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NATIONAL RESOURCE CENTER
ACHIEVING A BETTER LIFE EXPERIENCE ACT



#ABLEtoSave Webinar Series

"ABLE Basics"

Presented by
Chris Rodriguez, Director, ABLE National Resource Center

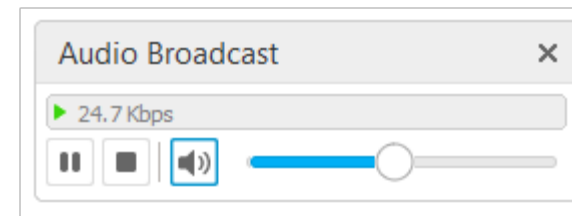


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Presenters and Guests

- Presenter
 - Chris Rodriguez, Director, ABLE National Resource Center
- Guest Panelists
 - Rick Hodges, ABLE Act Advocate
 - John Boroff, Fidelity Investments

Agenda

- ABLE National Resource Center
- #ABLEtoSave Campaign
- History of ABLE
- ABLE Basics
- Debunking ABLE Myths
- Questions and Answers

ABLE National Resource Center



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ablenrc.org

The ABLÉ National Resource Center

The ABLÉ National Resource Center (ANRC) is a collaborative whose supporters share the goal of accelerating the design and availability of ABLÉ accounts for the benefit of individuals with disabilities and their families. We bring together the investment, support and resources of the country's largest and most influential national disability organizations.

www.ablenrc.org

#ABLEtoSave



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#ABLEtoSave Campaign Description

#ABLEtoSave is a month-long marketing and informational campaign taking place throughout August. This national campaign is spearheaded by the ABLE National Resource Center (“the Center”), in collaboration with the Center’s 25+ national disability organizational members, state ABLE programs, financial institutions, and other ABLE related stakeholders. #ABLEtoSave will strive to blanket the country with widespread information concerning all things ABLE, with the aim to significantly accelerate the opening of ABLE accounts by eligible individuals with disabilities and their families.

#ABLEtoSave Campaign Goal

The primary goal of #ABLEtoSave is to increase awareness and education about ABLE accounts and to accelerate the opening of ABLE accounts nationwide in the short- and long-term.

#ABLEtoSave Campaign Outline

#ABLEtoSave will take place in the month of August and will be broken down into 5 individual weeks of education, information and marketing. Each week will focus on a different aspect of ABLE, with the aim to provide potential ABLE account owners, and their families, with comprehensive education and motivation to feel comfortable enrolling in an ABLE program of their choice.

- WEEK 1 (August 6 – 12): BASIC OVERVIEW OF ABLE
- WEEK 2 (August 13 – 19): ELIGIBILITY
- WEEK 3 (August 20-26): QUALIFIED DISABILITY EXPENSES
- WEEK 4 (August 27- 31): ENROLLMENT and BEYOND

The campaign is national in scale and will utilize a diverse set of tools in order to maximize reach. These tools include, but are not limited to, social media, national webinars, short videos, twitter chats, virtual town halls, email blasts and the utilization of the Center's website.

History of ABLE



What is ABLE?

The Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act (PL 113-295) amends the federal tax code to add Section 529A in order to:

*create a new option for eligible people with disabilities
to save money in a tax-exempt account
that may be used for qualified disability expenses
while still keeping their eligibility for federal public benefits.*

History of ABLE

- Kitchen table idea from parents in Northern VA to counter challenges in US system (\$2000 asset limitation)
- Nine year massive cross-disability grassroots effort
 - Social media campaigns, traditional media, change.org petition
 - Many in-person meetings with elected officials to share our personal stories

ABLE Becomes Law - December 2014

- One of most bipartisan bills in history
 - 85% of the entire US Congress supported the ABLE Act
 - 381 out of 435 in the US House of Representatives
 - 78 out of 100 in the US Senate
- Authorized (did not require) states to establish ABLE programs
- States acted very quickly to pass state ABLE laws and set up ABLE programs
 - June 2016: First ABLE account available
 - To date, 28 states (plus DC) have launched ABLE programs (many of which are enrolling nationwide)

