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ABLE, the IRS and Tax Advantages

What You Need To Know

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>> MIRANDA KENNEDY: All right. I see we're right here at the top of the hour, and I would like to welcome everyone and thank all of you for joining us today. Next slide, Hope.

Today's webinar from the ABLE National Resource Center is on ABLE, what you need to know. It is brought to you by the ABLE National Resource Center, which is funded through a grant from Prudential. You can go to the next slide.

For those of you who do not know or perhaps those who do, a quick reminder. The ABLE National Resource Center, also known as ABLE NRC, is the leading comprehensive source of objective independent information about federal and state-related ABLE programs and activities, including guidance on tax advance ABLE saving accounts. Our mission is to educate, promote, and support the positive impact ABLE can make on the lives of millions of Americans with disabilities in their families.

A pioneering work in this area, subject expertise. Achieving better life experience act. ABLE-related policy developments and comprehensive integration of ABLE, and financial strategies with peoples with disabilities in the public delivery system. Quick check-in with Hope.

I want to also let you know our web site ABLENRC.org -- including comprehensive tools in order for you to identify the right ABLE account for you, best practices to manage the ABLE account, and to read stories of other ABLE individuals and their families and the best practices they're developing as they're now using ABLE accounts to achieve a better life experience.

I'm going to go ahead and hand things over to my colleague Hope to walk us through just some logistics around listening to the webinar before I present the presenters and get into the content of our webinar today. I also want to give you feedback Hope on my slide. We're still on the very first slide. I just want to make sure we're moving the presentation forward in terms of the slide. Hope? Can I hand things over to you, any tips you might have for them?

>> HOPE PRICE: Yeah, sure. Maggie now has control. Today the audio's meeting can be accessed using computer audio or by phone. If you select computer audio, please make sure your speakers are turned on our the headphones are plugged in. If you do not have sound capabilities on your computer or prefer to listen by phone, please dial 19292056099. And the meeting code is 339-107-823.

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For submitting questions, please use the Q&A box to submit any questions you have during the webinar. We will try to answer all questions. If your question is not answered during the webinar or you are listening by phone and not logged in, please visit www.ABLENRC.org.

For technical assistance, if you experience my technical difficulties, please use the chat box to send a message on the NDI host or you may email Hope Price at hprice@NDI. The materials will be placed on the ABLE National Resource Center website along with our ABLE webinars.

Thank you, Miranda.

>> MIRANDA KENNEDY: Great. I know we're having technical issues and we've got the team working on that as well. Are we able to share the slides so folks can go old-school and open up the PowerPoint, the PDF of the PowerPoint and follow along with those like we used to do decades ago?

>> HOPE PRICE: I will try to get on that. Yeah.

>> MAGGIE REDDEN: I'm also seeing if I can get -- if I'm able to share the PowerPoint. Hold on.

>> HOPE PRICE: Thank you, Maggie.

>> MAGGIE REDDEN: Mm-hmm. Hold on one second.

>> MIRANDA KENNEDY: Thank you Maggie and Hope. I wondered if it was just me. We've all experienced that. We have great information today. Guess what? You don't even really need to take notes because so much of the key highlight resources and strategies and practices, they're broken down on the PowerPoint. This will further incentive not just to watch the webinar, but to download the information.

Looks like Maggie got that fixed. All right. Yay, kudos to Maggie. Thank you Hope for figuring that out. We're now on the accurate slide and we'll move forward from here.

Introducing our facilitators and presenters today in the upper left-hand corner. You can see there I am. Miranda Kennedy, director of the ABLE National Resource Center. I'll be joined in presenting the bulk of the presentation with my colleague lawyer owe Schaller, National Disability Institute and works closely with us here. Behind the scene, there will be responses to some of our questions, Marlene Ulisky. Thank you for joining us Marlene. We have other presenters we're happy to have here with us. Don Dill is with us. He's going to be giving us an introduction. He's with the IRS with SPEC, stakeholder partnerships, education and communication headquarters.

We also have Andrew Komarow who has a master of science in financial services and is a certified financial planner as well as being an ABLE account owner. Finally, we're going to be hearing some important updates from Joie Hill, ABLE liaison at the Social Security Administration. Insurance specialist there.

Let's talk about our objectives for today. Go to the next slide. The Stephen Beck Jr. Achieving a Better Life Experience Act or ABLE account was passed by congress in 2014. Just over 5 years old. ABLE accounts are tax advance text 529A accounts under the Internal Revenue Service tax code. The IRS has provided guidance for ABLE accounts.

Today's webinar will help you maximize your ABLE savings, qualify for tax credits which may result in tax savings, and help you access free tax preparation services. So, we'll be providing in terms of our orientation here to this discussion, IRS is going to be giving an introduction to proposed rules. We'll talk about best practices around qualified disability expenses that are key for tax season, as well as tax incentives that can help build your ABLE savings. There are many of those. We've got them all broken out for you.

