

ABLE United

Deeper Dive into ABLE Accounts

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Objectives

Achieving a Better Life Experience.

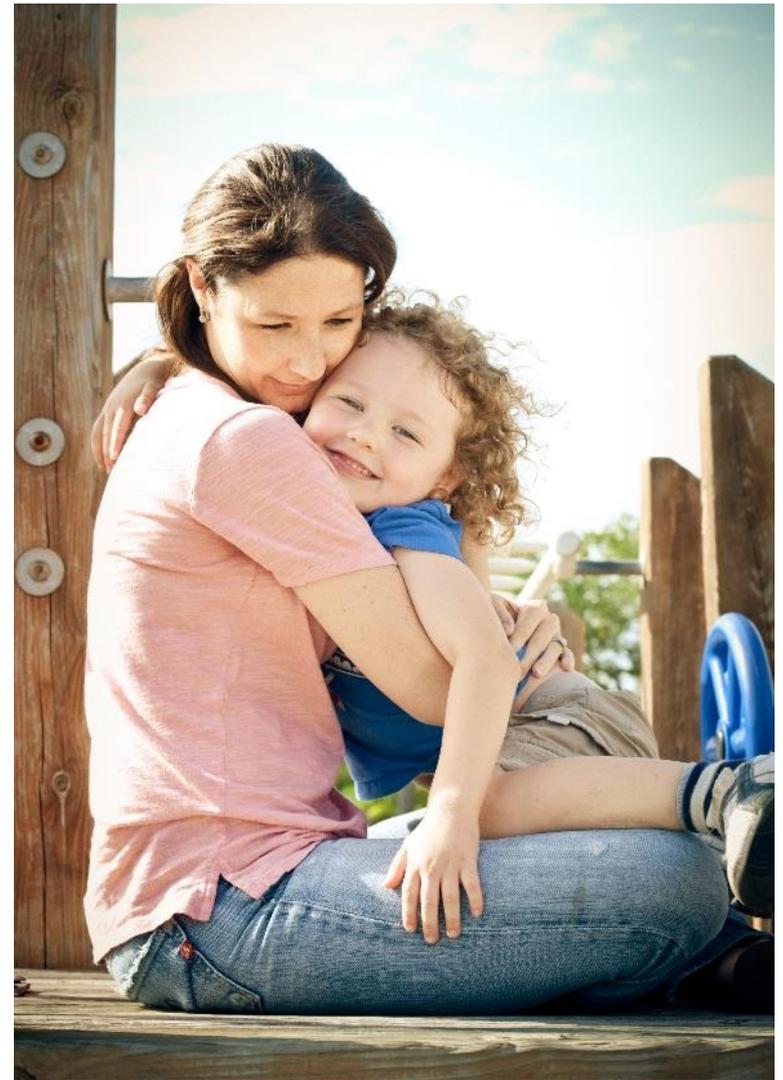
- Overview of ABLE Act
- ABLE United Specifics
- Distinctions Between SSA Disability Programs
- Supplemental Security Income Program Rules and Examples
- Qualified Disability Expenses
- Misconceptions
- Resources
- Questions



What is ABLE?

Achieving a Better Life Experience.

- The Stephen Beck, Jr. Achieving a Better Life Experience Act encourages individuals with disabilities to **save private funds** to support health, independence, and **quality of life**.
- Added a new section to the Internal Revenue Code, Section 529A.
- In July 2015, Florida created a not-for-profit and direct support organization of the Florida Prepaid College Board to administer Florida's ABLE Program.
- ABLE United launched July 1, 2016.



ABLE Key Advantages

Save Like Never Before

A tax-free savings and investment account established to support disability expenses while maintaining government benefits.

- *Save while maintaining federal benefits*
- *Save with the help from family & friends*
- *Save tax-free for future expenses*
- *Save time and money*



