Trust Governing Board

## **NEW MEMBER JOINS THE GOVERNING BOARD**

---

The Developmental Disabilities Life Opportunities Trust is required by law to have a seven-member governing board. They work together with staff to provide direction and guidance on the policies and decisions necessary for the successful running of the Trust.

The newest member of the governing board is Bill Ptacek of Bellevue. Bill is the father of a young lady with developmental disabilities and has been very active in politics, advocacy and the community for many years. Bill is also the director of the King County Library System, the second busiest library system in the United States with 43 libraries, 1,200 employees and an annual operating budget of more than \$72 million.

Bill attended his first meeting in December and joins members Janet Adams, chair, from Olympia, Philip Ruggles, vice-chair, from Spokane, John Ederer from Kirkland, Margaret-Lee Thompson from Redmond, Wanda Thompson from Tacoma and George Walker from Seattle. Wanda Thompson will soon retire from the Board. The DDC is currently recruiting to fill the position.

The board is required to include three members who have demonstrated expertise and leadership in areas such as finance, actuarial science, management, business, or public policy; three members who have demonstrated expertise and leadership in areas such as business, developmental disabilities service design, management or public policy, and who are also family members of persons with developmental disabilities; and one member who serves as chair of the board and is appointed by the remaining six members. People interested in applying for open board positions should call or email Deputy Trust Administrator Clare Billings at 360.586.3565 or [clareb@cted.wa.gov](mailto:clareb@cted.wa.gov).

*Visit the DDLOT  
website at  
[www.ddlot.org](http://www.ddlot.org)*

---



---

### **Trust Board Members**

Janet Adams, Chair

John Ederer

Ron Meltzer

Bill Ptacek

Philip Ruggles

Margaret-Lee Thompson

Wanda Thompson

George Walker

## ABOUT WSIB

The Washington State Investment Board (WSIB), created in 1981 to manage the long-term assets of the state, is comprised of 15 members – 10 with voting rights and five without. Their mission is to invest with integrity, prudence and skill to meet or exceed the financial objectives of those they serve.

In 2005, the WSIB invested \$66.9 billion for 34 funds, including 16 retirement funds for public employees, teachers, school employees, law enforcement officers, firefighters and judges. They also manage investments for 18 other public funds that support or benefit industrial insurance, colleges and universities, developmental disabilities and wildlife protection. More than \$11.6 million is invested for the Life Opportunities Trust, which was placed under the WSIB investment management in 2000.

WSIB objectives for the DDLOT are to: 1) maximize return at a prudent level of risk based on identified investment time horizons, 2) ensure sufficient income is available to fund the expected needs, and 3) invest in a manner that will not compromise public confidence in the program.

## SOLID RETURNS IN 2005

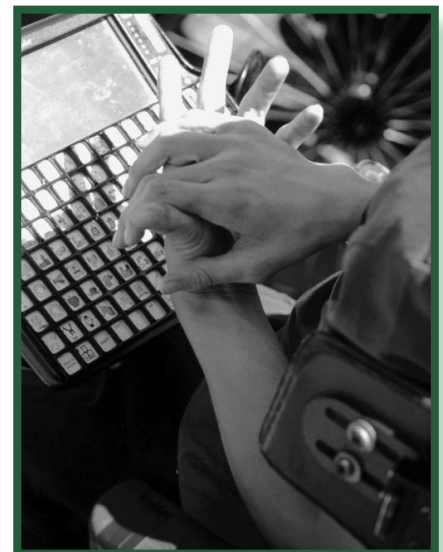
In 2005, the Washington State Investment Board, responsible for investing both public and private trust funds, invested more than \$11.6 million for the Life Opportunities Trust as reported in a December 31, 2005 fund performance statement. (Visit [www.sib.wa.gov](http://www.sib.wa.gov) and select Fund Performance under Financial, then select Other Trusts for complete information on the Developmental Disabilities Endowment Trust Fund.)

Public funds (state money) and private funds (individual and family funds) are invested differently. Public funds have an investment mix of 22.1% fixed income, 13.8% U.S. Equity, 25% cash portfolio and 39.2% TIPS portfolio. Private funds are invested 60% in stocks and 40% in bonds. The stock portion is expected to track the performance of the Dow Jones Wilshire 5000; and the bond portion is expected to track with the Lehman Aggregate Bond Index.

