

## **The Promise and Future of ABLÉ Accounts**

Speaker 1:

Welcome to the ABLÉ To Save podcast series brought to you by the ABLÉ National Resource Center, which is managed by National Disability Institute. Hear from leaders in the public and private sectors, as well as from ABLÉ account holders and their family members about how ABLÉ accounts can be an effective savings tool to help improve health, independence, and quality of life for people with disabilities. And now here's your host and director of the ABLÉ National Resource Center, Miranda Kennedy.

Miranda Kennedy:

Welcome to the ABLÉ To Save podcast series. My name is Miranda Kennedy and I'm the director of the ABLÉ National Resource Center. Today we have with us as our guest, Michael Morris. Michael is the founder of National Disability Institute, the parent organization of the ABLÉ National Resource Center. He has more than 30 years of experience in and outside of government, pioneering innovative new strategies to improve the lives of people with disabilities.

Miranda Kennedy:

Michael serves as a senior strategic advisor at NDI and as a technical expert to multiple federal agencies on policy and systems relationships at federal, state and local levels to advance economic stability, mobility, and asset development for people with disabilities. In 1981, he was named the first Joseph P. Kennedy fellow in public policy and came to Washington D.C to work in the office of Connecticut Senator, Lowell Weicker as legal counsel to the United States Senate subcommittee on the handicapped.

Miranda Kennedy:

Michael also served subsequently as counsel to the U.S Senate small business committee. From Capitol Hill he went on to work at United Cerebral Palsy Association as the first director of government relations, then as director of community services, and finally as national executive director. During his 14 year tenure, his leadership put a focus on needed assistive technology and its essential role in accommodating people with disabilities in the areas of employment, education, communications and daily living. In 2005, Michael helped establish NDI, National Disability Institute to advance the social and economic independence of persons with disabilities through strategic investment and technical assistance activities nationwide that bring together government, corporations, foundations and community and faith-based organizations.

Miranda Kennedy:

Michael received his undergraduate degree with honors in political science from Case Western university in Cleveland, Ohio, and his law degree from Emory University, School of Law in Atlanta, Georgia. Michael, thank you so much for being on with us today.

Michael Morris:

Thank you, Miranda. I look forward to our conversation.

Miranda Kennedy:

Well, so do I, and I have to tell our audience that I have actually had the pleasure of working with you, Michael for the last 14 years. And you really do have a storied career over the past 30 plus years when it comes addressing disability and poverty, including in your role as the founder of National Disability Institute, which is the only national nonprofit focused entirely on increasing the financial capability of people with disabilities. You served as executive director of NDI until six months ago, and are now focusing your efforts on furthering the work of NDI's ABLE National Resource Center and the Center for inclusive Community Development. Can you tell us about your work with ABLE? It goes back a long way.

Michael Morris:

ABLE certainly does have its own story worth telling. It took eight years to get the sufficient backing of Republicans and Democrats in the Congress. It was a work that wasn't done by paid lobbyists, it was an effort that was created by families, by adults with disabilities, who really shared their personal stories of the extra costs of living with a disability, and that there really was no vehicle, no opportunity for individuals with disabilities to save, to build assets that wouldn't affect critically and meaningful, important public benefits programs, whether those related to health or transportation or food or housing.

Michael Morris:

And so, ABLE was really the brainchild of a group of families who got together with a member of Congress in Northern Virginia to talk about their situation, to share their story, which was representative of stories all across the country. ABLE, which stands for Achieving a Better Life Experience is all about that, helping families, helping working age adults with disabilities, to have goals, to have dreams and have those dreams finally realized because they can put money in a tax advantage savings account, they can set goals, they can choose when to take that money out as it grows. The growth of that money is tax free. And the beginning of so many stories, Miranda, that you and I have heard from ABLE account owners across the country, saving for a home of their own, saving for a means of transportation they control, taking care of healthcare costs that government or private insurance isn't covering, purchasing technology that they need. So many different reasons, so many compelling stories, that's the ABLE experience.

Miranda Kennedy:

Well, thank you for sharing that with us, Michael, because that was definitely one of the questions we had is why is ABLE so important? And I think you've just articulated a lot of that. It can be very transformational for folks, and we've absolutely heard those stories. One of the things I'm wondering is if you could drill down a bit more. You just talked about why ABLE is so important, but there's actually two different groups I'd love for you to address here, Michael. Why is it important for families, and also why is it important for working age individuals? These are two distinct populations. A parent that's planning for a child's future is very different than someone who's working in opening an ABLE account for themselves. So, Michael, can you tell us a bit about what is important for each of these groups when it comes to having an ABLE account?

Michael Morris:

Very good question. I think let's put it in perspective. I don't know that we could have envisioned today with the challenges, both health and financial of COVID-19, how significant an ABLE account would be to so many people, thousands of people with disabilities who had the foresight and the planning to open an ABLE account for a member of their family, or for that individual himself or herself.

