



**ABLE United**

Save for a better life experience

Program Description &  
Participation Agreement

<b>Program Administrator:</b>	<b>Florida ABLE, Inc. (d/b/a ABLE United)</b>
Records Administrator:	Intuition ABLE Solutions, LLC.
Investment Consultant:	Callan LLC
Investment Managers:	BlackRock, Inc.
	Florida PRIME
	The Vanguard Group, Inc.
Custodian:	The Northern Trust Company
Auditor:	Carr, Riggs & Ingram, LLC

**EFFECTIVE DATE: AUGUST 2018**

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## OVERVIEW

Feature	Description		
<b>Advantages</b>	<p><b>Save tax-free</b> for future expenses.</p> <p><b>Save while maintaining federal benefits</b> such as SSI and Medicaid.</p> <p><b>Save with the help of family and friends.</b></p>		
<b>Beneficiary Eligibility</b>	The <b>Beneficiary must</b> be a <b>Florida resident</b> at the time of application; and have a <b>qualifying disability</b> with <b>onset prior to age 26</b> .		
<b>How it Works</b>	<p><b>Save for the future:</b> Use an ABLE United account to save tax-free for Qualified Disability Expenses.</p> <p><b>Open an account:</b> Open an Account in approximately 15 minutes. The individual with a disability owns the Account, but an authorized person may open and oversee the Account.</p> <p><b>Contribute:</b> No minimum contribution. Save up to \$15,000 per year – individually or with the help of family and friends.</p> <p><b>Choose investments:</b> There are seven Investment Options designed to meet the needs of most investors.</p> <p><b>Withdrawal:</b> Easily access funds online by requesting an electronic transfer to a bank account or a paper check.</p>		
<b>Investment Options</b>	<p>Choose a predesigned portfolio or build a portfolio from individual fund options.</p> <table border="0"> <tr> <td style="vertical-align: top;"> <p><b><u>Predesigned Portfolios:</u></b>            Conservative Portfolio            Moderate Portfolio            Growth Portfolio</p> </td><td style="vertical-align: top;"> <p><b><u>Fund Options:</u></b>            Money Market (Florida PRIME)            U.S. Bond Fund (Vanguard)            U.S. Stock Fund (Vanguard)            International Stock Fund (BlackRock)</p> </td></tr> </table>	<p><b><u>Predesigned Portfolios:</u></b>            Conservative Portfolio            Moderate Portfolio            Growth Portfolio</p>	<p><b><u>Fund Options:</u></b>            Money Market (Florida PRIME)            U.S. Bond Fund (Vanguard)            U.S. Stock Fund (Vanguard)            International Stock Fund (BlackRock)</p>
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<b>Fees</b>	<p><b><u>Account Fee:</u></b>            No monthly account fee  <i>Optional \$10.00 annual fee for mailed statements and confirmations</i></p> <p><b><u>Investment Administration Fee:</u></b>            Up to 0.29% (annualized) of the Account Balance depending on the Investment Option</p> <p><b><u>Withdrawal Fee:</u></b>            Free electronic withdrawals            Two free checks per month, \$2.50 for each additional check</p>		



## PROGRAM DESCRIPTION

### SECTION 1: INTRODUCTION

The Stephen Beck, Jr. Achieving a Better Life Experience (**ABLE**) Act, a federal law enacted in December 2014, created Section 529A of the Internal Revenue Code (**Code**) which authorizes each state to establish a program that offers tax-free savings and investment accounts. ABLE Accounts encourage individuals with a disability and their families to save private funds to support health, independence, and quality of life. Money in an ABLE Account is generally disregarded when determining eligibility for federal benefit programs, such as Supplemental Security Income (**SSI**) and Medicaid.

### PROGRAM OVERSIGHT AND ADMINISTRATION

In July 2015, the State of Florida created Florida ABLE, Inc. (d/b/a **ABLE United**) a registered not-for-profit and direct support organization of the Florida Prepaid College Board to administer the ABLE United Program (**Program**).

The ABLE United Board of Directors includes the Chair of the Florida Prepaid College Board, an appointee of the Florida Prepaid College Board, and one member appointed by the Governor, the Speaker of the House, and the President of the Senate.

ABLE United invests in accordance with a Comprehensive Investment Plan that specifies the investment policies for the Program. A report including a financial description of the Program is made available to each Administrator and to the general public annually.

The Florida Prepaid College Board, established in 1987, oversees more than \$10 billion in investments for the Stanley G. Tate Florida Prepaid College Program and the Florida 529 Savings Program under Section 529 of the Code. The Board is administratively housed within the State Board of Administration, but independently exercises the powers and duties specified in Sections 1009.97-1009.988, Florida Statutes.

#### Mailing Address for Correspondence and Contributions

ABLE United Program  
PO Box 44034  
Jacksonville, FL 32231

### KEY TERMS

Before you begin, it is important that you understand two key terms used throughout this Program Description and Participation Agreement (**PDPA**). Please refer to the Terms and Conditions for more detailed information and a full list of definitions.

“**Administrator**” is the Beneficiary, or an individual legally authorized to act on his or her behalf, who opens and manages the ABLE United account (**Account**). References in the PDPA to “**You**” mean you in your capacity as the Administrator.

“**Beneficiary**” is the individual with a disability and the owner of the Account. The Beneficiary may exercise the rights of the Account, even if someone else is serving as the Administrator. The Account is established for the purpose of meeting the Qualified Disability Expenses of the Beneficiary.

## **ABOUT INVESTING**

Whether you are a first-time investor or have been investing for many years, there are guiding principles which may help you. The U.S Securities and Exchange Commission provides guidance which includes:

- Have a financial plan
- Understand your risk tolerance
- Diversify your investments
- Start saving early

For more information visit: [www.investor.gov/investing-basics](http://www.investor.gov/investing-basics).

## **SECTION 2: HOW IT WORKS**

Like a Roth IRA or 529 college savings plan, an ABLE United account is a tax-free savings account for future expenses of the Beneficiary.

### **Advantages of an ABLE United account**

**Save tax-free** on future expenses.

**Save while maintaining federal benefits** such as SSI and Medicaid.

**Save on fees** – ABLE United offers the best value for Florida residents.

**ELIGIBILITY**

The Beneficiary may only have one ABLE account. There are three eligibility requirements for opening an ABLE United account:

**1. State Residency:**

The individual with a disability must be a Florida resident at the time of Application.

**2. Qualifying Disability:**

The individual with a disability must meet one of the following criteria:

- a. Entitled to Supplemental Security Income (**SSI**) benefits;
- b. Entitled to Social Security Disability Insurance (**SSDI**) benefits;
- c. Have a condition listed in the “List of Compassionate Allowances Conditions” maintained by the Social Security Administration;
- d. Certify that the individual is blind within the meaning of Section 1614(a)(2) of the Social Security Act; OR
- e. Certify that the individual has a signed diagnosis from a licensed physician that states they have a medically determinable physical or mental impairment which results in marked and severe functional limitations and: (i) can be expected to result in death; or (ii) has lasted, or can be expected to last, for a continuous period of not less than 12 months.

The term “marked and severe functional limitation” means a functional limitation that meets, medically equals, or functionally equals the severity of any listing in appendix 1 of subpart P of 20 CFR part 404, but without regard to age. ([www.ssa.gov/OP\\_Home/cfr20/404/404-app-p01.htm](http://www.ssa.gov/OP_Home/cfr20/404/404-app-p01.htm)). The level of severity is determined by taking into account the effect of the Beneficiary’s prescribed treatment.

The term “blind” means that the Beneficiary has central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees is considered to have a central visual acuity of 20/200 or less.

For more information and a list of qualifying disabilities, please visit:  
[www.ssa.gov/disability/professionals/bluebook/listing-impairments.htm](http://www.ssa.gov/disability/professionals/bluebook/listing-impairments.htm).

**3. Disability Onset:**

The individual with a disability must be blind or have a disability which occurred before the individual’s 26th birthday.

### SAVE FOR THE FUTURE

Use your ABLE United account to save for a variety of future Qualified Disability Expenses, including living expenses. Expenses need not be medically necessary or for the sole benefit of the Beneficiary.



### CONTRIBUTIONS

Save up to \$15,000 per year – individually or with the help of family and friends. Contributions may be made via: check, money order, cashier's check, automatic contribution, or payroll deduction. Please include the ABLE United account number on all contributions.

There is no minimum contribution required to open an Account. You may rollover funds from another ABLE account provided that the previous account is closed within 60 days.



ABLE accounts can now accept rollovers from 529 qualified tuition plans as prescribed in section 529 of the Code. This type of rollover counts towards the maximum annual contribution limit - \$15,000. Contact customer service for more information.

<b>Contribute online:</b>	<a href="http://www.ableunited.com">www.ableunited.com</a>
<b>Contribute by mail:</b>	ABLE United Program PO Box 44034 Jacksonville, FL 32231

### WITHDRAWALS

Easily access funds online by requesting an electronic transfer to a bank account or a paper check to pay expenses, such as rent, directly from the ABLE United account.

<b>Electronic transfer:</b>	Free
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<b>Paper check:</b>	2 Free per month \$2.50 per check thereafter
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The Program does not require approval or documentation. You should retain appropriate documentation to justify expenses to the Social Security Administration and Internal Revenue Service.