ABLE Basics



Basic Characteristics

- There are eligibility requirements related to opening an ABLE account that speak to the age in which the individual first experienced his/her disability and related to the severity of such disability
- An eligible individual is not obligated to enroll in their state of residence
- The “Designated beneficiary” is the account owner (although another person such as a parent, guardian, or person with power of attorney may be allowed signature authority over the account).
- Funds in the account may be used for “qualified disability related expenses”
- Assets in, and distributions for qualified disability related expenses, will be disregarded or given special treatment when determining eligibility for *most* federal means-tested benefits (including Social Security and Medicaid)
- Multiple individuals may contribute to an individual’s ABLE account
- In general, there is a \$15,000 annual contribution limit (all contributors combined)

Who is eligible to be an ABLÉ account beneficiary?

To be eligible, individuals must meet two requirements:

- 1) Age requirement: must be disabled before age 26; AND
 - 2) Severity of disability:
 - Have been determined to meet the disability requirements for Supplemental Security Income (SSI) or Social Security disability benefits (Title XVI or Title II of the Social Security Act) and are receiving those benefits,
- OR**
- Submit a “disability certification” assuring that the individual holds documentation of a physician’s diagnosis and signature, and confirming that the individual meets the functional disability criteria in the ABLÉ Act (related to the severity of disability described in Title XVI or Title II of the Social Security Act).



What may funds from an ABLE account be used for?

- Distributions from an ABLE account may be made for “**qualified disability expenses**”.
- “Qualified disability expenses” are expenses that relate to the designated beneficiary’s blindness or disability and are for the benefit of that designated beneficiary in maintaining or improving his or her health, independence, or quality of life.
- The term “qualified disability expenses” should be broadly construed to permit the inclusion of basic living expenses and should not be limited to:
 - expenses for items for which there is a medical necessity, or
 - which provide no benefits to others in addition to the benefit to the eligible individual.

Qualified disability expenses may include the following:

- Education, housing, transportation, employment training and support, assistive technology, personal support services, health, prevention & wellness, financial management and administrative services, legal fees, funeral and burial expenses and basic living expenses
- Distributions for non-qualified expenditures will be subject to tax consequences and may affect eligibility for federal means-tested benefits.

How do ABLER account assets impact eligibility for federal benefits?

ABLE assets will be disregarded or receive favorable treatment when determining eligibility for *most* federal means-tested benefits:

- ***Supplemental Security Income (SSI)***: For SSI, only the first \$100,000 in ABLE account assets will be disregarded.
 - SSI payments (monthly cash benefit) will be ***suspended*** (not terminated) if the beneficiary's account balance exceeds \$100,000, but SSI benefits (eligibility) will not be terminated. *Funds above \$100,000 will be treated as resources.*

Impact on Federal Benefits (cont.)

- **Medicaid:** ABLER assets are disregarded in determining Medicaid eligibility
 - Medicaid benefits are NOT suspended if the ABLER account balance exceeds \$100,000 (that is only applicable to the SSI cash benefit)
 - **Medicaid Payback:** Any assets remaining in the ABLER account when a beneficiary dies, subject to outstanding qualified disability expenses, can be used to reimburse a state for Medicaid payments made on behalf of the beneficiary after the creation of the ABLER account (the state would have to file a claim for those funds)

Tax Treatment of ABLE Accounts

- Contributions to an ABLE account are made with post-tax dollars.
- ABLE account earnings grow tax-free and are tax-exempt
- Some states have deductions for contributions to ABLE accounts by in-state residents:

Current Status of ABLÉ

- 29 ABLÉ programs have launched
- Over 20,000 accounts opened
- Over \$100,000,000 worth of current savings
- Average account size around \$5,000

Myths: Eligibility



Myth: An individual has to be receiving SSI or SSDI benefits to be eligible to open an ABLE account

FACT: Even if a person is not currently receiving SSI or SSDI, he/she may still be eligible to open an ABLE account, but would need to get a “disability certificate” signed by a physician confirming that they meet a certain degree of severity with respect to their disability.