We'll share with you information we hope you know. If you don't know it now, you'll know it now on free tax preparation services, as well as getting a special alert from Social Security Administration at the end from Joie Hill.

With that, let's take a moment and get to know our audience before we get started. We're going to show on the screen a poll. I'm going to read it, then we'll pause for about 30 seconds and let everyone pick their answer. We want to know where you're at.

Before we get started with the discussion, we'd like to ask what ABLE options or tax advantages have you already used to help you save more in your ABLE account? You can check all that apply. If this applies to a family member or maybe if you're a service provider, the people you're working with there. Certainly, individuals as well. We've got A through G options.

You can check all that apply. Hopefully more than one. Have you saved up to $15,000 or more if you were employed under ABLE to Work Act? Do you use the Earned Income Tax Credit? Or the savers credit? Have you done an ABLE contribution from a Special Needs Trust or a pools trust or used an ABLE state tax credit? Have you accessed free tax preparation services? G would be none of the above.

There it is. Okay. We'll give you all a few seconds to a minute to answer those questions.

I see a few folks put it in the webinar chat. The poll took a second to pop up on your screen. If you could answer it in the poll, that would be great.

Okay. We'll give you five more seconds to check all that might apply. Hope and Maggie, if you could help pull up the results, we'll go ahead and close that down and -- all right. Great.

Okay. We can see apparently 65% of you have done none of the above! Okay. You're in the right place. The other next largest, wow, 20% of those who responded said they saved up to $15,000 or more employed under the act. That's impressive. Earned Income Tax Credits, next up there 11%. Savers credit, 4%. Hopefully people will be learning more about that. Fairly new. Contribution from a Special Needs Trust or Pooled Trust, 7%. Estate tax credit, 10%. Pre-tax preparation, 7%. Okay. Thank you. Let's go ahead and close that out. Thanks everyone for letting us know where you're at today. Sounds like you're in a good place with our presentation to learn more and potentially use some of these strategies and resources and incentives.

The next we want to do is talk about IRS and ABLE. For this, we want to ask our friend and colleague Don Dill to give an introduction about the IRS and ABLE. Don, as we mentioned before, an IRS senior at that point analyst with stakeholder partnerships in education headquarters. He's had a long relationship with National Disability Institute, our parent organization.

Don, I'll hand things over to you to talk about IRS and ABLE and those proposed rules. Don?

>> DON DILL: Thanks. Good afternoon to everyone joining the call. Privilege to join you today. Thank you for taking the time to join.

As Miranda said, I wanted to thank NDI and the ABLE National Resource Center for a wonderful collaboration we've had over the years with them and the IRS and tax preparation is one of our goals.

I also want to offer just -- appreciation for the leadership of both NDI and ABLE and the resource center as it relates to the issues around the ABLE account. They have been a great leader in this arena and have continued to push forward in giving more information, and that's one of the things I'll talk about in my presentation today. Although the ABLE account is -- ABLE accounts have been around six years or so, in taxes, that's fairly new, and with the way we have been going, impacts two major tax bills since then.

The work-around ABLE account is in its infant stages, and we thank and applaud NDI resource center for continuing to work with us in moving forward as we solidify the accounts moving forward.

Let me go on the slides I have for you today. I know we have a busy agenda. I just wanted to go in the next slide and talk briefly. Sounds like most of you are at least of the ABLE account act from 2014 which created these ABLE accounts and allowed funds to be 529A account. The beauty is to accumulate money in those accounts, grow them from an investment standpoint, and that grows with the tax-free. Obviously, the tax-free part is used for disability qualify identified expenses.

What I wanted to talk about today, as I mentioned, we are in the very, if you will, beginning stages of creating all the final rules. We did create a base of rules back in 2015 under 81, for those who want to go and look. That created the overall guidelines and baseline for the work we're going to do on ABLE accounts moving forward.

In the meantime, because of those two major tax cut act of 2017, many new provisions have been added to the ABLE accounts, including additional contribution limits, an addition to the saver product, in addition roll-overs and transfers from other 529 accounts.

The IRS is in the process right now. We just had a notice issued on October 10th. Notice 2019/0046, open for public comment until January 8 of this year, 2020. Seems like so long ago, but just a month ago.

As we get the public comments in that, we will analyze and review those and then be issuing some additional regulations that deal with his major changes to the ABLE accounts from the tax cut act of 2017.

What I really wanted to promote to you today -- although we are beginning our work around ABLE accounts, I wanted to tell you the IRS does have resources for you that I hope you all take advantage of. We do have a web page on IRS.gov. If you go into IRS.gov and type in to the search box, ABLE account will bring you to the ABLE page. There's information there, generically, about the ABLE accounts and the tax cuts and jobs act.

We'll also give you -- we have issued over the last two years a number of IRS tax notices, giving broad information about ABLE accounts. These are very good sources for you if you want to pay this information onto other folks for communication.

