

NC ABLE Advocates Network Curriculum

Objective

- Briefly discuss the history of the Achieve a Better Life Experience (ABLE) Act
- Explain how ABLE can help people with disabilities save
- Discuss the eligibility criteria and how to apply for ABLE
- Identify Account Owners and Authorized Agents
- Provide investment options and applicable fees
- Describe ways to contribute to the ABLE accounts
- Provide information about withdrawal options
- List examples of Qualifying Disability Expenses (QDEs)
- Discuss distribution upon death of the account owner and the Medicaid Recapture provision

Advocate Preparation

- Prior to delivery, the Advocate should review the following videos and websites:
 - **NC ABLE Accounts-What you need to know** (41 mins)
https://www.youtube.com/watch?v=9i_ne-S8wvk
 - **WEBINAR: ABLE Accounts, Trusts, Financial and Benefits Planning** (62 mins)
<https://www.youtube.com/watch?v=x4wecVvXT9A>
 - **WEBINAR: #ABLEtoSave Series: Understanding Qualified Disability Expenses** (60 mins)
<https://www.youtube.com/watch?v=eTIPMkw5Q3Y>
 - **#ABLEtoSAVE-ABLE Account Eligibility** (3 mins)
<https://www.youtube.com/watch?v=eQvec7DMtGQ>
 - **ABLE National Resource Center**
<http://ablenrc.org/>
 - **NC ABLE: National ABLE Alliance Member**
<https://savewithable.com/nc/home.html>
- Review the PowerPoint presentation for NC ABLE (45 mins-1-hour Presentation) along with the presentation companion guide

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Materials

- PowerPoint Presentation: **NC ABLE-Increased Savings for People with Disabilities (45 mins-1-hour presentation)** (Print presentation as a handout for participants)
- Easel Pad, Easel, and Markers (**optional depending on the size of the audience**)
- Laptop and LCD projector (**if one is not available at the venue**)
- NC ABLE FAQ handout
- Copies of the Evaluation

Training Script:

Hi, my name is _____ with the NC ABLE Advocates Network. Welcome and thank you. We appreciate our host, **[insert the name of the host and hosting organization]**, for allowing me to talk to you about the NC ABLE Program.

Today, we will share a brief overview of the program and how it can benefit people with disabilities. We will, also, focus on the eligibility requirements along with the application process, investment options, general information on how ABLE compares to Special Needs Trusts, and how to contribute and withdraw funds for qualifying expenses.

Please keep in mind that this presentation is not intended to provide legal or tax advice, and people are encouraged to seek such advice from their attorney or tax professional.

Overview and Benefits

The Achieving a Better Life Experience Act, also known as **ABLE** was signed into federal law by President Obama on December 19, 2014. North Carolina Governor, Pat McCrory, signed ABLE into law here in North Carolina on August 11, 2015. The NC ABLE program was formally launched on January 26, 2017.



Since 2017, NC ABLE has allowed people living with disabilities to save and invest their money in a tax-advantaged account for qualified disability

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expenses, without jeopardizing their SSI or Medicaid benefits. NC ABLE accounts, which are similar in some respects to 529 educational savings accounts, provide people with disabilities with an avenue for savings not available before, giving account holders access to a pathway to financial independence while also allowing them to save and invest in their future.

Eligibility and How to Apply

Who is Eligible

Two criteria must be met to open an ABLE account:

1. The person must have a medically supported disability or blindness OR qualify for SSI or SSDI benefits due to a disability or blindness AND
2. The disability must have occurred before 26 years of age.

Who is Eligible?

Two criteria must be met to open an ABLE account:

1. Disability or blindness occurred before age 26

AND

at least one of the following is true:

2. Eligible to receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) due to disability or blindness
- OR
- Have written medical documentation from a licensed physician verifying the diagnosis of disability or blindness

Certification

2. Every year the ABLE account remains open

Note: Certification applies for the entire year even if the participant becomes ineligible during the year. Eligibility ceases at the beginning of the next taxable year. The account remains an ABLE account during the period of ineligibility, contributions may not be made to the account, and distributions do not qualify as QDEs until the account holder becomes eligible.

Certification

NC ABLE account owners must self-certify at the time of opening the account, and every year after, that they are eligible. The IRS may require account owners to produce a written diagnosis from a licensed physician or SSA eligibility letter for the disability or blindness. Therefore, it is recommended that account owners maintain a record of all relevant documents.

It's important to note that potential account owners don't have to be currently receiving benefits of any kind to be eligible to open an account; they simply must meet these eligibility criteria.

How to Open an ABLE Account

Opening an NC ABLE account is easy. Potential account owners may apply online or download and complete a

How to open an ABLE account

Event online
NC.SaveWithABLE.com

Download, print and mail in form

For help opening an account, call NC ABLE at 888-627-7903 (Monday - Friday, 8:00 am - 6:00 pm ET)

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paper application at NC.SaveWithABLE.com. For assistance with opening an account or to ask questions, please call the NC ABLE Program at (888) 627-7503, Monday-Friday, between the hours of 8:00 a.m. to 5:00 p.m. EST.



