

Achieving a Better Life Experience with an ABLER Account

Brandon Collier
Regional Leader

512.884.0511
brandoncollier@primerica.com

1008 S Main St, Ste A
Georgetown, TX 78626



Saving now for a better future tomorrow

ABLEAmerica is a nationwide plan sponsored by **Virginia529™**

My Role

I am providing this presentation as an independent financial services representative in order to educate and provide a general overview of ABLÉ accounts. It is not meant to provide advice or recommendations for your specific situation.

Any views expressed during this presentation are mine and are not to be considered those of Primerica, PFS Investments or Capital Group. Carefully consider any potential plan to verify its suitability for your situation and consult your accountant, tax advisor or attorney for your specific application.

All Capital Group trademarks mentioned are owned by The Capital Group Companies, Inc., an affiliated company or fund.
All other company and product names mentioned are the property of their respective companies.

ABLE Program Overview

What are ABLE Accounts?

What is so Important About Them?

Eligibility, Uses, Rules, Scenarios

Items to Consider

Stephen Beck, Jr Achieving a Better Life Experience (ABLE) Act of 2014

- ABLE Account/ 529A Account
- Operates similar to a 529 College Savings Plan (Same tax section)
- Programs are run separately by each state
- Not all states have ABLE programs
- Many are available to non-residents (State plans may have income tax benefits to residents)

So what exactly is an ABLE Account?

Tax-Advantaged Savings and Investment Account where contributions and investment earnings can be used to pay for a designated beneficiary's qualified disability expenses

- Contributions are made on an after-tax basis
- Investment gains grow tax free
- Withdrawals used for qualified disability expenses are tax-free

Why are ABLE Accounts so important?

- The ABLE program gives individuals with disabilities the opportunity to save for disability-related expenses without losing eligibility for certain public benefit programs

- Medicaid
- Supplemental Security Income (SSI)
- HUD
- SNAP/ Food Stamps
- Other Means-Tested Programs

- Account Owner = Designated Beneficiary = Individual with Disability = ABLE Assets in their name
- Anyone can contribute into the account, up to a cumulative yearly contribution maximum

- Designated Beneficiary (Account Owner)
- Family
- Friends
- Companies
- Organizations
- Charities/ Trusts

- Beneficiaries who work and earn income may be able to contribute above the annual ABLE contribution limit
- Account values grow through investment choices.
 - Each state offers various savings or investment options

Who is eligible to participate?

Option 1

Already receiving benefits under Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI)

OR

Option 2

Meet the SSA definition and criteria for functional limitations and have a letter of certification from a licensed physician

Title 20 of the Code of Federal Regulations (SSA)

- Appendix 1 of Subpart P of 20 CFR part 404
- Standard is applied to both children and adults

Currently, under all circumstances, the onset of the disability must have begun prior to age 26

- Beginning in January 2026, the eligibility age rises to 46

What is a Qualified Disability Expense?

- Qualified disability expenses (QDE) are expenses made for the benefit of the designated beneficiary and related to their disability
 - Relate to maintaining or improving his/her health, independence or quality of living
 - QDEs should be broadly understood and are not limited to:
 - Expenses for which there is a medical necessity
 - or-
 - Expenses that provide no benefit to others in addition to the benefit of the beneficiary
- Basic living expenses (Food, shelter, etc)
 - Housing (Rent, utilities, purchase, prop taxes)
 - Transportation
 - Financial management and administrative services
 - Employment training and support
 - Assistive technology and related services
 - Expenses for ABLE account oversight and monitoring
 - Prevention and wellness
 - Education
 - Legal Fees
 - Health
 - Funeral and burial expenses

A Few Rules to Know

Supplemental Security Income (SSI)

- First \$100,00 is exempt from \$2,000 resource limit
- Account value over \$100,000
 - Counted as a resource
 - Could result in suspension of SSI benefits

Medicaid

- Account value does not affect Medicaid eligibility as long as the individual otherwise maintains eligibility for SSI
- If ABLE resources above \$100,000 cause an individual to exceed the resource limit, then Medicaid continues uninterrupted
- If non-ABLE resources over \$100,000 cause an individual to exceed the resource limit, Medicaid is suspended

Contribution Amounts

- Yearly contributions limited to annual gift tax exclusion (\$17,000 for 2023)
- Working and earning income could contribute the lesser of earned income or federal poverty level (\$13,590 for 2023)

Accounts

- Limited to one ABLE account at a time
- Allowed changes to investments twice a year without transactions being considered distributions

A Few More Rules to Know

Accounts

- Account owner is the designated beneficiary
- Can be established on others behalf by:
 - Power of Attorney
 - Legal Guardian/ Conservator
 - Spouse
 - Parent
 - Sibling
 - Grandparent
 - Representative Payee
- Accounts can be opened on behalf of a minor
- Max account values differ by state
 - Ranging from \$235,000 to \$550,000

Rollovers

- Allowed from one ABLÉ Plan to another
 - Limited to one rollover per 12 months
- Allowed from 529 College Savings Plan to ABLÉ Plan
 - Contribution limits apply
 - Beneficiaries must be the same or “member of the family” as defined by IRS Section 529
 - Limited to one rollover per 12 months
 - Unless extended by law, this option ceases to exist after December 31, 2025

Scenarios

You spend on a qualified disability expense. Do you need to prove it?

- No explanation is required
- Keep detailed records of your spending

You make a withdrawal. Do you need to spend the money right away?

- It depends
- SSA states that it may not be necessary, although certain rules apply:
 - Maintain the ABLER account while the withdrawal is not spent
 - Be able to identify the money
 - Intend to use the money on qualified disability expenses
- Beware, **Housing expenses** must be spent in the same month as they are withdrawn or it will be counted as a resource.

What if you did not spend the money on a qualified disability expense?

- Don't do this! This would be considered a non-qualified withdrawal
- Taxes, as well as a potential 10% federal penalty tax, may be owed on earnings
- Non-qualified withdrawals may also impact disability benefits.

Things to Consider

Accessible to All

- Benefit is important, not account value

Which Plan to Choose?

- You do not have to take your state plan
- Do your homework
- Opening an Account
 - Documentation, fees, minimum contributions
 - Investment fee structures, yearly maintenance fees, fees and restrictions to withdraw money
 - Choose a plan that offers the right mix
 - Growth/ income/ capital preservation
 - Risk tolerance
 - Accommodate different phases of life
 - Add-ons and value-added services

Clawback Provisions

- Texas Medicaid does have an estate recovery plan
- May or may not seek recovery
- All valid remaining qualified disability benefits can still be paid, including final expenses, before any recovery is made

Other Planning Considerations

- Not meant as a replacement
- Stand alone or complement other financial and legal tools

Here to Help

- I work to serve the best interests of my clients
- Don't keep me a secret
- Capital Group ABLE America Plan
 - The only advisor-sponsored ABLE plan in the nation
 - I assist my clients with
 - Account establishment
 - Suitability reviews/ investment selection
 - Account maintenance as needs change
- But it doesn't stop there
 - Education
 - Free comprehensive financial analysis
 - Financial gameplans
 - Proper financial products aligned to goals and objectives
 - Stay with you through life's changes

Thank You for Your Time!

Questions?

Brandon Collier
Regional Leader

512.884.0511
brandoncollier@primerica.com

1008 S Main St, Ste A
Georgetown, TX 78626



Saving now for a
better future tomorrow

ABLEAmerica is a nationwide plan sponsored by **Virginia529™**