### SECTION 3: INVESTMENT OPTIONS

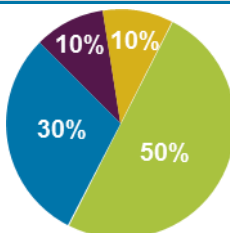
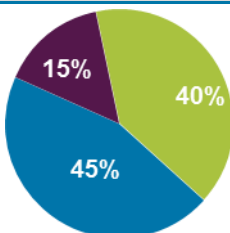
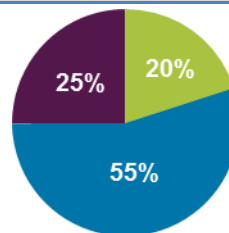
The Program offers seven Investment Options designed to meet the needs of most investors. These include three predesigned portfolios and four individual funds from which you may build a custom portfolio by allocating funds to one or more options.

You may update how new contributions are invested at any time. For money that is already in an ABLE United account, the allocation of the Account Balance may be modified up to two times per calendar year.

<b>New Contributions:</b>	Modify allocation at any time
<b>Account Balance:</b>	Two allocation modifications per year

### PREDESIGNED PORTFOLIO OPTIONS

The Program has designed three fully diversified and professionally managed investment portfolios covering a spectrum of risk. The portfolios are constructed from the individual fund options and rebalanced periodically to maintain the allocations described in the Predesigned Portfolio Allocations chart below.

Predesigned Portfolio Allocations			
Portfolio Option	Conservative	Moderate	Growth
<b>Components</b>			
● Money Market Fund	10%	-	-
● U.S. Bond Fund	50%	40%	20%
● U.S. Stock Fund	30%	45%	55%
● Int'l Stock Fund	10%	15%	25%

**FUND OPTIONS**

There are four professionally managed individual fund options which represent major investment asset categories. Construct a custom portfolio based on your savings goals.

***MONEY MARKET FUND***

Manager: Florida PRIME



The Money Market Fund is invested in Florida's Local Government Surplus Funds Trust Fund (Florida PRIME), which invests in short-term, high-quality fixed income securities rated in the highest short-term rating category to provide stable returns with less risk. The fund seeks to provide, in priority order, safety, liquidity and returns comparable to short-term instruments with minimized risks.

***U.S. BOND FUND***

Manager: Vanguard



The U.S. Bond Fund is invested in the Vanguard Total Bond Index Fund Admiral Shares (ticker symbol: VBTLX), a passively managed bond fund which tracks the performance of a benchmark index. Investments include U.S. Treasury and U.S. Government Agency obligations, as well as, corporate debt and securitized instruments. The fund seeks to provide investors with exposure to the broad fixed income market in the United States.

***U.S. STOCK FUND***

Manager: Vanguard



The U.S. Stock Fund is invested in the Vanguard Total Market Index Fund Admiral Shares (ticker symbol: VTSAX), a passively managed stock fund which tracks the performance of a benchmark index that measures the investment return of the overall U.S. equities market. The fund seeks to provide investors with exposure to the overall U.S. equities market.

***INTERNATIONAL STOCK FUND***

Manager: BlackRock



The International Stock Fund is invested in the iShares MSCI EAFE International Index Fund (ticker symbol: BTMKX), a passively managed stock fund which tracks the performance of a benchmark index of international developed markets. The fund seeks to provide investors exposure to international equities in developed markets.

## PERFORMANCE

The performance of each Investment Option will vary from day to day based on the performance of the underlying stock, bond and money market securities. The following table represents past performance for each Investment Option adjusted to reflect the Investment Administration Fee.

Net Investment Returns*			
Predesigned Portfolio Options	1-Year	3-Year	5-Year
Conservative Portfolio	4.86%	4.78%	5.60%
Moderate Portfolio	7.26%	6.47%	7.60%
Growth Portfolio	9.42%	7.71%	9.08%
Fund Options	1-Year	3-Year	5-Year
Money Market	1.62%	0.98%	0.64%
U.S. Bond Fund	(0.77%)	1.43%	1.96%
U.S. Stock Fund	14.48%	11.25%	12.96%
International Stock Fund	6.17%	4.50%	5.94%

\* The net investment returns are provided for general information only and are not intended to provide investment or other advice. The returns provided do not represent actual or experienced returns by investors in the Program. Past performance is no guarantee of future performance. Actual results for future periods could differ significantly from past performance. Your investment return and the value of your investment will fluctuate. Your investment when withdrawn may be worth more or less than your contributions.

The investment returns provided were calculated by Callan LLC, the Program's investment consultant. The investment periods covered are from July 1, 2017 through June 30, 2018, from July 1, 2015 through June 30, 2018, and from July 1, 2013 through June 30, 2018 (annualized).

Updated performance available at [www.ableunited.com/save/investment-performance/](http://www.ableunited.com/save/investment-performance/)

**SECTION 4: INVESTMENT MANAGERS**

BlackRock, Inc. (**BlackRock**) founded in 1988 under the umbrella of The Blackstone Group, focused initially on fixed-income securities. In 1995, as a wholly-owned subsidiary of the PNC Financial Services Group, BlackRock gained access to a large distribution network and began managing open-end mutual funds, including equity funds. In 1998, PNC consolidated its asset management subsidiary names under BlackRock and the following year, BlackRock went public with broad employee ownership (NYSE: BLK). Today, BlackRock provides a breadth of investment solutions across active management, quantitative and index strategies with more than \$4 trillion in assets under management, spanning equity, fixed income, real estate, liquidity, alternatives, and asset allocation/balanced strategies for institutional and retail clients.



The Local Government Surplus Funds Trust Fund (**Florida PRIME**) was created by an Act of the Florida Legislature in 1977 and currently serves over 800 participants across the state of Florida. Florida PRIME invests exclusively in short-term, high-quality fixed-income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations, or securities of comparable quality. Since February 13, 2008, Federated Investors, Inc. has managed the assets of Florida PRIME to the exact specifications of its investment policies. Since 1955, Federated has grown to become one of the nation's largest investment managers with \$377.3 billion in assets under management. Federated has honed its disciplined investment process over a half-century to deliver style-consistent investment products, including 137 domestic and international equity, fixed-income and money market funds, as well as a variety of separately managed accounts.



The Vanguard Group, Inc. (**Vanguard**) traces its roots to the Wellington Fund, which began in 1928. Vanguard was founded in 1975 and is owned by its member funds and, in turn, the shareholders of those funds. The firm has more than \$3 trillion in assets under management in a variety of passive and actively managed mutual funds across a wide array of asset classes and investment styles serving individual investors, retirement plans, institutions, and financial advisors.

**SECTION 5: INVESTMENT, TAX AND LEGAL CONSIDERATIONS**

Please be advised that the investment, tax, and legal information set forth in this PDPA is intended to support the marketing of the Program. Individual circumstances may vary; please consult your financial, tax and legal advisors.

**INVESTMENT CONSIDERATIONS**

This PDPA is not an offer to sell nor the solicitation of an offer to buy any security other than an investment in the Program offered hereby, nor is it an offer to sell or the solicitation to any person in any jurisdiction or under any circumstances in which it would be unlawful.

No security issued by the Program has been registered with or approved by the United States Securities and Exchange Commission or any state securities commission. Further, neither the ABLE United accounts nor this PDPA are subject to oversight by the Financial Industry Regulatory Authority or the Municipal Securities Rulemaking Board.

***NO GUARANTEE***

Enrolling and investing in the Program involves certain risks, including the loss of the entire amount of funds invested in the Program. ABLE United accounts are not deposits or obligations of, nor are they insured or guaranteed by, the State of Florida or any agency, or instrumentality thereof, the United States government, the Program, any financial institution, the Federal Deposit Insurance Corporation, the investment managers listed herein or any other agency, entity, instrumentality or person.

***NO INVESTMENT ADVICE***

The Board, Program staff and contract employees are not registered investment advisors or broker/dealers, and therefore cannot offer investment advice or make recommendations with respect to enrolling in the Program or the selection of Investment Options. It is critical that you fully understand each Investment Option and the risks associated with each Investment Option. Before making a selection, it is suggested that you consult your own tax, financial and legal advisors.

***INVESTMENT OPTION RISKS***

You should carefully consider investment risk factors before enrolling and investing in the Program. The predesigned portfolio options are generally subject to the proportional risk of their underlying fund components.

**Active Trading Risk:** Active trading can increase transactions costs, which can negatively impact the total return of the fund.



**Call Risk:** Call risk exists when the issuer of a security may redeem the security by repaying it early. Call risk normally applies to bonds during periods of falling interest rates. If a security is called and the proceeds of the sale are reinvested at a lower yield, it may negatively affect the return of the fund.

**Country/Political Risk:** Country/political risk exists when political changes, natural disasters, or regional financial troubles affect the value of securities issued by companies located in foreign countries.

**Credit Risk:** Credit risk exists when the issuer of a security is unable or unwilling to make interest and principal payments as agreed. Changes in the credit rating of the issuer of a security can also negatively impact the price of a security.

**Currency Risk:** Currency risk exists when the U.S. dollar value of investments declines due to declines in the value of the currency of a foreign investment.

**Derivatives Risk:** Derivatives risk exists when financial contracts or instruments are used to create leverage within an investment, or when these contracts or instruments do not provide the same value or liquidity as the financial asset(s) they are designed to replace.

**Duration/Interest Rate Risk:** Duration/interest rate risk exists when increases in prevailing interest rates result in a decrease in the valuation of fixed income securities.

