

ALASKA STATE LEGISLATURE

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REPRESENTATIVE DAN SADDLER

SPONSOR STATEMENT

House Bill 188

"An Act relating to financial accounts for persons with disabilities; relating to financial institutions; relating to property exemptions; relating to securities; and providing for an effective date."

HB 188 seeks to help Alaskans cope with the challenges of living with a disability by allowing individuals and families to set up tax-free savings accounts, called "ABLE accounts," to pay for education, housing, transportation or other disability-related expenses.

The U.S. Congress passed the "Achieving a Better Life Experience (ABLE) Act" in 2014, authorizing states to create special savings accounts for disability-related expenses modeled after the successful "529 college savings programs," named after the relevant section of IRS code.

ABLE accounts, also known as "529A" accounts, allow individuals with disabilities to improve their financial security by using private investments to supplement their benefits from insurance, employment, Supplemental Security Income (SSI), Medicaid, and other sources. Assets held in an ABLE account would not be counted under means tests required for Medicaid or SSI, although SSI cash benefits would be suspended if the ABLE balance exceeded \$100,000.

ABLE accounts could be spent for education, transportation, job training and support, assistive technology, health and wellness, legal and other qualified services. Contributions would be limited to \$14,000 per year, and capped at \$400,000. A person could have only one account.

To be eligible for an ABLE account, a person must have become blind or disabled before the age of 26. The Governor's Council on Disabilities and Special Education estimates that about 13,770 Alaskans – 10 percent of those with a disability – might qualify for ABLE accounts.

By empowering Alaskans with disabilities and their families to build their financial independence, HB 188 will help them meet more of their life challenges by relying on private resources, without eroding the value of public benefits to which they are entitled. ABLE accounts will be important tools for helping them live full, productive lives in their communities.

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