ABLE United Overview

Tax-free savings to support disability expenses while maintaining benefits

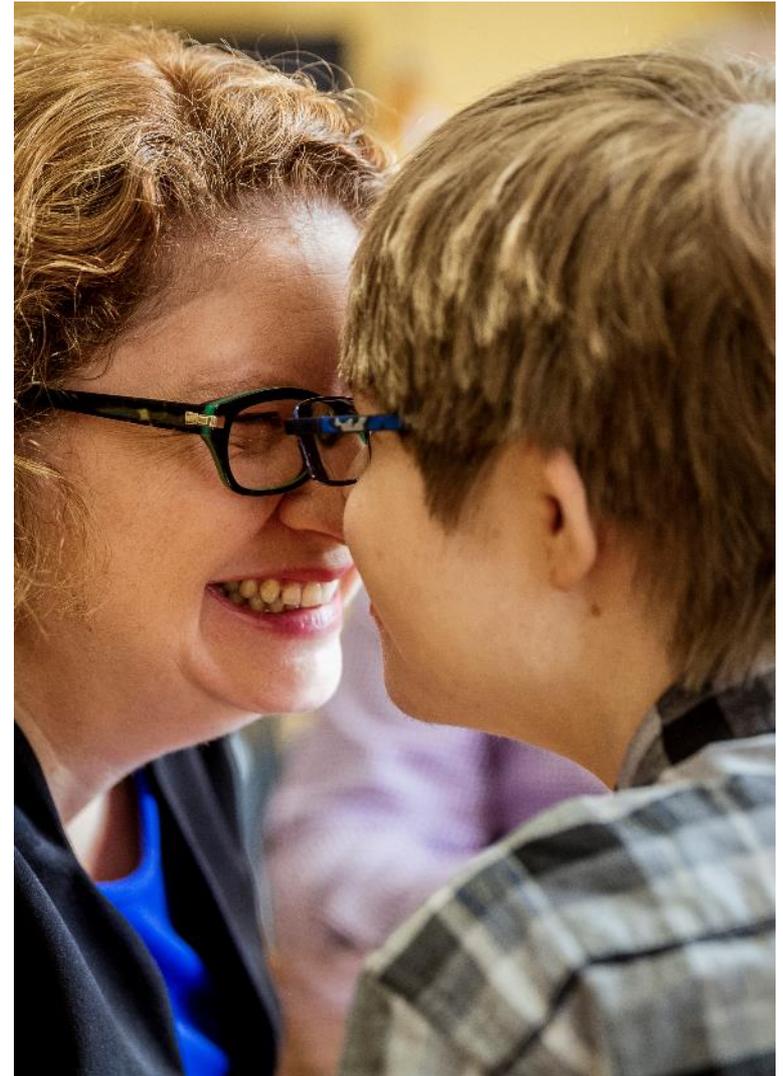
Must be a **Florida resident** at the time of application and have a **qualifying disability** with **onset prior to age 26**

Enroll: Open an account online in 15 minutes
No documents or approval process

Contribute: Save up to \$15,000 per year
Anyone may contribute to the account

Grow: Choose from 7 investment options
Predesigned and custom portfolios

Withdraw: Withdraw at any time, for any reason
No tax if used for qualified expenses





How much does it cost?

No cost to open and maintain an account

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

- *No application fee*
- *No minimum contribution*
- *No monthly account maintenance fee*
- *Annual fee of \$10 for paper (OPTIONAL)*
- *Investment administration fee ranges from 0.035% to 0.290% (annualized) of the account balance*

The following table summarizes the investment return for each of the Investment Options, net of the Investment Administration Fee, offered under the ABLE United Program. For information about your account visit www.ableunited.com, "Sign In" or call 1-888-524-ABLE (2253).

Investment Returns				
	May 2018 (5/1-5/31/18)	Apr 2018 (4/1-4/30/18)	Mar 2018 (3/1-3/31/18)	1st Quarter (1/01-3/31/18)
Predesigned Portfolio Options				
Conservative	0.98%	-0.09%	-0.43%	-0.99%
Moderate	1.22%	0.11%	-0.84%	-1.01%
Growth	1.16%	0.45%	-1.20%	-0.87%
Fund Options				
Money Market Fund	0.18%	0.15%	0.18%	0.44%
U.S. Bond Fund	0.59%	-0.81%	0.57%	-1.55%
U.S. Stock Fund	2.80%	0.35%	-2.00%	-0.68%
International Stock Fund	-1.98%	1.61%	-0.72%	-0.86%
Average Annual Returns for Periods Ending 5/31/2018				
	1 Year	3 Years	5 Years	Since Inception
Predesigned Portfolio Options				
Conservative	5.08%	N/A	N/A	5.29%
Moderate	7.62%	N/A	N/A	8.15%
Growth	9.97%	N/A	N/A	11.09%
Fund Options				
Money Market Fund	1.54%	N/A	N/A	1.27%
U.S. Bond Fund	-0.78%	N/A	N/A	-1.13%
U.S. Stock Fund	14.77%	N/A	N/A	15.00%
International Stock Fund	7.79%	N/A	N/A	12.16%

The investment returns provided were calculated by Callan LLC, the Program's investment consultant, by computing the percentage change in the trust unit value of each Investment Option. The unit values were provided to Callan for computing the investment returns.

