



*Dale R. Folwell, CPA*

February 12, 2020

Delivered by: Electronic and U.S. Mail

Delivered to: Joint Legislative Oversight Committee on Health and Human Services  
Joint Legislative Oversight Committee on General Government

RE: NC ABLE Program's Annual Evaluation and Report for 2019 (under N.C.G.S. § 147-86.72 (g))

Dear Colleagues:

The General Assembly implemented the federal Achieving a Better Life Experience (ABLE) Act in 2014. In August 2015, the NC ABLE Program within the Department of State Treasurer was established. In January 2017, the department launched the NC ABLE Program, which allows eligible people with disabilities – or their parents or guardians – to save and invest in tax-advantaged accounts for certain expenses related to health and wellness, employment support, education, housing, and other costs. In addition, savings in an ABLE account are generally disregarded for determining eligibility for federal and North Carolina means-tested programs, including Medicaid and Supplemental Security Income (SSI, up to \$100,000). In 2019, a total of \$15,000 a year could be contributed to an ABLE account from beneficiaries, friends, family, and other sources. For employed beneficiaries, the limit is increased by the lesser of (1) the amount of the beneficiary's compensation; and (2) the federal poverty line for a one-person household for the prior year (\$12,140 in 2019).

### Structure

- *Administration.* In an effort to reduce the costs of the NC ABLE Program to participants and taxpayers, the program participates in an alliance of 16 states and the District of Columbia that contracts with Ascensus College Savings Recordkeeping Services to provide administrative services and investments. In addition, the NC ABLE Program has been supported by existing staff in the department's Supplemental Retirement Plans (SRP) unit, with costs reimbursed to SRP from the NC ABLE Program's appropriations, which has included a single, unfilled staff position.
- *Investments.* The Program offers a checking account option and six investment options: conservative, moderately conservative, moderate, growth, moderately aggressive and aggressive.

### Performance

- *Participation.* As of December 31, 2019, the NC ABLE Program had 914 accounts (869 of them funded) with total assets of \$6,022,005.24. The average account balance is \$6,908.41 for funded accounts. In general, savings outside of an NC ABLE Program account in excess of \$2,000 prevent participation in Medicaid and Supplemental Security Income (SSI). Please see Table 1 below.



Table 2: NC ABLE Program Participation, 2017-19 (as of December 31)

Year	Funded Accounts	Total Assets	Growth of Total Assets	Average Account Balance
2017	238	\$855,241		\$3,593
2018	535	\$2,790,811	226%	\$5,216
2019	869	\$6,022,005	115%	\$6,930

In addition, the NC ABLE Program has provided more than \$1.7 million of distributions to participants since the program's launch in January 2017. These contributions and distributions suggest that the NC ABLE Program is becoming an integral part of participants' financial lives.

- *Investments.* Table 2 below shows the percentage of assets in the NC ABLE Program that were allocated to each investment option as of December 31, 2019, as well as the annual return for each option.

Table 2: NC ABLE Program Investment Options, as of December 31, 2019

Investment Option	Asset Allocation	Annual Return
Conservative	10%	5.42%
Moderately Conservative	9%	10.87%
Moderate	12%	14.99%
Growth	15%	18.24%
Moderately Aggressive	12%	21.32%
Aggressive	14%	24.54%
Checking Account	26%	0.01%*

\*The checking account is a variable rate interest-bearing account.

**Accomplishments and Changes**

- *Marketing.* The NC ABLE Program is supported through the department's statewide community engagement efforts, collaborations with key nonprofit organizations and outreach through social media. These efforts included numerous in-person trainings with DHHS staff, community advocates and eligible individuals.
  - In 2019 staff developed a training module for the statewide LMS system. This training module was assigned across DHHS. In addition, the Arc of North Carolina made this same training available to Arc staff across the state.
  - Looking to 2020, staff has established a plan to deepen relationships with key community partners through strategic placement of external digital articles, blogs and website links.
  - 2020 is also a year with planned marketing strategies that will capture the enthusiasm of current NC ABLE Program participants to push awareness to other individuals and families that would be eligible for the many benefits of the program.



- *Website.* The NC ABLE Program offers a robust website (NC.SaveWithABLE.com) with online enrollment, educational resources and account management. In addition, we are expanding the NC ABLE Program's presence on NCTreasurer.com to incorporate a single resource page for marketing and informational materials, such as a blog, newsletter, videos and community/partner digital toolkits.

### Looking Forward

The 2020 stretch goals for the NC ABLE Program are to double the number of funded accounts and total assets.

The NC ABLE Program receives an annual participant account maintenance fee of \$5.00 per account to offset operational expenses, but appropriations at current levels should be maintained to operate the program. The department's staff continues to evaluate needs for funds and how they are to be spent.

Thank you all for your support of the Department of State Treasurer and the NC ABLE Program. We will continue to look for opportunities to reduce complexity and increase value for the participants in the NC ABLE Program.

Warmest Regards,

A handwritten signature in blue ink that reads "Dale R. Folwell, CPA".

Dale R. Folwell, CPA  
Chair, NC ABLE Program Board of Trustees