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NATIONAL RESOURCE CENTER
ACHIEVING A BETTER LIFE EXPERIENCE ACT



#ABLEtoSave Webinar Series
“Investments, Financial Literacy, and ABLE”
Presented by
Chris Rodriguez, Director, ABLE National Resource Center

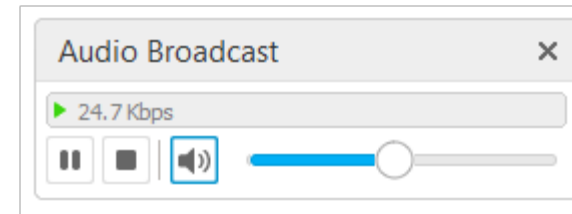


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Please note: This webinar is being recorded and the materials will be placed on the ABLE National Resource Center website at: <http://ablenrc.org/events/financial-literacy-investments-and-able-accounts-sponsored-fifth-third-bank>

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Presenters and Guests

- Presenters
 - Chris Rodriguez, Director, ABLE National Resource Center
 - Michael Roush, Director, Real Economic Impact Network, National Disability Institute
- Guest Panelists
 - JJ Hanley, Director, IL ABLE
 - Ben Mendelsohn, Vice President, Fifth Third Bank and Senior Product Manager, ABLE accounts
 - Nate Woods, Retail Product Manager, ABLE Checking, Fifth Third Bank

Agenda

- ABLE National Resource Center
- #ABLEtoSave Campaign
- ABLE Basics
- ABLE Savings and Investments
- Financial Education vs.
Financial Capability vs. Financial Well-Being
- Question and Answers

ABLE National Resource Center



The ABLE National Resource Center

The ABLE National Resource Center (ANRC) is a collaborative whose supporters share the goal of accelerating the design and availability of ABLE 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



#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 (July 30 – 5): BASIC OVERVIEW OF ABLE
- WEEK 2 (August 6 – 12): ELIGIBILITY
- WEEK 3 (August 13-19): QUALIFIED DISABILITY EXPENSES
- WEEK 4 (August 20-26): FINANCIAL LITERACY
- WEEK 5 (August 27 – September 2): ENROLLMENT

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.

ABLE Basics



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.*

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
- There is a \$14,000 annual contribution limit (all contributors combined)

ABLE Investment/Savings Account



Savings vs. Investment Accounts

ABLE accounts allow qualified individuals with disabilities the opportunity to save and invest for their future without impacting their eligibility for federally means-tested public benefits.

- **Investment accounts-** funds in investment accounts have a greater risk of losing money but also have a greater opportunity to grow by earning a higher rate of return as compared to savings accounts. Funds in investment accounts are put into stocks and bonds.
- **Savings accounts** - funds in savings accounts are generally put into the safest products where the money can be easily accessed and has the least risk of losing money. Funds in savings accounts also have the least opportunity to grow by earning a low rate of return compared to an investment account.

Choosing The Right Investment Option



How to decide how to allocate ABLÉ funds?

- First, identify your **goals** for the ABLÉ account
- Then understand what **risk** is and how much risk you are comfortable with
 - **Risk** is the possibility an investment will lose value, in exchange for gaining value over time.
- Determine your timeframe & how different risk levels interact with a timeframe
 - **Short-term** (everyday consistent expenses, an emergency fund)- using ABLÉ as a transactional account to remain eligible for federally means-tested public benefits
 - **Short-medium term** (saving for needs in 3-7 years)- using ABLÉ to save for a down payment on a car or educational or job-training expenses
 - **Long-term investment**-- (saving for needs in 7 years or longer)- using ABLÉ to save for long-term financial goals, such as long-term care or purchasing a home.
- **Understand what investment options are available to you**
 - All investments have some amount of risk, as one's time-frame increases one can take on more risk in investing, as the investments have more time to recover from possible losses.
 - As risk increases the possibility for a greater return increases, as does the possibility to lose some or all of the money invested.