We also have some publications, the biggest one being publication 907, which has all the tax information for persons with disabilities. I hope you'll have a chance to look at.

Last but not least, and this is probably one of the few people who realize, the IRS has our own YouTube channel. I know it's something most of you are up watching all night. We do have a wonderful fairly short, about a two-minute video, on ABLE accounts. Again, I think it's a good resource that you're sharing with other folks.

I wanted to make sure you're aware of the information we had out there. As we continue to work with NDI and ABLE Resource Center, we will continue to update that information.

Miranda, with that, we'll continue to you. Thank you again for having me on the call.

>> MIRANDA KENNEDY: Thank you, Don. I want to let everyone know too that we have a lot of IRS links and resources at the end of today's presentation, including the one you've got to the slide in front of you, as well as the video and other IRS links that Don referenced, also on our website. We tried to set it up so you can't move around the website without tripping over those great resources. Thank you so much again, Don.

Next up we're going to have Laurie Schaller, my colleague. Talking to us about ABLE and Qualified Disability Expenses and sharing some -- what does this mean for you. Information and guidance around this. Laurie?

>> LAURIE SCHALLER: Thank you, Miranda. I just want to make sure that everyone understands that ABLE savings does not replace funding that may also help to address some of these items that are listed at Qualified Disability Expenses. Please reach out in your community and see if funding is available for any of all of those items you need. Know that your ABLE savings can be used to pay for education expenses, housing expenses, and that includes a mortgage, property insurance, property taxes, rent, heating, fuel, gas, electricity, water, sewer, and garbage removal. Payment of these expenses will not reduce an SSI payment due to support and maintenance.

In addition, transportation expenses are a QDE, Qualified Disability Expense, employment training support services, assistive technology and support services, health prevention and wellness, financial management, and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses which the IRS may identify in regulation or policy in the future.

Next. Basic living expenses as a Qualified Disability Expense. The Treasury Department and the IRS concluded in their proposed regulations that the term Qualified Disability Expenses should be broadly understood 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 expenses which provide no benefits to others outside of the benefit to the eligible individual.

Neither the law nor proposed regulations insert disability related inside of its list of QDEs, suggesting that expenses like education, transportation, and housing should be permitted distributions that are needed with or without a disability. next slide.

Although food is a basic living expense, it is one of several gray areas for which we are awaiting IRS final regulation, which could effect SSA policy. What this means to you. We recommend using ABLE funds for items or services which clearly fall within one of the QDE categories previously listed. Recommended by a healthcare provider or which most people would view as a basic living expense necessity.

These will be the least likely to be disputed, should the IRS conduct an audit. Next slide.

Miranda?

>> MIRANDA KENNEDY: Right. Thank you, Laurie. Okay. This next slide I want everyone to -- you're paying attention to everything, but we definitely hear questions about what if an ABLE account distribution is spent for a non-qualified purpose? Frequently there's concerned about what if that happens and some fear around the implications of that.

We want be really explicit with all of you what exactly happens. If the distribution is spend for nonqualified purposes or during the year is more than the disability expenses for that year, the earnings portion of the distribution is included in your income for that year. That's the consequence.

So, the tax on any distribution, the earnings portion, increased by 10%. For instance, a 10,000-dollar nonqualified expense that accrued $1,000 in interest in the ABLE account may count as $1,000 taxable income with a tax penalty of $100.

The other thing to know is if you spend the distribution within the month of receipt, there's no effect on Supplemental Security Income SSI eligibility, a distribution not counted as income by SSI even if it is for a nonqualified purpose, and the distribution for a nonqualified purpose or for housing is counted as a resource if -- on the month of distribution.

Keep this in mind.

Now, let's go to the next slide and talk about best practices and Qualified Disability Expenses. As Laurie mentioned, please investigate all potential no-cost funding sources before using ABLE funds. It's just the best practice.

Also, request a receipt for all ABLE transactions and maintain them for four years. There will be value if there's an IRS audit.

Write the type of Qualified Disability Expense on the receipt for the purchase at the time of receiving that receipt. For example, under transportation. Vision for assistive technology. Financial counseling statement under financial management. Disability vacation, you'd need a script or flyer with the description regarding the vacation being disability-specific, so please do that if you've gone on something of vacation nature. That's certainly a recommendation there.

If an expense falls within a gray area, we encourage you to use money other than the ABLE fund for the purchase, then you don't have to worry about it. We encourage please make responsible decisions about the QDEs and exercise good judgment. It is meant to cover a broad array of things, but this is best practice.

With that, I'll hand it over to Laurie to talk about tax incentives to build ABLE savings.

>> LAURIE SCHALLER: Great. Next slide. Let's start with the ABLE State tax credit. Thousands of individuals have found the center tools helpful in selecting an ABLE program and then opening an account through their chosen State's website.

