

The ABLE Act:

Achieving a Better Life Experience

2014



*Information Utilized from the National Disability Institute,
<http://www.realeconomicimpact.org/>*

H.R. 5771

- Introduced by Rep. Dave Camp on 12/1/14
- Passed the House on 12/3/14
 - 404 in favor, 17 opposed
- Passed the Senate on 12/16/14
 - 76 in favor, 16 opposed
- Signed by the President on 12/19/14

Major Victory for Individuals with Disabilities & Their Families

- **Tax-exempt savings account:**
 - Similar to 529 college savings account
 - Recognizes the high cost of living with a disability
 - Will increase financial independence
 - Will increase employment

Real Life Implications...

"For the first time, my son can now have his own ABLÉ savings accounts that will not affect his eligibility for public benefits.

He can work and save money for his future to help pay for education, housing, and health care needs, while still relying on much needed benefits.

This account will give him a sense of self and independence, which has been long overdue for people with disabilities."

- Claire Ramasamy, Mother of three wonderful children
 - (APSE News & Notes, 12/19/14)

EMPOWERMENT: *Employment & the Future*

- The ABLE Act is a critical new tool to facilitate employment
 - Allows saving above the Medicaid and Social Security Resource Limits
- “This law will help families help themselves.”
 - *Anne Gregory, Kentucky Autism Speaks state coordinator*

SSI & SSDI

- **SSI = Supplemental Security Income**
 - Federal income supplement funded by general tax revenue (not SS taxes), pays based on financial need
 - Resource limit: \$2,000 (individual), \$3,000 (couple)
- **SSDI = Social Security Disability Income**
 - Federal income supplement funded from money the individual pays via Social Security taxes through working
 - No resource limits (paid by FICA taxes)

Eligibility for SSI/SSDI = meeting SS definition of total disability

Medicaid/Medicaid Buy-In Program

- Medicaid
 - Federal government program covering basic health and long-term care services for low-income Alaskans.
 - 50% federal funds, 50% state funds

- Working Disabled Medicaid Buy-In Program
 - Individuals who are not eligible for Adult Public Assistance and related Medicaid because of earned income may still qualify for Medicaid by paying a monthly premium.
 - Income above SS substantial gainful activity (SGA)
 - Resource limit: \$10,000 (individual), \$15,000 (couple)
 - Home and one family vehicle do not count in this limit

ABLE Accounts: 10 Things You Must Know

- 1. *What is an ABLE 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 the need for ABLE accounts?*
 - **ABLE savings accounts will not affect eligibility for SSI, Medicaid/other public benefits!**
 - Previously, public benefit eligibility required an individual to remain poor
 - Extra costs of living with a disability

ABLE Accounts: 10 Things You Must Know

- 3. *Am I eligible for an ABLE account?*
 - **Eligibility = individuals with significant disabilities**
 - **Age of onset before turning 26**

#3 Continued...

- **SSI and/or SSDI** = *automatically eligible to establish an ABLE account*
- **No SSI and/or SSDI** = *eligible to open an ABLE account if you meet SSI criteria*
 - *Significant functional limitations*
- Treasury Department – developing regulations
- Can be under 26 or over 26
- If over 26 - documentation of onset needed

ABLE Accounts: 10 Things You Must Know

- 4. *Are there limits to how much money can be put in an ABLE 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. *Which expenses are allowed by ABLE accounts?*

- **"Qualified Disability Expense"**

– *Any expense related to living a life with disabilities:*

Education

Housing

Employment Training/Support

Transportation

Personal Support Services

Assistive Technology

**Financial Management/
Administrative Services**

Health Care Expenses

Other*

*Described later in regulations to be developed in 2015 by the Treasury Department

ABLE Accounts: 10 Things You Must Know

- 6. *Where do I go to open an ABLE account?*
 - Regulations Development – Dept. of Treasury:
 - Guide information required to open account
 - Guide documentation needed for account eligibility
 - Guide definition of "qualified disability expenses"

#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*
 - **States will begin to accept applications to establish ABLE accounts before the end of 2015**

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 ABLE account?*
 - U.S.A. = 58 million individuals with disabilities
 - **Eligible for ABLE account = significant disability**
 - ***Estimated at approx. 10% - 5.8 million individuals & families.***

#9 Continued...

How many eligible individuals and families might benefit from establishing an ABLE 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 ABLE**
 - Using the same calculations as the National Disability Institute that 10% of the disabled population would qualify as “significantly disabled” for ABLE accounts

**Note: 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 ABLE account different than a special needs or pooled trust?*
 - **ABLE Account**
 - *More choice/control*
 - *Costs less to establish*
 - **Not Exclusionary – ABLE is an Additional Option**
 - *You can have both ABLE account & trust*
 - May vary based on situation

AK Legislative/Regulatory Action

- *New law only alters federal rules to allow for ABLE accounts...*
 - *Each state must put regulations in place following the regulation development and guidance by the Treasury in the next 6 months*
 - *Similar to other types of 529 plans*
 - *This enables financial institutions to make such accounts available*

ABLE Act Implementation - Alaska

- **Governor's Council on Disabilities and Special Education's (GCDSE) Role:**



- Executive Director will provide input on regulation development via the National Association of Councils on Developmental Disabilities Policy Committee
- GCDSE will provide statewide education on this act as well as assist in its successful implementation via legislative/regulatory advocacy

Questions?



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