

ABLE: Achieving a Better Life Experience Act of 2014

The National ABLE Alliance is a partnership of States dedicated to providing those living with disabilities with an ABLE investment product that offers multiple financial options at low cost.



About ABLE

Giving those with disabilities the ability to save.

What is ABLE?

ABLE helps individuals with disabilities and their families:

- **save for disability-related expenses on a *tax-free* basis**
- **preserve their ability to benefit from supplemental security income Medicaid, and other federal programs.**



Eligibility

How do I qualify to open an NJ ABLE account?

Who's eligible?

To be eligible, individuals must meet two requirements:

1) Your disability was present before the age 26; and

2) One of the following is true:

- You are eligible for SSI or SSDI because of a disability
- You experience blindness as determined by the Social Security Act; OR
- You have a similarly severe disability with a written diagnosis from a licensed physician that can be produced if requested.



Health & Wellness



Use of Funds

What can ABLE funds be used for?

Qualified Disability Expenses

- ANY expense that is incurred as a result of living with a disability and is intended to improve quality of life.
- Not limited to medical necessity.
 - Education
 - Health and wellness
 - Housing
 - Transportation
 - Legal fees
 - Financial management
 - Employment training and support
 - Assistive technology
 - Personal support services
 - Oversight and monitoring
 - Prepaid funeral and burial expenses

Special Tax Advantages

- ABLE savings may grow and be withdrawn tax-free, **provided that savings are used for qualified, disability-related expenses.**
- Earnings may compound federally tax-deferred, maximizing the return on your investment.

No impact on current benefits

ABLE assets will be disregarded or receive favorable treatment when determining eligibility for most important means-tested benefits:

- **Supplemental Security Income**
- **Medicaid**

Impact on benefits (cont.'d)

Supplemental Security Income (SSI)

- Balances of \$100,000 or less are excluded from your SSI resource limit
- > \$100,000 SSI cash benefits will be suspended, but Medicaid will continue

Medicaid Eligibility

- Able assets are disregarded
- >\$100,000 and SSI cash benefit stops, Medicaid will continue
- NJ ABLE is subject to “Medicaid Payback” Provision

ABLE Facts

ABLE Facts

- The designated beneficiary of the account is the account owner
- Income earned by the account will not be taxed, as long as withdrawals are used for qualified expenses
- Contributions to the account can be made by anyone (the account beneficiary, family and friends)
- Contributions must be made using post-taxed dollars
- Can open an account in any State that allows outside residents (43 including DC)

User-friendly

- Open an account online with as little as \$25.
- Access your account 24/7 from a PC, tablet, or mobile device.
- Access by phone or online.

Contribute more, pay less.

High maximums

NJ ABLE: \$15,000 per year max. Lifetime contribution limit: \$305,000.