The Importance of Compound Interest & Why to Invest Early

- On average the stock market grows at 7% a year but can have large swings in value.
 - If one invests \$2,000/year for 10 years from their 18th birthday to their 27th birthday and then stop investing, by the time they turn 65, assuming 7% annual growth they will have \$337,774
 - If one invests \$2,000/ year for 34 years from their 31st to 64th birthday, by the time they turn 65, assuming 7% annual growth they will have \$256,518 (about 24% less) despite investing over three times as much money-- this is why compounding interest is so important
- **The interest builds over time on top of the previously earned interest to earn greater returns as the years progress**
 - This is why it is important to invest over a long period of time.



FDIC Insured, Stocks, Bonds



What are FDIC Insured Accounts, Stocks and Bonds?

In order to make the best decisions on how to invest, it is important that account owners understand what their investment options are and the risks associated with each investment choice

- **Inflation**- the principle that money loses value over time and why saving is not enough to meet medium-term and long-term goals. Investing provides the opportunity to potentially earn enough to outpace inflation, but with the risk to lose money in exchange.
- Investment choices include:
 - **FDIC insured account**- almost no risk, low return, funds are guaranteed by the government, may not provide enough return to outpace inflation but cannot lose money deposited.
 - **Bonds**- carry more risk than FDIC insured account, not guaranteed, generally provides a greater potential return than FDIC insured account and generally predictable income stream, but generally less return compared to stocks, may generate sufficient return to outpace inflation, may also lose value.
 - **Stocks** - carries the most risk as compared to an FDIC insured account and bonds, provides the greatest potential return, may lose value and may fluctuate in value the most.

ABLE Related Options



ABLE Investment Options

ABLE investment options contain a diversified mix of stocks and bonds to fit various risk profiles, so individuals can choose the options that best fit their goals.

- Conservative asset allocations invest predominantly in bonds, moderate asset allocations invest in a mix of stocks and bonds. Aggressive asset allocations invest predominantly in stocks.
- Many ABLE programs also offer an FDIC-insured option

Personal Risk Profile



What is your Personal Risk profile?

- **A personal risk profile** is defined by how willing a person is to potentially lose money in exchange for potentially greater investment returns.
- Factors in defining your risk profile are:
 - Personal comfort with investment risk, goals for using the money, investment timeframe and current financial situation.
 - A portfolio invested in cash, savings accounts, and money market accounts has the least risk and least potential to earn potential returns
 - A portfolio invested in stocks, bonds and cash has a moderate risk profile and carry a moderate potential to earn returns.
 - A portfolio invested completely in stocks has an aggressive risk profile and has the greatest potential to earn returns.
 - Investing in the stock market over time generally earns a significant return, however the market is volatile and not recommended for short-term needs.
 - When bond prices decrease, their yields (amount they earn) increases.



Diversification in Investments



What is Diversification in Investing?

- **Diversification** manages risk by mixing a wide range of investment types into a portfolio under the theory that a portfolio made of a variety of investment choices will have less risk & greater returns than any one investment choice
 - ABLÉ programs provide a combination of fund allocations in diverse investment portfolios such as:
 - **Conservative asset allocation** - cash, cash equivalents, money market funds, bonds- short term investing, lower risk and lower probability of return
 - **Moderate asset allocation** - stocks, bonds and cash- moderate time horizon, best for those comfortable with a moderate level of risk and moderate probability of return,
 - **Aggressive asset allocation**- all stock allocation - longest time horizon, best for those with an increased risk tolerance seeking a higher return.
 - Investment objectives may change - ABLÉ accounts allow individuals to change their investment allocations up to twice a year.



