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NATIONAL RESOURCE CENTER
ACHIEVING A BETTER LIFE EXPERIENCE ACT



#ABLEtoSave Webinar Series
“Understanding Qualified Disability Expenses”
Presented by
Chris Rodriguez, Director, ABLE National Resource Center

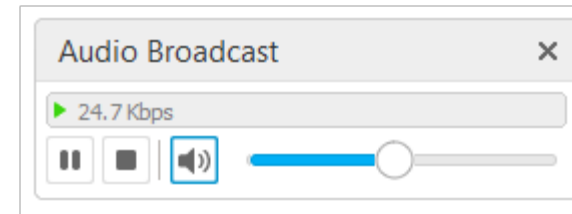


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Presenters and Guests

- Presenters
 - Chris Rodriguez, Director, ABLE National Resource Center
- Facilitator
 - Michael Morris, J.D., Executive Director, National Disability Institute
- Guest Panelists
 - Kelly Israel, Policy Analyst, Autistic Self Advocacy Network
 - Courtney Hansen, Parent, Disability Advocate, Blogger (Inclusion Evolution: Empowering Individuals with Down Syndrome in School and Work)
 - James "Jim" Balsan, Sundry Solutions for State-Sponsored Savings Plans, Managing Director, BNY Mellon

Agenda

- ABLE National Resource Center
- #ABLEtoSave Campaign
- ABLE Basics
- Qualified Disability Expenses
- Examples
- 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)

Qualified Disability Expenses



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.

Qualified Disability Expenses may include:

- **Education-** tuition, books, tutoring, meal plans
- **Housing-** rent, mortgage, property taxes, HOA dues
- **Transportation-** car payment, bus, taxi or Uber/Lyft fare, train and airplane fares
- **Employment training and support-** Job Coach, continuing education classes
- **Assistive technology and personal support services-** Dragon Dictation, iPhone, a cook, housekeeper
- **Health, prevention, and wellness-** unreimbursed medical expenses, dietary supplements, healthcare products
- **Financial management and administrative services-** tax preparation, financial advisor, legal guardianship
- **Legal fees-** attorneys fees, court filing fees, trust and estate planning
- **Expenses for oversight and monitoring-** guardianship, financial management software
- **Basic Living Expenses (NPRM)-** food, housing, clothing, household supplies
- **Funeral and burial expenses-** expenses for a funeral, casket, burial, religious or civic officer

IRS Interpretation of a Qualified Disability Expense is Very Broad

- “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.
- Funds used for Qualified Disability Expenses are not included in taxable income.

ABLE funds and employment-related expenses

In addition to other disability related expenses, funds in an ABLE account can be used for employment related expenses to help an ABLE account owner secure and maintain employment.

- Job coaching or additional job coaching;
- Costs associated with certificates, accreditations, and/or job related trainings;
- Interview prep and resume development;
- Transportation to and from the beneficiary's place of employment; and
- Financial management education/assistance.

See LEAD Center report on employment and ABLE:
<http://www.leadcenter.org/resources/report-brief/able-act-and-employment-strategies-maximizing-effectiveness-achieving-better-life-experience-able-act-tool-financial-stability-and-employment-outcomes-people-disabilities>

Medicaid Funded Services

- Medicaid pays for many disability-related support services, including supported employment services. The Centers for Medicare and Medicaid Services (CMS) also oversees Medicaid Buy-In programs, which are designed to support people who are working so that they can retain the support services they need from Medicaid.
- The ABLE Act is designed to *supplement*, rather than supplant, benefits and services provided from other sources. Therefore, it can cover gaps in services and supports and, for some people, enable them to maintain Medicaid coverage while possibly saving up for future expenses.

Housing Expenses

- Funds in an ABLER account can be used for housing expenses, including rent.
- Funds used for housing expenses will not affect the beneficiary's SSI (or be seen as in kind support and maintenance) so long as the funds are disbursed from the account in the same month in which the housing expense is paid.