The trust's public funds have posted returns of 5.5% since inception in June 2000, 5.4% for the past five years, 5.6% for the past 3 years and 2.7% for 2005. Private funds have posted returns of 8.3% since inception in July 2002 when families began making personal contributions, 9.6% for the past three years, and 4.8% for 2005. Overall, funds are outpacing inflation and 90-Day T-bills, yielding sound results for stakeholders.

## BY THE NUMBERS

Last year, the trust welcomed 182 new enrollees. Of those, 55 were Trust I accounts, which contain funds belonging to anyone other than the person with a developmental disability; and 127 were Trust II accounts, which contain funds being contributed directly by the person with a developmental disability. The total enrollment is now up to 518, with 220 as Trust I accounts and 298 in Trust II accounts. Also, 26 additional people are on the enrollment payment plan, which allows them to make payments toward the \$600 enrollment fee while holding a slot for them when they have saved enough to enroll.



## WHAT'S THE REASON FOR FEES?

Most people have heard the phrase, “It takes money to make money.” The investment industry knows this well and charges fees accordingly. Just three fees are charged to manage and invest funds for the Life Opportunities Trust. These fees are for management, oversight and operations. Following is some additional information about the Life Opportunities Trust fees and their purposes.

### *Enrollment fee*

The \$600 enrollment fee for the Life Opportunities Trust covers the expense for setting up the individual account and assisting families and individuals with the enrollment process. This fee also covers the costs of informational outreach and marketing, as well as support materials that help families better understand the Trust benefits. One great benefit of the Life Opportunities Trust is that the \$600 enrollment fee is matched 100% by the state. This means that although you pay a \$600 enrollment fee, the account will open with an additional \$600 in state matching funds.

### *Management fee*

Each account is charged an annual management fee to cover the program costs such as accounting for individual accounts, administrative management costs, board operations for policy oversight and the cost of working with the Washington State Investment Board. This management fee is at least \$75 per account or up to 2% of the individual account up to a \$750 annual maximum. This fee is considerably less than most special needs trust, which typically range between 3% and 5% of the account.

### *Tax Preparation fee*

The tax preparation fee covers the cost of preparing tax documents for each individual account, which is required by the Internal Revenue Service. This fee is negotiated annually, and this year was \$75 per account. As more families enroll, we're beginning to see the tax preparation fee reduce. The tax preparation fee also provides a service to Trust holders. For Trust I account holders who owe tax, the Life Opportunities Trust can deduct the amount due from their account and pay the IRS directly, saving the account holder extensive hassle in doing this personally. For Trust II account holders, we provide information needed for tax returns if the individual is required to file. For information about tax preparation please contact Clare Billings at 800.634.4473 or 360.586.3565.

## WHO TO CONTACT

Because of the unique public-private partnership of the Life Opportunities Trust, there are two organizations that manage and run different portions of the Trust. This sometimes presents challenges for family members who wonder, “who should I call for help” or “how can I get more information?” Below is a guideline to help.

The Washington State Developmental Disabilities Council (DDC), a federally funded program authorized to advocate for people with developmental disabilities and their families, is responsible for the Trust's administration and overall management. DDC Executive Director Ed Holen is the Trust Administrator. He works with the Governing Board and other staff to provide general management and oversight. Ed can be reached by phone or email at 360-586-3558 or edh@cted.wa.gov.

DDC's Planning, Projects & Budget Manager Clare Billings is the Deputy Trust Administrator. For questions or information about the status of an account, quarterly statements or tax preparation, account holders should call or email Clare at 360.586.3565 or clareb@cted.wa.gov.

The Arc of Washington State contracts with the DDLOT to process enrollments, do community outreach and provide disbursement support services. Patti Bell is the Trust Manager. She can be contacted for questions or information about enrollments, disbursements, community events or general information questions by calling 1-888-754-8798, ext. 103 or emailing patti@arcwa.org.

You may also locate extensive information about the Life Opportunities Trust online at [www.ddlot.org](http://www.ddlot.org).

## WANT TO LEARN MORE?

Do you want to learn more about the DD Life Opportunities Trust? Trust Manager Patti Bell with the Arc of Washington State does community presentations throughout the state to help groups learn more about the Trust. The presentations include an overview of the Trust program, instructions for completing enrollment paperwork and time to answer personal questions. If you're interested in bringing a community presentation to your neighborhood and know of other families and individuals who would be interested in attending, call or email Patti at 1-888-754-8798, ext. 103 or [patti@arcwa.org](mailto:patti@arcwa.org) to schedule a meeting. Due to time limitations, meeting schedules are based on presenter's availability.