Fees Related to ABLÉ Investments



Fees Associated with an ABLER Account and Tax Treatment of ABLER

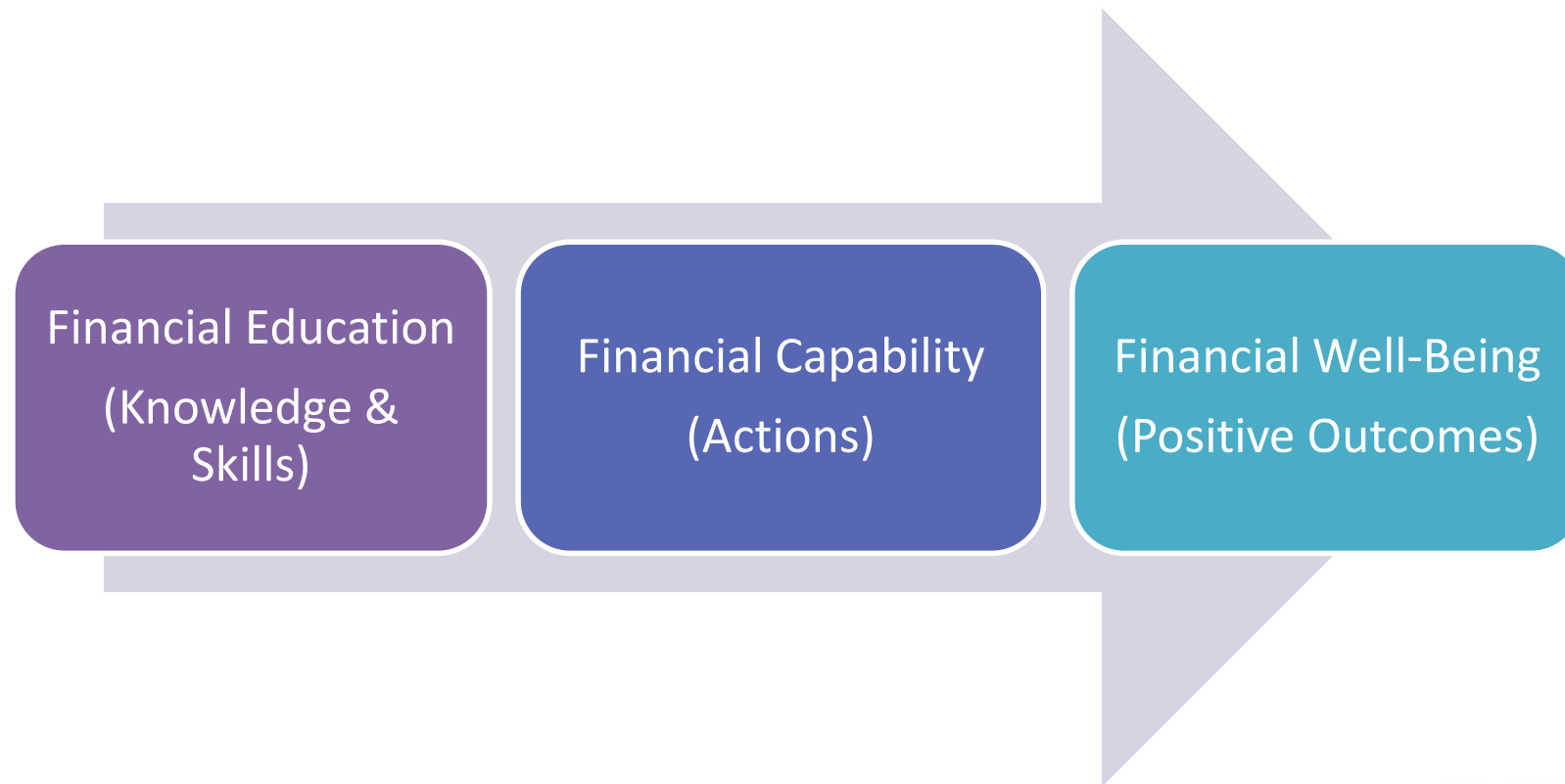
- There are two types of fees associated with an ABLER account
 - **Account based fees** - fees for opening an ABLER account, account maintenance fees
 - **Asset based fees** - fees charged by the investment manager to pay fund expenses.
 - Understanding fees are important because fees can significantly impact investment returns, especially in smaller accounts.
- Money in an ABLER account is deposited after taxes and grows tax-free.
 - As long as the money is used for a **Qualified Disability Expense**, which is any expense that helps to improve or maintain the ABLER account owner's health, independence, or quality of life, no taxes are due on these qualified distributions.
 - However, if money in an ABLER account is not used for a Qualified Disability Expense then it is subject to a 10% penalty and tax consequences-
 - It is very important that ABLER funds are used for only qualified disability expenses.