Accessing ABLÉ Funds



Spending ABLE Funds

- The ABLE account owner does not need authorization, pre-approval or any kind of permission to spend funds in their ABLE account.
- Different ABLE programs offer various ways to access the funds in your account, including pre-paid debit cards
- Spending ABLE funds on non-qualified expenses will result in tax penalties and consequences and may affect the beneficiary's eligibility for federally funded benefits.

Misuse of ABLF Funds



What happens if ABLÉ funds are misused?

- More than one ABLÉ account
 - Each qualified individual can only have one ABLÉ Account. If an individual has more than one ABLÉ account for a period of 60 days then they are subject to a 10% penalty and income taxation on the funds and may affect eligibility for federally means-tested benefits.
- Non-qualified disability expense
 - If an expense is deemed during an IRS audit to not be a Qualified Disability Expense, then these funds are subject to a 10% penalty and taxation and may affect eligibility for federally means-tested benefits.
- It is important that individuals do not misuse the funds for non-qualified expenses so they are not subject to these penalties.

Record Keeping

Record Keeping

- The IRS is responsible for ensuring that ABLE accounts are being used appropriately.
- We recommend ABLE account owners keep track of their receipts of all purchases in which ABLE funds are used.
- Additionally, we recommend keeping record of how each expense meets the definition of a qualified disability expense.

Example of Record Keeping

Beneficiary: TJ

Expense: Therapeutic Horseback Riding or Hippotherapy

Cost: \$500

QDE: As a result of TJ's disability, he has issues related to his mobility, we find that utilizing therapeutic horseback riding assist in strengthening his core and helps his ability to walk by improving his posture. This increases his health, independence and quality of life.



EXAMPLES OF ABLE FUND EXPENDITURES



Profile: Troy

- Troy is a 4 year-old child with Down syndrome and his parents have opened an ABLER account for Troy
- As a military family, Troy will have Tricare health benefits for his whole life, but he is unable to get on a state's Medicaid waitlist because the family moves frequently.
- Troy's parents are saving money in his ABLER account for his transition to adulthood. They contemplate the money to be used for:
 - Post-secondary education, transportation, assistive technology, employment training and support, independent living support and basic living expenses



Profile: Jack

- **Jack is an autistic adult with an ABLÉ account. He uses his ABLÉ account to pay for:**
 - A job coach to help him at his workplace (employment)
 - An iPhone to help him with time management, directions and text-to-speech software (assistive technology)
 - Speech therapy sessions not covered by Medicaid or private insurance (health & wellness)
 - Horseback riding lessons which relax him (health & wellness)
 - An accountant to file his taxes (financial management)



Profile: Sofia

- Sofia is a college student with cerebral palsy who owns an **ABLE account**. She uses the **ABLE funds** to pay for:
 - College tuition, books, a new laptop computer and rent for her dorm room (education)
 - Lyft, Uber or taxi to get to school (transportation)
 - Housekeeper and cook at home (personal support services)
 - Furniture for her dorm room (basic living expenses)

Profile: Juan

- **Juan is a adult with severe mental illness. His parents are his legal guardians and he has recently developed terminal cancer. His parents can use his ABLER account to pay for:**
 - Doctor visit co-pays, prescriptions, health insurance premiums (health & wellness)
 - Transportation to get Juan to his chemo appointments (transportation; health & wellness)
 - An attorney to review documents pertaining to his estate (legal expenses)
 - Funeral and burial expenses when Juan passes away



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Question & Answers



Upcoming Webinar

Title: Managing ABLE Funds

When: Wednesday, August 23rd at 2pm Eastern

Description: This webinar is geared at assisting potential, and current, ABLE account owners in better understanding how to manage the funds in their ABLE account. It is important to understand various financial terms that an ABLE account owner may experience while enrolling and maintaining their ABLE account, and this presentation aims to help with that.

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

Contact us!

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