



ABLE: The Big Picture

Wednesday, October 18 at 1:00pm ET

Before ABLE



Extra and significant costs to living with a disability

Many individuals with disabilities depend on public benefits programs like SSI and Medicaid

Asset limits imposed by SSI, Medicaid, and other federal means-tested benefits programs

Limits disincentivized saving and working

Problem → Action



Individuals with disabilities and families came together to pass this law to ensure individuals with disabilities did not remain poor.

Stephen E. Beck Jr., vice chairman of both the National Down Syndrome Society, proposed the ABLE account for his daughter.



ABLE Act



Stephen J. Beck Achieving a Better Life Experience Act was signed into law in December 2014.

The ABLE Act allowed each state to establish or partners with another state to offer a “qualified ABLE program” that would allow residents of their state to open ABLE accounts.

ABLE makes it possible for individuals with disabilities to build assets and save for current and future expenses.

WHAT ARE ABLE ACCOUNTS?



OWNERSHIP

Account is owned by the individual with the disability



FINANCIAL INDEPENDENCE

New Investment Opportunities



TAX BENEFITS

Earnings are tax-free on the state and federal level

The Purpose of ABLE



ABLE Accounts do not affect eligibility for benefits programs

SSI

Medicaid

ABLE = Protects Assets



1

ABLE Accounts protect assets. (Income still assessed by SSA for benefits).

2

ABLE Accounts allow individuals with disabilities to save \$100,000 without affecting their eligibility for public benefits.

ELIGIBILITY



Individuals with disabilities that occurred prior to age 26

Implementation & 2015 Amendments



Many states recognized that it would be challenging to establish and maintain ABLE programs for only their state residents.

In late 2015, Congress amended the ABLE Act to allow individuals to sign up for any state's plan.

Many states have since partnered with other states or joined consortiums of states to provide ABLE plans to their residents.

State by State Launches



Ohio
June 2016

Missouri
April 2017



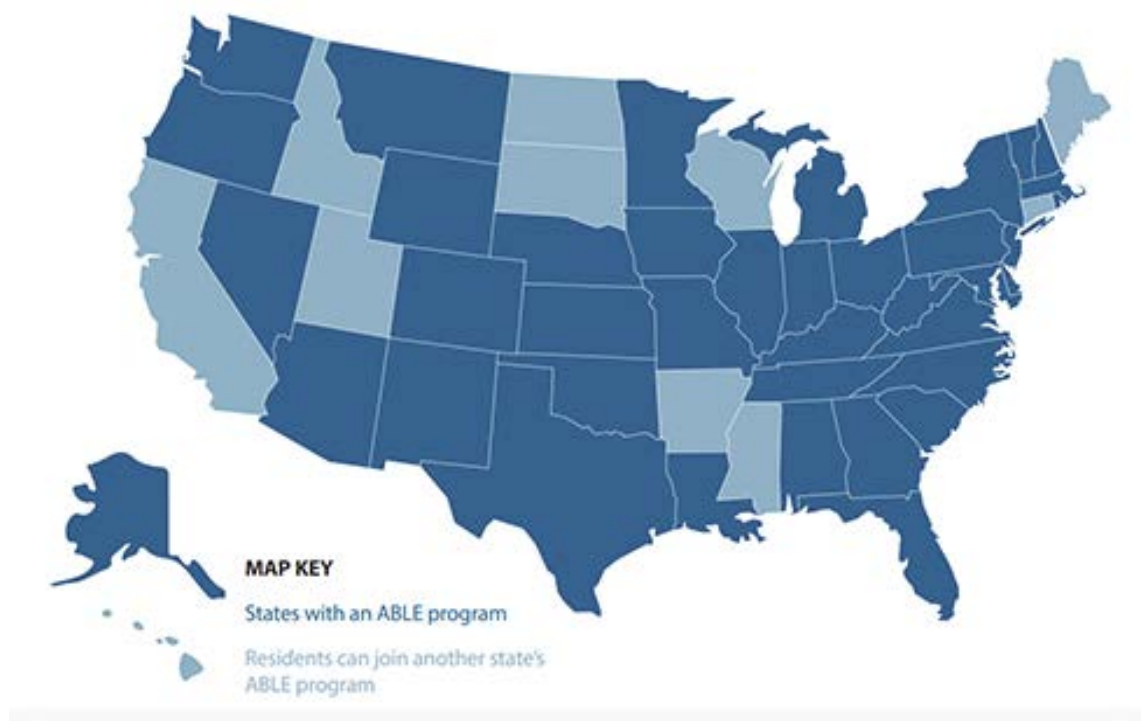
Pennsylvania
April 2017

ABLE in Your State



39 states and DC have launched ABLE programs

AND federal law allows U.S. citizens and residents to open an account in any state, not just their state of residency.



