



Enable and Special Needs Trusts

Up until the passage of the ABLÉ Act, an individual with disabilities could only have up to \$2,000 saved in their name to apply for or maintain SSI benefits. To avoid this limit, family members and friends have used Special Needs Trusts (SNT) to set aside resources without reducing or eliminating benefits. The Enable Savings Plan is an added way to save for individuals with disabilities so they can live and thrive independently for a lifetime. The Enable Savings Plan and SNTs can be used together to provide for financial security.

Each situation is different so you should talk with a financial or legal advisor.

Self-Settled (First Party) Special Needs Trusts are used by individuals and funded with their own money. Examples may include money received from an inheritance or an injury settlement.

Third-Party Special Needs Trusts are used when family, friends and other individuals want to set aside money for an individual with a disability. The assets in the Trust are not owned by the individual with a disability. Often Third-Party Special Needs Trusts are part of a parent or other family member's estate plan.

Assets in an Enable Savings Plan account are owned by an Account Owner who is an Eligible Individual. Anyone can contribute to the account,¹ however the Account Owner (or a legal representative) has control over the account and use of the assets. Unlike a SNT, there are no legal or administration fees and earnings are tax-free.

For those having or thinking about establishing a SNT you should consider:

- **Opening an Enable account instead of a Special Needs Trust.** You would avoid the trust's high fees (legal fees to create a trust, trust administration fees, annual filing fees) and tax on the earnings (subject to compressed trust tax rates up to 39.6%).
- **Opening an Enable account and a Third-Party Special Needs Trust.** Encourage those who would contribute to the trust to invest up to the maximum limits in the Enable account and use the assets first as expenses occur to enjoy the tax benefits. Additional funds can still go into the trust.
- **Supplementing a trust with an Enable account.** That will show your commitment to include the individual with disabilities in their community and your support of them to achieve financial independence. If permitted, you should consider annually withdrawing up to \$15,000 from the trust for deposit directly into the Enable Savings Plan account.
- **Opening an Enable account or contributing to the account.** Use this tax-advantaged Plan if you plan on giving the individual with disabilities less than the SSI limit of \$100,000 or if the individual is not or will not be dependent on SSI.
- **Depositing the proceeds from an inheritance or injury settlement.** Depositing the money directly into a tax-free, low cost Enable account is a great way to use the Plan.

Funds in both a trust and an Enable account are expected to be used during the life of the beneficiary. The opportunity to create a lifetime of financial stability outweighs the potential impact to SSI cash benefits or the requirement to payback Medicaid upon death.

	Self-Settled Special Needs Trust	Third-Party Special Needs Trust	Enable Savings Plan
Authority over the Account	Lawyer or Trustee	Lawyer or Trustee	Individual with disabilities Parent or guardian of a minor Legal representative
Who owns the assets when in the trust	Trust	Trust	Disabled individual
Eligibility requirements	Disabled individual under the age of 65 with inheritance or insurance settlement	Disabled individual under the age of 65	Disabled prior to 26 years old or blind
Control over the assets	Trustee	Trustee	The individual does, or through parent, guardian or conservator
Who can contribute	The disabled individual receiving the inheritance or settlement	Any person	Any person including a trust
Tax consequences	Federal or State income tax on earnings at beneficiary's rate	Income tax on earnings at federal and state level at high rate (up to 39.6%)	Earnings are tax-free while in the account and when used for qualified disability expenses
Cost and expenses	Legal fees to draft Trust Trust administration fees Annual filing fees	Legal fees to draft Trust Trust administration fees Annual filing fees	No direct cost to open or maintain an account. Annual Account Fee of \$45
Funds part of asset calculation for SSI/SSDI	No	No	No
Use of funds	Non-support ² items per trust document only	Non-support items per trust document only	Any qualified eligible expense and any item supported by SSI or SSDI
Annual contribution limit	None	None	\$15,000
Maximum balance limit over lifetime	None	None	\$400,000
Maximum balance limit until SSI benefits suspended	None	None	\$100,000 (Medicaid benefits not impacted)
Investing	Trustees have the authority to invest funds held in trust in any way so long as they meet their fiduciary duty and responsibilities	Trustees have the authority to invest funds held in trust in any way so long as they meet their fiduciary duty and responsibilities	Investments are pre-selected based on time horizon and risk tolerance
Can the assets be transferred to someone else when the disabled individual is alive?	No	No	Yes, to an Eligible Individual who is a sibling ³
Subject to Medicaid claims at death for expenses paid?	Yes	No	Yes but only for Medicaid claims after an Enable account was established
Protection against losing SSI or Medicaid Benefits	Yes	Yes	Yes if limit ⁴ is not exceeded

¹ Enable can be owned by a wide range of Eligible Individuals including someone who: is disabled but does not use SSI or SSDI; who receives or will apply for disability benefits, even if the disability has the potential to resolve; is a young child living with parents; has income whether or not in conjunction with SSI; has SSI but who regularly exceeds the \$2,000 resource limit or needs to fill the gap between expenses paid by benefits and needed by the individual; and wants to and can live and thrive independently.

² According to government regulations food or shelter are considered support items. So anything outside of rent, food, real estate taxes, etc. is considered a non-support item.

³ Includes sibling, step-sibling and half-siblings, whether by blood or by adoption.

⁴ When the total account balance exceeds \$100,000 the owner's SSI cash benefit could be suspended until such time as the account balance falls back below \$100,000. However, this suspension does not impact on the Account Owner's ability to receive Medicaid or Developmental Disability services.

An investor should consider the Plan's investment objectives, risks, charges and expenses before investing. The Program Disclosure Statement at www.EnableSavings.com, which contains more information, should be read carefully before investing.

Investors should consider before investing whether their home state offers any state tax or other benefits that are only available for investments in such state's qualified savings program and should consult their tax advisor, attorney and/or other advisor regarding their specific legal, investment or tax situation.

This material is provided for general and educational purposes only, and is not intended to provide legal, tax or investment advice, or for use to avoid penalties that may be imposed under U.S. federal tax laws. This material is not an offer to sell or a solicitation of an offer to buy any securities. Any offer to sell units within the Plan may only be made by the Program Disclosure Statement relating to the Plan.

Participation in the Plan does not guarantee that contributions and the investment return on contributions, if any, will be adequate to cover future expenses, or that an Account Owner is eligible to participate in the Plan.

Investments Are Not FDIC Insured* | No Bank, State or Federal Guarantee | May Lose Value *Except the Bank Savings and Checking Investment Options

The Nebraska Achieving a Better Life Experience Program Trust Issuer

Nebraska Investment Council Investment Oversight

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To learn more, visit EnableSavings.com or call 844-362-2534



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