Under no circumstances is the information contained herein to be used or considered as an offer to sell or a solicitation of an offer to buy a particular investment. The net investment returns are provided for general information only and are not intended to provide investment or other advice. Past performance is no guarantee of future performance. Actual results for future periods could differ significantly from past performance.

For more information about the investment options and current Investment Administrative Fees, please review the Program Description and Participation Agreement at www.ableunited.com/pdpa.

Qualified Disability Expenses

Relates to disability and maintains/improves health, independence, or quality of life

Qualified disability expenses, which include “living expenses,” are not required to be medically necessary or to be limited for the sole benefit of the individual with a disability.



Health



Education



Housing



Transportation



Legal Fees



Financial Management



Employment Training and Support



Assistive Technology and Personal Support Services



Oversight and Monitoring



Funeral and Burial



Other Expenses Approved by the Treasury Regulations



Social Security

Impact of ABLE Accounts

- **Title II Beneficiaries**

- ABLE accounts have no impact on eligibility or benefit amount.

- **Title XVI (SSI) Recipients**

- Since SSI is means-tested, ABLE accounts and account balances and distributions are considered in determining eligibility for SSI.

Disability Under Social Security

Title II (Earned Benefits)

- *Monthly cash benefits for a disabled worker* (disability insurance benefits)
 - Are under a disability
 - Have filed an application for disabled worker's benefits
 - Have disability insured status
- *Monthly cash benefits for a disabled widow(er) or disabled surviving divorced spouse*
 - Age 50-59 who meet the other requirements for entitlement to widow(er)'s insurance benefits
 - Meet the definition of disability for disabled workers
- *Monthly cash benefits for a disabled child*
 - Child of a worker entitled to disabled worker's or retirement benefits or of an insured worker who died
 - Payable as early as age 18
 - Child must have become disabled before reaching age 22

Disability Under Social Security

Title XVI (Supplemental Security Income or SSI)

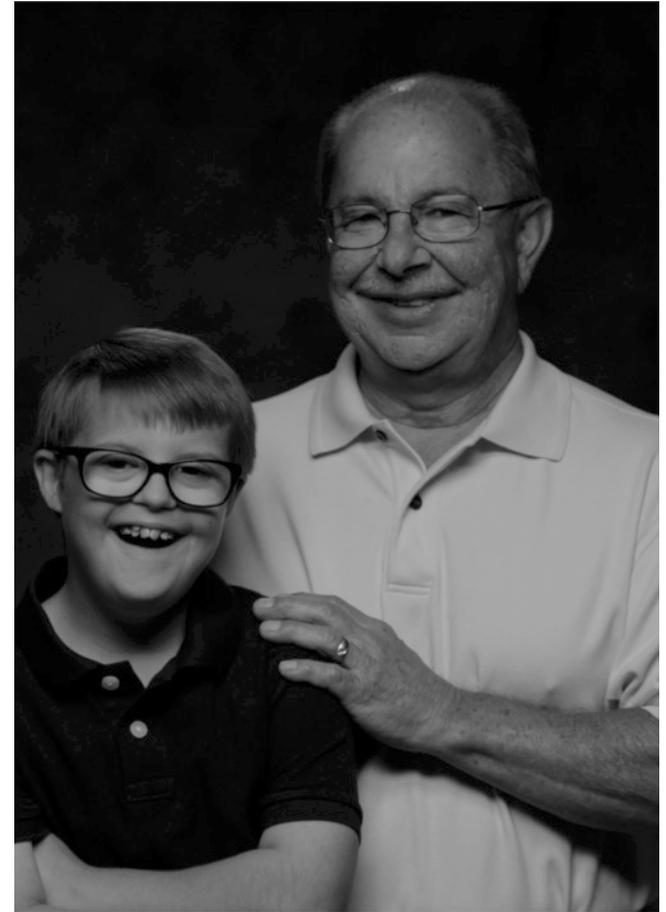
- Monthly cash benefits for needy, blind, or disabled individuals
- Includes aged and blind or disabled adults and children
- Means-tested benefit (limited income and resources)
- No insured status requirement
- Adult and Child disability standards

Supplemental Security Income

Supplemental Security Income (SSI) provides cash to meet basic needs for food, clothing, and shelter.

An individual must meet disability, income and resources requirements to qualify.