Many individuals search their home state first to see if a tax credit is available in their state of residence or another state by going to the state comparison tool, and the link is posted below.

For example, Wisconsin does not offer an ABLE account for their residents, but Wisconsin residents are welcome to participate in any ABLE plan that allows for out of state participation. And as a tax incentive, Wisconsin residents may apply for a state tax credit for any amount deposited into another state's ABLE account.

What this means to you, well, a state tax credit may lower the amount of tax due, or it may even allow a state income tax refund. Next slide.

The saver's credit. The saver's credit may be available to owners who work and deposit a portion of their earnings into an ABLE account. Certain workers eligible for this credit designed to award them for contributing to their retirement plans if they're at least 18 years old at the close of the taxable year. They are not claimed as a dependent or not a full-time student. They meet the income requirements outlined in the IRS form 8880.

Maximum amount of credit is 50% of what is deposited into ABLE, and that is allowable up to $2,000 of credit. Distributions from the ABLE plan are also taken into consideration.

A person who contributes $10,000 into their ABLE and then spends $10,000 of that ABLE savings that year would not be eligible for the saver's credit because they have spent everything they had contributed that calendar year. Next slide.

The non-refundable credit is up to $2,000 for an individual or $4,000 for a couple who each own an ABLE account or other qualified saving account for retirement and file jointly. To find more details including instructions for completing the IRS form 8880, you can follow this link.

What this means to you, again, this non-refundable tax credit cannot be more than the tax you will pay for that particular tax year. The claiming saver's credit, you can reduce your overall tax liability for that calendar year. Next slide.

If your employer provided dependent care benefits under a qualified plan, you may be able to exclude all or part of these benefits from your earned income. Your employer can tell you whether your benefit plan qualifies. If you paid someone for example to pay for a child or another qualifying person in your household so that you or your spouse, filing jointly, could work or look for work, you may be eligible for this credit. To claim the exclusion, you must complete the child and dependent care expenses. You must complete part 3 of form 2441.

This reduces the tax liability for that household for that calendar year, and perhaps can allow them then to save more that calendar year in another account. Next slide.

Miranda, would you like to cover -- oh, I'm sorry. If you are self-employed and receive from a benefit plan, you are treated at both employer and employee, therefore you would not get an exclusion from wages.

Instead, you would get a deduction in one of the following forms, 1040 or 1040SR schedules, schedule C line 14, schedule E line 19, or 28, or schedule F. To claim that deduction, you must use form 2441.

This is a non-refundable tax credit that gives back a portion of the money you spend on care and can reduce your tax bill by hundreds or even thousands of dollars. You can claim the credit regardless of income, but the credit gets smaller as the income for the household increases. Okay. Next side.

>> MIRANDA KENNEDY: All right. I'll go ahead and take it from here. I also want to just chuckle for a second, the number of folks who have been asking in the chat for the download for today's PowerPoint. Yeah, I wasn't kidding at the top of the presentation saying there was a lot of good information in here and we're laying all of our cards out. All the information is on the slides, including the resources and links to where you need to go. Thanks for making those requests. We have more to go! Including covering Earned Income Tax Credit or EITC.

The Earned Income Tax Credit is a benefit for working people adjusted gross income within certain limits. Even if a person does not owe any tax or they're not required to follow, EITC may provide a tax refund which certainly gives you an incentive to file. Using the EITC -- there's a link there -- to find out your filing status of the qualifying child, the eligibility for the credit and the estimate credit you may get. EITC has special rules that apply for members of the military, as well as members of the clergy, and taxpayers with certain types of disability income or who have children with disabilities.

Let's go to the next text slide and look at the next slide, a few details about EITC and the maximum amount of credit for tax year 2020.

For 2020, that would be $6,660 with three or more qualifying children or $5,920 with two qualifying children, $3,583 with one qualifying child. $5,038 with no qualifying children. We provide the link here as well. I think it's also at the end in the resources.

What does this mean for you? Credit results in a tax refund, this is money that can be saved in your ABLE account. It's absolutely a best practice. We encourage you to consider it.

Let's look at the next slide and talk about tax refunds and public benefits. These tested benefits like Supplemental Security Income and Medicaid do not count tax income as -- does not tax reaction refund up to $100,000 when saved in an ABLE account as a resource. Importantly, no amount saved in an ABLE account will effect Medicaid. You can save any amount up to that limit. It's not going to effect your Medicaid.

Additionally, tax refunds can be directly deposited into an ABLE account if the annual contribution limit is not exceeded. These funds can be saved for an unlimited amount of time until you need to use them for a Qualified Disability Expense. As Laurie mentioned, look at other sources first please.

Finally, you can save all or part of your refund in an ABLE account. You use 8888, four eights, to split into different accounts if needed. Link here.

The next slide. Let's talk about tax refunds and benefits, final thoughts here. When tax refunds are saved in an non-ABLE account, they do count toward the resource limit after 12 months. This is why we're recommending this is a great strategy.