**Equity Market Risk:** Equity market risk is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

**Extension Risk:** Extension risk applies to mortgage-backed securities. This risk exists when borrowers pay off their mortgage loans later than expected which prevents an owner of mortgage-backed securities from reinvesting principal proceeds at higher prevailing interest rates.

**Income Risk:** Income risk is the chance that a fund's income will decline because of falling interest rates.

**Index Sampling Risk:** Index sampling risk is the chance that the securities selected for a fund will not provide investment performance matching that of the target index.

**Liquidity Risk:** Liquidity risk exists when a particular investment may be difficult to buy or sell at an advantageous price. The value of illiquid securities may be lower than the price of liquid securities, and thus may negatively impact fund values.

**Prepayment Risk:** Prepayment risk applies to mortgage-backed securities. This risk exists when borrowers pay off their mortgage loans faster than anticipated, which may cause an owner of mortgage-backed securities to reinvest principal proceeds at lower prevailing interest rates.

**Regulatory Risk:** Regulatory risk exists when potential changes in the regulation of securities markets or in the broader economy negatively impact the prices or liquidity of securities held in an investment fund.

Investment Risk by Fund Option	Money Market	U.S. Bond	U.S. Stock	Int'l Stock
Active Trading Risk	●			
Call Risk	●	●		
Country/Political Risk	●			●
Credit Risk	●	●		
Currency Risk	●			●
Derivatives Risk	●			
Duration/Interest Rate Risk	●	●		
Equity Market Risk			●	●
Extension Risk	●	●		
Income Risk		●		
Index Sampling Risk		●	●	●
Liquidity Risk	●	●		●
Prepayment Risk	●	●		
Regulatory Risk	●	●	●	●

**TAX CONSIDERATIONS**

The information provided in this PDPA should not be deemed as tax advice. The tax information provided herein is solely intended for informational purposes and to support the marketing of the Program. The tax information herein may not be used for the purpose of avoiding the payment of taxes or penalties under the Code.

Carefully review the tax considerations and consult your own tax advisor with respect to your specific circumstances.

***DOCUMENTATION FOR IRS***

In the event of an IRS inquiry, it is the recipient's or deemed recipient's responsibility to substantiate the federal tax treatment of any Request or transaction. Accordingly, documents and information adequate to substantiate such tax treatment should be retained.

***FEDERAL AND STATE INCOME TAXES***

The earnings on an ABLE United account are deferred for federal income tax purposes until withdrawal. As long as withdrawals from the Account are used for the Beneficiary's Qualified Disability Expenses, the earnings portion of the withdrawals will not be subject to federal income taxation. Contributions to the Account and earnings on the Account are exempt from State of Florida taxation.

If the Beneficiary moves to another state or has taxable income in another state, and if that state has established a Qualified ABLE Program, that state's program may offer favorable state income tax benefits or other benefits that are only available if you invest in that state's program, and are not available to the Beneficiary in this Program.

***FEDERAL GIFT, ESTATE AND GENERATION-SKIPPING TRANSFER TAXES***

Contributions to an Account are generally excluded from federal gift tax as aggregate annual contributions to an Account cannot exceed the amount of the annual per-donee gift tax exclusion under section 2503(b) of the Code in effect for that calendar year, currently \$15,000. When made by a person other than the designated Beneficiary, contributions are treated as non-taxable gifts to the Beneficiary. A contribution by a corporation is treated as a gift by its shareholders and a contribution by a partnership is treated as a gift by its partners. This rule also applies to trusts, estates, associations, and companies. Contributions made by a Beneficiary to an Account benefitting the Beneficiary are not treated as a completed gift.

Gift tax consequences may arise from contributions to an ABLE United account if a contributor makes other gifts to a designated Beneficiary in addition to the gift to the

Beneficiary's Account. The contributor's total gifts made to the Beneficiary in that year could give rise to a gift tax liability.

Amounts in an ABLE United account that were considered completed gifts by the person making the contribution will not be included in such person's gross estate for federal estate tax purposes. However, if that person elected to treat the gifts as having been made over a five-year period and dies before the end of the five-year period, the portion of the contribution allocable to the remaining years in the five-year period (not including the year in which the person making the contribution died) would be includable in computing said person's gross estate for federal estate tax purposes. Amounts in an Account at the death of a Beneficiary will be included in the Beneficiary's gross estate for federal estate tax purposes.

### ***NON-QUALIFIED DISTRIBUTION***

The earnings portion of a Non-Qualified Distribution is includable in determining the federal taxable income of the recipient (or deemed recipient) for the year in which the Non-Qualified Distribution is paid. The portion of such withdrawal that is attributable to earnings will not be included in income for state personal income tax purposes in Florida because the State of Florida does not impose a personal income tax. If the recipient (or deemed recipient) is a resident of a state other than Florida, then such person should consult their tax advisor to determine if the portion of such withdrawal that is attributable to earnings is subject to state income taxation in such person's state of residence.

Also, the Additional Tax payable through the federal income tax return of the Non-Qualified Distribution recipient (or deemed recipient) to the United States Treasury will generally apply to the earnings portion of any Non-Qualified Distribution.

**LEGAL CONSIDERATIONS**

The information provided herein is solely intended for informational purposes and to support the marketing of the Program. Please consult with your legal advisors concerning the applicability of any relevant law, rule or statute to your individual circumstances.

***FEDERAL BANKRUPTCY LAW***

Bankruptcy cases commenced by individuals under Title 11 of the United States Code expressly exclude from such individual's bankruptcy estate (and therefore, will not be available for distribution to the individual's creditors), certain funds paid or contributed by such individual to an ABLE United account. The bankruptcy protection for these types of Accounts, however, is limited. To be protected, the Beneficiary of the Account must be a child, stepchild, grandchild, or step-grandchild of such individual during the taxable year in which such contribution was made and the funds must have been contributed at least 365 days prior to the individual's bankruptcy filing.

This bankruptcy protection also imposes a cap on the amount of funds that may be excluded from such individual's bankruptcy estate. As of April 2017, the maximum amount entitled to this bankruptcy exclusion is \$5,000 for payments or contributions made by such individual to the ABLE United account during the period between 365 and 720 days prior to the bankruptcy filing. Contributions made by such individual to the Account more than 720 days prior to the individual's bankruptcy filing should not be a part of the bankruptcy estate provided that the aggregate amount contributed by such individual to the Account does not exceed the Maximum Account Balance Limit at the time of the bankruptcy filing.

***FLORIDA BANKRUPTCY LAW***

Funds paid into or out of the Program by or on behalf of the Beneficiary are exempt, as provided by Section 222.22, Florida Statutes, from all claims of creditors of the Beneficiary if the Participation Agreement has not been terminated.

***RISKS RELATED TO CHANGES IN LAW***

Congress may amend Section 529A of the Code or other federal law in a manner that would materially change or eliminate the federal tax treatment described in this PDPA. Such changes in federal law could materially affect the state tax treatment of ABLE United account contributions, earnings and distributions.

The proposed federal regulations and interim guidance that have been issued under Section 529A of the Code provide guidance and requirements for the establishment and operation of the Program, but do not provide guidance on certain aspects of the Program. Final regulations or other administrative guidance or court decisions might be issued that



could adversely impact the federal tax consequences or requirements with respect to the Program or contributions to, or withdrawals from, ABLE United accounts.

The Florida Legislature could make changes to Florida's tax law which could materially affect the State of Florida tax treatment of the Program or adopt statutory changes which could terminate or otherwise adversely affect the Program.

### ***RISKS RELATED TO CHANGES IN THE PDPA***

This PDPA supersedes all previous ABLE United PDPAs or Disclosure Statements, including any supplements or addendums and no person should rely upon those previously distributed documents. The PDPA is reviewed at least annually and updated as necessary. Information contained in this PDPA is believed to be accurate as of its date, but is not guaranteed by the Program and is subject to change without notice.

Any changes or updates to the Terms and Conditions or to the Participation Agreement are made to comply with Federal laws and regulations and the Florida Legislature's grant of authority under Sections 1009.986(1) and 1009.986(4), including subparts, through the rulemaking process as more fully described in Section 120.54, Florida Statutes. Administrators will be notified of any material changes.

The most current PDPA, investment manager information and performance data is posted on the Program website, [www.ableunited.com](http://www.ableunited.com).

## **SECTION 6: ABLE AND GOVERNMENT BENEFITS**

Pursuant to federal law, funds in an ABLE United account are generally disregarded for purposes of determining eligibility to receive government assistance or benefits. This includes contributions, earnings and withdrawals for Qualified Disability Expenses.

Further, contributions to an ABLE United account, including funds contributed by a third-party, are generally not considered income to the Beneficiary. However, a contribution made to an ABLE United account by an employer will still be considered income to the employee, who could be either the Beneficiary or someone else. For example, a contribution by the employer of the Beneficiary's parent continues to constitute earned income to the parent and then a gift by the parent to the Beneficiary.

**SUPPLEMENTAL SECURITY INCOME**

For the purposes of determining eligibility for SSI benefits under Title XVI of the Social Security Act, the following exceptions apply whereby funds in, or distributions from an ABLE United account, may lead to a suspension of benefits.

1. A distribution for housing expenses will not be disregarded if the funds are not expended in the same month that they are withdrawn from the ABLE United account. Funds withdrawn from an Account and held beyond the month of withdrawal before spending are not considered a countable resource so long as they remain unspent and identifiable.
2. Any amount in an ABLE United account in excess of \$100,000 will be considered a resource and may, therefore, cause suspension of SSI benefits while the Account Balance exceeds \$100,000.

