



A Savings Plan for Texans with Disabilities

Texas Parent to Parent Speaker Zoom Series
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Texas Comptroller of Public Accounts

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Texas Comptroller of Public Accounts

Today's Agenda

History of ABLE

ABLE Program Basics

Texas ABLE Program Highlights

Helpful Resources

Q & A



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Before We Begin

This presentation provides limited highlights of the Texas ABLE[®] Program.

We cannot provide legal, tax, financial, benefit or investment advice, or advice regarding penalty avoidance under applicable tax law.

Contact your attorney or other advisor regarding your specific legal, tax, financial, benefit, or investment situation.

Refer to [Program Disclosure Statement and Participation Agreement](#).



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Federal ABLE Act

Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act

Created a new savings option for individuals with disabilities:

- to save money in a tax-advantaged account,
- to be used for qualified disability expenses,
- and keep their eligibility for public benefits.

In addition:

- added a section “529A” to the tax code.
- authorized states to establish ABLE programs.



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NAST ABLE Video

National Association of State Treasurers provides a nice overview of ABLE. Let's watch then come back and talk more about specifics of the Texas ABLE Program...



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Texas ABLE Act



- The Texas ABLE Program was created by the Texas Legislature in 2015 (SB 1664).
- Administered by the State of Texas through the Texas Comptroller's Office.
 - Also administer the state 529 plans
- Program launched in May 2018.
- Online enrollment.

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ABLE Program Basics

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ABLE Program Basics

What is ABLE Account?

- Tax-advantaged savings/investment account for eligible individuals with disabilities.
- Funds are intended to supplement, but not supplant, benefits provided through Medicaid, Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), and private insurance.
- Only one ABLE account per beneficiary.
- Can be used in conjunction with other savings tools such as Special Needs Trust.



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ABLE Program Basics

Who is Eligible?

An eligible individual is a Texas Resident who developed their disability before the age of 26, and:

Eligible to receive SSI or SSDI

OR

Has a condition listed on SSA's List of [Compassionate Allowances Conditions](#)

OR

Obtains a physician's diagnosis of a medically determinable physical or mental impairment*

* Results in marked and severe limitations, which can either be expected to result in death or has lasted or is expected to last at least 12 months.



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ABLE Program Basics

Who Can Benefit From an ABLE Account?

Empowerment Tool

Individuals with disabilities who can and want to manage their own finances.

Peace of Mind

Parents/Guardians of minor children or incapacitated adults can now save for when they are no longer around to support their family members with disabilities.



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ABLE Program Basics

Who Can Open an ABLE Account?

Eligible Individual with Disability

Texas resident at least 18 years of age can open and manage his or her own account.

Authorized Legal Representative (ALR)

- Parent
- Guardian
- Other Fiduciary (Power of Attorney)

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ABLE Program Basics

How Much Can I Contribute?

Annual Limit

Not Employed

\$15,000 per year from all sources.

Employed*

Up to \$27,140 per year.
(\$15,000 + wages up to \$12,140.)

Lifetime Limit

\$500,000 maximum balance of account in Texas.

* Certain employed ABLE beneficiaries may make an additional contribution.



ABLE Program Basics

Important SSI Considerations

SSI Limitations

- Account balances over \$100,000 count as a resource for SSI determination purposes.
- At \$100,000, any SSI monthly benefit is suspended, not terminated.

Impact on Countable Income

- An individual's own wages count as income for SSI determination purposes even if they contribute that income to their ABLE account.

Medicaid benefits are maintained regardless of account balance.

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ABLE Program Basics

What Expenses Can I Pay From an ABLE Account?

Qualified Disability Expenses

- Funds in an ABLE account may be used to pay for Qualified Disability Expenses that relate to the individual's **health, independence or quality of life.**
- Includes **basic living expenses** and is not limited to expenses for items for which there is a medical necessity.



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ABLE Program Basics

Qualified Disability Expenses include, but are not limited to:



Education



Assistive Technology & Personal Support Services



Expenses for Oversight & Monitoring



Housing



Health, Prevention & Wellness



Funeral & Burial



Transportation



Financial Management & Administrative Services



Other Expenses that Might be Identified from Time to Time by the IRS



Employment Training & Support



Legal Fees

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ABLE Program Basics

Medicaid Payback Provision



Limitations - Payback applies from date ABLE account was opened.



Outstanding Bills - Pay any outstanding bills for QDE.



Deductions - Deduct Medicaid Buy-In premiums paid.



Funeral Expenses - Pay for funeral and burial expenses.

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ABLE Account & Special Needs Trusts

	ABLE Account	Special Needs Trust
Cost	Low cost, easy online enrollment	Can be costly to setup and administer
Using Funds	Pay for qualified disability expenses: basic living expenses, education, housing, transportation, personal support services, employment training, etc.	Generally, can't be used to pay for food, clothing, and shelter without affecting government benefits.
Contribution Limits	The maximum contribution is \$15,000, from all sources combined and maximum hold up to \$370,000 in assets	There is no limit to the amount that may be contributed to a SNT.
Tax treatment	Funds grow free of federal income taxes, and distributions are not subject to income tax if used for qualifying expenses.	Does not receive special tax treatment. Income that is generated by the trust assets will be subject to federal income taxes.

