

North Carolina ABLE Act and NC ABLE Accounts

**NC Council on Developmental Disabilities
November 17th, 2016**



The Achieving a Better Life Experience Act

On December 19, 2014, the “Stephen Beck, Jr., ABLE Act” was signed into federal law by President Obama, creating a new Section 529A of the Internal Revenue Code.

On August 11, 2015, Governor Pat McCrory signed the NC ABLE Act into law, allowing NC to offer this program to eligible citizens.

The law outlines the requirements for the ABLE Program, the ABLE Board of Trustees and administration of the ABLE Program.





The ABLE Act – How it Helps

The ABLE Act allows people with disabilities to save in a tax-deferred account for qualified disability expenses, similar to the 529 tax-deferred accounts used by families to save for their children's college educations.

These accounts can provide an avenue for savings for many for whom it has not been feasible to save before - laying the foundations of economic independence and financial security.

Key Stepping Stones on the NC ABLE Timeline

- **August 2015** – NC Achieving a Better Life Experience Act (ABLE Act) signed into law by Governor McCrory
- **February 2016** – NC ABLE Program Board of Trustees appointed
- **Spring 2016** – The Board engages outside expertise to research and provide detailed analysis to the NC ABLE Board of Trustees and the Department of State Treasurer with regard to the optimal structural options for implementation, administration and management of North Carolina’s ABLE Program.
- **Summer 2016** – Comparative analysis of program structure options and detailed exploration of the national ABLE landscape is conducted by outside expert consultant working in conjunction with Department of State Treasurer staff.
- **Summer 2016** – NC General Assembly confirms NC ABLE Program Trust budget for recurring and non-recurring appropriations through Fiscal Year 2016 / 2017.
- **October 2016** – Comparative analysis report and recommendation presented to the NC ABLE Program Board of Trustees. Board makes determination to join the national multi-state ABLE Consortium – “The National ABLE Alliance.”
- **November 2016 – March 2017** - NC ABLE Program implementation and launch

Who is eligible to open an ABLER account?

Any “eligible individual” may be the beneficiary of only one ABLER account. An “eligible individual” is a person who:

1) has a medically determinable physically or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continue period of not less than 12 months, or is blind (within the meaning of the Social Security Act),

AND

2) The onset of the disability or blindness must have occurred *before the individual reached age 26.*

There is no “home state provision” or “residency requirement.”

Parents of eligible children and guardians of eligible persons may open an account on behalf of their children or eligible person.

Contributions - Balances

- At \$100,000 SSI is suspended but can be reinstated
- At \$100,000 account owner maintains Medicaid services



Contributions - Rules

- Up to \$14,000 per year, after tax
- Up to \$420,000 total in North Carolina
- No rollovers from 529 accounts permitted
- Rollovers from ABLE accounts are permitted
- Be careful! - Contributions made by owner are considered income
- Direct contributions made by others are not considered income



Distributions

- Distributions from ABLE accounts for QDEs are not considered “income” for a “means-tested” federal benefits program that limits eligibility based on income.
- Distributions from ABLE accounts for QDEs are tax free
- Those related to housing expenses have special rules, as they relate to continued eligibility for SSI.
- Can be managed by a guardian

What are Qualified Disability Expenses (QDEs)?

