

HB 133: ABLE UPDATE

House Labor and Commerce

WHAT IS AN ABLE ACCOUNT?

- ABLE: “Achieving a Better Life Experience”
- Tax-free savings account for individuals with qualifying disabilities
- Funds may be used to pay for items such as disability expenses, education, housing, transportation
- Distributions into accounts are not counted against individual in determining eligibility for Medicaid and needs-based assistance programs

HISTORY OF ABLE



ABLE ACT OF 2013

- Signed into federal law in December 2014 as part of the Tax Extenders package.
- Established 529A (ABLE) savings account exclusively for individuals with disabilities.



ALASKA ABLE ACT

- Signed into law in July 2016.
- Authorized establishment of a state ABLE program to be administered by Department of Revenue.
- Matched the 2013 ABLE Act passed by Congress.
- Alaska joined the National ABLE Alliance, a group of 17 states formed to share information, create economies of scale and provide a hub for financial inquiries.
- Since passage, 787 accounts have been created in Alaska with more than \$7,100,000.00 in assets.

FEDERAL UPDATES TO ABLE



ABLE TO WORK ACT

- Signed into law in 2017 as part of the Tax Cuts and Jobs Act.
- Increased annual contributions levels.
- Incentivized employment by increasing the contribution level for employed beneficiaries from \$15,000 to \$27,060.

ABLE FINANCIAL PLANNING ACT

- Signed into law in 2017 as part of the Tax Cuts and Jobs Act.
- Allowed college saving account funds (529 accounts) to roll over into ABLE accounts.
- Allowed individuals who incurred disabilities after they established 529 college savings plan to roll over savings into ABLE account.



ABLE AGE ADJUSTMENT ACT

- Will increase the age of eligibility from 26 to reflect federal code-legislation is under way to increase this age eligibility to 46.
- Will allow more participation in ABLE accounts.

HB 133 PROPOSED UPDATES

- Expands age eligibility limits.
- Allows greater flexibility in using funds to pay for education expenses.
- Allows 529 program accounts to roll into an ABLE account.
- Aligns with federal regulations regarding program savings accounts.

QUESTIONS?