


A program of the
Tennessee Treasury Department

STEP, Inc Webinar
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AbleTN.gov | A Program of the Tennessee Treasury Department | David H. Lillard, Jr., Treasurer



ABLE Act

- The Stephen Beck Jr. Achieving a Better Life Experience Act was passed through Congress and signed into law on December 19, 2014
- Codified in section 529A of the United States Tax Code
- The passage of the ABLE Act allowed each state the opportunity to implement its own ABLE Program and provide access to the citizens of the United States

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ABLE Account Highlights



- Provides a tool for individuals receiving federal means-tested benefits to save above their resource limits
- Allows individuals the opportunity to save funds with tax-advantages
- Individuals may save up to \$14,000 annually

Eligibility



- An individual who has been diagnosed with a disability on or before age 26 may qualify by meeting one of the following:
 - Is eligible to receive SSI
 - Is eligible to receive SSDI
 - Has been diagnosed by a qualified physician as having a physical or mental disability resulting in marked and severe functional limitations expected to last no less than 12 months
- No state residency requirement

Eligibility Continued



- An individual not eligible to receive SSI or SSDI may qualify based upon an impairment found within one of the following lists:
 - *Social Security Administrations List of Compassionate Allowances*
 - *Social Security Administrations List of Impairments for Adults (Part A)*
 - *Social Security Administrations List of Impairments for Children (Part B)*
- A written diagnosis used to qualify for an ABLE account must be retained and made available to the IRS upon request.

Contributing



- Anyone may contribute to an ABLE account
- Participants may accumulate up to \$14,000 in contributions annually
- Contributions to an ABLE Account:
 - Are not tax deductible for federal tax purposes
 - May be tax deductible for residents of states that have implemented income tax deductions
 - Do not decrease an individuals income for the purposes of means-testing

Withdrawals



- Can be made for “Qualified Disability Expenses (QDE)” without tax consequences
- Withdrawals made for Non-QDE’s will be subject to a 10% penalty tax and any earnings will be subject to income tax
- Are not considered income or a resource for Supplemental Security Income purposes
- Can be made and retained in an individuals bank account until needed
 - Excluding Housing withdrawals

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Qualified Disability Expenses



Education



Health



Transportation



Financial Management



Assistive Technology



Legal Fees



Home Improvement



Housing



Employment Training & Support

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Federal Benefits



- ABLÉ assets will be disregarded or receive favorable treatment when determining eligibility for most federal means-tested benefits:
 - An account balance of \$100,000 will be disregarded for the purposes of Supplemental Security Income benefits
 - Once the account exceeds \$100,000 an individual's SSI benefits may be suspended until their account balance falls below the resource limit
 - Medicaid is not impacted by ABLÉ account balances

Transfers



- Any assets remaining in an ABLÉ account upon the death of a Designated Beneficiary, after outstanding qualified disability expenses have been paid, will be used to reimburse a state for Medicaid payments made for the beneficiary after the creation of the ABLÉ account, **if the state Medicaid files a claim.**
 - The state is a creditor of the ABLÉ account and not a beneficiary
- A Designated Beneficiary may transfer funds within their ABLÉ account to a member of the family who is also an eligible individual
 - This transfer must occur before the Designated Beneficiary's death

What is *ABLE TN*?



- *ABLE TN* is a savings program administered by the Tennessee Treasury Department, under the leadership of Treasurer David H. Lillard, Jr.
- *ABLE TN* is designed to help individuals with physical and/or intellectual disabilities set aside money to pay for qualified disability expenses.

Features and Benefits



- *ABLE TN* offers 14 diverse investment options
- A simple fee structure
- An interactive eligibility guide that assists individuals in determining if they qualify for an ABLE account
- Convenient online account access portal
- E-gifting portal
- No recertification necessary

Investment Options



6 Growth Options:

- Investment in stock portfolios
- Designed to seek maximum returns for investors with higher risk tolerance

3 Balanced Options:

- Blend of stocks and bonds
- Designed to provide modest capital appreciation for investors with moderate risk tolerance

5 Conservative Options:

- Higher concentration in fixed income
- Designed to provide long-term growth for investors with a low risk tolerance

ABLE TN Investment Options

Investment Option	Estimated Underlying Mutual Fund Expenses	Administrative Fee	Total Annual Asset-Based Fees
TN PRIMECAP Odyssey Aggressive Growth Fund	0.62%	0.00%	0.62%
TN Vanguard Mid-Cap Growth	0.43%	0.00%	0.43%
TN DFA Large Cap International Portfolio	0.27%	0.08%	0.35%
TN Vanguard 500 Index Fund	0.05%	0.30%	0.35%
TN DFA US Small Cap Fund	0.37%	0.00%	0.37%
TN DFA US Large Cap Value Fund	0.28%	0.07%	0.35%
TN Vanguard Wellington Fund	0.19%	0.16%	0.35%
TN Vanguard Life Strategy Conservative Growth Fund	0.15%	0.20%	0.35%
TN Vanguard Life Strategy Income Fund	0.13%	0.22%	0.35%
TN Vanguard Intermediate-Term Investment-Grade Fund	0.10%	0.25%	0.35%
TN Vanguard Intermediate-Term Treasury	0.10%	0.25%	0.35%
TN Vanguard Total Bond Market	0.10%	0.25%	0.35%
TN DFA Inflation-Protected Securities Portfolio	0.12%	0.23%	0.35%
First TN Interest Bearing Account	None	None	None

Fees & Expenses



- Annual Asset based fees range from 0% to .62% depending on investment selection. The average cost is .35%
- The annual asset based fee is divided over 12 months and applied to the account balance at the end of each month
- No sales or distribution charges
- No fixed account maintenance fees
- No application or statements fees

Contributions



Made via:

- Check
- Electronic Funds Transfer
- Automatic Investment Plan
 - The ability to set up recurring contributions from a checking account at the frequency that best meets your needs
- Online gifting portal
 - Birthdays
 - Holidays
 - Celebrations

Ownership & Management



- The designated beneficiary is the sole owner of funds within an *ABLE TN* account
- Legal representatives and guardians may submit documentation to access and manage an *ABLE TN* account on behalf of a beneficiary
- ABLE TN has developed an online account portal that allows participants to conveniently monitor their accounts and make contributions and withdrawals online

Contact Us



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