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NATIONAL RESOURCE CENTER
ACHIEVING A BETTER LIFE EXPERIENCE ACT



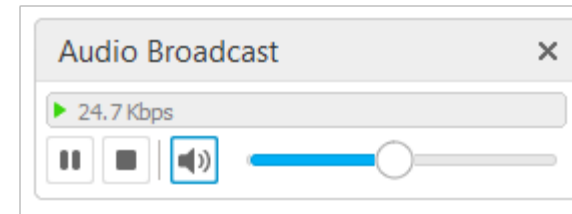
#ABLEtoSave Webinar Series
“Understanding Qualified Disability Expenses”
Presented by
Chris Rodriguez, Director, ABLE National Resource Center



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Please note: This webinar is being recorded and the materials will be placed on the ABLE National Resource Center website at:

<http://www.ablenrc.org/events/abletosave-webinar-series-understanding-qualified-disability-expenses>

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Agenda

- ABLE National Resource Center
- #ABLEtoSave Campaign
- ABLE Basics
- Qualified Disability Expenses
- Examples
- Question and Answers

ABLE National Resource Center



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



#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 4 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.

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 \$15,000 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

- 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.
- 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.

Housing Expenses

- Funds in an ABLE 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 ABLF 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 ABLER funds are misused?

- More than one ABLER account
 - Each qualified individual can only have one ABLER Account. If an individual has more than one ABLER 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 ABLER account. He uses his ABLER 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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Chris Rodriguez
Director

ABLE National Resource Center

crodriguez@ndi-inc.org

www.ablenrc.org

Question & Answers



Upcoming Webinar

Title: Enrollment and Beyond

When: Wednesday, August 29th at 2pm Eastern

- **Description:** The goal of this webinar is to assist potential ABLE account owners in better understanding the steps needed to enroll in an ABLE program. The webinar will explain the need for documentation that may be required and what to take into consideration when comparing one ABLE program to another. Additionally, we are excited to announce our second phase of the ANRC website that will help current ABLE account owners better understand how to maximize the benefits of being an ABLE account owner.

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

Contact us!

Christopher J. Rodriguez

Director

ABLE National Resource Center

info@ablenrc.org