- Receive up to \$750 per month – reduced if receiving income
- Receive Medicaid coverage
- No more than \$2,000 in countable resources



Examples provided by SSA

All the following examples in the Program Operations Manual System (POMS)

Visit:

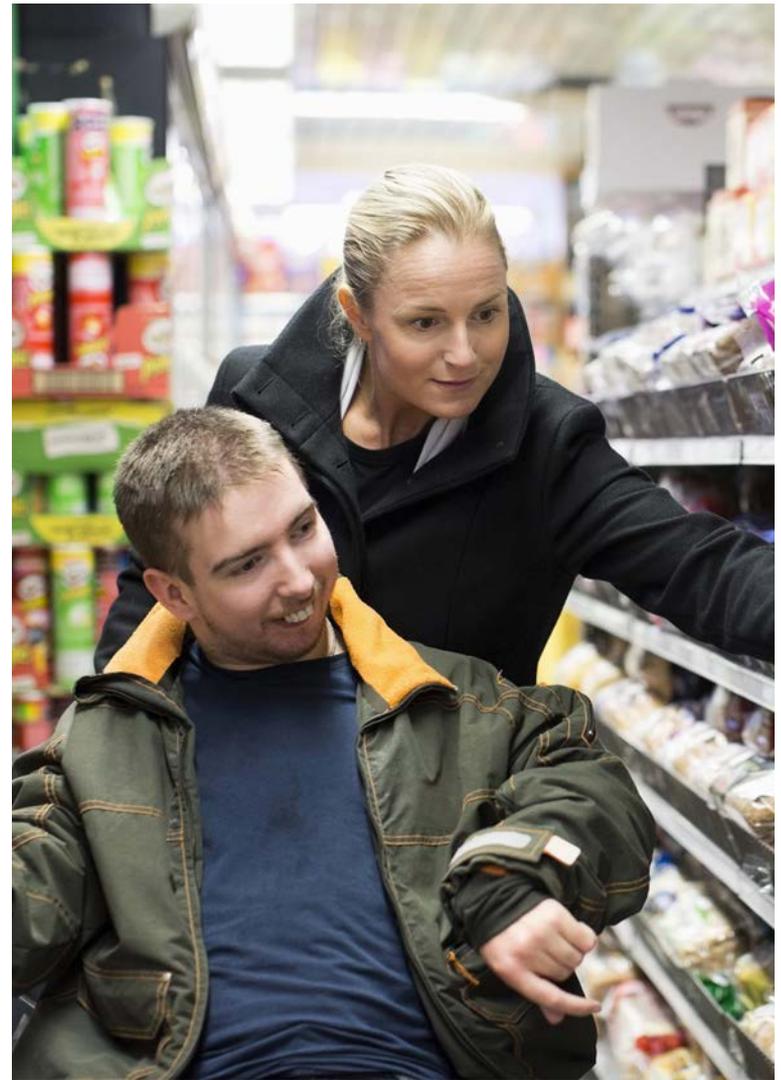
<https://secure.ssa.gov/poms.nsf/lnx/0501130740>

Family and Friends

ABLE account contributions are not considered unearned income for SSI

Tommy's mother (and other family and friends) can contribute to the ABLE United account directly. Tommy would not see a reduction in his SSI benefits.

- Anyone can contribute to an ABLE account
- No federal income tax deduction
- Total contributions of \$15,000 per year