**MEDICAID**

Funds in an ABLE United account are disregarded for the purposes of determining Medicaid eligibility, even if the Account Balance exceeds \$100,000 and/or SSI benefits are suspended due to one of the exceptions outlined above.

**MEDICAID RECOVERY**

From July 1, 2018 – June 30, 2019, except as required by federal law, the Florida Medicaid program may not file a claim for Medicaid recovery of funds in an ABLE account during this time period. Any remaining funds in an ABLE account must first be distributed for Qualified Disability Expenses then transferred to the estate of the designated beneficiary or an ABLE account of another eligible individual specified by the Beneficiary.

If the Beneficiary receives Medicaid benefits from a state other than Florida, upon the death of the Beneficiary, that state may request reimbursement for Medicaid benefits paid after establishment of the ABLE United account and after all outstanding Qualified Disability Expenses have been paid. The claim is limited to the total amount of assistance paid by the Medicaid program, less premiums paid by, or on behalf of, the Beneficiary to a Medicaid Buy-In program under Title XIX of the Social Security Act. For this purpose, a state is considered a creditor of the Account and not a beneficiary.

**SECTION 7: GETTING STARTED**

ABLE United accounts may be opened quickly and easily online at [www.ableunited.com](http://www.ableunited.com). The individual with a disability may open an Account independently if they are over the age of 18. If the individual cannot, or would prefer to have assistance, an individual legally authorized to act on his or her behalf (such as a parent, legal guardian, or person acting under a power of attorney) may open and manage the Account.

**FOR AN ADMINISTRATOR, THE FOLLOWING IS REQUIRED:**

- Attestation of authority to open the account
- Your name, date of birth, address, email address, phone number
- Social Security Number

**FOR THE INDIVIDUAL WITH A DISABILITY, THE FOLLOWING IS REQUIRED:**

- Name, date of birth, address, email address, phone number
- Social Security Number
- Category of disability with onset before age 26
  1. Developmental Disorder
  2. Intellectual Disability
  3. Psychiatric Disorders
  4. Nervous Disorders
  5. Congenital Anomaly
  6. Respiratory Disorder
  7. Other
- Selection of at least one Investment Option

**THE FOLLOWING MAY ALSO BE NECESSARY:**

- Banking information to make an electronic contribution
- Date of diagnosis with name and address of the treating physician if certifying the individual's disability eligibility pursuant to a physician's diagnosis

**No Medical Documentation Required**

To support an efficient enrollment process, **medical documentation is not required** by the Program.

A completed Application represents a certification, under penalties of perjury, that the Beneficiary is eligible for an ABLE United account.

## **PARTICIPATION AGREEMENT**

1. This Participation Agreement, which incorporates the Terms and Conditions by reference, describes the definitions, policies and terms of the ABLE United Program (the Qualified ABLE Program established under Section 1009.986, Florida Statutes).
2. The Administrator has read and understands the Program Description, the Terms and Conditions, and this Participation Agreement, and, by submitting the Application, consents to be bound by the policies, terms and conditions of the Program.
3. The Agreement which consists of the Application, this Participation Agreement and the Terms and Conditions, as each amended from time to time by Florida ABLE, Inc. to comply with Federal laws and regulations and the Florida Legislature's grant of authority under Sections 1009.986(1) and 1009.986(4), including subparts, through the rulemaking process as more fully described in Section 120.54, Florida Statutes, is the complete and exclusive statement of the agreement between the Administrator and Florida ABLE, Inc., related to the subject matter hereof, which supersedes any prior agreement, oral or written, and any other communications between the parties hereto relating to the subject matter of the Agreement. The Administrator agrees to be bound by any amendments that either Florida ABLE, Inc., or the Board may make to the Participation Agreement and the Terms and Conditions. Notification of such amendments may be made via [www.ableunited.com](http://www.ableunited.com).
4. The Administrator understands and acknowledges that the Account is opened and maintained for meeting the Qualified Disability Expenses of the Beneficiary.
5. The Administrator understands and acknowledges that Accounts involve investment risk, including the possible loss of principal. The Administrator understands and acknowledges that Accounts are not deposits or obligations of, or insured or guaranteed by, the State of Florida or any agency or instrumentality thereof, the United States government, any financial institution, or any other agency, entity, instrumentality or person. The Administrator understands and acknowledges that only the FDIC Insured Savings Account Option offers deposit insurance from the Federal Deposit Insurance Corporation (FDIC), and only up to the then-applicable standard maximum deposit insurance amount. The obligation of the Program is limited solely to those amounts deposited into the Florida ABLE Program Trust Fund on behalf of the Program. Investment Options may not be successful in meeting their respective investment objectives. Past investment results of the underlying investment managers and funds in the Investment Options offer no assurance of future returns.

6. Any determinations regarding Accounts will be made by either Florida ABLE, Inc., or the Board based on the facts and circumstances of each case.
7. Determinations with respect to Accounts shall be construed in accordance with the laws of the State of Florida and applicable federal law, including 26 U.S.C. § 529A, as amended. Venue for any proceeding arising from or related to the Accounts is in Leon County, Florida. All appeals shall be to the First District Court of Appeal of Florida. In the event any clause or portion of the Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion shall be severed from the Agreement and the remainder of the Agreement shall continue in full force and effect as if such clause or portion had never been included.
8. Except as specifically provided in the Terms and Conditions and in this Participation Agreement, the Agreement, or any interest, rights, or benefits in the Agreement, may not be sold, exchanged, assigned, or transferred. Further, any interest in an Account, or any portion thereof, may not be used as security for a loan.
9. The Program may require that any written documentation, request or any other actions Florida ABLE, Inc., may designate from time to time, be verified under oath.
10. The Program shall provide a separate accounting for each Account.
11. If the Program determines that there has been any material misrepresentation related to the Agreement or the Account, the Account may be cancelled.
12. The Beneficiary and Administrator assume all liability for any financial losses related to an Account. The Beneficiary and Administrator understand, acknowledge, and agree that there is no recourse against Florida ABLE Inc., its directors, or its employees, vendors, contractors, investment advisors, investment consultants or investment managers individually, or against the Board, its members, its committee members or its employees individually, or against the State of Florida or the Program in connection with an Account. Nothing in this Agreement shall be deemed or construed as an express or implied waiver of the sovereign immunity of the State of Florida or a pledge of the full faith and credit of the State of Florida.
13. The Program shall not be liable for any losses or failure to perform its obligations under this Agreement caused, directly or indirectly, by government restrictions, exchange or market rulings or conditions, suspension of trading, acts of war, terrorism, strikes, power outages or any other conditions or occurrences beyond its control.



14. The Program cannot and does not provide legal, financial or tax advice, and nothing herein or in any other written materials shall be construed as such.

15. Florida ABLE, Inc., may contract with the Board to perform some or all of the powers and duties specified in the Agreement.

*Form FPCB 2018-07, Effective 08/18, adopted by reference in Rule 19B-18.003, F.A.C.*

## TERMS AND CONDITIONS

### SECTION 1: DEFINITIONS

**1.01 “529 Rollover Contribution”** means the distribution of funds from a Qualified 529 Program for the purpose of contributing to the Program, as authorized by Section 529 of the Code.

**1.02 “ABLE Account”** means the same as that term is defined in Section 529A of the Code.

**1.03 “Account”** means an account in the Program established pursuant to an Agreement.

**1.04 “Account Balance”** means the amount remaining in an Account after accounting for contributions, earnings, distributions, and fees.

**1.05 “Account Fee”** means the maintenance fee automatically deducted from the Account Balance on a monthly basis.

**1.07 “Additional Tax”** means the same as that term is defined in Section 529A of the Code, which applies a 10% additional tax to the portion of the earnings included in any Non-Qualified Distribution. The Additional Tax also may apply to a state income tax calculation.

**1.08 “Agent”** means the individual who is authorized under a power of attorney, court order, or state law to act on behalf of the Beneficiary.

**1.08 “Agreement”** means the complete and exclusive statement of agreement between the Administrator and Florida ABLE, Inc. The Agreement consists of the Application, these Terms and Conditions, and Participation Agreement, each as amended from time to time by Florida ABLE, Inc. to comply with Federal laws and regulations and the Florida Legislature’s grant of authority under Sections 1009.986(1) and 1009.986(4), including subparts, through the rulemaking process as more fully described in Section 120.54, Florida Statutes. The Agreement supersedes any prior agreement, oral or written, and any other communications between the parties concerning the Program and Account.

**1.09 “Application”** means the form authorized by the Board to collect the information specified in Rule 19B-18.002, Florida Administrative Code, to open an Account in the Program.

**1.10 “Beneficiary”** means “designated beneficiary” as that term is defined in both Section 1009.986, Florida Statutes, and Section 529A of the Code and is the individual designated on the Application as the “beneficiary.” The Beneficiary must be a United States citizen, or a resident alien, with a valid Social Security Number.

**1.11 “Board”** means the Florida Prepaid College Board.

**1.12 “Business Day”** means a day other than a Saturday, Sunday or a holiday observed by the state or financial market.

**1.13 “Certification”** means a verification made under penalties of perjury by a person authorized to make such a verification.