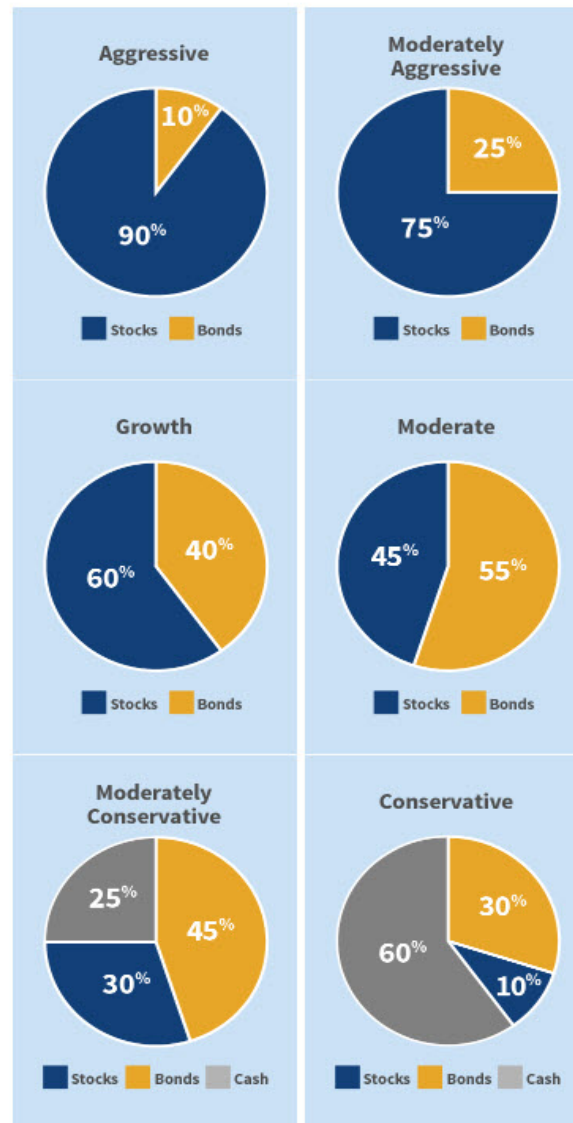
Low fees

The annualized investment costs on assets per investment option range from 0.34% to 0.38%, depending on which investment option(s) you select.

Each Account is charged an account maintenance fee of \$15 each quarter. (\$60.00 annually or \$5.00 a month)

This fee can be discounted if you select email delivery for statements and confirmations. (\$45.00 annually, \$11.25 quarterly or \$3.75 monthly)

Investment options to fit your needs.



529 College Savings Rollover Provision:

- Allows funds in a 529 College Savings account to be rolled over into a 529A account (ABLE Account)
- The ABLE account beneficiary must be either:
 - **the beneficiary of the 529 College Savings account, or**
 - **A “family member” of the beneficiary of the 529 College Savings account**
- The funds rolled over from the 529 college savings account to an ABLE account are subject to the annual contribution limit and thus capped at \$15,000 for any given tax year (provided no other contributions into the account have been made during that tax year)

Eligibility for Saver's Credit:

- Also known as the **Retirement Savings Contributions Credit**
 - Allows a tax credit to low and moderate income taxpayers who make contributions to retirement accounts
- Saver's Credit can be taken for your contributions to an ABLE account if you're the designated beneficiary and you meet the following:
 1. Age 18 or older;
 2. Not a full-time student; and
 3. Not claimed as a dependent on another person's return
- Amount of credit is a certain percentage of your contribution depending on your gross annual income; Maximum of \$2,000/year
- For more information: <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit>

Additional Contributions Above \$15,000 ***“ABLE to Work Act”***

- This provision allows ABLE account beneficiaries who work, and earn income, to contribute above the \$15,000 annual contribution limit.
 - *Up to the annual federal poverty limit (\$12,140 for 2019) or up to the amount of their earned income, whichever is less.*
- The contributions above the \$15,000 annual contribution limit would be limited to contributions made specifically by the account beneficiary into their ABLE account.
- **The additional contribution would only be allowed if the beneficiary is not participating whatsoever in his/her employer based retirement fund.**



Opening An Account

How to Enroll.....

- **Visit:** savewithable.com to learn more about the Program, request an information kit or enroll online.
- **Call:** 1(888) 609-8869 to speak with a Program representative Monday through Friday, 8:00am – 5:00 pm ET.
- **Email:** nj.clientservice@savewithable.com
- **By Mail:** (printed application)

NJ ABLE
P.O. Box 219289
Kansas City, MO 64121

(Ascensus College Savings Recordkeeping Services, LLC)

Frequently Asked Questions

Who can open an ABLÉ account?

Eligible individuals can open the account for themselves, or an authorized individual can open an account on their behalf.

Who qualifies as an ‘authorized representative’?

This can be a person appointed as a Power of Attorney or someone appointed by the court to have financial authority to transact on behalf of the individual.

Do I have to prove that withdrawals are for qualified disability expenses?

Not at the time of the withdrawal. Annually, NJ ABLÉ will report the total amount of your withdrawals to the IRS and the date and amount of each of your withdrawals to the Social Security Administration. In the event that either entity wants to verify the expenses, it's recommended that you keep detailed records.