Myth: An individual must be younger than 26 to be eligible to open an ABLE account

Fact: An individual does not need to be under 26 to open an ABLE account, however the symptoms of the disability must have onset prior to their 26th birthday to open an account (even if a diagnosis is not received prior to age 26)



Myths: Contributions



Myth: the only individual who can contribute to an ABLÉ account is the designated beneficiary

Fact: Anyone can contribute post-tax dollars into an ABLÉ account, including family, friends, and the beneficiary him/herself.

Myth: An unlimited amount of money can be deposited in an ABLÉ account

Fact: The total annual contribution by all participating contributors, including family, friends, and the person with a disability, for any given tax year is generally \$15,000.

- The amount may be adjusted periodically for inflation.
- The amount may be exceeded if the beneficiary is eligible for additional contributions under the ABLÉ to Work Act.

Fact: The total aggregate account limit is subject to the individual state regulations and their specific limit for education-related 529 savings accounts.

- States have set this limit between \$225,000 and \$550,000 per account.

Fact: for individuals with disabilities who are recipients of SSI, this benefit will be suspended when the account exceeds \$100,000.

Myths: Public Benefits



Myth: Once my ABLÉ account exceeds \$2000, I will lose my eligibility for SSI benefits and Medicaid.

Fact: The ABLÉ Act specifically states that funds in an ABLÉ account will not affect the beneficiary's eligibility for federally funded means-tested benefit programs such as Supplemental Security Income (SSI) and Medicaid.

Fact: Once the ABLÉ account exceeds \$100,000, if the beneficiary is receiving the SSI cash benefit, his/her cash benefit related to SSI would be put in a state of suspension (but not termination) until such time that the account balance falls back below \$100,000. Despite this suspension, the beneficiary will remain eligible for Medicaid.

Myth: In all circumstances, the Medicaid Program will receive the balance remaining in the ABLE account upon the beneficiary's death

Fact: Upon the individual's passing, all qualified disability expenses, including funeral and burial expenses are paid from the ABLE account first. Then, if an individual has received Medicaid services while they have had an ABLE account, the state has the *option* to file a claim for the amount of Medicaid services paid on the beneficiary's behalf from the time the account opened until the date they pass away.

Fact: A number of states have passed state legislation that would prohibit their state from filing this claim, effectively eliminating the ABLE Medicaid payback.



Myths: Other Financial Vehicles



Myth: ABLE accounts replace special needs trusts

Fact: ABLE accounts are another tool in the financial planning toolbox that can be used by individuals with disabilities. They do not replace or compete with special needs trusts (SNTs) and can be used together.



Myth: ABLÉ accounts are basically the same as regular 529 accounts

Fact: Although the ABLÉ law is in Section 529A of the federal tax code and most state 529 programs run the state ABLÉ programs, these accounts are very different. Some difference include:

- Can have unlimited amount of 529 accounts; only one ABLÉ account
- 529 accounts can only be used for qualified education-related expenses; ABLÉ accounts can be used for “qualified disability expenses” (broadly interpreted)
- Anyone can open a 529 account for the benefit of the beneficiary and control the funds; only beneficiary may open the ABLÉ account and controls the funds (subject to legal guardianship or power of attorney rules)
- Note that you can now roll over a regular 529 account into an ABLÉ account, however it will be subject to the annual contribution limit.

Myths: Enrollment



Myth: You have to open an ABLER account in your state of residence

Fact: You do not need to wait until your state launches an ABLER program, and you are not limited to the ABLER program in your own state.

- You can use the comparison tool on the ANRC website (www.ablenrc.org) to see which program is best for you.

Myth: An individual has to contact or visit a bank to open an ABLÉ Account

Fact: ABLÉ programs are developed and managed on the state level, allowing the managing state to have the flexibility to determine the process in which a person enrolls. Thus far, in an effort to keep administrative costs low and to ensure an affordable program for the beneficiary, enrollment (and maintenance of the account) is primarily done through the individual state ABLÉ program website/online portal. However, there may be a couple exceptions.

Question and Answers



Contact us!

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