One Account Rule

Eligible individuals are limited to one ABLE account. Additional accounts may not be treated as an ABLE account and will be subject to normal resource counting rules. One exception would be rollover or program-to-program transfers

Authorized Agents

The person who qualifies to open an NC ABLE account is considered the account owner. However, we understand there may be a need or desire for assistance. Therefore, the account owner can designate "authorized agents" on their account with varying degrees of access. The higher the level designation, the greater the access. Let's review the different agent options available:



- Level one agents can access information on the ABLE account.
- Level two agents can access information, receive duplicate statements, and make investment decisions within the account.
- Level three agents can access information, receive duplicate statements, make investment decisions and withdraw money from the account.
- Level four agents have all the same access that the account owner has, including changing the ownership of the account.

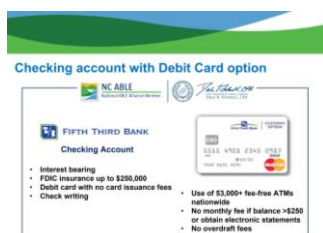
Investment Options

NC ABLE offers two primary ways the account holder can invest money. The first is an interest-bearing checking account insured by the FDIC up to \$250,000



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through Fifth Third Bank. With this option, account owners can withdraw money by writing a check or using a debit card at more than 53,000 ATMs nationwide with no service fee.



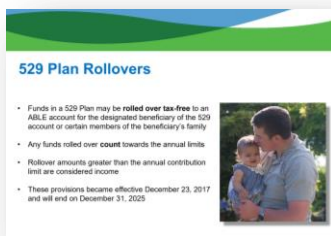
In addition to the checking account option, NC ABLÉ offers a range of investment options to match both the account owner's goals and comfort with risk. Available investment options allow account funds to possibly grow over time. However, unlike the checking account, funds invested in these options are not insured, and it is possible

to lose money in these investments. Account holders are encouraged to review the descriptions of the investment options, including their levels of risk, in the Plan Disclosure Statement, which is available on the NC ABLÉ website, before choosing any of the available investment options.

Contributions

Contributions from Family and Friends

The account owner and their family and friends can contribute to the account. The "hand's off" rule applies to account deposits made by persons other than the account owner. This rule states that contributions from family and friends will not be considered income if they are deposited directly into the NC ABLÉ account. With this rule in mind, account holders and loved ones can make contributions directly to the account via check, electronic fund transfers (EFT), and payroll deductions. Also, "gifted" funds can be received through Ugift. With Ugift, loved ones can deposit funds directly into the ABLÉ account using a unique code.



529 Plan Rollovers

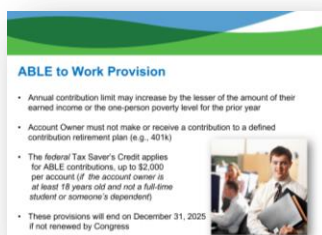
Second, funds may be transferred to an ABLÉ account from a 529 college savings account of

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(1) the ABLE account owner; or (2) certain members of the 529 account owner's family, including siblings, parents, aunts, uncles and first cousins. It's important to note that these rollovers count toward the annual contribution limit, and rollovers more than the yearly limit are considered income. This is important to remember because any funds that are counted as income could potentially jeopardize benefits. One final note: The 529 rollover contribution option is a limited time provision that will expire on December 31, 2025. So, let's talk about some of account limit considerations.

Contributions Limits

There are three important contribution limits for the account owner to keep in mind. First, the combination of contributions from friends, family, and the account holder and rollovers from 529 accounts cannot exceed \$15,000 annually. Secondly, for beneficiaries receiving SSI, up to \$100,000 will be excluded from the calculation of the resource limit for SSI benefits. Lastly, the maximum account balance is \$450,000. Once the account has reached the maximum limit, no further contributions can be made to the ABLE account until the balance falls below that amount.



ABLE to Work Provision

There is a way for account owners to contribute more money in their account thanks to the ABLE to Work provision. This rule allows ABLE account owners to increase their annual contribution limit by the lesser of the amount of their earned income or the one-person poverty level for the prior year. For example, if an account owner is employed and makes \$6,000 per year, the annual contribution limit increases by \$6,000. However, if an account owner earns more than the poverty limit, the annual contribution limit increases only by the one-person poverty level for the prior year. To be eligible, the account holder cannot participate in an employer-sponsored defined contribution retirement plan,

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such as a 401(k). As with 529 rollovers, this provision is scheduled to expire on December 31, 2025.