What this means to you is an ABLE account -- it's a protected account. It's a great way to save for individuals who receive a means tested benefit. If you do not receive a mean test of benefit, it's still a great way to save because your money grows tax-free.

Here. I'm going to stop talking about this and introduce us to Andrew Komarow who has a master's science in financial services and a certified financial planner, as well as being an ABLE account owner. Andrew opened a firm to help other individuals with autism spectrum disorder and all individuals who equal for ABLE to become financially independent.

As an ASD special needs advocate, Andrew researches and recommends ABLE accounts to families planning for their financial future. I know everyone will want to know after hearing from Andrew. If you're searching for a financial broker like Andrew or anyone else, or an advisor or firm, you can use BrokerCheck to help you make informed choices. The link is here. It's BrokerCheck. You can search by name, city, state, zip code.

I want to ask Andrew as an ABLE account owner and certified financial planner, you know, we just walked through benefits for the financial service team can look into. Can you share your thoughts from your unique perspective of being both an ABLE account owner and a financial planner?

>> ANDREW KOMAROW: Thank you for the great introduction. Yes. As an ABLE account owner, financial planner, individual of autism, I think the most important thing is don't leave money on the table. I think there's really three parts to that.

The first one, as you mentioned, is tax-free growth, is a great benefit. As well as the potential for a state tax deduction. Then there's tax credits, such as the saver's credit, the one I see overlooked a lot. Even for states who don't have their own ABLE, you may be able to have a deduction.

>> MIRANDA KENNEDY: Thank you, Andrew. It was interesting, we did that poll. 7% of the folks listening in -- and I think we have over 350. Oh, 382 participants. Hopefully we can get that about 7% using that saver's credit you just referenced.

One final question for you, Andrew. What is your most important tax advice you give on ABLE?

>> ANDREW KOMAROW: It comes down to taking advantage to the state tax credit. It is so specific. For example, even if some states allow you to do any state, you have to use their state. Some you can do it for a college savings plan, and now with the new tax law you can then move it into an ABLE account potentially.

So, I find that the state tax credit is really just -- you always want to start there. It's one of the easiest things to roll-out in and double-check. That's free money.

>> MIRANDA KENNEDY: Great. Thank you so much for joining us Andrew and sharing your perspective. Laurie, I wonder if you can piggyback on what Andrew just shared about that state tax credit. I know people might have questions about that. I think we might cover it in future slides. Did you want to mention?

>> LAURIE SCHALLER: Sure. The comparison tool, if you put in your state of residence, that will show you whether or not you qualify for a tax credit for contributions you or a family or friend may make to your ABLE account when you hold that account within your state of residence.

We invite you to take a look at those tools. There are three, then there are also Excel spreadsheets at the bottom that go into further detail, outlining all of the state's plans and information.

I'd like to move on. Next slide. Thank you so much, Andrew. I agree with with Andrew. We want to take advantage of every tax credit and deduction we may be eligible for. Next slide.

The ABLE accounts -- the IRS allows for a contribution of up to $15,000 for all ABLE programs across the United States in the year 2020, and that's a calendar year. The limit is the same as the annual federal gift tax exclusion defined by the IRS each year. That may go up again in future years.

Contributions may be made by the account owner, family, friend, or special needs or pool trust. These are not considered taxable for the income owner. For you, the Special Needs Trust and pool trusts are taxed at a higher rate. It may be to your advantage to discuss transfers from these accounts to your ABLE account for qualified disability expenses. Next slide.

Contributions by the account owner from their earned or un-earned income does not change the way means tested benefit programs count these contributions.

A person who works for an employer and is paid, that is still countable income even though the person pay be depositing at least a portion of those earnings within their ABLE account. Those earnings, if the person receives SSI and/or SSDI benefits, they are subject to earned income counting rules. The same for HUD, for example. Earned income.

When a family or friend makes a deposit into that ABLE account, directly into the ABLE account, that is not countable income for that individual. A working ABLE account owner may contribute additional money under the ABLE to Work Act into their ABLE account. Next slide.

ABLE account owner who does not participate in an employer sponsored retirement plan may make additional contributions from their employment, whichever is left, the designated beneficiaries income for the tax year, or the poverty line for a one-person household for year 2020. This amount is an additional $12,490. Remember, everyone can contribute, and every ABLE plan up to $15,000.

If the ABLE account owner works and does not participate in an employed sponsored retirement account from their earnings, if they live in the continental U.S., they can contribute an additional $12,490 into their ABLE account within the calendar year.

Because the Federal Poverty Level is higher for residents of Hawaii and Alaska, the amount they contribute is greater. Hawaii residents may contribute an additional $14,380 from their earnings, and Alaska residents may contribute up to that $15,600 from their earnings. Next slide.