Michael Roush



Financial Education vs. Financial Capability vs. Financial Well-Being



Financial Education

- **Financial education** provides the knowledge and skills an individual needs to effectively manage one's money.
- Financial education topics include:
 - Setting financial goals
 - Identifying income vs. expenses
 - Planning and maintaining a household spending plan
 - Managing checking and savings services
 - Developing and maintaining good credit
 - Identifying needs over wants
 - Avoiding money traps and recognizing predatory lending practices
 - Comparing financial products and services

Financial Capability

Financial capability is defined as the application of knowledge and skills to make informed decisions when it comes to one's finances.

Examples:

- Learning how to balance a checkbook in a financial education class and balancing a checkbook on a regular basis
- Better understanding the amount of money one has to spend and taking action to reduce banking overdraft fees

Financial Well-Being

Financial well-being is the outcome of combining the knowledge and actions to make positive financial decisions.

For individuals with and without disabilities, financial well-being produces:

- An improved economic future,
- Increased long-term planning,
- Improved physical and mental health,
- Better choices about where to live, and
- Greater level of social, civic and economic participation.

Who provides Financial Education?

- National Disability Institute
www.realeconomicimpact.org
- FDIC Money Smart
www.fdic.gov/consumers/consumer/moneysmart
- Empower U (Fifth Third Bank)
www.53.com/content/fifth-third/en/personal-banking/planning/financial-empowerment/empower-u.html
- Hands On Banking (Wells Fargo)
www.handsonbanking.com
- Better Money Habits (Bank of America)
www.bettermoneyhabits.com



NDI - Financial Education Resources

- Menu planning and shopping list tools
- Coupon workshop and handouts
- Online financial education computer games

www.realeconomicimpact.org/financial-education/financial-education-toolkit

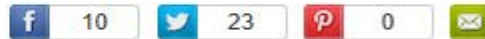
ABLE National Resource Center Pledge



A screenshot of a web browser displaying the "America Saves Pledge" page. The browser's address bar shows "ablenrc.org/america-saves". The page features the "ABLE NATIONAL RESOURCE CENTER" logo and a navigation menu. A prominent "Join OUR MAILING LIST" button is on the left. The main content area is titled "America Saves Pledge" and contains a paragraph explaining the pledge's purpose. Below this is a section titled "THE PLEDGE" with a form for entering a first and last name, followed by the text "pledge to save money, reduce debt, and build wealth over time." and a checkbox for "I will encourage my family and friends to do the same." The page ends with a "SET A GOAL AND MAKE A PLAN" section header.



Additional Resources



Financial Wellness for People with Disabilities and Their Families

Mark your calendars this October for [National Disability Employment Awareness Month](#), an annual celebration that raises awareness while honoring the contributions of Americans with disabilities to our workforce and society. In partnership with the [National Disability Institute \(NDI\)](#), the nation's leading nonprofit for advancing the economic opportunities of individuals with disabilities, we are eager to highlight the tools and resources available to people with disabilities, their families, and service providers to encourage financial wellness and asset-building.

Your feedback is important to us. Please take a moment to [complete a four-question survey](#) on the usefulness of the resource packet material.

- Article Copy
- Social Media
- Resources

ABLE National Resource Center

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Chris Rodriguez
Director

ABLE National Resource Center

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www.ablenrc.org

Question & Answers

Upcoming Webinar

Title: Choosing the Right ABLE Program (Sponsored by Fidelity Investments)

When: Wednesday, August 30th at 2pm Eastern

Description: This webinar is geared at assisting potential ABLE account owners in better understanding how they go about enrolling into an ABLE program. The content of the presentation will touch on the enrollment process, along with suggests on various program characteristics someone might want to take into consideration when choosing one ABLE program over another.

More info (including how to register) at: www.ablenrc.org.

Contact us!

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