



Understanding ABLE



Dream Bigger Summit

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Stephen Beck JR and Family

The concept for the ABLE Act started with families including Stephen and Catherine Beck who had concerns about their daughter Natalie. It took four US Congresses and a decade before it was enacted and signed into law. Natalie was the first ABLE Account Beneficiary in the U.S.





In New Mexico the ABLE Act was enacted in 2016. However, there wasn't a way to open accounts in New Mexico until January 2018. Advocates in the 2017 legislature lobbied for New Mexico to be able to work in partnerships with Ohio STABLE accounts to bring ABLE Accounts to New Mexico.



With/Without ABLE NM

Without ABLE

- Persons could not save more than \$2000 without loss of benefits
- Would sometimes need to spend quickly to prevent going over without long term planning
- Family couldn't always give gifts in fear of going over

With ABLE

- Persons can save for unexpected emergencies
- Persons can save for special events or for larger items
- Persons can make better financial decisions when making purchases
- Families can give monetary gifts





Impact of ABLE Accounts

Empowerment

Independence

Financial Stability/Literacy

Financial Decision Making and Control

Spending Flexibility

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A promotional graphic for the New Mexico's ABLE Plan. On the left, a young boy with a shaved head, wearing a green and white striped polo shirt, sits in a red plastic chair. He is looking towards the camera with a neutral expression. A hand is visible holding his right hand. On the right, there is a teal and white graphic overlay. At the top of the overlay is the ABLE New Mexico logo. Below the logo, the text "New Mexico's ABLE Plan" is centered. Underneath the text are the Facebook and Twitter social media icons. At the bottom of the overlay, the website address "ablenewmexico.com" is displayed.

ABLE
NEW MEXICO

**New Mexico's
ABLE Plan**

ablenewmexico.com



Review: What is ABLE?

- Law allows for the creation of investment accounts for individuals with disabilities (earnings grow tax free)
 - Money in your account **does not** affect eligibility for benefit programs like SSI/Medicaid/Housing assistance
- Combination of 529 college savings account (investment) + checking account (spending) + Special Needs Trust (saving)



What is ABLE New Mexico?

- ABLE New Mexico is New Mexico's ABLE Plan
 - Offered to New Mexico residents through a no-cost partnership with the Ohio STABLE Account program
Administered by the Office of the State Treasurer, Tim Eichenberg
- 1st Anniversary for ABLE NM
 - Launched: January 18, 2018



Benefits of ABLE New Mexico

- Provides financial independence for people with disabilities
- Account is owned by the individual with the disability
- Dramatically increases ability to save
 - Before ABLE, individuals could only save around \$2,000 of their own money before risking loss of health care and other benefits
- Provides investment opportunity
 - Tax free earnings



Who Can own an ABLE New Mexico Account?

- Must be a New Mexico resident
 - Limit of 1 Account per person
- Individuals with disabilities that occurred prior to age 26
- Must also meet one of three criteria:
 1. Eligible to receive SSI or SSDI due to disability;
 2. Have a condition listed on SSA's "*List of Compassionate Allowances Conditions*"; **or**
 3. Self-certification



Self-Certification

- Need diagnosis of a physical or mental impairment that causes “marked and severe functional limitations”
 - Such as conditions in the SSA’s *Blue Book*
- Certify that the condition has lasted or is expected to last for at least 1 year
- Enter physician name, address, date of diagnosis
 - Do not need to send in written diagnosis, but must have on hand
- Not sure if you’re eligible?
 - Eligibility Quiz - ablenewmexico.com



Enrollment Process

- Online Enrollment (Online account)
- Takes approx. 20 minutes
- \$50.00 minimum opening deposit
- Can be done by individual with disability (“Beneficiary”) or an Authorized Legal Representative (ALR)
 - ALR = parent, guardian, power of attorney



Funding your Account

- **Contributions**

- Via Electronic Funds Transfer or check
- **\$15,000** annual limit
- If employed, you may be able to contribute up to an additional **\$12,140** of income
- **\$468,000** lifetime limit
 - 17 to 32 years to reach the lifetime cap
- System automatically rejects excess contributions

- **Gifting/Similar to GoFundMe**

- Create an eGift Event (birthday, holiday, etc.) ~ system will send out an email to friends and family
- System tracks contributors for sending thank-you notes/replies



Investment Options

- Four Vanguard mutual funds that range from aggressive to conservative:
 - Growth, Moderate Growth, Conservative Growth, Income
- One FDIC-Insured Option
 - **BankSafe** (default option, functions as a checking/savings account)

****Investment options can be changed twice a year****



How Can ABLE New Mexico funds be Spent?