**1.14 “Code”** means the Internal Revenue Code of 1986, as amended.

**1.15 “Comprehensive Investment Plan”** means the Florida ABLE, Inc. Comprehensive Investment Plan for the Florida ABLE Program adopted by Florida ABLE, Inc., and approved by the Board, pursuant to Section 1009.986, Florida Statutes, which specifies the investment policies of the Program. Florida ABLE, Inc., retains the authority to amend the investment policies at any time, subject to approval by the Board.

**1.16 “Custodian”** means an Agent or Parent who is authorized to act on behalf of the Beneficiary who is unable, or chooses not, to exercise signature authority over the Account. A Custodian neither has, nor may acquire, any beneficial interest in the Account.

**1.17 “Date of Establishment”** means the earlier of: (a) the date of the Application acceptance; or (b) in the case of a Rollover Contribution for the same Beneficiary, the earliest date the former ABLE Account was established in the Qualified ABLE Program.

**1.18 “Disability Certification”** means the same as that term is defined in Section 529A of the Code. A Disability Certification is made by the Administrator, under penalties of perjury, confirming that the Beneficiary meets the requirements for an Account and must include any additional documentation required by the IRS.

**1.19 “Eligible Individual”** means the same as that term is defined in Section 529A of the Code. An individual is an Eligible Individual for a taxable year if he or she is entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act, and such blindness or disability occurred before the individual attained age 26, or he or she has a Disability Certification. A Certification and any additional documentation required by the IRS is required to demonstrate that the Beneficiary is an Eligible Individual.

**1.20 “Excess Contribution”** means the same as that term is defined in Section 529A of the Code. For purposes of the Program, this means a contribution made while the account is at, or above, the Maximum Account Balance Limit.

**1.21 “Existing Balance Allocation”** means the current allocation of the Account Balance to each Investment Option. The Existing Balance Allocation may fluctuate as a result of, but not limited to, relative performance of selected Investment Options and the Future Contribution Allocation selected.

**1.22 “Future Contribution Allocation”** means the allocation of new contributions to each Investment Option.

**1.23 “Investment Administration Fee”** means the maintenance fee which is automatically deducted from the Account Balance on a daily basis.

**1.24 “Investment Options”** means the options offered in accordance with the Comprehensive Investment Plan. Florida ABLE, Inc., and the Board each retain the authority to close or not offer any of the Investment Options at any time.

**1.25 “Maximum Account Balance Limit”** means the limit on the total value of the ABLE Account.

**1.26 “Maximum Annual Contribution Limit”** means the calendar year limit on the contributions to all Qualified ABLE Programs for the Beneficiary.

**1.27 “Member of the Family”** means the same as that term is defined in Section 529A of the Code. A Member of the Family is a brother, sister, stepbrother, stepsister, half-brother, and half-sister.

**1.28 “NAV”** means the net asset value per Trust Unit and is calculated at the time when trading closes on the New York Stock Exchange by dividing the value of each respective Investment Option’s assets less its liabilities including, without limitation, the Investment Administration Fee, by the number of outstanding Trust Units of that Investment Option.

**1.29 “Non-Qualified Distribution”** means a distribution from the Account other than for: (a) Qualified Disability Expenses; (b) a change of Beneficiary; or (c) Rollover Distributions. The earnings portion of the distribution may be subject to state and federal income taxes and the Additional Tax.

**1.30 “Parent”** means the same as that term is defined in Section 1000.21(5), Florida Statutes. In general, Parent refers to either or both parents, any guardian or person in a parental relationship or exercising supervisory authority in place of the parent.

**1.31 “Program”** means the Florida ABLE Program which is established under Section 1009.986, Florida Statutes, and marketed as the ABLE United Program. The Florida ABLE Program is a Qualified ABLE Program.

**1.32 “Program Description”** means the document published periodically by Florida ABLE, Inc., which contains information, as updated from time to time, about the Program, Investment Options, and risks for the Administrator to consider before opening an Account and during the duration of the Agreement.

**1.33 “Qualified 529 Program”** means the same as a “qualified tuition program” as defined in Section 529 of the Code.

**1.34 “Qualified ABLE Program”** means the same as that term is defined in Section

529A of the Code. A Qualified ABLE Program meets the requirements of Section 529A of the Code.

**1.35 “Qualified Disability Expenses”** means the same as that term is defined in Section 529A of the Code. Qualified Disability Expenses include education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses, which are approved by the Secretary of the Treasury.

**1.36 “Qualified Distribution”** means a distribution from the Account that is used to pay the Qualified Disability Expenses of the Beneficiary.

**1.37 “Request”** means an authorization, which includes all necessary information required by the Program, submitted either online at [www.ableunited.com](http://www.ableunited.com) or in writing by the Beneficiary or Administrator.

**1.38 “Resident”** means an individual who is domiciled presently in Florida.

**1.39 “Rollover Contribution”** means the distribution of funds and transfer of information from a Qualified ABLE Program for the purpose of contributing to the Program, as authorized by Section 529A of the Code.

**1.40 “Rollover Distribution”** means a distribution of funds and transfer of account information from the Account for the purpose of contributing to another Qualified ABLE Program, as authorized by Section 529A of the Code.

**1.41 “Trade Date”** means the Business Day on which a NAV is applied to process a contribution or distribution transaction for the Account. If a contribution or distribution is requested after the close of trading on the New York Stock Exchange, or on a day other than a Business Day, the NAV for the next Business Day is applied to the transaction.

**1.42 “Trust Units”** means the share of assets held by the Program for a Beneficiary with respect to a particular Investment Option.

## **SECTION 2: PARTICIPATION IN THE PROGRAM**

### **2.01 General Requirements of an ABLE Account.**

**(a)** An ABLE Account may be established for the purpose of paying the Qualified Disabilities Expenses of the Beneficiary.

**(b)** The Beneficiary must be a Resident at the time of Application submission. However, the Beneficiary may continue to maintain the Account if the Beneficiary subsequently changes his or her residence to another state.

**(c)** The Beneficiary may have only one ABLE Account at a time. If an ABLE



Account is established for a Beneficiary who already has an ABLE Account in existence, the additional account will not be treated as an ABLE Account. The exception is a rollover where the ABLE account from which the funds were rolled is closed within 60 days. The Program may disclose the existence of an Account for the Beneficiary as necessary to enforce this requirement.

**(d)** Any person may make a contribution to the Account as described in Section 6: Contributions.

**(e)** Distributions may be made only to, or for the benefit of, the Beneficiary. The exceptions are: (1) a change of Beneficiary; (2) the return or rejection of a contribution to a contributor; and (3) repayment of state Medicaid benefits.

## **2.02 Enrollment.**

**(a)** An Eligible Individual may apply for participation in the Program by submitting an Application.

**(b)** An Agent or Parent may submit the Application on behalf of the Eligible Individual along with a Certification that he or she has authority to establish an Account on behalf of the Beneficiary. The Program may request additional documentation to substantiate such authority.

**(c)** The Application submitted to the Program must be completed according to the Application instructions. A valid e-mail

address is required to access the Account online and receive many Program communications. The Application may be completed online at [www.ableunited.com](http://www.ableunited.com).

**(d)** Under Section 529A of the Code, the Secretary of the Treasury may require additional information to be presented to establish an ABLE Account. Upon request, this information must be provided to the Program.

**(e)** An Account may not be established in violation of federal or state law.

## **2.03 Application Acceptance.**

**(a)** An Account is established once the Program issues a "Confirmation of Participation," which identifies: (1) the Beneficiary; (2) the Administrator; (3) the Date of Establishment; (4) the annual contributions received by Qualified ABLE Programs for the current calendar year; and (5) the Account Balance.

**(b)** If an Application was submitted by an unauthorized individual, the Beneficiary may reject the establishment of the Account. The Program will terminate the Account pursuant to Paragraph 10.04; however, the contributions, if any, will be returned to the person(s) who contributed the funds for the Account. The contributors must submit the necessary information for tax reporting and check processing before a refund is issued. If the contributions are not claimed, Paragraph 10.06 will apply.

## **2.04 Eligibility to Allocate or Deposit Contributions to the Account.**

(a) The Program considers the Certification that the Beneficiary is an Eligible Individual to be valid until the end of the calendar year in which a change in the Beneficiary's condition occurred.

(b) The Administrator is responsible for promptly notifying the Program of any changes in the Beneficiary's condition that would result in the Beneficiary failing to satisfy the definition of Eligible Individual. An Administrator's notice will be considered prompt if the Program received the notice in the calendar year in which the Beneficiary's condition changes.

(c) The Program may inquire by e-mail, mail, or phone to confirm that the Beneficiary is an Eligible Individual for the calendar year. If the Administrator fails to respond to three consecutive inquiries, the Program may conclude the Beneficiary has ceased to be an Eligible Individual and will apply subparagraph (d) until the Program receives a Certification.

(d) If the Beneficiary ceases to be an Eligible Individual, the Account will continue to be an ABLE Account, but, beginning on the first day of the following calendar year the Beneficiary is not an Eligible Individual, the Program will not allocate or deposit any contributions to the Accounts.

## **2.05 Maintenance of Contact Information.**

(a) The Administrator is responsible for notifying the Program of any change in contact information, including e-mail addresses, mailing addresses, and phone numbers, of the Beneficiary or Administrator.

(b) Contact information may be updated by submitting a Request.

