

Achieving a Better Life Experience (ABLE) Act of 2013

Another Planning Tool for Families



Another Planning Tool

- **Some families have been seeking a way to save**
 - Similar to Section 529 education savings plans for their college-bound children
 - That is easier to establish and less costly than typical special needs trusts
 - That will allow their adult children with disabilities to manage their own (or some of their own) funds
- **Individuals with disabilities have been seeking a way to save that allows self-management of funds**
- **Traditional special needs trusts have not worked for all**

Purpose of the ABLE Act

- To encourage and assist individuals and families in saving private funds for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life
- The legislative intent of ABLE Accounts is to provide secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities
- To supplement, but not supplant, benefits provided through private insurances, the Medicaid program, the supplemental security income program, the beneficiary's employment, and other sources

The Mechanics of ABLE

- Creates a new subsection (f) ABLE Account within Section 529 of the Internal Revenue Code
- Allows for qualified disability-related expenses to be withdrawn from the account
- When the assets in an ABLE account reach \$100,000, if the beneficiary is receiving Supplemental Security Income (SSI) benefits, any monthly SSI benefits will be placed in suspension
 - ✓ If the assets in the ABLE account drop back below \$100,000, the SSI benefit suspension ceases and any SSI benefit resumes
 - ✓ The beneficiary will not have to reapply for SSI benefits once the account drops back below the \$100,000 threshold



Key Principles of ABLE

- Easy to open
- Accessible
- Does NOT Impact Medicaid Eligibility
- Existing 529 Rules Apply

- Same tax-free treatment of account applies
- Same reporting requirements
- Rollovers allowed from an ABLE account to traditional 529 if beneficiary is no longer deemed disabled
- Rollovers allowed to other family member's ABLE account or their traditional 529
- A beneficiary may have either an ABLE account and / or a traditional 529 qualified tuition program

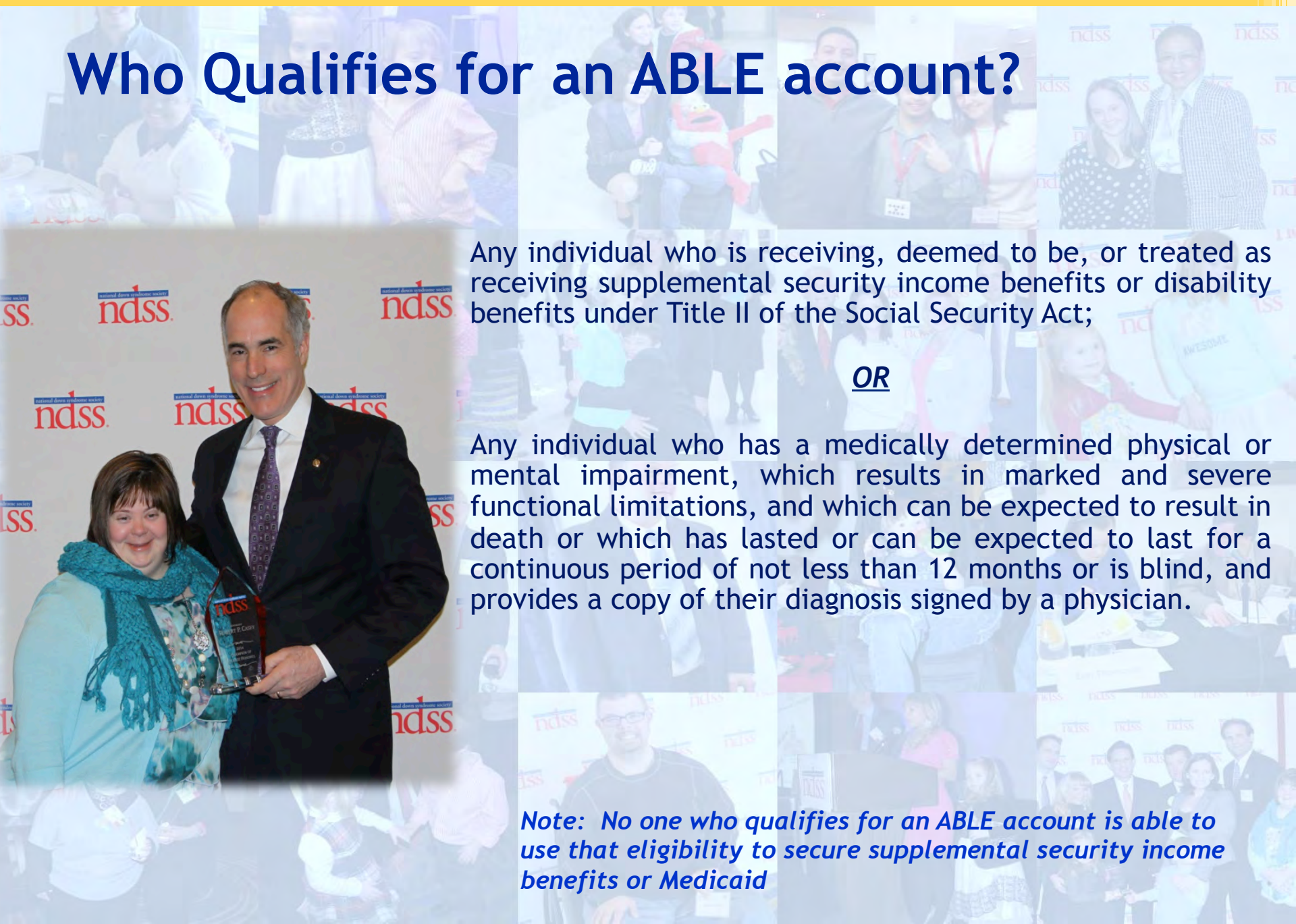
Who Qualifies for an ABLE account?