Michael Morris:

So there really are two groups. There are parents who are helping open an ABLE account for their son or daughter. There are families we know of who opened an account literally within the first week of their child being born because that child has a disability, which is already evident. And then obviously, that's not always the case. And so there are families opening ABLE accounts as their children are beginning to grow up and begin to realize that they may qualify and be ABLE eligible. And so, they're really thinking longterm about the future. Maybe it's going to college and educational costs. Maybe it's transportation costs. Maybe it's that housing independently where someone could live in the future. So many stories and so many compelling reasons why a family is starting early and that money is growing with new money going in. Members of the family contributing, others, friends, even a person's employer might be contributing to this son or daughter's ABLE account.

Michael Morris:

But there are also working age adults with disabilities. I know when the law passed, many people felt, well, this is just going to be something for families. But in fact, as the ABLE story has grown across the country, and we now have over 41 states who offer ABLE programs, we now see that I believe almost half the people who have opened ABLE accounts are not parents raising children with disabilities, but are working age adults with disabilities. And so those are the two groups. For that second group, working age adults with disabilities, they have many compelling reasons say again, it may be technology that is simply not able to be purchased through any government program or through private insurance. It could be related to transportation. It could be the individual who wants to be an entrepreneur, wants to start their own business. Employment related expenses could be a qualified expense and covered under an ABLE account. So maybe different reasons for that child, it's longterm savings. For that adult with a disability, there may be needs weekly or monthly as well as longer term needs.

Miranda Kennedy:

Well, thank you for sharing that, Michael. I know we definitely have heard from folks even that you might not consider who are closing in on retirement age, or maybe they've already retired, but they're eligible because of the rules in terms of having acquired their disability before the age of 26. We've got folks who are now using that to supplement and support them in retirement, if they have qualified disability expenses related to that. So yes, it really does cover the scope. Thank you for sharing that with us.

Miranda Kennedy:

My next question for you is, can you tell us where is ABLE right now in terms of its adoption rate? Can you tell us how many people have ABLE accounts and how many people are eligible?

Michael Morris:

Yes. The ABLE story continues to grow. Right now as of April one, 2020, there are over 63,000 accounts that have been open nationwide. In terms of those 63,000 accounts, over \$380 million has been contributed into those accounts and are growing over time. There are opportunities in most states in the country, over 41 states who have individual ABLE programs. Most of those state programs are open to anyone who's ABLE eligible across the country, an individual with a significant disability, age of onset of disability, age 26 or younger. There is known means testing, whether you're a family of modest means and wanting to save for a child with a disability, or you're a working age adult with a disability, maybe earning a good income, but thinking, as you said, Miranda, longer term for those days in retirement and

having this set of funds that have grown over time, help support that individual to live more independently and have a better quality of life experience.

Michael Morris:

So the story is several chapters in, more and more people continue to learn about ABLE, but here's a sobering statistic. Less than 1% of eligible people who are eligible today to open an ABLE account have actually opened an account. So we project that there are about eight million people in this country who are ABLE eligible, that could be children, that could be working age adults, but only 1%, so less than 80,000 have so far open accounts.

Miranda Kennedy:

So Michael, why do you think that more people haven't made the move to open an ABLE account and benefit from this opportunity?

Michael Morris:

I think there are several reasons. I know in the focus groups we've held as part of the ABLE national resource center, despite educating hundreds of thousands of people about the possibilities of opening an ABLE account, the benefits of opening an ABLE account, we still know and hear regularly that most people have simply never heard of what an ABLE account is all about. So the education and outreach and marketing efforts need to be greatly expanded. Most of the state ABLE programs have modest budgets, have a small number of staff. And so there is hope in the future that the government, at a federal level can compliment the more limited funding that has been spent at a state level to really get the word out.

Michael Morris:

But I think there are other reasons as well beyond just awareness and a lack of knowledge about the benefits of an ABLE account. I think that many people, as we've talked to families and individuals with disabilities across the country, many of these individuals have shared with us that they're afraid of losing their benefits. One of the truly outstanding, positive features of an ABLE account is that that ABLE account is not going to be considered an asset for means tested public benefits. So what does that mean? Well, there are multiple federal public benefits, access to healthcare through Medicaid, other federal benefits related to, could be transportation, housing, food assistance, as well as the cash assistance that comes with being eligible for a social security benefit with an individual with a disability under age 65. All of these government benefits limit who is eligible based on their level of assets. So people are really afraid of losing these critical public benefits, whether it's money from social security or it's access to healthcare, which is so important to so many people with disabilities and some of the other public benefits that are means tested.

