



February 10, 2021

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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 2020 (under N.C.G.S. § 147-86.72 (g))

Dear Colleagues:

The federal Achieving a Better Life Experience (ABLE) Act was passed 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 – and those assisting them – 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 2020, 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 (\$12,760 in 2020).

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 17 states and the District of Columbia, the National ABLE Alliance, 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, 2020, the NC ABLE Program had 1,197 accounts (1,146 of them funded) with total assets of \$9,795,128. The average account balance was \$8,547 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 1: NC ABLE Program Participation, 2017-20 (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
2020	1146	\$9,795,128	63%	\$8,547

As of the date of this letter, the program's assets have surpassed \$10 million for the first time.

In addition, the NC ABLE Program has provided more than \$3 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, 2020, as well as the annual return for each option.

Table 2: NC ABLE Program Investment Options, as of December 31, 2020

Investment Option	Asset Allocation	Annual Return (2020)
Conservative	9.0%	4.1%
Moderately Conservative	8.8%	8.4%
Moderate	12.3%	11.6%
Growth	16.2%	13.0%
Moderately Aggressive	13.4%	14.5%
Aggressive	15.9%	15.6%
Checking Account	24.4%	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.
 - We continued to host Train the Trainer events in 2020, a program developed in partnership with The Collaborative. We added value to this project through a web-based documents and materials resource page for all eligible trainers.
 - 2020 started strong, with negotiated community partnerships and sponsorships with several organizations that reach the NC ABLE Program's target market. These efforts were revised as



the COVID-19 pandemic took hold, but they included web placements, magazine articles, blogs and social media promotions.

- *Website.* The NC ABLE Program offers a robust website (NC.SaveWithABLE.com) with online enrollment, educational resources and account management. In 2020, we enhanced the single webpage on NCTreasurer.com to include images, documents, videos and resources to help people learn more about the NC ABLE Program and create an easier path towards enrollment (Digital Enrollment Checklist).
- *Program Manager.* The program manager contract with Ascensus expires in December 2021, and the National ABLE Alliance determined that it was in the best interest of current ABLE account owners to issue a Request for Proposal (RFP) for program manager services. The RFP was issued in December 2020 by Illinois, the lead state in the Alliance, and a program manager will be selected in March 2021.

Looking Forward

In 2021, the NC ABLE Program will continue to build on the current social media foundation, community partnerships and sponsorships and media presence to increase account ownership and funding levels. In addition, the plans for 2021 include a standalone website to be used as a more robust marketing tool, linking directly to the enrollment webpage.

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.

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,

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