

Montana ABLÉ Accounts

Theresa Baldry

ABLE Act within Law:

- ▶ The Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act:
 - ▶ Created options for *qualified individuals* with disabilities and their families to save for the future while still protecting eligibility for public benefits
 - ▶ Was signed into Federal Law December 19th, 2014
- ▶ Montana
 - ▶ 10th State to pass ABLE state law
 - ▶ May 5th, 2015 signed by the Governor. SB 399 passed the Senate 49-1 and the House 100-0 carried by Sen. Fred Thomas, R-Stevensville
 - ▶ Oversight committee established to create Montana Program
 - ▶ Launched September 26th, 2017

What is an ABLE Account?

- ▶ Currently 28 ABLE programs in the United States
- ▶ These are qualified saving accounts that receive preferred federal tax treatment; also sometimes referred to as 529A Accounts
- ▶ Assets in an ABLE account will be disregarded in determining eligibility for *most* federal means-tested benefits
- ▶ Distributions for qualified disability expenses will be disregarded for most federal means-tested benefits
- ▶ Montana: Section 11 allows a \$3,000 income tax deduction for single tax filers; \$6,000 for joint tax filers. Self, spouse, parent of a child or stepchild if Montana resident

Important Requirements:

- ▶ Eligible individuals may only have 1 ABLE Account
- ▶ The designated beneficiary is the account owner
 - ▶ In Montana, a parent, a guardian, or a person with power of attorney may be allowed signature authority over the account
 - ▶ Additional advocacy form being considered
- ▶ States can choose to serve individuals only from their state or offer to enroll nationally
- ▶ Total annual contributions are set at the national federal gift tax contribution; 14,000 for 2017, 15,000 for 2018

Important Requirements continued:

- ▶ Anyone, including the beneficiary, their family, and friends can contribute to an ABLE account
 - ▶ Contributions can include Social Security disability benefits, earnings from work, or gifts from others
- ▶ Total lifetime contributions may not exceed the state limit for 529A savings account
 - ▶ Montana limit \$396,000
 - ▶ SSI limit is \$100,000, then impact to benefits

Who is eligible?

▶ Two main requirements:

▶ Individual must have been disabled before age 26

- ▶ Federally options for possible changes to age

▶ Severity of Disability:

- ▶ Meet the Disability requirements for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI)

or

- ▶ Obtain Disability certification, including a physician's diagnosis, that the individual meets certain severity of disability criteria;

- ▶ Montana form

Montana Disability Certification:

You must certify that:

- ▶ You have a physical or mental disability that can be expected to last for at least a year or can cause death; or you are blind; or your disability is included on the Social Security Administration's List of Compassionate Allowances Conditions; and
- ▶ Such blindness or disability occurred before age 26.

(Proof of eligibility is not required to open an account. However, you should maintain a record of your diagnosis, benefits verification letter or other relevant documents in the event that you are required to prove eligibility at a later time.)

Disability Montana on Form:

Please select the Account Owner's disability, the onset of which occurred prior to their 26th birthday:

(The following information is required by the federal government and will only be used for aggregate reporting purposes. Report only one primary code number for an Account Owner. If more than one code applies, select the most significant code)

- Code 1** - Developmental Disorders: Autistic Spectrum Disorder, Asperger's Disorder, Developmental Delays and Learning Disabilities
- Code 2** - Intellectual Disability: May be reported as mild, moderate, or severe intellectual disability
- Code 3** - Psychiatric Disorders: Schizophrenia, Major depressive disorder, Post-traumatic stress disorder (PTSD), Anorexia nervosa, Attention deficit/hyperactivity disorder (AD/HD), Bipolar disorder
- Code 4** - Nervous Disorders: Blindness, Deafness, Cerebral Palsy, Muscular Dystrophy, Spina Bifida Juvenile-onset Huntington's disease, Multiple sclerosis, Sere sensorineural hearing loss, Congenital cataracts
- Code 5** - Congenital Anomalies: Chromosomal abnormalities, including Down Syndrome, Osteogenesis imperfecta, Xerodermatic pigmentosum, Spinal muscular atrophy, Fragile X syndrome, Edwards syndrome
- Code 6** - Respiratory Disorders: Cystic Fibrosis
- Code 7** - Other: Includes Tetralogy of Fallot, Hypoplastic left heart syndrome, End-stage liver disease, Juvenile-onset rheumatoid arthritis, Sickle cell disease, Hemophilia, and any

Montana Form:

Basis under which ABLE eligibility is asserted: *(Select only one)*

- The Account Owner is entitled to Supplemental Security Income benefits under Title XVI of the Social Security Act. (SSI Benefits Eligibility)
- The Account Owner is entitled to Social Security Disability benefits under Title XVI of the Social Security Act. (SSDI Benefits Eligibility)
- The Account Owner self-certifies that he or she meets the Disability Certification requirement, including possessing a written disability-related diagnosis signed by a physician who meets Social Security Act criteria. (Certification Eligibility) Please **DO NOT** submit your written disability-related diagnosis, only check this button and keep your diagnosis documentation with you.

account owner's identity verification

To help the government prevent the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

Driver's license or
state issued I.D card number

Issuing state

Expiration date

Distributions:

- ▶ Qualified disability expenses:
 - ▶ Related to the beneficiary's disability
 - ▶ Are for the benefit of the designated beneficiary
 - ▶ MUST relate to maintaining or improving the beneficiary's health, independence, or quality of life.
 - ▶ Inclusion of basic living expenses
 - ▶ Expenses for items for which there is a medical necessity
 - ▶ Expenses that provide no benefit to others in addition to the benefit to the eligible individual

It is important that individuals do not misuse the funds for non-qualified expenses so they are not subject to possible penalties, including ineligibility for federal means-tested benefits

Examples:

- ▶ Assistive Technology
- ▶ Education
- ▶ Expenses for oversight and monitoring
- ▶ Financial management, education and assistance
- ▶ Health, prevention and wellness
- ▶ Housing/disability-related housing modifications
- ▶ Personal support services
- ▶ Transportation
- ▶ Funeral and burial expenses
- ▶ Legal Fees

Employment-Related Expenses:

- ▶ ABLÉ account owner to secure and maintain employment
 - ▶ Costs associated with certificates, accreditations and/or job-related trainings
 - ▶ Employment training and support
 - ▶ Interview preparation and resume development
 - ▶ Job Coaching
 - ▶ Transportation to and from employment

ABLE and SSI:

- ▶ First \$100,000 disregarded; OVER treated as a resource
- ▶ Upon reaching \$100,000, SSI benefits payments will be suspended but eligibility will not be terminated
- ▶ Housing expenses as a resource only if distributed from ABLE in 1 month and held until the following month

ABLE and Medicaid:

- ▶ ABLE assets disregarded in determining Medicaid eligibility
- ▶ Interest and earnings are excluded from resource and countable income determinations
- ▶ If on SSI, and balance exceeds \$100,000 in ABLE account, Medicaid benefits are not suspended

ABLE and Supplemental Nutrition Assistance Programs (SNAP):

- ▶ ABLE funds do not affect SNAP benefits
- ▶ More info available at: <https://www.fns.usda.gov/snap/treatment-able-accounts-determining-snap-eligibility>

ABLE account upon Death of Beneficiary:

▶ Medicaid:

- ▶ If there are assets in the ABLE Account when a beneficiary dies, the assets can be used to reimburse a state for Medicaid payments made on behalf of the beneficiary after the creation of the ABLE Account.
- ▶ The State has to file a claim for those funds
- ▶ The state is considered a creditor not a beneficiary

ABLE Accounts and Tax Treatment:

- ▶ Contributions are made with post-tax dollars
- ▶ ABLE account earnings grow tax-free and are tax-exempt
- ▶ State Tax deduction- Montana deduction available regardless of which program beneficiary is enrolled in

ABLE Accounts & Special Needs Trusts:

Special Needs Trusts (SNTs)

- ▶ Both excluded from eligibility determinations for SSI & Medicaid
- ▶ No limit on contributions to SNT or the number of SNTs an individual can have
- ▶ Income is taxable
- ▶ Start-up fees can be high, over \$1000 in fees

ABLE Account

- ▶ Both excluded from eligibility determinations for SSI & Medicaid
- ▶ ABLE accounts 1 account, \$14,000 max contribution 2017
- ▶ Grow tax-free
- ▶ Start-up minimal; Montana \$25

A beneficiary can have both!

Choosing an ABLE Program:

- ▶ Does your state have an ABLE program? Is there a tax deduction?
 - ▶ Yes and Yes!
- ▶ What is the initial minimum contribution?
 - ▶ \$25
- ▶ Are there subsequent minimum contributions to the account?
 - ▶ \$25
- ▶ Are there annual or monthly fees?
 - ▶ Yes, Quarterly \$15 (Checking Option \$2 if under \$250, paper statements)
- ▶ Is there a debit card available?
 - ▶ Yes
- ▶ Are there investment options?
 - ▶ Yes- 6 in Montana

Get Started!

Montana:

mt.savewithable.com

Compare States:

[http://www.ablenrc.org/
state_compare/](http://www.ablenrc.org/state_compare/)

Steps

- 1 about you
- 2 about your Authorized Individual
- 3 choose investments
- 4 pick a funding method
- 5 select a delivery option
- 6 complete your account

tips

Who can be an Account Owner?

You can open an account if you:

Are an Eligible Individual as defined in the Plan Disclosure Statement.



your new account type

The person opening the account:

- I am opening the account for myself
- I am the Parent or Guardian of the minor eligible Account Owner
- I am the Authorized Individual of an eligible adult Account Owner.

IMPORTANT: You must mail your initial contribution along with the appropriate authorizing documentation to verify your authority to open, transact, and maintain an Account on behalf of the Account Owner. The authorizing documentation must show that you have the authority to manage an ABLER account on behalf of the Account Owner or otherwise manage all financial affairs of the Account Owner.

Please note: After you have created this account online, your account will be under a "freeze" status until we have received, reviewed and approved all the required paperwork from you.

If the authorizing documentation requires the authority of two or multiple signatories, you cannot enroll online. Please print and complete an [enrollment form](#) and mail it to the Plan accompanied with the authorizing documentation.

step **1** 2 3 4 5 6

Resources:

ABLE National Resource Center – Past and upcoming webinars:

- www.ablenrc.org/webinars

ABLE National Resource Center – Road Map to Enrollment

- <http://www.ablenrc.org/road-map-enrollment>

National Disability Institute Webinars

- www.realeconomicimpact.org/resources/webinar-archive

This project is funded in whole or in part under a contract with the Montana Department of Public Health and Human Services. The statements herein do not necessarily reflect the opinion of the Department.