## **2.06 Treatment of Account Under Federal Programs.**

The Administrator is responsible for monitoring and maintaining the Account, including, but not limited to: (a) the Account Balance; (b) the Beneficiary's status as an Eligible Individual; and (c) the support for Qualified Distributions; to qualify for, and comply with, state and federal programs and laws.

## **SECTION 3: ACCOUNT RIGHTS**

### **3.01 General.**

The authority of the Beneficiary and Administrator to exercise the rights of the Account is equal and several unless the authority of the Beneficiary and/or Administrator is limited expressly by a court order.

### **3.02 Rights of the Beneficiary.**

The Beneficiary is the owner of the Account Balance and is able to exercise the rights of the Account, even if a Custodian is serving as the Administrator.

### **3.03 Rights of the Administrator.**

(a) The Administrator is an authorized individual who is either the Beneficiary or a Custodian and who may: (1) enter into a legally binding contract involving the Beneficiary; (2) execute the rights and responsibilities of the Account; and (3) receive and respond to all correspondence regarding the Account.

(b) The Administrator may submit a Request to designate, modify or revoke an individual authorized to assist in administering certain rights of the Account specified by the Program.

## **SECTION 4: INVESTMENT OPTIONS**

### **4.01 Investment Options.**

In accordance with the Comprehensive Investment Plan, Investment Options are offered by the Program. The Program Description provides descriptions, allowable allocation ranges and performance data for each available Investment Option.

### **4.02 Authority to Direct Investments.**

(a) Section 529A of the Code limits the ability to change the Existing Balance Allocation.

(b) The Account Balance may be invested only in the Investment Options currently offered by the Program.

### **4.03 Changing Investment Options for Account Balance.**

(a) The Existing Balance Allocation may be changed only to the extent allowed by

Section 529A of the Code. The Code currently limits changes to the Existing Account Balance Allocation to two times per calendar year.

(b) The Existing Balance Allocation may be changed by submitting a Request to the Program which indicates the changes in Investment Options or the new allocation percentages for an Account.

### **4.04 No Investment Advice.**

(a) Unless expressly and individually identified to the contrary, Florida ABLE, Inc., the Board, the Program, vendors, third-party administrators and the members and employees thereof are not registered investment advisors or broker/dealers. Accordingly, they cannot, and do not, offer investment advice or make recommendations with respect to enrolling in the Program or the selection of Investment Options, and they do not assume any responsibility for performance of any Investment Option.

(b) The Administrator acknowledges and agrees that he or she has not been advised by the State of Florida, Florida ABLE, Inc., the Board or any employee, agent, independent contractor, or affiliate or any vendor, contractor, third-party administrator, investment advisor, investment consultant, or investment manager of the State of Florida, Florida ABLE, Inc., or the Board to invest, or to refrain from investing, in the Program or a particular Investment Option.

**SECTION 5: RISKS OF INVESTING IN THE PROGRAM****5.01 No Guarantee of Program Suitability.**

Participation in the Program may not be suitable to meet some or all of the Beneficiary's objectives. The Beneficiary and Administrator are strongly encouraged to consult a qualified financial advisor regarding whether the Beneficiary should establish an ABLE Account and the effects of contributing, maintaining and distributing funds.

**5.02 No Guarantee of Adequate Funds to Pay Qualified Disability Expenses.**

Participation in the Program does not guarantee that sufficient funds will be available to cover any or all Qualified Disability Expenses for any Beneficiary, even if the Account reached or exceeded the Maximum Account Balance Limit.

**5.03 No Guarantee of Participation in Any Federal or State Programs.**

Participation in the Program does not guarantee that the Beneficiary will be eligible for, maintain, or receive benefits directly or indirectly from any federal or state program now or in the future.

**5.04 Limited Liquidity.**

Investment in the Program involves the risk of reduced liquidity for the investment. Once an Account is opened, the circumstances under which funds may be withdrawn from the Account without the

imposition of tax liability and the Additional Tax are limited.

**SECTION 6: CONTRIBUTIONS****6.01 Making a Contribution.**

(a) If the Beneficiary is an Eligible Individual during the calendar year, a contribution to the Account may be made during that year. To be included in the current calendar year, the contribution must be received and processed by the Program by the last Business Day of the calendar year. If the Beneficiary is not an Eligible Individual, contributions will be rejected pursuant to Paragraph 6.08.

(b) The Program may require the Taxpayer Identification Number of the contributor before, at the time of, or after: (1) accepting the contribution; or (2) allocating or depositing the contribution into the Account.

(c) Contributions must be in U.S. dollars and may be made by check, cashier's checks, automatic contribution plan, or payroll deduction. Contributions by traveler's check are not permitted.

(d) The Program also may accept contributions by credit or debit card. If accepted, the instructions, fees, and terms and conditions will be available at [www.ableunited.com](http://www.ableunited.com).

**6.02 Rollover Contributions Accepted.**

(a) The Program accepts Rollover Contributions to the extent allowed by Section 529A of the Code. A direct

Rollover Contribution is the transfer of money directly to the Program from another Qualified ABLE Program. An indirect Rollover Contributions is the distribution of money from a Qualified ABLE Program before transferring the money to the Program.

**(b)** Before accepting a Rollover Contribution, the Program may require a Certification stating: (1) that the former ABLE Account was, or is being, closed; (2) the earliest date the former ABLE Account was established in the Qualified ABLE Program; (3) the amount of contributions to the Account for the current calendar year; and (4) the amount of earnings associated with the Rollover Contribution.

### **6.03 Investment Allocations for Contributions.**

**(a)** Generally, contributions will be credited to the Account and invested in accordance with the Future Contribution Allocation applicable at the time of processing.

**(b)** The Future Contribution Allocation may be changed at any time by submitting a Request to the Program which indicates the new allocation percentages for each selected Investment Option for an Account.

### **6.04 Purchasing Trust Units.**

**(a)** A contribution received by the Program will be used to purchase Trust Units at the NAV of the applicable Investment Option determined on the Trade Date.

**(b)** The contribution will cause the purchase of Trust Units for each Investment Option in accordance with the Future Contribution Allocation applicable at time of processing.

**(c)** The number of Trust Units purchased will be determined by dividing the contribution for a specified Investment Option by the NAV of that Investment Option as described in **(a)**.

**(d)** The Account will not receive any interest or earnings on the contribution before the funds have been used to purchase Trust Units.

### **6.05 NAV Valuation.**

Individual securities held by an Investment Option are valued using market quotations or independent pricing services. If market quotations or independent pricing services are not readily available, or if events that have a significant effect on the value of an investment occur between when the price is determined and when a NAV is calculated, a security's fair value, as determined in good faith, may be used.

### **6.06 Maximum Annual Contribution Limit.**

**(a)** The current Maximum Annual Contribution Limit for a Beneficiary is \$15,000.

**(b)** Rollover Contributions do not count toward the Maximum Annual Contribution Limit.

(c) 529 Rollover Contributions count toward the Maximum Annual Contribution Limit.

(d) Contributions will be rejected to the extent the amount of the contribution would cause the total contributions for a given calendar year to the Account and all prior ABLE Accounts for the Beneficiary to exceed the Maximum Annual Contribution Limit.

#### **6.07 Maximum Account Balance Limit.**

(a) The current Maximum Account Balance Limit for a Beneficiary is \$418,000.

(b) The Maximum Account Balance Limit may be lower than other Qualified ABLE Programs and lower than previously published amounts for the Program.

(c) Contributions will be rejected to the extent the amount of the contribution would cause the Account Balance for the Beneficiary to exceed the Maximum Account Balance Limit. However, Accounts that have reached the Maximum Account Balance Limit may continue to accrue earnings.

#### **6.08 529 Rollover Contributions Accepted.**

The Program accepts 529 Rollover Contributions to the extent allowed by Section 529 of the Code.

#### **6.09 Rejected Contributions.**

(a) If all or part of a contribution cannot be accepted, then the Program will attempt to contact the Administrator to periodically reattempt, reassign, or return the contribution to the contributor.

(b) If the rejected contribution is not claimed and the funds cannot be allocated and deposited into an Account, Paragraph 10.06 will apply.

(c) The rejected contribution will not receive any interest or earnings.

#### **6.10 Returned Contributions.**

(a) If a contribution is returned due to Paragraph 2.03(b) or due to a contribution being allocated or deposited to the Account when the Beneficiary was not an Eligible Individual, then the Program will remove the contribution, including all earnings attributable to the contribution, (collectively "Returned Contribution") from the Account. Contributions are removed from the Account on a last-in-first-out basis.

(b) Earnings attributable to the contribution is determined under the rules set forth in Treasury Regulation §1.408-11.

(c) The Program will notify the Administrator that the Returned Contribution has been removed from the Account.

(d) The Program will attempt to contact the contributor to issue a Returned Contribution. If the contributor cannot be



identified or located by sending notice to the last known mailing address of the contributor and the Returned Contribution is not claimed, Paragraph 10.06 will apply.

(e) The Returned Contribution will not receive any interest or earnings once removed from the Account.

## SECTION 7: FEES AND PENALTIES

### 7.01 Account Fee.

The Board periodically reviews the Account Fee and publishes the amount online at [www.ableunited.com](http://www.ableunited.com). The current nonrefundable Account Fee is \$0.00. An additional \$10 may be assessed annually if the Account Administrator elects to receive account communications via U.S. Mail.