That's a total on the next slide of $15,000 plus $12,490. That totals $27,490 within a calendar year can be contributed to the owner's plan. Over 10 years, this could be ABLE savings up to $27,000 plus interest that could be accruing on that account.

The first $100,000 of an ABLE account is not counted by the SSI program as a resource. Please keep in mind individuals who receive SSDI, there is no limit other than the plan cap of what is allowed to save in that particular ABLE plan for that State plan.

By working, the SSI payment may be suspended temporarily, should that account owner's balance go above that $100,000, until their countable resources above that $100,000 threshold with their other countable resource falls under that individual breaking point. That's usually $2,000 per than individual or $3,000 for a couple.

If earnings fall, benefits are restarted without a new application for SSI. Medicaid continues during that period. Over time, an SSI beneficiary may become -- eligible for SSDI or a retirement benefit based upon their work record. SSDI and the SSA retirement programs do not have a resource limit.

Again, a person who receives SSDI benefits has no limit what they're allowed to save within that ABLE account, other than the State balance limit allowed for that plan. Next slide.

ABLE savings of any amount does not impact any type of Medicaid eligibility. Although Medicare does not have a resource limit, Medicare savings programs, the MSPs, which may part the -- although earnings may effect an eligibility for an MSP, ABLE savings are not counted as a resource, therefore, they have no effect on those plans. Next slide.

Every year, I go to the IRS with holding a calculator, given to see my projected household income and what expenses are that may be tax qualified. How much I should have my employer withhold from my pay, or like when I'm retired, I'm going to ask Social Security Administration to adjust how much they withhold from my Social Security retirement benefit so that I receive the largest refund that I can, but I have more money to work with every single year. I want to limit the amount of my refund to closer to $500.

By changing my withholdings so I'm getting like everything I possibly qualify for, but up to $500, I have more money to save for my goals this year. Okay. Next slide.

Miranda?

>> MIRANDA KENNEDY: Great, thank you, Laurie. Let's talk about employer contributions to ABLE. An employer can make a contribution to an employee's ABLE account. The IRS has reported that the employer contribution is taxable income for the employee slash ABLE account owner. The contribution will be reflected to the employee's W2. That's important to know. Let's go to the next slide.

ABLE program to ABLE program roll overs. The entire balance of your ABLE account can be transferred from one ABLE program to another ABLE program through a roll over, one time per calendar year. You have 60 delays to roll distributed funds from one ABLE program to another ABLE program either establish by you or eligible family member, sibling only, including brother, sister, step brother, step sister, half brother, and half sister.

If the entire balance is transferred to another ABLE account or to an eligible family member's ABLE account, the first account is closed after the transfer is complete. You can only have one ABLE account. Let's go to the next slide. And continue talking about what we're going to talk about.

Families may roll over funds from a qualified tuition program to a qualified family member's ABLE account. The ABLE account must be for the same beneficiary it's the 529 account, or a member of the same family as the 529 account holder.

Roll overs from a section 529 plan plus any other ABLE contributions count toward the annual contribution of $15,000. What this means to you -- if you have both types of accounts, a 529 and a 529A, you may wish to consider a roll over. The expenses permitted are more broad than the 529 qualified tuition program. We have the link here. Next slide.

A distribution. Here is roll over guidelines. A distribution from the section 529 qualified tuition program or QTP made after December 22nd, 2017, and before January 1, 2026, is not subject to income tax if it's transferred to the ABLE account of the disease indicated beneficiary or a member of the beneficiary’s family within 60 days of the distribution.

You can also see the roll over from section 529 tuition account to the ABLE account link later. It's 2018-58.

Let's talk about other factors that may impact an ABLE account. Laurie?

>> LAURIE SCHALLER: Next slide. Loss of disability status. If you establish an ABLE account and Social Security terminates your benefits or if your medical provider indicates you are no longer an eligible individual because, for example, your impairment goes into remission, then beginning the first day of the next year, no contributions may be accepted into your account.

So, if that happens, for example this year, the person would be allowed to contribute into their ABLE account until the last day this year. The account will continue to be an ABLE account and the ABLE account will not be deemed to be distributed.

Contributions may resume if or when you later become eligible again. Distributions from your ABLE account during a period you're no longer an eligible individual for are not -- do not have to be Qualified Disability Expenses, and therefore are possibly subject to tax.

The earnings portion of a distribution made from your ABLE account to you when you're no longer an eligible individual may be taxable. But let me put in a word of caution here.

Many people who have a disability who receive a disability certificate from their physician, indicating their disability onset occurred prior to age 26 own ABLE accounts -- and because their condition never goes into remission. Even though they're able to work at high levels of employment and save for their retirement and several tools, they are ABLE eligible.

But should a person's status change, that ABLE account continues to be owned by that individual. The next calendar year after the change in their disability status, they would no longer be able to contribute more money into their ABLE account, but they can always spend the money as they need from their ABLE account. Next slide.