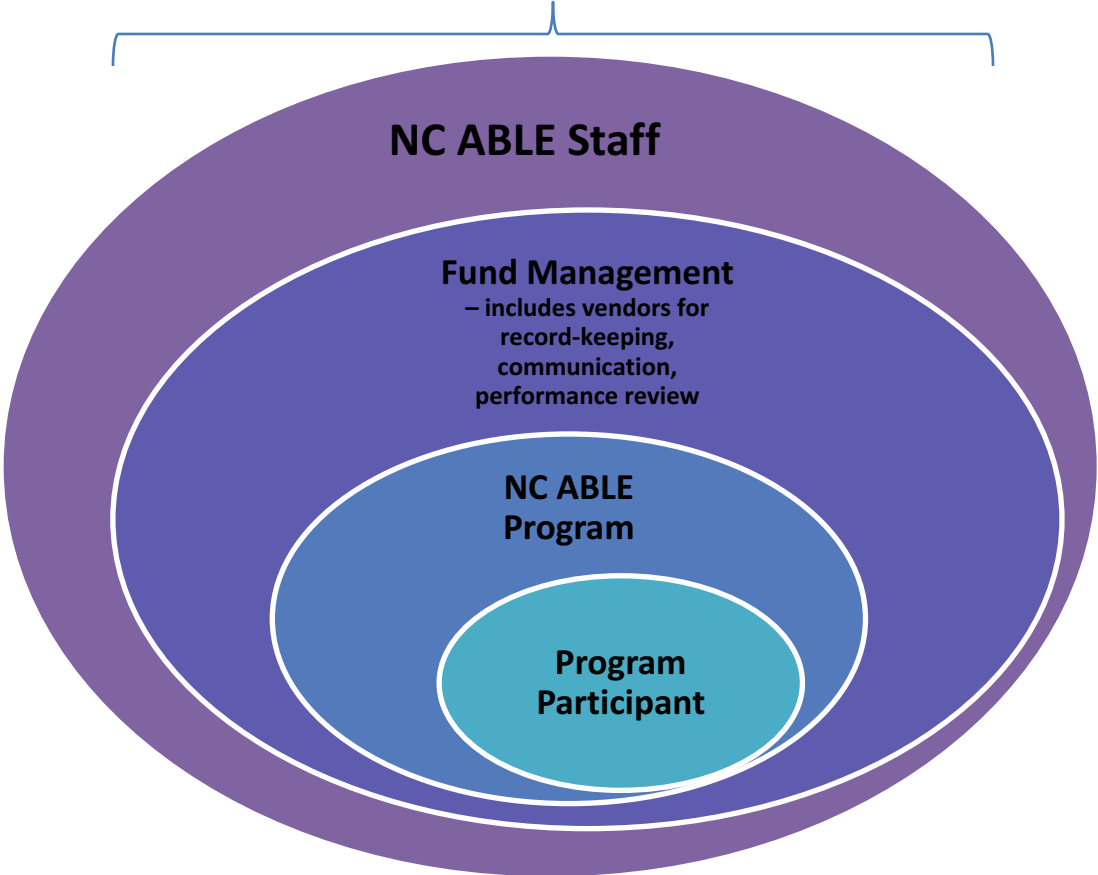
- Education
- Housing expenses*
- Transportation
- Employment
- Employment training and support
- Assistive technology and personal support services
- Legal fees
- Funeral and burial expenses
- Other expenses, which are approved by the Secretary under regulations



(NOTE: *There are special rules about QDEs from an ABLER accounts that are used to meet housing needs.)

What is the NC ABLE Program Structure?

Board of Trustees - Fiduciary Oversight



The ABLE Program Board of Trustees

The Board of Trustees is to “provide oversight of the general administration and proper operation of the ABLE Program and to determine the appropriate investment strategy for the ABLE Program Trust.”



