



**GOVERNOR'S COUNCIL ON DISABILITIES & SPECIAL EDUCATION**





**The ABLE Act:  
Achieving a Better  
Life Experience**

Patricia Reinhart  
Executive Director  
Governor's Council on Disabilities & Special Education

**ABLE Accounts:**

- Achieving a Better Life Experience Act




**Signed into law 12/19/14**



**What is an ABLE Account?**

**Tax-exempt savings account:**


- Similar to 529 college savings account
- Recognizes the high cost of living with a disability
- Will increase opportunities for financial independence and greater self-sufficiency



**SSI Payments 2016**

\*Maximum Federal Supplemental Security Income (SSI) payment amounts increase with the cost-of-living increases that apply to Social Security benefits. **This year there is no COLA, so there will be no increase in SSI payment amounts in 2016.** The monthly maximum Federal amounts for 2016 are **\$733** for an eligible individual and **\$1,100** for an eligible individual with an eligible spouse. (Social Security Administration)

**\$733  
X12  
\$8,796/year**

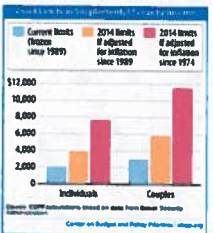


**Alaska Poverty Levels**

PERSONS IN FAMILY/HOUSEHOLD	POVERTY GUIDELINE
For families/households with more than 8 persons, add \$5,200 for each additional person.	
1	\$14,720
2	\$19,920
3	\$25,120
4	\$30,320
5	\$35,520
6	\$40,720
7	\$45,920
8	\$51,120

### The ABL Act is an Empowerment Tool:

- The ABL Act is a critical new tool to facilitate employment possibilities:
  - Allows saving above the Medicaid and Social Security (SSI) Resource Limits!!!**
  - Save money earned without risking necessary public benefits that enable employment in the first place
  - Reduced reliance on government by allowing a better opportunity for personal saving



Category	Current Limits (1991)	2014 Limits (adjusted for inflation since 1989)	2014 Limits (adjusted for inflation since 1974)
Individuals	~\$1,000	~\$4,000	~\$8,000
Couples	~\$2,000	~\$8,000	~\$16,000

### ABLE Accounts: 10 Things You Must Know


#### 1) What is an ABL account?

- Tax-advantaged savings accounts for individuals with disabilities and their families
- Income earned by the accounts = **not taxed**
- Contributions to the account = not tax deductible

### ABLE Accounts: 10 Things You Must Know

#### 2) Why is there a need for ABL accounts?

- Previously, public benefit eligibility required an individual to remain at or below poverty levels
  - ABLE savings accounts will **not** affect eligibility for SSI, Medicaid/other federal public benefit programs!
- There are extra costs of living with a disability




### ABLE Accounts: 10 Things You Must Know

#### 3) Am I eligible for an ABL account?

**Eligibility = Individuals with significant disabilities**

**Age of onset before turning 26**



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### #3 Continued...

- SSI and/or SSDI = automatically eligible**
- No SSI and/or SSDI = eligible if you meet SSI criteria**
  - Significant functional limitations
- Can be under 26 or over 26**
  - If over 26, documentation of onset needed
- Proof of eligibility is on the individual and the IRS, not the state**
  - E.g. Taxes – you lie on your taxes it's perjury
  - Saves states administrative burden of collecting medical information
  - No HIPAA concerns

### ABLE Accounts: 10 Things You Must Know

#### 4) Are there limits to how much money can be put in an ABL account?

- Total annual contributions = \$14,000**
  - Amount will be adjusted annually for inflation
  - Gift Tax Exclusion \$14,000 = maximum amount individuals can give & not pay taxes

### #4 Continued...

-Total limit over time = determined by state:

- SSI/Medicaid recipients = exempt from resource limit up to \$100,000
- Exceeding \$100,000 = loss of SSI eligibility/benefits
  - » Medicaid eligibility continues, however

### ABLE Accounts: 10 Things You Must Know


#### 5) What can ABLE account funds be used for?

- Qualified disability expenses, related to individual's disability and made for his/her benefit, including:
  - Education
  - Housing
  - Transportation
  - Legal fees
  - Employment training and support
  - Assistive technology and personal support services
  - Health, prevention, and wellness
  - Financial management and administrative services
  - Expenses for oversight and monitoring
  - Funeral and burial expenses
  - Any other expenses approved by Secretary of the Treasury under regulations consistent with purpose of the program
- Expenditures for non-qualified expenditures will be penalized (tax and potential SSI penalties).