ABLE Growth



25,619

total ABLE accounts
opened nationwide

**\$120
million**

invested in ABLE accounts nationally

*as of 6/30/18

2017 Tax Reform Changes



ABLE Financial Planning Act

ABLE account owners can now rollover funds from a 529 account to an ABLE account



IF NOT EMPLOYED

\$15,000 per year from all sources



IF EMPLOYED

Up to \$27,060 per year

\$15,000 + wages up to an additional \$12,060

**HI and AK can save more*

Are ABLE Accounts only for the Wealthy?



No! In fact, it's the opposite:

- ✓ ABLE Accounts do require disposable income to contribute
- ✓ Many families who use ABLE also use 529s for other children
- ✓ ABLE Accounts are designed to be opened with little assets (\$25-\$50)
- ✓ ABLE Accounts can be opened online without a lawyer
- ✓ ABLE Account average = \$4500

Current Challenges



- Slow Adoption of accounts
- Lack of Awareness and Understanding
- Fear of “Medicaid Clawback”
- Benefits agencies lack of engagement

Slow Adoption of Accounts



ABLE Account growth slower than 529 growth*

- 529 plan adoption rate = 0.53%
- ABLE plan adoption rate = 0.22%

*NAST 2018 ABLE Sustainability Report



Why lack of awareness?



- States have limited resources to promote and market ABLE.
- Eligible population has limited understanding of financial service products and / or are concerned with losing disability benefits if they have more an \$2000 in savings.
- The current population of eligible participants is small in comparison to the total number of individuals with disabilities.

Why the fear of Medicaid “Clawback”?



- Medicaid can recover ABLE assets upon death in some cases.
- Fear of “clawback” prevents many from opening ABLE accounts.
- But...ABLE account assets are better protected from Medicaid payback than money in other accounts.

Limitations

Medicaid Payback is only from date the account was opened



Deductions

Deduct Medicaid Buy-In premiums you paid

Outstanding Bills

Pay any outstanding bills for QDEs



Funeral Expenses

Pay for funeral and burial expenses

Lack of Engagement by Agencies is a problem



Agencies should **disregard** funds in ABLE accounts when determining eligibility.

By law, federal means-tested benefits may not be affected by ABLE balances.

However, education of local offices by national agencies is too little, too slow.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
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SMD# 17-002

**RE: Implications of the
ABLE Act for State
Medicaid Programs**

September 7, 2017

Dear State Medicaid Director:

The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (the ABLE Act), enacted as Division B of Pub. L. No. 113-295, and as amended by the Protecting America from Tax Hikes Act of 2015 (Pub. L. No. 114-113), enables individuals with disabilities to save money in tax-advantaged accounts which they can later use for meeting their disability-related needs, with limited impact on their eligibility for certain means-tested benefits.¹ The purpose of this letter is to provide guidance to states on the implications of the ABLE Act for state Medicaid programs.

Background

The ABLE Act amended the Internal Revenue Code of 1986 to create section 529A (“Qualified ABLE Programs”), permitting states to establish ABLE programs within which people with disabilities can open accounts that will generally be exempt from taxation. The purpose of the ABLE Act is to permit people with disabilities to save money in and withdraw funds from their ABLE accounts to pay for disability-related expenses, in support of their efforts to maintain health, independence and quality of life. The law states that ABLE accounts should “supplement, but not supplant” benefits available to ABLE account beneficiaries under Medicaid, the Supplemental Security Income program (SSI), and other programs.²

Why does this matter?



The Disability Community has a right to know about “Achieving a Better Life Experience” as a pathway to greater financial independence and improved quality of life!

- Opening more ABLE accounts means more individuals with disabilities will experience a growing independence from government support and greater control over their futures.
- Understanding the facts about ABLE accounts means more individuals build confidence directing their lives and worry less about after-death “clawbacks”.
- Agencies have a direct line to the eligible population and a responsibility to empower them with knowledge of ABLE.

ABLE Future Action?



- ABLE Age Adjustment Act (S. 817 & H.R. 1874).
- NAST Resolution goals
- Benefits agencies sharing information to local offices
- Expansion within state ABLE plans
 - Education and outreach.
 - State legislation to limit Medicaid clawback



WE'RE HERE TO HELP!



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www.nast.org/able