## TIME RUNNING OUT ON AVAILABILITY OF MATCHING CONTRIBUTIONS

In 2000, the state invested \$5 million to match dollars from private contributions. With a finite amount, the number of slots receiving state match for enrollment fees and private contributions is limited to the amount of the state's initial investment plus earnings. When these state funds are exhausted, enrollments may continue but without the currently available, generous match.

Trust staff originally estimated the initial state investment would match about 800 to 900 accounts. With 544 of those already taken or reserved, the fund is clearly more than half full. Now estimates show about 360 to 375 Trust slots are still available to receive matching funds. This is why it is so important for eligible people to complete their enrollment paperwork as soon as possible so they may take advantage of the opportunity for a 100% state match of the enrollment fee and the 25% state match of private contributions before funds run out.

"We're growing quickly, and sadly when we're full many families will lose out on this great opportunity," said Deputy Trust Administrator Clare Billings of the Developmental Disabilities Council. "We're excited about the possibility to raise additional funds for matching contributions, but there are simply no guarantees. We need to continue to help people learn about the Trust and encourage them to make a timely decision on this special program to invest in the future well-being of their children."

"Nearly 33,000 individuals and families are on the Division of Developmental Disabilities caseload and would likely be eligible for the Life Opportunities Trust, but only about 500 have enrolled," said Janet Adams, governing board chair. "This is both good and bad news for us. It means we have an enormous potential to grow

the Trust and help even more families save for the long-term benefits of their sons and daughters. But it also means our challenge is to find more matching funds as soon as possible."

## WASHINGTON STANDS ALONE, BUT OTHER STATES HAVE TRUSTS TOO

We're very fortunate here in Washington State to have created the nation's first public-private partnership for a special needs trust to benefit people with developmental disabilities. We are the only state in the union to have allocated state funds to match private family and individual contributions made through a special needs trust.

"It's really remarkable what we've accomplished here in Washington," said Ed Holen, Life Opportunities Trust administrator and executive director of the Developmental Disabilities Council. "I remind myself frequently to thank our legislative leaders for their foresight and wisdom in helping create this powerful vehicle for families and individuals with developmental disabilities to save for the future."

As the Trust comes closer to reaching capacity for matching private contributions, it is critical for families and advocates to thank their legislators for making the Trust a reality. Over the next few years, we'll need to begin talking with legislators about the potential for additional funds. The Governing Board of the Life Opportunities Trust has already begun discussing strategies for seeking both public and private contributions for an additional \$5 million in matching funds.

In other parts of the country, states have also created special needs trusts for people with developmental disabilities. There are at least 11 other states with special needs trusts for people with developmental disabilities. Unlike Washington, these trusts do not include state matching funds, but are equally beneficial in helping families save money for the future and protect assets.

## LIFE STYLES

### *Fitzsimmons Family Finds Investment Worthwhile*

John and Vicki Fitzsimmons of Vancouver knew the Developmental Disabilities Life Opportunities Trust was a good deal from the start. Their son Jason, who is almost 22, has been enrolled for more than two years. Vicki cites the matching state dollars as the primary reason they set up a trust account with the DDLOT.

"You just can't beat an automatic 25% return," describes Vicki, who is commenting on the matching contributions from the state. "On top of that, I'm pleased with what I've seen on the balance sheet for the Trust's investments."

A restaurant manager turned stock broker, Vicki knew this was a smart long-term investment for Jason. While he still lives at home for now, Jason will need the money in the future to help him live as independently as possible.

He's currently working with a job coach to find employment and he dreams of some day having his own apartment. He gets \$560 in Social Security Income, but that wouldn't be enough to live on his own without help from his parents or other family members.

Jason has autism, yet would excel at many jobs that take advantages of his strengths. He does well with computer skills and also has a photographic memory. Vicki says it's amazing the things he can remember in detail from more than 10 years ago. Jason also enjoys maps and riding buses, which leads Vicki to believe he'd be great working in a visitors center or helping give people directions on the bus system.

For now John and Vicki know they're investing in Jason's future. That gives them peace of mind knowing he will have better financial security when they are no longer around to provide for him.