Housing Expenses

ABLE accounts can be used to pay for housing expenditures directly

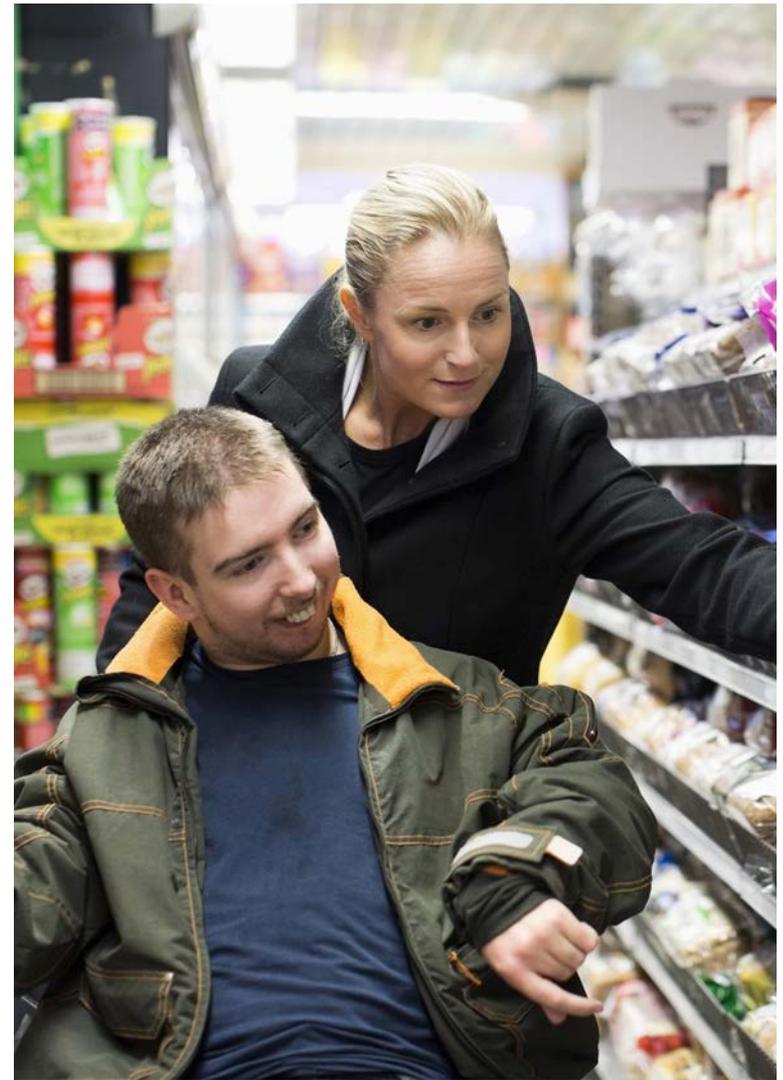
Tommy is going to pay \$500 for his share of the rent from an ABLE United Account.

Countable Resource:

- Withdraw funds for rent and retain them into the next month

Not Countable Resource:

- Pay landlord directly
- Withdraw and pay rent in the same month

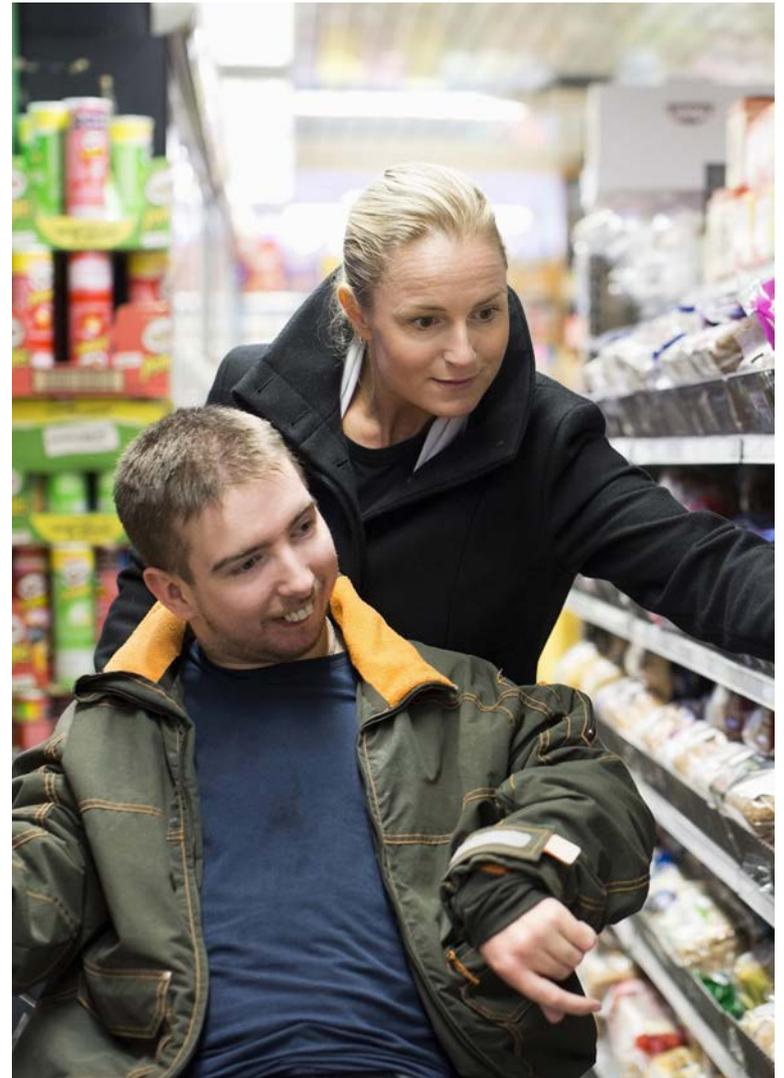


Retaining Withdrawals

ABLE account withdrawals retained for Qualified Disability Expenses, other than housing, are not a resource for SSI

Tommy withdraws \$1,000 in March for an upcoming health related expense in June.