Treasurer Janet Cowell



Ben Wright



Dale Armstrong



Melinda Plue



John Lyon



Ray Grace

National Multi-state Consortium – The *National ABLE Alliance*

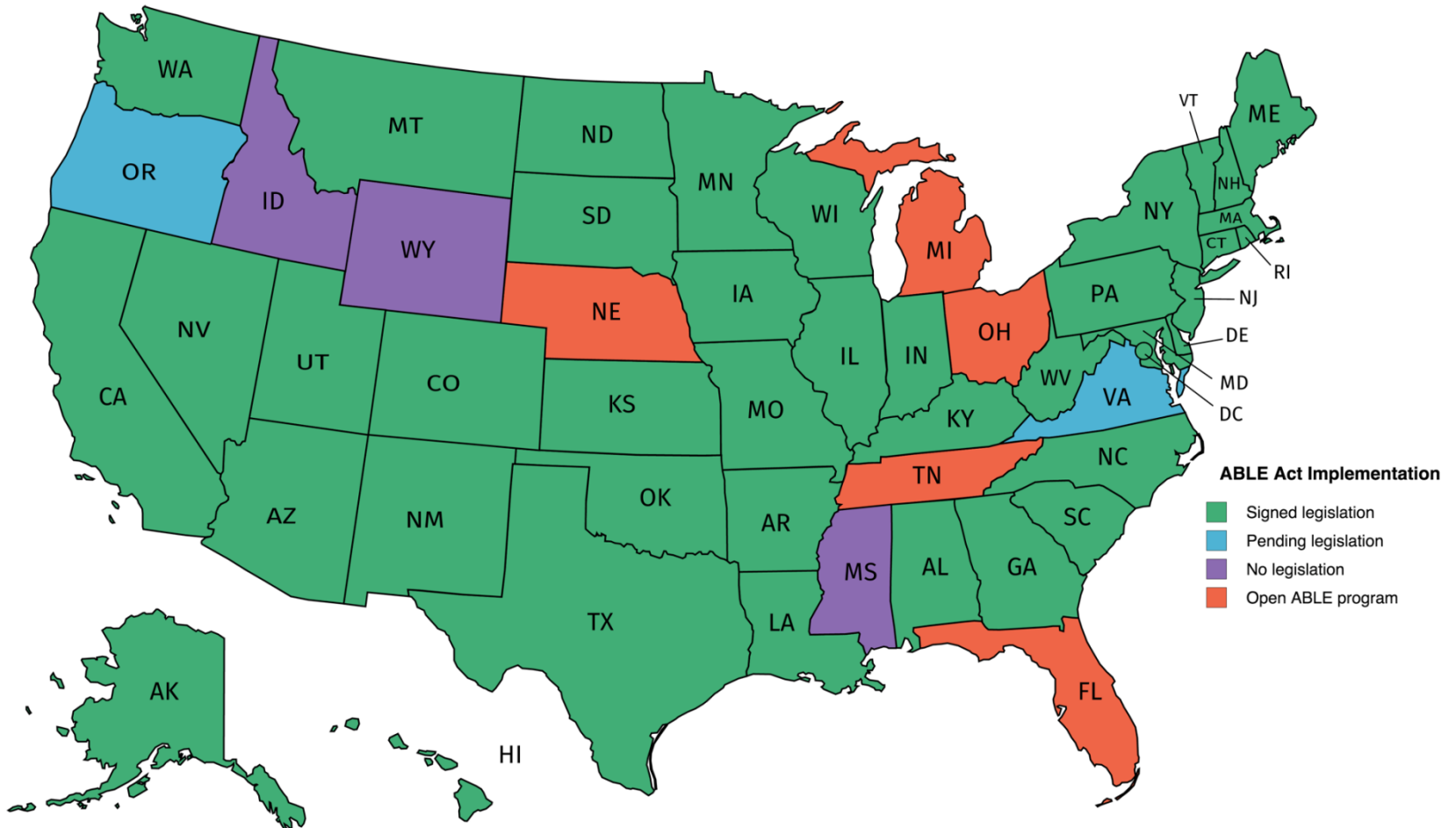
- The ability to create a unique NC ABLE Program established within the funds appropriated to the Department of State Treasurer for recurring costs.
- An opportunity for a distinctive North Carolina-based program that will meet the needs of our citizens, while also benefiting from economies of scale.



NC ABLE

National ABLE Alliance Member

A Look at ABLE Across the Nation



A Trio of Federal Bills* to Strengthen ABLE

1. ABLE to Work Act
 - Would allow additional savings if beneficiary works
2. ABLE Financial Planning Act
 - Would allow rollover from a 529 account to ABLE
3. ABLE Age Adjustment Act
 - Would raise the age limit from 26 to 46



** Matching bills in House and Senate*



Looking Ahead

- History of bipartisan, bicameral support
- Questions regarding costs
- Impact of continued state implementation and beneficiary excitement
- Continued leadership of original ABLE sponsors
- Opportunity for education and awareness raising in the 115th Congress



We need your help!

- Presentations
- Photos/videos
- Stories
- Membership newsletters and websites
- Social Media
- Email blasts
- Share our materials
- Tabling/exhibiting
- Connecting with other organizations
- Join our Association Roundtable
- Join our eBlast list – go to NCTreasurer.com/ABLE

Where can I get more information?

www.NCTreasurer.com/ABLE



@NCABLEProgram



NC ABLE Program (*coming soon to FB and Twitter!!*)

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