### 7.02 Investment Administration Fee.

(a) The Board periodically reviews the Investment Administration Fee and publishes the amount online at [www.ableunited.com](http://www.ableunited.com). The current nonrefundable Investment Administration Fee for all Investment Options, except the Money Market Fund, is 0.290% of the Account Balance. The current Administrative Fee for the Money Market Fund is 0.035% of the Account Balance. Fees for the premixed portfolio options are proportional to the fees assessed for the portfolio components.

(b) The following table compares the approximate costs of investing in the Program over different periods of time at

the specified rates. The example illustrates the hypothetical expenses a Beneficiary may incur over various periods if \$10,000 is invested in an Account with a 5% annually compounded rate of return. All units are redeemed at the end of the period shown for Qualified Disability Expenses (the results do not take into account any Non-Qualified Distributions subject to state or federal income taxes, or any penalties).

Investment Admin. Fee for \$10,000				
Fee	1-Yr	3-Yr	5-Yr	10-Yr
<b>Conservative Portfolio</b>				
0.265%	\$27	\$85	\$149	\$337
<b>Moderate Portfolio</b>				
0.290%	\$30	\$93	\$163	\$369
<b>Growth Portfolio</b>				
0.290%	\$30	\$93	\$163	\$369
<b>Money Market Fund</b>				
0.035%	\$4	\$11	\$20	\$45
<b>U.S. Bond Fund</b>				
0.290%	\$30	\$93	\$163	\$369
<b>U.S. Stock Fund</b>				
0.290%	\$30	\$93	\$163	\$369
<b>International Stock Fund</b>				
0.290%	\$30	\$93	\$163	\$369

These examples do not represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

### 7.03 Application Fee.

A nonrefundable application fee of up to \$50 per Account may be assessed at the time an Application is submitted.

#### **7.04 Check Fee.**

A nonrefundable check fee of \$2.50 will be assessed for each check requested during a calendar month. This fee is waived for the first two checks Requested each month.

#### **7.05 Insufficient Funds Fee.**

If a contribution to the Account is returned due to insufficient funds, a \$20 nonrefundable fee will be assessed to the Account and deducted from the Account Balance.

#### **7.06 Penalty Due to Misrepresentation or Failure to Promptly Report Changes in the Beneficiary's condition.**

A nonrefundable penalty of up to \$250 or 100 percent of the Account Balance, whichever is less, may be assessed if the Account is terminated pursuant to Paragraph 10.04.

#### **7.07 Fee Changes.**

Florida ABLE, Inc., may add, remove, increase, or decrease the Account Fee, Investment Administration Fee, or other fees charged, which could have a material effect on the investment in the Program and the Account Balance.

### **SECTION 8: ACCOUNT CHANGES**

#### **8.01 Change of Beneficiary.**

**(a)** During the lifetime of the Beneficiary, part or all of the Account Balance may be transferred to an Eligible Individual who is a Member of the Family.

**(b)** Before funds are transferred to the Account of an Eligible Individual, the Program requires: (1) the Eligible Individual to have an Account; (2) a Certification that the recipient is a Member of the Family; and (3) a Certification that the recipient is an Eligible Individual at the time of the transfer.

#### **8.02 Change of Administrator.**

**(a)** The Administrator may be changed by submitting a Request.

**(b)** If the Beneficiary lacks legal capacity to manage the Account, a Custodian may replace an unauthorized individual and serve as an Administrator by submitting a Certification that: (1) the current Administrator is not a Custodian for the Beneficiary; (2) the Beneficiary lacks legal capacity to manage the Account; and (3) the requestor is a Custodian for the Beneficiary.

**(c)** The Administrator may be changed by court order.

**(d)** Upon the death of the Beneficiary, a person may submit the Beneficiary's death certificate and a Certification that the person is: (1) the executor of the Beneficiary's estate as defined in Section 2203 of the Code; and (2) responsible for

the proper disposition of the Account Balance.

## **SECTION 9: DISTRIBUTIONS**

### **9.01 General.**

**(a)** A Request for a distribution may be made at any time.

**(b)** Under Section 529A of the Code, the Secretary of the Treasury and Commissioner of the Social Security Administration each may require additional information to categorize the reason(s) for a distribution. Upon request, this information must be provided to the Program.

**(c)** A distribution may be made payable to the Beneficiary, a Custodian or a third-party by submitting a Request. The individual submitting the Request is responsible for providing the correct information about the payee.

**(d)** The Beneficiary should retain evidence to substantiate any Qualified Distributions to the Internal Revenue Service and the Social Security Administration.

**(e)** The Program is not responsible for any late fees or other fees or penalties charged by a payee related to the distribution.

### **9.02 Rollover Distribution.**

**(a)** A Request for a Rollover Distribution may be made at any time.

**(b)** If the recipient of the Rollover Distribution is the same Beneficiary, then

the Rollover Distribution will be for the Account Balance and the Program will provide the following information to the selected Qualified ABLE Program: (1) a verification that the Account was closed; (2) the earliest date an ABLE Account was established for the Beneficiary, whether in the Program or in a prior Qualified ABLE Program; (3) the current calendar year contributions to the Account; and (4) the amount of earnings associated with the Rollover Distribution.

### **9.03 Source of Distribution.**

**(a)** A Request for a distribution will cause Trust Units to be sold at the NAV of the applicable Investment Options determined on the Trade Date.

**(b)** The distribution will cause the sale of Trust Units from each Investment Option in proportion to the market values represented by each Investment Option in the Account prior to the distribution.

**(c)** The number of Trust Units sold will be determined by dividing the distribution for a specified Investment Option by the NAV of that Investment Option as described in (a).

**(d)** The distribution will not receive any future interest or earnings.

### **9.04 Outstanding Distributions.**

If a distribution does not clear for any reason, the Administrator may submit a Request to: (a) reissue the distribution or (b) return the funds to the Account

pursuant to the Existing Balance Allocation at the time of return.

## **SECTION 10: TERMINATION AND REFUNDS**

### **10.01 Voluntary Termination.**

An Account may be voluntarily terminated at any time by submitting a Request.

### **10.02 Minimum Account Balance Termination.**

(a) The Program may involuntarily terminate the Account if the Account Balance is \$0 at the end of any calendar year.

(b) The Account will be reinstated upon receipt of: (1) a Request; and (2) a Certification that the Beneficiary is an Eligible Individual.

### **10.03 Involuntary Termination.**

(a) The Program may involuntarily terminate the Account if the Administrator fails to provide the Program with the information required: (1) to complete the Application within 90 days of submission; or (2) by the Secretary of the Treasury or federal law within a reasonable period of time prescribed by the Secretary or the applicable federal law, or, if none, 90 days.

(b) After processing any rejected contributions pursuant to Paragraph 6.08 and any Returned Contributions pursuant to Paragraph 6.09, the remaining Account Balance, if any, will not receive any future

interest or earnings and will be made payable to the Beneficiary upon receipt of a Request.

### **10.04 Termination Due to Misrepresentation or Failure to Promptly Report Changes in the Beneficiary's Condition.**

(a) The Program may involuntarily terminate an Account if a material misrepresentation is made in the Application, Request, communication, or maintenance of the Account by the Beneficiary or Administrator. A material misrepresentation includes, but is not limited to, providing an invalid Taxpayer Identification Number or providing a false Certification that an individual is an Eligible Individual or a Member of the Family of the Beneficiary.

(b) The Program may involuntarily terminate an Account if the notice of a change in the Beneficiary's condition, as required by Paragraph 2.04, is not submitted promptly to the Program.

(c) After processing any rejected contributions pursuant to Paragraph 6.08 and any Returned Contributions pursuant to Paragraph 6.09, the remaining Account Balance, if any, will not receive any future interest or earnings and will be made payable to the Beneficiary upon receipt of a Request.

### **10.05 Account Expiration.**

(a) If no contributions or distributions from the Account have been made for a continuous period of 25 calendar years, the Account will be declared expired.

(b) If the Account Balance exceeds \$50, the Program will send to the last known mailing address of the Administrator a notice at least six months prior to expiration of the Account Balance.

#### **10.06 Unclaimed Funds.**

(a) If a contribution or distribution is not claimed within seven calendar years, the funds will be declared unclaimed.

(b) If the funds exceeds \$50, the Program will send to the last known mailing address of the Administrator or, for rejected contributions and Returned Contributions, the contributor, a notice at least six months prior to distribution being declared unclaimed.

#### **10.07 Expired and Unclaimed Funds**

Funds from expired Accounts and unclaimed funds may be used to operate the Program.

### **SECTION 11: REPORTING**

#### **11.01 Account Statements.**

(a) The Program maintains separate records for each Account and will provide quarterly statements indicating, for the period and calendar year, the: (1) contributions to, distributions from, and changes in the number of Trust Units for each Investment Option in the Account; (2)

ending value of the Account; and (3) investment performance of each Investment Option.

(b) Quarterly statements may not be provided for any quarter where: (1) there have been no contributions or distributions; and (2) the beginning and ending Account Balance is \$0.

(c) The Administrator is responsible for reviewing each quarterly statement and for verifying the information contained on each quarterly statement. If the Administrator fails to notify the Program in writing of any error on the quarterly statement within 60 calendar days after the production date on the quarterly statement, the information pertaining to the Account contained on the quarterly statement is deemed to be correct, and the Administrator will be considered to have: (1) approved the information contained on the quarterly statement and its inclusion on subsequent quarterly statements; and (2) released the Program from all liability for any error contained on the quarterly statement.