### ABLE Accounts: 10 Things You Must Know

#### 6) Where do I go to open an ABLE account?

- Each State will decide (U.S. Dept. of Treasury will guide)
- Information required to open account
- Documentation needed for account eligibility
- Definition of "qualified disability expenses"




**qual-i-fied**  
kwälē, fīd/  
adjective

### #6 Continued...

#### Once Regulations are in place:

- ✓ States are responsible for establishing/operating ABLE program
  - States may choose to contract with another state
- ✓ No accounts can be established until regulations are finalized
  - IRS interim guidance recently released




### ABLE Accounts: 10 Things You Must Know

#### 7) Can I have more than one ABLE account?

-No.

- The ABLE Act limits the opportunity to one ABLE account per eligible individual.




### ABLE Accounts: 10 Things You Must Know

#### 8) Will states offer options to invest the savings contributed to an ABLE account?

-Most likely:


- Similar to state 529 college savings plans
- Investment changes = two opportunities per year.



### ABLE Accounts: 10 Things You Must Know

**9) How many eligible individuals and families might benefit from establishing an ABLÉ account?**

- U.S.A. = 58 million individuals with disabilities
- Eligible for ABLÉ account = significant disability
  - Estimated at approx. 10% of 58 million
  - » Approximately 5.8 million individuals & families nationwide




### #9 Continued...

**How many eligible individuals and families might benefit from establishing an ABLÉ account in Alaska?**

- There are approximately 137,700 individuals with disabilities in AK
  - Based on 2013 state population estimates
- **As many as 13,770\* Alaskans with disabilities and their families could be impacted by ABLÉ**
  - Same calculation concept (10% of total number) used as the National Disability Institute regarding achieving the national approximate number
  - \*Further analysis is needed to fully understand the size of this market, their needs for new savings accounts, and the overall impact to Alaskans with significant disabilities.

### ABLE Accounts: 10 Things You Must Know

**10) How is an ABLÉ Account different than a special needs or pooled trust account?**




- More choice and control
- Low startup costs
- Account owner ability to control funds

### State Legislative/Regulatory Action


*New law only alters federal rules to allow for ABLÉ accounts...*

- Each state must put regulations in place following the regulation development and guidance by the Treasury
  - Similar to other types of 529 plans
- This enables financial institutions to make such accounts available in the given state




### Recent Updates

- 2015 - 35 states have passed ABLÉ Act related legislation or executive orders
- Alaska (effective date to be set by legislature)
  - HB 188 & SB 104 introduced last session




### Recent Updates

- **November 20, 2015**
  - **IRS Guidance**
    - Categorization of distributions not required
    - Contributor Taxpayer ID's not required
    - Disability diagnosis certification permitted



### Recent Updates

- **December 17, 2015 – State residency requirement eliminated**
  - Quicker access to ABLÉ accounts
  - Increased competition = more investment options
  - First states to implement will likely get a large initial flurry of investors
  - May lead to additional incentives to stay in-state
    - Potential positives to Permanent Fund Impact on benefits




### Partners in Implementation

“National ABLÉ Resource Center”



[crodriguez@ndi-inc.org](mailto:crodriguez@ndi-inc.org)

### Questions?



**Patrick Reinhart, Executive Director**  
3601 C Street, Suite 740  
Anchorage, Alaska 99503

Toll Free: 1 (888) 269-8990  
From Anchorage: (907) 269-8990  
Fax: (907) 269-8995  
<http://dhas.alaska.gov/qcdae/>