Michael Morris:

But what's remarkable about an ABLE account, it is not considered legally an asset. So a person can put money in the account, the account can grow and they are not for the most part going to lose eligibility to these varied public benefits. I think another reason why people have not opened an account is there are many, many people we've encountered who have special needs trusts. They've been set up with a lawyer, they have a selection of investment choices, again that have been made, but they more or less have felt, "Well, why do I need an ABLE account? Isn't it similar to my special needs trust? I have my

needs already being taken care of." But this is again where there has been, unfortunately, some misinformation that has been shared over and over again across the country.

Michael Morris:

Special needs trusts will work for many people. Some people don't have the level of funding to open a special needs trust. There also something else called a pool trust where if you had less money, that small amount of money goes to a particular organization that's managing the pool trust. And the monies are combined to get a better buy in terms of investment options. But there's also simply the challenge that people don't know the pool trust the special needs trust cannot do things that an ABLE account can do. There are certain costs that can be covered by ABLE related to housing, which can not be covered with a special needs or pooled income trust.

Michael Morris:

So there is really reason, and I'm really excited with the work that the ABLE National Resource Center has been doing for the last several years in educating people, educating trust attorneys as well, that guess what? It's not an either or. If you have a special needs trust, there's reason to open an ABLE account, put some of your resources from the trust into the ABLE account, and you're going to get the best of both worlds. No losing from doing one versus the other, but it's a gain for all.

Miranda Kennedy:

Well, Michael, it's interesting you should happen to reference that. You're cuing us up for another upcoming podcast in our ABLE To Save series where we're actually going to be diving into ABLE accounts, special needs trusts and pool trusts with a member of the Special Needs Alliance, who is a special needs trust attorney, who is absolutely an advocate for ABLE accounts as well, and sees their benefit for that population he's serving as well. So we will be diving into... That whole topic deserves its own podcast, and we're going to be having some questions and dive into that detail, as well as sharing a comparison chart tool that we've developed that folks can use when they're evaluating which variety of different options they might want to go with for themselves or a family member.

Miranda Kennedy:

So, Michael, we've just been talking about why you think people haven't made the move to open an ABLE account and benefit from that opportunity. My next question is, you have been actively engaged at a federal level with decision makers, working on ABLE since long before it was passed. And of course, as we can hear and understand you're still passionate about the opportunities it provides and the promise that ABLE seeks to deliver for people with disabilities. What are federal state and local governments and service providers doing that you see to help further integrate ABLE accounts into their services and into individual level planning?

Michael Morris:

That's a great question, Miranda. I'm pleased to say that a growing number of public agencies at a city level, county level, state level and national organizations across the country in the disability space have been adding to their education efforts to help more people become aware about ABLE, the importance of ABLE, the benefits of ABLE, how an ABLE account might really change someone's life, be transformative. And so, there is that pickup of activity, but it's clearly not enough.

Miranda Kennedy:

Michael, thank you for sharing that information with us. What do you think that they need to do more of moving forward?

Michael Morris:

My greatest disappointment has been now that we're more than five years since President Obama at the very end of his term signed the ABLE law, my greatest disappointment has been that the federal government has not brought together multiple federal agencies and really put together an amount of funds for a coordinated, comprehensive education and outreach campaign. Whether you have a child that's in public school from pre-K to secondary school level, whether you have an adult in a vocational rehabilitation program, or a youth in transition from high school to what's next, higher education, or perhaps a job, whether it's our healthcare programs through Medicaid and Medicare, through so many ways, the federal government funds approved by Congress flow from federal agencies into states for many very important functions, education, housing, transportation, health care, to just name a few, is that we haven't made it yet a absolute necessity that when those funds move down to the level of the individual with a disability, the family with a person with a disability, to actually talk to them about, are you aware of something called an ABLE account?

Michael Morris:

Do you know how it works? Do you know the benefits of it? Do you know that you're not for the most part going to lose access through eligibility? Eligibility is not going to be lost for any needs tested federal public benefit. There is so much more that could be done. Every year, several million children with disabilities get an individual education plan negotiated with their local school system and the parents are involved with the child. Why isn't that a teachable moment about an ABLE account something that could compliment the objectives of what's going on and to go on in the next school year? For that youth in transition or that working age adult with a disability, sitting down with a vocational rehabilitation counselor and developing an individual plan for employment, setting goals, setting objectives for the future, whether it's learning related or it's a skills development, why isn't that again, such a teachable moment where the vocational rehabilitation counselor and the individual talks about ABLE account?

Michael Morris:

And it's so important that ABLE is a strategy. It's a tool. It's not a be all and end all, guaranteed successful change of a person's life. And that's why we have worked really hard to see that it's not just an ABLE account we need to talk to you about, we also need to talk to you about money management and setting financial goals and what some people call as financial literacy. It's important that people are informed about things like ABLE, things like social security work incentives, things like different tax provisions other than ABLE that can help an individual or a family live more independently and promote better health and wellbeing for that individual with a disability. So financial literacy is something that we're very proud of at the ABLE National Resource Center as a part of our work in educating people, not just about ABLE, but educating people about making effective and informed financial decisions for that individual based on their circumstances, based on their needs, based on their goals, based on their dreams for the future.