(d) A Request for a copy of the most recent Account Statement may be submitted at any time.

#### **11.02 Tax Treatment, Withholding and Reporting.**

(a) The application and impact of tax law vary widely based upon the specific facts involved. The Administrator is strongly encouraged to consult a qualified tax

advisor regarding the tax consequences of contributing money to, or withdrawing money from, an Account.

**(b)** The Program will furnish a statement containing the information required on a Form 5498-QA, or any successor form. The statement may be: (1) a copy of Form 5498-QA, or any successor form; or (2) combined with a quarterly statement.

**(c)** The Program will issue a Form 1099-QA, or any successor form, in accordance with the instructions for that Form, for the calendar year in which any distribution is made.

**(d)** The Program does not withhold any earnings or portion of a distribution for tax purposes.

**(e)** A Request for a copy of the most recent statements provided under **(b)** or **(c)** may be made at any time. The request for a paper statement will not be treated as withdrawing consent under Paragraph 11.03(b).

### **11.03 Electronic Reporting.**

**(a)** The primary method for providing correspondence is online access at [www.ableunited.com](http://www.ableunited.com). E-mail may be used to provide notifications of the availability of electronic statements and other Program information.

**(b)** For statements issued pursuant to Paragraph 11.02, the Program may request the recipient to affirmatively consent to receive the statement in

electronic format. The consent applies to statements furnished every year after the consent is given. The recipient may withdraw his or her consent at any time by submitting a Request. If consent is withdrawn, the Program will confirm the withdrawn consent in writing and the effective date, which will not exceed 60 days, when future statements will be furnished on paper. If the recipient does not consent, the statement will be furnished on paper.

**(c)** The Program retains the right to provide any or all statements and correspondence on paper instead of electronically without notice.

### **11.04 Reporting to State and Federal Agencies.**

The Program may report Account information to state and federal agencies to comply with state and federal law and to administer the Program.

## **SECTION 12: OTHER INFORMATION ABOUT THE ACCOUNT**

### **12.01 Not an Obligation of the State.**

The Agreement is only a debt or obligation of the Program, and is not otherwise a debt or obligation of the State of Florida.

### **12.02 Actual Receipt by Program Required.**

All Requests and authorizations are effective only upon actual receipt by the Program and after a reasonable processing time.



**12.03 Privacy and Account Confidentiality.**

(a) The personal financial and health information of a party to the Participation Agreement and these Terms and Conditions is confidential and exempt from Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution.

(b) Florida ABLE, Inc., or the Board may authorize the disclosure of information to another state or federal government entity for the receiving entity to perform its duties or responsibilities or for the Program to: (1) verify the eligibility of an Eligible Individual; (2) permit the use of an Account; or (3) provide additional services for the Beneficiary.

**12.04 Accounts Subject to State Medicaid Repayment.**

Subject to any outstanding payments due for Qualified Disability Expenses, upon the death of the Beneficiary, all amounts remaining in the Account not in excess of the amount equal to the total medical assistance paid for the Beneficiary after the Date of Establishment, net of any premiums paid from the account or paid by, or on behalf of, the Beneficiary to a Medicaid Buy-In program any state Medicaid plan established under Title XIX of the Social Security Act, shall be distributed to such state upon filing of a claim for payment by such state. For purposes of this Paragraph, the state shall

be a creditor of an ABLE Account and not a beneficiary.

**12.05 Accounts Not Registered Under the Securities Laws.**

(a) Neither the Accounts under, nor the Agreement to be executed in connection with, the Program will be registered under the Securities Act of 1933, as amended, or with the securities regulatory authority of any state.

(b) To the extent that registration of the Accounts or the Participation Agreement is required, or registration of Florida ABLE, Inc., the Board or its officers and employees is required in order to offer or sell the Accounts or the Participation Agreement, and the Accounts or the Participation Agreement are offered and sold without the proper registration(s): (1) Florida ABLE, Inc., could be required to cease and desist operating the Program and to terminate the Program; (2) monetary penalties could be imposed; or (3) both.

**12.06 Necessity of Qualification.**

(a) The Program is intended to be a Qualified ABLE Program. Florida ABLE, Inc., and the Board may make changes to the Program and the Agreement at any time if it is determined that such changes are necessary for the continuation of the Program as a Qualified ABLE Program.

(b) The Administrator acknowledges and agrees that the Beneficiary and Account will be bound by any such changes.

#### **12.07 Statute and Rules.**

(a) The Account and the Agreement are subject to future changes to the Program, Part IV Chapter 1009, Florida Statutes, as amended, and to Rule 19B-18, Florida Administrative Code (or any similar successor rule), as amended.

(b) All transactions and changes of the Account are subject to such rules and policies as the Board may adopt in accordance with federal and state law.

(c) All references in the Agreement to federal and Florida law include any similar successor law.

(d) The Administrator agrees to be bound by any such changes, policies, rules, and statutes.

#### **12.08 Program Changes and Termination.**

(a) The Program is required to comply with Section 529A of the Code and the regulations and the administrative guidance issued thereunder, as well as Section 1009.986 through 1009.988, Florida Statutes, and related sections and the related regulations and administrative guidance thereunder. In the operations of the Program, Florida ABLE, Inc. and the Board shall have authority to interpret and administer the Program in a manner which

complies with the Statutes and the guidance thereunder.

(b) Florida ABLE, Inc., reserves the right to make changes or enhancements to the Program at any time to comply with Federal laws and regulations and the Florida Legislature's grant of authority under Section 1009.986(1) and 1009.986(4), including subparts, through the rulemaking process as more fully described in Section 120.54, Florida Statutes. Beneficiaries who have established Accounts prior to the time an enhancement is made available, may be precluded by federal tax law from participating in such enhancement.

(c) Although Florida ABLE, Inc., currently has no plans to do so, Florida ABLE Inc., may: (1) refuse to accept additional contributions to existing Accounts; or (2) refuse to accept Applications for new Accounts.

(d) The Program will continue indefinitely until its existence is terminated by law, if ever, or discontinued because the Program is not financially feasible. If the Program is terminated, after six (6) months, to allow for an opportunity to submit Requests for distributions, the Account will be involuntarily terminated and the Account Balance will be distributed pursuant to Paragraph 10.03(b).

(e) There is a possibility that, due to poor performance of the Investment Options and/or Program fees, the Account Balance

may be zero or significantly lower than the amount of funds contributed to the Account.

**(f)** Termination of the Program may result in a Non-Qualified Distribution for which taxes and penalties may be assessed.

#### **12.09 State Pledge.**

The State of Florida pledges that the State of Florida will not limit or alter the rights under Section 1009.986, Florida Statutes, which are vested in the Program until such obligations are met and discharged. However, Section 1009.986(4)(i), Florida Statutes, does not preclude such limitation if adequate provision is made by law for the protection of the Beneficiary pursuant to the obligations of Florida ABLE, Inc.

#### **12.10 Disputes.**

Any controversy or claim arising out of or relating to the Agreement, or the breach, termination or validity thereof, will be resolved in an administrative proceeding conducted pursuant to the provisions of Chapter 120, Florida Statutes.

#### **12.11 Indemnification.**

**(a)** Florida ABLE, Inc., the Board or the Program will not indemnify any Beneficiary or Administrator against losses or other claims caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, terrorism, strikes, changes in federal or state law, including tax law, or other conditions beyond their control.

**(b)** The establishment of the Account will be based upon the Administrator's agreements, representations and warranties set forth in the Agreement. The Administrator agrees to indemnify and hold harmless the Program, Florida ABLE, Inc., the Board, any vendors, contractors, investment advisors, investment consultants or investment managers selected by Florida ABLE, Inc., or the Board, and any agents, representatives, or successors of any of the foregoing, from and against any and all loss, damage, liability or expense, including reasonable attorney's fees, that any of them may incur by reason of, or in connection with, any misstatement or misrepresentation made by the Administrator herein or otherwise with respect to the Account, and any breach by the Administrator of any of the agreements, representations or warranties contained in the Agreement.

**(c)** All of the acknowledgements, agreements, representations and warranties of the Beneficiary and Administrator will survive the termination of the Agreement.

#### **12.12 Improper Action by a Custodian.**

The Program, Florida ABLE, Inc., and the Board will not be liable for any consequence related to an action taken by a Custodian, or any individual who submits a Certification, which is an improper use, transfer, or characterization of custodial funds.

**12.13 Binding Nature; Third-Party Beneficiaries.**

The Agreement will survive the death of the Beneficiary and will be binding upon the Beneficiary's personal representatives, legal representatives, heirs, successors and assigns.

**12.14 Headings.**

The heading of each section, paragraph and provision in the Terms and Conditions will not be deemed to modify or qualify any of the rights or obligations set forth in each such section, paragraph and provision.

*Form FPCB 2018-08, Effective 08/18, adopted by reference in Rule 19B-18.003, F.A.C.*





#### Program Description and Participation Agreement:

Carefully consider the investment objectives, risks, charges and expenses before investing in the ABLE United Program. Please read this Program Description and Participation Agreement carefully. As with any investment, it is possible to lose money by investing in this program. The value of your ABLE United account may fluctuate and it is possible for the value of your account to be less than the amount you invested. Before investing, you should consider whether the state in which you reside or have taxable income has a 529A program that offers favorable state income tax or other benefits that are available only if you invest in the program of that state.

This information is for educational purposes only and is not intended as tax, legal or investment advice.