Many of the ABLE accounts limit contributions, and they're sort of monitoring so there isn't an accident that someone accidentally has more than the annual limits contributed to their ABLE account. But should that happen, excess aggregate contributions must be returned to contributors on a last end, first out basis. The last money that took that account balance over that limit would need to be returned to that individual.

In the case of contributions that exceed the annual gift tax exclusion, a failure to return such excess contributions within the time period on or before the due date, including extensions of the designated return for the year in which the excess contributions were made in the year -- the excess aggregate contributions amount in the ABLE account to exceed the limit must be returned before the tax filing date.

If not, that excess contribution will result in the imposition on the designated beneficiary of a 6 percent XI test under section 4973 on the amount of the excess contribution.

So, all of the ABLE accounts allow for access to view contributions made year to date so people can regularly check on the balance within their ABLE account.

Just another word of caution. If a person has an ABLE account, they're not working, their annual contribution limit is $15,000 from all sources. Even if that person has Qualified Disability Expenses that year and they spend down $10,000 from the $15,000 that was contributed that calendar year, they are prohibited from adding more money into their ABLE account that calendar year. Next slide.

Distribution of a retirement account into an ABLE account and taxes. It is not possible to directly roll over retirement savings from a 401K or IRA -- a person may be eligible for a disability consideration from the administrator of those accounts regarding early withdraw and tax penalties prior to age 59.5.

The exemption for permanent disability requires proof of disability from physician and only ex-- not any income taxes due on that distribution. Therefore, a person should reach out to their tax consultant prior to requesting a withdrawal to see what that tax implication would be for that individual.

We know that several Medicaid programs look at retirement savings as accountable resource. Again, this is why an ABLE account may meet many individual's need for having a place to save for their retirement, for their future. Okay. Next slide.

>> MIRANDA KENNEDY: Laurie, we want to talk about ABLE tax forms here. I want to share these two tax forms, 1099QA. An ABLE program issues this form to ABLE account owners in the IRS to report all distributions from the ABLE account. ABLE to ABLE transfers or termination of an ABLE account.

5498QA. Contribution information. An ABLE program issues this form to the ABLE account owner annually to report contributions including roll-overs, market value of the account, opening of a new account, certification of an account, and the disability code.

If you have any questions about the amounts on these forms, we encourage you to contact your administrator.

>> LAURIE SCHALLER: Next slide. If you are working or plan to become employed and receive a disability-base benefit from Social Security, seek guidance from a community work incentives coordinator, a CWIC, who works for a associate, a WIPA, to understand how working effects all benefits you receive. Benefits counseling services are free and they can help you to understand how working effects benefits and how you can make good decisions for yourself towards your financial goals.

Benefit accounts to help to use the work supports that Social Security or other programs offer to help you to become employed to work at higher levels or to transition off benefits if that's your goal. To find a certified counselor in your area, visit the website. Find help button. Find your service provider. Next slide.

ABLE investments grow tax-free. ABLE plans offers savings accounts and investment programs. FDIC insurance. Some allow for interest growth. The investment options allow for investment growth too, and ABLE accounts -- in an ABLE account, earned interest is not considered income for SSA disability benefits, any means tested benefits, or for income taxation. Next slide.

I would just like to comment too. Because an individual owns an ABLE account, it is not necessary that that person necessarily also file taxes. That person would file taxes if they have earned income from employment or they need to file taxes because of other sources of income. But that's then the opportunity for that person to equal for different tax credits and deductions.

Best practices, maintain records of all account distributions, along with receipts for purchases for four years. Make responsible decisions about QDEs and exercise good judgment. Use ABLE funds for items or services which clearly fall within one of the QDE categories. In the next couple months we'll have a webinar specifically about what qualifies as Qualified Disability Expenses.

Recommended by healthcare providers or which most people would view as a basic living expense or necessity. These will be the least likely to be disputed and investigate potential no-cost running sources using ABLE funds. Education yourself and keep up to date for signing up for the achievable newsletter. Deposit your income into your ABLE account, at least a portion, and figure out a plan for saving regularly into your ABLE plan.

Miranda?

>> MIRANDA KENNEDY: Well, hey, Laurie. Great. Thanks. Let's talk about free tax preparation services. You covered that slide for me. Let me tell you really quickly. Free tax preparation services to help ensure you receive the largest refund possible. There's an IRS 2020 tax calendar. Additionally, my free taxes where there's no income limit to accessing that support through the United Way. If you're unable to complete your tax return because of the disability, you may be able to obtain assistance from an IRS office or the volunteer tax assistants sponsored by the IRS.

>> LAURIE SCHALLER: Please check that out. The links are provided on this page. Miranda, would you like to cover the next polling question?

>> MIRANDA KENNEDY: We have one polling question and a couple slides and we're done. Let's go to the polling question real quick. Hope, if you can go ahead and post the polling question while I read it. That would be great so folks can answer.