Michael Morris:

I do think that there is great opportunity in the years ahead to continue to amend ABLE to make it an even more inclusive program. As you know, Miranda, there has been a bill pending for several years now, called the ABLE Age Adjustment Act. This would actually double the number of eligible people to

open an ABLE account, age of onset of disability moving from age 26 or younger to age 46 or younger. There are a lot of people who become disabled after age 26. Why shouldn't they have the benefit and the opportunity to open and grow an ABLE account and think about ways it can help them with those extra costs of living with a life with a disability?

Michael Morris:

I think that's one of the amendments that is very important to lots of people, but there are others we also need to consider. An employer should be able to get a tax advantage for contributing to a person's ABLE account. And maybe to go even further beyond the employee with a disability, what about that employee's child with a disability, so that there are more people contributing to an ABLE account? We hope too that over time that every state in the country, either directly or indirectly by partnering with another state offers their ABLE eligible citizens the opportunity to benefit from an ABLE account.

Michael Morris:

And so, I hope as we look ahead to the future, we will see the day when someone could walk into a bank, and rather than asking about an ABLE account and be told, "That's not something we do," that all the major banks offer the opportunity for someone to open an ABLE account, right through that neighborhood branch, or they can go online to the local bank that they deal with, whether it's part of a national bank with locations all over the country, or it's a regional bank, or it's much more a very city-specific bank, that the opportunity and ways one could open an ABLE account are expanded.

Michael Morris:

And so that through the efforts of the banking world, as well as credit unions across this country of which millions of people do their financial services, that those are the natural place to compliment the state treasurer's offices that have opened ABLE accounts nationwide, so that people don't have to struggle to find more information about ABLE, they don't have to struggle to find a way to open an account and they're getting financial education and financial assistance and financial counseling, so that once you open an ABLE account, there are people you can turn to, to effectively manage that account, grow that account and understand about your choices of investments and make changes as appropriate as things in your life change.

Michael Morris:

That may be the future of ABLE, and I'm hopeful that someday rather than as we approach soon in the near future, the first 100,000 people who have opened ABLE accounts, we'll be talking about more than one million individuals in this country who have ABLE accounts and the stories will continue to grow and multiply of how people's lives have changed.

Michael Morris:

I should point out, Miranda that there is beginning to be a change at the federal level. Multiple federal agencies, the Social Security Administration, the Administration on Children and Families, IRS and some others have really begun to focus on ABLE and begun to offer webinars, information materials. And that's really exciting because no one agency, public or private can possibly reach all the people that need to be reached to learn about the possibilities and the benefits of an ABLE account.

Miranda Kennedy:

Well, thank you, Michael. That was some really helpful information and insight. And I know that at the ABLE National Resource Center, we're here to help meet that challenge. We have a lot of resources and tools. There's clearly so much more that can be done. We want to make sure people are aware of this opportunity and the strategies that you identified.

Miranda Kennedy:

And Michael, in terms of activities that are taking place at the ground level, at the local level with ABLE accounts, we actually have an upcoming podcast in this ABLE To Save series with a workforce development area around activities they're doing related to employment for people with disabilities where they're integrating ABLE accounts and financial literacy into all of the work that they're doing. And they're seeing some really exciting outcomes. So I hope people will check out that upcoming podcast in our series where we'll be speaking with Kathy De Angeles, with Shenango Delaware Otsego in New York about their workforce development work and ABLE accounts.

Miranda Kennedy:

All right, we've covered a lot of ground here today. I want to finally wrap up with one final piece of advice or best practice that you would like to about ABLE accounts with our audience, Michael.

Michael Morris:

That's a wonderful question, Miranda. I think the one thing that's so important for people who will come and listen to this podcast is to know that there's an exceptional resource that millions of people have actually accessed, and that's the ABLE National Resource Center, managed by National Disability Institute that is also being coordinated and being done on behalf of over 20 national disability organizations. It is a website that is full of material, information, insights, suggested strategies for next steps, pathways to follow, to go from considering an account to opening an account and now growing and managing an account. So it's important that people take the time and visit [www.ablenrc.org](http://www.ablenrc.org).

Miranda Kennedy:

Well, thank you, Michael, for your leadership in the ABLE space and for being here with us for our inaugural ABLE To Save podcasts and for all of your insights and work in this area. We appreciate it, and thank you again for joining us today.

Michael Morris:

Thank you, Miranda. It was a great conversation and I hope it will encourage others to look into ABLE and join the ABLE movement.

Miranda Kennedy:

I completely agree. Thank you, Michael. Have a great day, everyone.