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Texas ABLE Program Highlights

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Texas ABLE Program Highlights

Opening an Account



Online enrollment
(20 mins)



Self certification
process



\$0 - Enrollment fee
\$50 - Minimum contribution



Choose investment/savings option
during enrollment

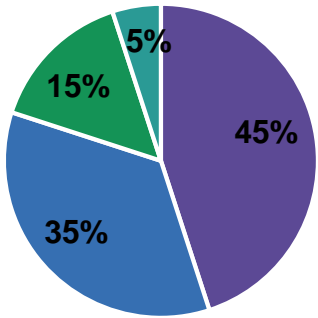
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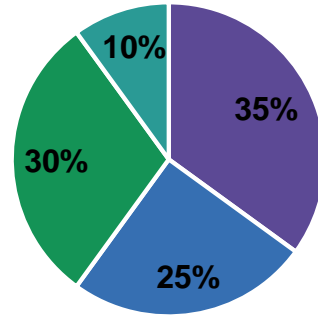
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Texas ABLE Program Highlights

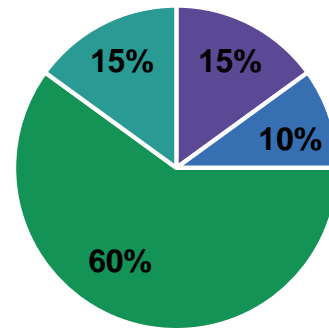
Selecting Investment Options



Aggressive Allocation



Moderate Allocation



Moderately Conservative Allocation



FDIC - Insured Bank Savings Option

Total asset-based fees for the investment options range from .25%-.65%. See the [Program Disclosure Statement and Participation Agreement](#) for information regarding investment options, risks and fees. Consult with your investment advisor.



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Texas ABLE Program Highlights

Contributing to an Account



Personal or Cashier's Check



Rollover from 529 or other ABLE program



Automatic Recurring Contributions



Online eGift



Setup Payroll Deductions



Electronic Fund Transfers



Texas ABLE Program Highlights

Anyone can Contribute to an Account

- Make gift contributions via online **eGift** tool email or by mail.
- Online **eGift** can be sent to family or friends via email.
- Email contains link and a personalized message, with instructions on how to make a gift to the account.



Perfect for Birthdays, holidays & milestones or just because!



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Texas ABLE Program Highlights

Withdrawing from an Account



Online Withdrawal Process



Transfer to personal checking or savings accounts and use debit card



Request paper check (7-10 days)
Electronic withdrawals (3-5 days)



Pay bills directly from online account



Electronic Fund Transfers



Texas ABLE Program Highlights

Important Withdrawal Considerations

Non-Qualified Withdrawals

- Withdrawals that are not used for qualified expenses are subject to:
 - Income tax on any earnings.
 - An additional 10% tax on any earnings.

Maintaining Records

- The Designated Beneficiary or ALR is responsible for:
 - Determining if a withdrawal is qualified or non-qualified and for federal and state benefit and tax consequences.
 - Maintaining necessary records.



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Texas ABLE Program Highlights

Housing Withdrawal Considerations

- Distributions for housing expenses are disregarded for means-tested benefits only if the withdrawal from the ABLE account and payment of the expense occur in the same month.

Examples of Qualified Disability Expenses for housing are payments for:

- Mortgage (including property insurance)
- Real property taxes
- Rent
- Gas
- Electricity
- Water

Texas ABLE Program Highlights

Account Fees

Description	Amount
Monthly Account Maintenance Fee	\$4
Delivery of Program Documents:	
-Paper Delivery of Program Documents.....	\$10
-Electronic Delivery of Program Documents.....	\$0
Check Processing Fee for Each Withdrawal by Check	\$5
ACH Processing Fee for Each Withdrawal in Excess of 2 Per Month	\$1

There are no fees for Enrollment, Rollovers from another ABLE program or 529 account, or Change of Beneficiary or ALR.