Frequently Asked Questions

Can I have more than one NJ ABLE account?

No. You're limited to one ABLE account, except in the case of a rollover from another qualified ABLE program. This extends beyond NJ ABLE to include accounts in other ABLE programs.

In the case of a rollover to an ABLE account for the same account owner, the account from which the funds are withdrawn must be closed within 60 days of the withdrawal.

Can friends and family make contributions into my account?

Absolutely! Anyone can contribute directly to your NJ ABLE account. No matter who contributes, you, the account owner or authorized individual, retain control over the account.

How often can I change my investments?

Twice per calendar year. You can change your investment options for any NEW contributions at any time.

Frequently Asked Questions

Will my ABLE savings affect my HUD housing subsidy?

Per the mandate of the ABLE Act, for the purpose of determining eligibility and continued occupancy, the U.S. Department of Housing and Urban Development (HUD) will disregard amounts in the designated beneficiary's/individual's ABLE account.

<https://www.hud.gov/sites/dfiles/PIH/documents/PIH-2019-09.pdf>

Can I have both – an ABLE account and Special Needs Trust or Pooled Income Trust?

- **Yes**

Frequently Asked Questions

What's the difference between an ABLE account and a Special Needs Trust or a Pooled Income Trust?

- **Control:** Individual control vs. trustee control
- **Ease of accessing funds**
 - ABLE funds are easy to access with checking and debit card options
 - SNT funds are more complicated and have more rules in order to preserve eligibility for benefits.
- **Set up costs:**
 - ABLE account is less expensive to establish
 - SNT often requires an attorney or high minimum contributions



ABLE Stories

Parent of ABLE Account Owner: Lauren



Lauren is her son's strongest advocate. It is her number one job. That is why she opened an ABLE account in February 2017 for Steven, who has Trisomy 9 Mosaic, a rare chromosomal disorder. Funds in Steven's account will be used to save for his future and to replace the family's aging van with a wheelchair accessible one.



"As a parent, ABLE has given me peace of mind in knowing I can set my son up financially for his current and future needs, without risking benefits. Creating an ABLE account is not time consuming, and very easy to do from the comfort of your own home. You really have nothing to lose and everything to gain. Even small contributions over time can have a significant impact on quality of life!"— Lauren



ABLE Account Owner: Katy



Katy is 28, works full time and has Medicaid through the NJ WorkAbility Program. She has cerebral palsy and is using her ABLE account to save for disability related equipment and to build her dream HGTV quality accessible home.



"The process of getting an ABLE account is pretty painless. It seems counterintuitive to everything we have been told. I'm a living, breathing example that this does not count against you. I'm getting the same services as before. It doesn't count against you and, unlike a trust, it isn't expensive."

– Katy

ABLE Account Owner: Edward



Edward is 31 and ABLE-eligible due to a spinal cord injury from a hit and run car accident when he was 17 years old. He has an MBA and is working two part-time jobs. He's using his ABLE account to save up for vehicle modifications and to *finally* move out of his parents house and into his own accessible housing.



“ABLE has allowed me to start saving without penalizing or jeopardizing my benefits. My parents worry what will happen to me when they are no longer able to help or they have died. ABLE gives them some peace of mind about my future. Plus, unlike a special needs trust that must be controlled by a trustee or trustees, ABLE gives me - a person with a disability - control over my finances and increased independence.” – Edward

ABLE Resources

- **ABLE National Resource Center** www.ablenrc.org
- **Social Security Administration: ABLE accounts**
<https://secure.ssa.gov/poms.nsf/lnx/0501130740>
 - Email: ABLE.support@ssa.gov
- **Internal Revenue Service (IRS) ABLE Accounts**
<https://www.irs.gov/government-entities/federal-state-local-governments/able-accounts-tax-benefit-for-people-with-disabilities>
- **Investors Guide for ABLE accounts, produced by the Municipal Securities Rulemaking Board**
<http://msrb.org/~media/Files/Education/Investors-Guide-for-ABLE-Programs.ashx?>