- Retained withdrawals must remain unspent and identifiable
- Withdrawals are not income
- Excluded from SSI countable resources in the months leading up to expenditure



Qualified Disability Expenses

Qualified Disability Expenses

Section 529A(e)(5) defines a *qualified disability expense*. Consistent with that subsection, the proposed regulations provide that **qualified disability expenses are expenses that relate to the designated beneficiary's blindness or disability and are for the benefit of that designated beneficiary in maintaining or improving his or her health, independence, or quality of life.** Such expenses include, but are not limited to, expenses for 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 that may be identified from time to time in future guidance published in the Internal Revenue Bulletin. As previously stated, expenses incurred at a time when a designated beneficiary is neither disabled nor blind within the meaning of the proposed regulations are not qualified disability expenses. In order to implement the legislative purpose of assisting eligible individuals in maintaining or improving their health, independence, or quality of life, **the Treasury Department and the IRS conclude that the term "qualified disability expenses" should be broadly construed to permit the inclusion of basic living expenses and should not be limited to expenses for items for which there is a medical necessity or which provide no benefits to others in addition to the benefit to the eligible individual. For example, expenses for common items such as smart phones could be considered qualified disability expenses if they are an effective and safe communication or navigation aid for a child with autism.**

What can funds be used for?

Save for future qualified disability expenses.

Qualified disability expenses, which include “living expenses,” are not required to be medically necessary or to be limited for the sole benefit of the individual with a disability.



Health



Education



Housing



Transportation



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Other Expenses Approved by the Treasury Regulations

What (most likely) can the funds from an ABLE account not be used for?

The IRS, or Social Security if receiving SSI, determines if something is non-qualified

Withdrawals used for non-qualified disability expense, could result in loss or suspension of benefits and earnings may be subject to tax plus 10% penalty

- Illegal
- Gifts to others
- Tobacco, alcohol, gambling
- Expenses that do not maintain or improve health, independence, or quality of life
- Expenses that do not relate to the designated beneficiary's blindness or disability

Common Misconceptions

Common Misunderstandings about ABLE

Common questions that can be tricky

- *Who owns the ABLE United account?*
- *Does ABLE United shelter earned income? Example: Individual works and has pay check deposited in ABLE account. Does that income still count as earned income for SSA purposes?*
- *Can ABLE United accounts be used to pay for vacations?*
- *Can the individual with a disability put their own money in their ABLE United account?*
- *Does the state get to keep the balance of the ABLE United account once individual passes away?*
- *If I move out of the state, do I have to close my ABLE United account and open an ABLE account in that state?*

Resources

Is an ABLE United Account right for you?

If you answered yes to any of these questions, an ABLE United account might be beneficial for you

- *Are you looking for a way to save money without losing your government benefits?*
- *Do you need a way to save for basic living expenses like housing, transportation and education?*
- *Do you have family and friends that would like to assist you financially, but do not want to compromise the benefits you currently receive, or may receive in the future?*
- *Are you a parent of a child who wants to save for transitional expenses when your child turns 18?*
- *Do you find yourself spending down money each month in order to get below \$2,000 in assets?*
- *Are you looking for a way for your money to potentially earn interest tax-free?*

Additional Resources

Information about ABLE United and finances for individuals with I/DD

- *Florida's Chief Financial Officer MyMoney* - <https://myfloridacfo.com/mymoney/>
 - *Financial literacy lessons for individuals and families*
- *ABLE United website* – www.ableunited.com
 - *Testimonial videos and blog posts, upcoming/previous webinars*
- *ABLE United Facebook Page* – www.facebook.com/ABLEUnited
- *ABLE National Resource Center* – www.ablenrc.org
 - *Information on ABLE from a national perspective, including information about all other state's ABLE programs*
- *Local financial or legal expert that is familiar with ABLE accounts*

Questions



Connect With Us

Visit ableunited.com for more information about ABLE United.

Learn more about ABLE United accounts, listen to other account holders, and review our Program Description and Participation Agreement.

Customer Service:

Email customerservice@ableunited.com

Toll Free 1-888-524-ABLE (2253)

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