Any individual who is receiving, deemed to be, or treated as receiving supplemental security income benefits or disability benefits under Title II of the Social Security Act;

OR

Any individual who has a medically determined physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months or is blind, and provides a copy of their diagnosis signed by a physician.

Note: No one who qualifies for an ABLE account is able to use that eligibility to secure supplemental security income benefits or Medicaid



Qualified Disability Expenses

- **Education** - Tuition for preschool thru post-secondary education, books, supplies, and educational materials related to such education, tutors, and special education 6 services
- **Housing** - Expenses for a primary residence, including rent, purchase of a primary residence or an interest in a primary residence, mortgage payments, home improvements and modifications, maintenance and repairs, real property taxes, and utility charges
- **Transportation** - Expenses for transportation, including the use of mass transit, the purchase or modification of vehicles, and moving expenses
- **Employment Support** - Expenses related to obtaining and maintaining employment, including job-related training, assistive technology, and personal assistance supports
- **Health and Wellness** - Expenses for health and wellness, including premiums for health insurance, mental health, medical, vision, and dental expenses, habilitation and rehabilitation services, durable medical equipment, therapy, respite care, long term services and support, nutritional management, communication services and devices, adaptive equipment, assistive technology, and personal assistance
- **Miscellaneous Expenses** - Financial management and administrative services, legal fees, expenses for oversight, monitoring, or funeral and burial expenses

ABLE Accounts do NOT Impact Medicaid Eligibility

- Under no circumstance will anyone with an ABLE account who is currently receiving Medicaid benefits lose their benefits - even if their SSI benefits are suspended
- The beneficiary will never lose their eligibility for Medicaid based on the assets held in their ABLE account
- Amounts in ABLE accounts, and qualified distributions from ABLE accounts are disregarded in determining eligibility for Medicaid and other means-tested federal programs.



Medicaid Payback Provision

- In the event the qualified beneficiary dies (or ceases to be an individual with a disability) with remaining assets in an ABLE account:
 - The assets in the ABLE Account are first distributed to any State Medicaid plan that provided medical assistance to the designated beneficiary
 - The amount of any such Medicaid payback is calculated based on amounts paid by Medicaid after the creation of the ABLE Account



Natalie Beck

- Natalie Beck is 14 years old and goes to Lake Braddock Middle School.
- She lives in Burke Virginia with her older sister Mariae and her Mom And Dad.
- Natalie is a member of her local pool's swim team and Special Olympics, she rides horseback at NVTRP, she belongs to a Girl Scout Troop, takes gymnastics classes and has appeared in a number of school plays.
- Natalie has made it very clear that she is going to go to George Mason University, marry her boyfriend Ned, and work at Dominion Electric Supply with her Dad
- How would Natalie use the money in an ABLE Account?
 - She could use it to pay for the year round tutoring she receives to stay as close as possible to her peers at school and for tuition at John Paul the Great HS.
 - She could use it to pay for her orthotics and therapies that her parents health insurance won't cover.
 - She could use it to pay tuition to George Mason or any other post-secondary school option.
 - She could use it to help pay rent or the mortgage on her and Brice's first home



What can the ABLE Account do for me?

- **Planning for My Future:** I never thought planning for my future is right now. I am facing a struggle of the passing of my mother, Connie, this year. My family is trying to figure out what this means for my own future and plans.
- **Housing/Transportation:** To be independent and have a life on my own and succeed in anything or everything that I put my mind to. Transportation is also important to live on, and to get places.
- **College:** To have post-secondary education programs for people like me that are older and people who transitioned from high school to college, to have a college experience.
- **Savings Account:** To save for my future, and saving money for not just for me, for the thousands of people with and without disabilities.

My mom was my advocate, she and I had many conversations about the ABLE Act. She said to me, "Sara, we have to get this bill passed." She promised me that she will be at the signing of this bill into law. I would like to keep this promise alive for her, for me, and for the thousands of people with Down syndrome and other disabilities. We deserved to be heard, THANK YOU!



Where are we today

House Bill - H.R. 647

Original Sponsors:

Rep. Ander Crenshaw (R-FL)

Rep. Chris Van Hollen (D-MD)

Rep. Cathy McMorris Rogers (R-WA)

Rep. Pete Sessions (R-TX)

Current Cosponsors: 355

Senate Bill - S. 313

Original Sponsors:

Sen. Robert Casey (D-PA)

Sen. Richard Burr (R-NC)

Current Cosponsors: 70

The Next Steps

- Keep external the pressure on and urge passage in the 113th Congress
- Awaiting the Congressional Budget Office (CBO) Score
- Work with House and Senate Leadership to urge the ABLE Act to be brought to the floor for a vote
 - *House: Urging House Ways & Means to move the ABLE Act through Committee*
 - *Senate: Both Senate Leaders Reid & McConnell cosponsored last month*



Contact Us

John Ariale

Partner

Kyle House Group

john@kylehousegroup.com

Steve Beck

Board Member/Chair, Government
Affairs Committee

National Down Syndrome Society

sbeck@dominionelectric.com

Jennifer Debes

Legislative Director

Congressman Ander Crenshaw

Jennifer.debes@mail.house.gov

Jennifer McCloskey

Senior Policy Advisor

Senator Casey

Jennifer_McCloskey@casey.senate.gov

Sara Hart Weir

Vice President, Advocacy & Affiliate
Relations

National Down Syndrome Society

sweir@ndss.org