



***The Arc***<sup>TM</sup>

*Master Trust*

# **2010 Annual Report**

June 2011

We hope the 2010 Annual Report of The Arc of Indiana Master Trust is informative and helpful to you. Please do not hesitate to contact us if there is any other information concerning The Arc Master Trust that we can provide to you.

We also welcome you to visit the website for The Arc Master Trust, [www.thearctrust.org](http://www.thearctrust.org), for information and resources not included in this report. In addition, The Arc of Indiana's website, [www.arcind.org](http://www.arcind.org), has information on programs and services for people with intellectual and developmental disabilities and their families; as well as information about the work of The Arc to improve the lives of people with disabilities at the national, state and local level.

It is our pleasure to serve you.



John Dickerson  
Executive Director



Melissa Justice  
Trust Director

**The Arc of Indiana Master Trust  
2010 Annual Report**

The Arc of Indiana Master Trust was founded in 1988. Trust I is The Arc of Indiana’s original trust. The intent of Trust I is to provide parents with a reliable way to supplement the means-tested benefits their children receive, such as Medicaid and Supplemental Security Income (SSI), when they are no longer there to provide for them.

While alive, parents often supplement means-tested benefits. We know that a trust, properly drafted, can continue this supplement. But we also know that many attorneys do not know how to draft this type of trust. In addition, the cost to retain an attorney that knows how to draft this kind of trust may be more than many parents can afford. Finally, we know that even a properly drafted trust requires knowledge of government regulations. Even a properly drafted trust, improperly used, can interfere with eligibility for means-tested government benefits.

Trust I was created as a way to increase parental confidence that the trust is properly drafted, that it is affordable to most parents, and that the expertise needed for reporting trust disbursements are mastered by The Arc of Indiana. Parents don’t have to rely on family members to learn and stay current with the regulations and make the reports. These responsibilities are The Arc’s.

Trust II was established in 1995 in response to a law passed by Congress in 1993 allowing individuals receiving government assistance (or means-tested benefits) to fund their own trust.

New enrollments in Trust I and Trust II increased in 2010 as compared to 2009. The following charts show Trust I and Trust II enrollments for 2010 and 2009.

	<b>ENROLLMENTS FOR 2010</b>				
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total
<b>Trust I</b>	8	9	10	17	44
<b>Trust II</b>	53	33	51	39	176
<b>Total</b>	61	42	61	56	220

	<b>ENROLLMENTS FOR 2009</b>				
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total
<b>Trust I</b>	5	3	13	9	30
<b>Trust II</b>	40	31	33	44	148
<b>Total</b>	45	34	46	53	178

As of December 31, 2010 there were 1,923 open trusts with The Arc of Indiana Master Trust. Of those, 1,235 are actively receiving distributions from either their Trust I or Trust II accounts. There are 169 accounts that are funded but are not currently receiving distributions, and 519 unfunded Trust I accounts.

The Trust I Investments had a positive rate of return in 2010. The return was +11.69%

As always this fund is very closely monitored to ensure the safety of our beneficiaries' trust money. The Trust's investments are conservative. The Arc Master Trust invests beneficiary's money as if they have retired and this is their retirement money.

The following table profiles investments as of December 31, 2010:

Mutual Fund – Int. Government/Bond	\$12,344,154	42.66%
Mutual Fund – Large Cap Equity	\$ 8,243,783	28.49%
Mutual Fund-Foreign Stock	\$ 2,716,624	9.39%
Miscellaneous Cash Equivalents – Taxable	\$ 2,078,967	7.18%
Mutual Fund-Small Cap Equity	\$ 1,768,069	6.11%
Mutual Fund – Sector	\$ 1,749,281	6.05%
Other	\$ 36,013	.31%

Appendix A shows The Arc of Indiana Master Trust's investments. The total on deposit for Trust I and Trust II at December 31, 2010 was \$40,987,236.

Appendix B shows the results from the 2010 User Satisfaction Survey. The survey monitors The Arc Trust's responsiveness to users from the time they call to make a request to the time they receive a check in the mail. The survey provides valuable feedback to The Arc, families already enrolled, and families thinking about enrolling. *"How easy is the Trust to access?"* and *"How hard is it to get a request approved?"* are two questions often asked. As the survey shows, we are very accessible and rarely turn down requests.

The Arc of Indiana's Audited Financial Statements for 2010 included no findings. The report is available in the "Helpful Resources and Links" section of The Arc Master Trust's web site: [www.thearctrust.org](http://www.thearctrust.org). If you do not have access to the Internet and you would like us to mail you a copy of the audit, please contact us 317-977-2375 or 800-382-9100.

One goal of Trust I is to continue some level of disbursement for every beneficiary, even if his or her account is completely depleted. To achieve this goal, The Arc has established a separate fund called the Trust Remainder Fund. This fund contains the remainder amounts from third party and self-funded trusts that have been designated to The Arc; the remainder amount is deposited into the Trust Remainder Fund. The Remainder Fund has also been used to help people with disabilities in need. From the Remainder Fund, The Arc of Indiana Board of Directors approved the use of \$40,000 in 2010 to help provide \$100 towards the winter heating bill of 400 recipients of Supplemental Security Income.

Most of you are by now aware that the online viewing and printing of account statements is now fully functional. For those that have elected to do so they can go to The Arc Trust's website, [www.thearctrust.org](http://www.thearctrust.org), log on to the "View Statement Area" and monitor the account activity. If you would like to take advantage of this, please call our office at 317-977-2375 or 800-382-9100.