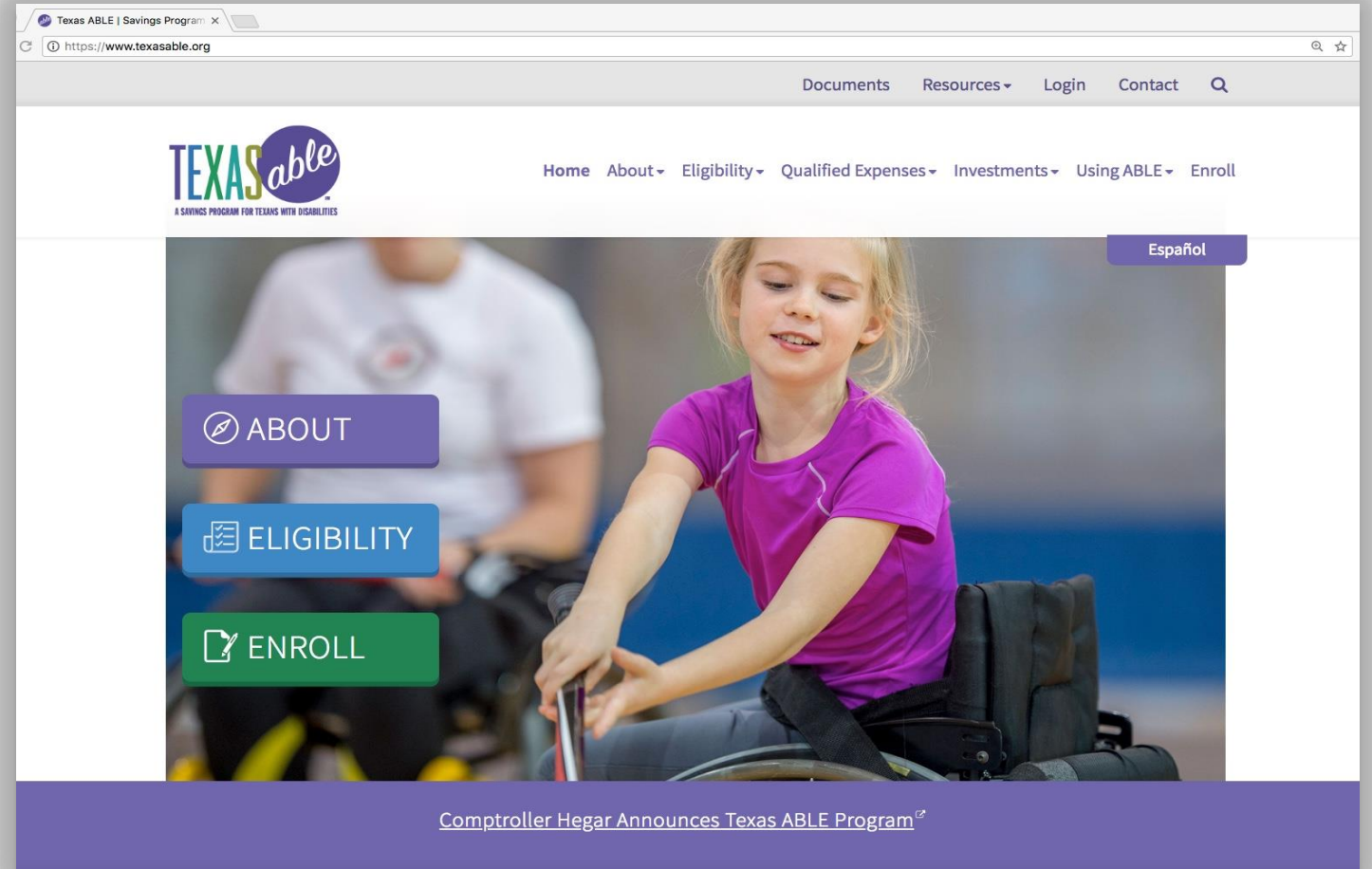


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Explore and Enroll at TexasABLE.org

Ready to Enroll?

- Visit [TexasABLE.org](https://www.texasable.org).
- Read Program Disclosure Statement.
- Take Eligibility Quiz.
- Gather Necessary Information.
- Click on [Enroll](#).



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Online Helpful Resources

- [The Texas ABLE Act](#)
- [Social Security Program Operations Manual System \(POM\) – ABLE](#)
- [Center for Medicare and Medicaid Services ABLE Guidance](#)
- [IRS Publication 907 on tax treatment of ABLE accounts](#)
- [Texas State Securities Board's resources for investors](#)

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Contact Us

Customer Service Team

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Mon. – Fri., 8 a.m. – 5 p.m. CST

Customerservice@TexasABLE.org



Outreach

For outreach opportunities including presentations and webinars, contact me

at (512) 475-5331 or by email at

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Q/A

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Investments in the Program are not deposits or other obligations of any depository institution. And, other than the Bank Savings Account Option, accounts are not insured or guaranteed by the FDIC.

As stated in the current Program Disclosure Statement and Participation Agreement, total asset-based fees for the investment options range from .25% - .65%. Additional fees apply. Fees are subject to change.

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Before investing in the Program, investors should carefully consider the federal and state tax consequences, possible negative effects on eligibility for federal or state benefits, and possible Medicaid recapture, investment objectives, risks, administrative fees, service and other charges and expenses associated with the Program. The Program Disclosure Statement and Participation Agreement contains this and other information about the Program, and may be obtained by visiting www.TexasABLE.org or calling 1-844-4TX-ABLE (1-844-489-2253). Investors should read the Program Disclosure Statement and Participation Agreement carefully before investing.

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