Which of the following will you now be looking into further as you do your 2020 taxes? Let's give 20 seconds for folks to click on the screen and see where you're at.

Okay. Let's go ahead and 5 more seconds. Get some more answers in. Okay. Maggie, Hope, can you show us the results?

53% said all the above. That's great. Great.

As we're wrapping up here, we did want to share with you. We've got some resources here at the end, but we wanted to take a moment and get an important update from Social Security Administration. I'm going to open the floor. We want to get a word from Joie.

Before we have Joie speak, personal and financial information that can be used to steal a victim's identity and money. Fix the problem or avoid arrest. Next slide.

We have information how federal agencies are -- scammers and resources for you in order to report phishing and online scams. We provide a link for the IRS for that as well as information for the Census Bureau. Phone calls, you can contact the National Processing Center. For visitors, they can check the identification badge if anyone is showing up at your residence or place of employment. If you're still unsure, you can contact the bureau and email them as well.

Next slide, slide 59. I know that's where Joie is going to cover this slide, specific to SSA benefits and scammers and things to know. Joie?

>> JOIE HILL: Good afternoon. Hello to everyone. Thank you, Miranda and to the ABLE National Resource Center for allowing me to speak to the webinar today. We really appreciate the opportunity to speak to everyone. As Miranda mentioned, these scammers pretend they're from Social Security or another government agency. Phishing is the criminal act of trying to get your information, which includes your usernames, passwords, Social Security numbers, bank account, or credit account details by pretending to be an entity you trust.

Phishing emails often direct you to a website that's real, but it's fake and may be effected by malware. Can we go to the next slide please?

Social Security does not contact you unless it’s for official business purposes. SSA will never, and I want to say this again, never threaten a person, promise benefits approval or an increase in benefits in exchange for information. If this happens, we ask you to hang up the phone immediately. SSA mainly calls people who have recently applied for SSA benefits, someone who is already receiving payments and requires and update to their records or a personal who has requested a phone call from a representative. If a person is not in one of these situations, they would not receive a call from Social Security. If there’s a problem with a person’s Social Security number or record, in most cases Social Security will mail a letter. If a person needs to remit payment to Social Security, the agency would send a letter with instructions with payment options. People should never, and let me repeat this again, people should never provide information or payment over the phone or internet unless they are certain who is receiving it. If you are contacted by a scammer, please report it to Social Security. You can report this scam at oig.ssa.gov. That is Social Security’s law enforcement team at the Office of the Inspector General. If you are unsure of the legitimacy of correspondence or contact, call your local Social Security office. Our National Teleservice Call Center is 1-800-772-1213. Or you can always visit your local Social Security Office. We thank you for the opportunity to share information about the Social Security scam. I’m going to turn it back over to Miranda. Thank you again.

>>MIRANDA: Thank you so much Joie for sharing that important message and if you happen to visiting your local Social Security office, you’ll probably see on the SSA screens information about ABLE.

We have completed the bulk of our presentation. This is just some next steps and resources for you. We do encourage everyone to join us again next month. In March, we’re going to be doing a spotlight on that California ABLE program, CalABLE. That will be March 12 from 2:00-3:15 p.m. ET. They will be sharing information about their state program, which is open nationally. They came on board in December of 2018. They’re fairly new on the scene and have lots of great resources they’re looking to share with us including their AchievABLE Corner and other things that they can provide. So, we encourage you to join us next month and register here with this link.

If you go to the next slide, we have ABLE accounts and tax time savings face sheets, so here is a fact sheet for you to download that has information on ABLE and tax benefits. This information also includes information around qualifying for state income tax deductions, Saver’s Credit. All those things we’ve been talking about here. Good, important information.

If we go to the next slide, these are other resources and you’re going to see there are a lot of resources that direct you back to the ABLE National Resource Center as well as the IRS. We know you’re going to be checking out their YouTube Channel as well.

Finally, slide 65, I want to mention America Saves. American Save is a campaign coordinated by the nonprofit Consumer Federation of America. America Saves Week is February 24 – February 29 and is dedicated to helping individuals save money, get ride of debt and manage wealth. Since 2007 America Saves has been an annual celebration with a call to action for everyday Americans to commit to saving successfully. By participating in America Saves Week, individuals navigate through different areas of their finances that better position them for success. Any by the end of the week, they will have addressed both short-term and long-term goals, including emergency funds, making a plan, and how to have healthy conversations about positive financial behavior. We encourage you to check-in on your financial health during America Saves Week and make a commitment to save successfully. There’s some great resources there for you.

And finally, I want to thank all of you for joining us here today. Thank our presenters who joined us and shared their expertise. Please take our post-training survey and let us know what you thought of today’s information and any comments or feedback you might have for us. And again, that you so much for joining us. Have a good rest of the day everyone. Resources and tools are available at ablenrc.org. The webinar archive will be there as well within the next couple of days. Thanks, everyone, bye.