Finally, Trust staff are available to answer any questions or concerns, as well as to provide presentations about The Arc Master Trust to community groups or in one-on-one meetings, in all areas of Indiana. The Arc Master Trust looks forward to the next year of serving people with disabilities whose parents wish to provide for them, and people with disabilities who have funded their own trusts. The Trust strives each day to provide the very best, reliable and responsive service possible to its beneficiaries.

Please do not hesitate to contact The Arc of Indiana Master Trust at 317-977-2375 or 800-382-9100. We are here to help and assist you in any way we can.

Melissa Justice  
Director  
The Arc of Indiana Master Trust

Thomas Ewbank  
Partner, Krieg DeVault  
Chairman, The Arc Trust Advisory Committee

## ARC TRUST I INVESTMENTS

The return on the Trust I Fund in 2010 was +11.69%.

In 2009 the return was +20.31%. If you would like to see a copy of the 2008 Investments, please call The Arc Trust office to request a copy.

Trust I includes two investment objectives -- a long-term objective and a short-term objective. The long-term objective seeks the potential for capital appreciation. The short-term objective is to have enough funds available at all times to meet immediate requests for disbursements.

The short-term objective is achieved through use of a Money Market account. At December 31, 2010 approximately 7% of Trust I was invested in a money market account. The balance of the Trust I Fund at December 31, 2010 there was \$28,938,890, thus, there was \$2,025,722 set aside and available for meeting immediate requests for disbursements.

Where is the remaining ninety-three percent (93%)? Currently, thirty-four percent (34%) is invested in Taxable Bonds and Taxable Bond Mutual Funds, fifty percent (50%) is in Domestic, Balanced and Small Cap Mutual Funds and the remaining nine percent (9%) is invested in International Equities.

The following is a list of the investments in the Trust I portfolio:

- Cash .01%
- Money Markets & Equivalents 7.19%
  - Lipper Money Market Index
- Taxable Bonds 12.15%
  - Barclays Cap Interm Govt/Credit Index
  - Lipper Inter Investment Grade Index
- Taxable Bond Mutual Funds 21.75%
  - Barclays Cap Interm Govt/Credit Index
  - Lipper Inter Investment Grade Index
- Domestic Mutual Funds 34.57%
  - Standard & Poor's 500 Stock Index
  - Lipper Large-Cap Core Index
- Balanced Mutual Funds 8.81%
  - Lipper Balanced Fund Index
- Small Cap Mutual Funds 6.12%
  - Russell 2000 Index
  - Lipper Small-Cap Core Index
- International Equities 6.89%
  - MSCI EAFE Gross Index
  - Lipper International Fund Index
- Emerging Markets 2.51%
  - MSCI Emerging Markets Index (Gross)

We believe this combination is prudent for investing. Our approach is intended to meet a beneficiary's immediate needs, and provide the potential for higher long-term return. (Historically, bonds have outperformed money market accounts, and stocks have outperformed bonds.) The higher the return, the more that can be spent for each beneficiary.

**PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS**

## 2010 TRUST I & TRUST II SATISFACTION SURVEY RESULTS

The Arc of Indiana intends for its trust service to be easy to use. “How are we doing?” To answer this question, each year we send a User Satisfaction Survey to people using our service. The survey asks about our responsiveness to requests — from the time people call and make a request to when they receive the check in the mail.

This survey provides valuable feedback for us. It identifies potential problem areas. It also helps families thinking about enrolling. “*Is The Arc Trust easy to access?*” some might ask. “*Is getting approval difficult?*” As the survey shows, we are very accessible and rarely turn down requests.

1. When I call to use the trust, the person with whom I must speak is immediately available.

Never: 0%      Rarely: 1%      Sometimes: 10%      Usually: 64%      Always: 25%

2. When the person with whom I must speak is not immediately available, he/she does return my call and is able to speak with me within two business days of my request.

Never: 1%      Rarely: 0%      Sometimes: 2%      Usually: 20%      Always: 76%

3. Making contact with this person is a problem. He/she is not available when I call, and I am not available when he/she returns my call.

Never: 49%      Rarely: 27%      Sometimes: 6%      Usually: 3%      Always: 4%

4. Requesting disbursements is a positive experience for me. The person with whom I speak is receptive to how I want the trust used. He/she is encouraging and supportive of my efforts.

Never: 1%      Rarely: 1%      Sometimes: 2%      Usually: 20%      Always: 76%

5. When I call with a question on non-trust matters or need advice, the person with whom I speak is willing to help.

Never: 1%      Rarely: 1%      Sometimes: 4%      Usually: 19%      Always: 76%

6. When I make a request for using the trust, my request is approved.

Never: 1%      Rarely: 1%      Sometimes: 2%      Usually: 23%      Always: 74%

7. The time that passes from when I submit a bill for reimbursement to when I receive the check is two weeks or less.

Never: 0%      Rarely: 2%      Sometimes: 5%      Usually: 28%      Always: 64%

8. On a scale of 1 to 10, circle your overall satisfaction (or dissatisfaction) with The Arc Trust. A score of 10 is the most positive score you can give. A score of 1 is the most negative score you can give.

Ten: 60%      Nine: 26%      Eight: 8%      Seven: 3%      Six: 1%      Five: 1%

Four: 0%      Three: 1%      Two: 0%      One: 2%

10. When I speak with someone at The Arc Trust office, or receive written communications, it is in a prompt and business-like manner.

Never: 1%      Rarely: 1%      Sometimes: 1%      Usually: 17%      Always: 81%

11. The person that I have spoken with at The Arc of Indiana Trust office is knowledgeable. If they don't know the answer they find out promptly and return my call.

Never: 0%      Rarely: 1%      Sometimes: 4%      Usually: 12%      Always: 83%



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[www.thearctrust.org](http://www.thearctrust.org)