- Withdrawals must be used on “Qualified Disability Expenses”
 - Anything that (1) relates to your disability and (2) helps to maintain or improve your health, independence, or quality of life

Examples:

- Housing and Rent
- Basic Living Expenses
- Medical/Financial/Legal Bills
- Education
- Transportation
- Assistive Technology
- Others



Non-Qualified Expenditures

- Not illegal, but there are consequences

Affects Benefits

- The amount of the expenditure *may* now be considered a countable resource (but not necessarily)

Tax Penalties

- Pay taxes plus 10% penalty on the earnings portion of the withdrawal (if no interest earned, penalty will be 0)



Spending From Your Account

Withdrawals

- Free + No limits
- Transfer to personal checking or savings
- Third-Party Check (Useful for rent)
- Transfer to STABLE Card

ABLE New Mexico will not ask what you spend on, but benefits agencies and IRS can



STABLE Card



- Loadable VISA debit card
- Does not pull from account
- Online spending records + notate expenses
- Protections – limiting of merchants (Amazon/Wal-Mart), no cash access, no overdraft
- Text alerts to monitor spending, low balances

The STABLE Prepaid MasterCard is issued by Metropolitan Commercial Bank (Member FDIC) pursuant to a license from MasterCard International Incorporated. MasterCard and MasterCard® Brand Mark are registered trademarks of MasterCard International Incorporated. "Metropolitan" and "Metropolitan Commercial Bank" are registered trademarks of Metropolitan Commercial Bank © 2014.



SSI Considerations

- Balances over \$100,000 count as a resource – but SSI merely suspended, not terminated
 - *(Your account balance will not affect Medicaid benefits, though, regardless of the amount)*
- If you hold on to the money from one calendar month to the next, then housing expenditures count as resources
- Beneficiary's own wages still count as income even if contributed to a ABLE New Mexico account (asset shield v. income shield)



When Account Holder Passes Away

- No designated transfer upon death
- Account will pass to the account holder's estate
 - The estate administrator notifies STABLE and can take over account access

Medicaid can ask for payback in some cases. Medicaid does not get first access to the funds. The estate can first:

 - Pay any outstanding bills for QDEs, funeral/burial expenses/deduct Medicaid Buy-In premiums.
- Medicaid Payback is only from date the account was opened
- Medicaid Payback is not unique to ABLE NM accounts



Account Cost

Monthly Maintenance Fees

\$3.50 (\$42.00 Annually)

Asset-based

Fees (based on choice of investment, .33% is the cap.)

Between 0.19% and 0.33%



ABLE New Mexico & Special Needs Trusts

- Complementary tools can be used together
- Unique ABLE New Mexico account benefits:
 - Cost-Effective (no attorneys required)
 - Broader spending power (i.e. housing)
 - Easy account access
 - No federal or state income tax on earnings
 - No separate tax returns to file
 - Can be established, administered, and owned by individual with disability




Helpful Resources

Customer Service
team@stableaccount.com
 1.800.439.1653
 Monday - Friday
 7 a.m. – 8 p.m. EST

ablnewmexico.com



ABLE New Mexico updates/stats

- Reintroduction of the ABLE Age Adjustment Act – March 5, 2019.
 - U.S. Senators Casey, Moran, Van Hollen, and Roberts – S. 651
 - *Companion bill (03.18.19) - H.R.1814 (McMorris-Rodgers, Cohen, Fitzpatrick, Turner, Rose, Wasserman-Schultz, Katko, Moulton, and Bonamici)*
 - Increases the age of eligibility to 46
 - Aims to help 1 million veterans with disabilities, and increase sustainability
- STABLE Account
 - Ohio, Kentucky, Vermont, Missouri, Georgia, South Carolina, New Hampshire, New Mexico, West Virginia, Wyoming, Arizona, Oklahoma
 - \$60 million in assets, largest affiliation in the country.
 - Average ABLE NM account owner:
 - Basis of eligibility: SSI, Type: Developmental Disorder, Admin Relationship: Legal Guardian, Average age: 39, Non-working.
 - 343 accounts, average account balance: \$4,336, employed: \$4,169.



For more information



NM State Treasurers Office - nmsto.gov



The Arc of New Mexico - arcnm.org

ablenrc.org



THANK YOU!