Contributions to an ABL account made by an account owner who is 18 years of age or older, not a full-time student, and not claimed as a dependent on someone else's tax return may qualify for the federal Saver's Credit. The maximum Saver's Credit from all sources, including contributions to an ABL account, is \$2,000 per year, depending on the account owner's adjusted gross income. (Please consult a tax specialist for more details.) This provision expires on December 31, 2025.

Withdrawals

Qualified Disability Expenses (QDEs)

An NC ABL account allows account owners to access their money when they need it most. The ABL Act allows beneficiaries to withdraw their money tax-free when it is used for a Qualified Disability Expense or QDE. A QDE is any expense that is related to the individual's blindness or disability and for the benefit of the account owner, such as health, prevention and wellness, education, housing, transportation, employment training and support, assistive technology and personal support services, financial management and administrative services, legal fees, expenses for oversight and monitoring, and funeral and burial expenses.



Withdrawals

When withdrawals are used for expenses other than QDEs, the earnings portion of the withdrawal will be treated as income, so it will be taxed at the account owner's tax rate and will be subject to an additional federal tax of 10 percent.

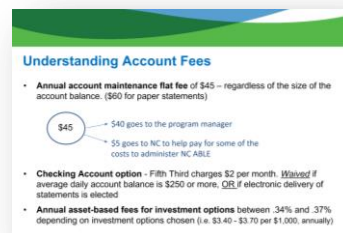
Like any typical financial account, withdrawals

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from the ABLE account can be made by either electronic funds transfer, check, debit card, or ATM withdrawals.

Annual Cost

There are no hidden fees when it comes to NC ABLE! Regardless of the investment option the account owner chooses or the size of the account balance, there is an annual account maintenance fee of 45 dollars. Broken down, 40 dollars of that goes to the program manager, Ascensus, and the other five dollars goes to the state to help pay for some of the costs to administer the program. If the account owner opts to receive paper statements instead of electronic statements, the fee is 60 dollars per year.



If the person chooses to open a checking account to access their NC ABLE funds, Fifth Third Bank will charge a two-dollar monthly fee. However, this fee can be waived if the average daily account balance is 250 dollars or higher OR if the account owner elects to receive electronic statements.

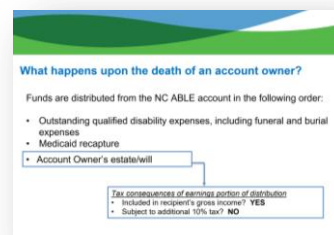
Annual fees for the investment options range from .34% to .37% depending on the investment options chosen. This fee is applied to the balances held in the account. That equates to \$3.40 to \$3.70 per one thousand dollars in the account.

Death Benefit and Medicaid Recapture

Death Benefit and Medicaid Recapture

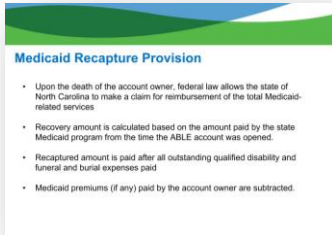
Upon the death of the account owner, funds are distributed from the NC ABLE account in the following order:

1. Any outstanding qualifying disability expenses, including funeral and burial expenses.
2. Medicaid recapture amount.



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3. To the account owner's estate or beneficiary under a will.
 - a. The earnings portion of the amount paid pursuant to a will or estate will be included in the recipient's gross income for tax purposes but is not subject to the additional federal tax of 10 percent. However, it is always best practice to seek help from a tax specialist regarding potential tax consequences.



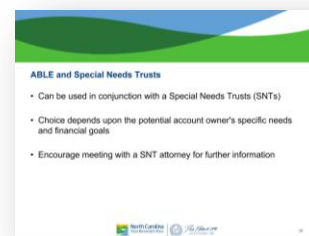
Medicaid Recapture Provision

You may have noticed I had mentioned "Medicaid recapture amount" as part of the death disbursement hierarchy. Let's take a moment to touch on this factor briefly. The federal ABL Act includes a special provision, Medicaid Recapture, that allows states to file a claim against an ABL account to repay any Medicaid-

related services received by the account owner. The amount of Medicaid reimbursement is based on the total amount paid by the state Medicaid program, after the establishment of the NC ABL account. Medicaid premiums paid by the account owner are excluded from the recovery calculation.

ABLE vs Special Needs Trust

An NC ABL account can be used in conjunction with or as an alternative to a Special Needs Trusts. The choice will depend on the potential account owner's specific needs and goals. We encourage potential account owners and their families to speak with a Special Needs Trust attorney for further information.



Closing

Thank you again for allowing me to talk to you about NC ABL. For further information about NC ABL, please visit NC.SaveWithABLE.com. For further

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information about ABLE accounts and programs, please visit ABLEnrc.org. You may also join the discussion on Facebook and follow us on Twitter.

It has been a pleasure meeting everyone. Have a great **(day, evening)**!

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