

## STATE ABLE PROGRAMS: PROGRESS AND LEGISLATIVE NEEDS

Report date: July 1, 2019

ABLE<sup>1</sup> programs are making a difference in the lives of people with disabilities but will require legislative enhancements in order to increase adoption rates and support continued choice that disability advocates and policy makers fought for. While states' ABLE efforts in the past year have been robust, key amendments to Section 529A, listed on the next page, will be critical to maintaining long-term plan choice and affordability, and to achieving self-sustainable ABLE programs by most of the 42 states and the District of Columbia that currently offer plans.

The ABLE Committee of the National Association of State Treasurers (NAST), comprised of state ABLE administrators and private sector program managers, provides in this report both a summary of efforts during the past year to boost ABLE enrollment and an analysis of the ABLE data (collected on an ongoing basis since the first ABLE Plan launched in June 2016). Both discussions forcefully support the need for legislative enhancements.

### Summary of States' Efforts

ABLE is a transformative program that provides individuals with disabilities and their families the opportunity to achieve greater financial independence and self-reliance. The NAST ABLE Committee issued an ABLE Sustainability Report in April 2018, which provided lawmakers, states, program managers and disability advocates with initial data on the growth of ABLE programs since the first plan launched in June 2016. Since April 2018, states have continued to demonstrate their commitment to the long-term growth and success of ABLE programs, highlighted below:

Nine (9) additional states have launched ABLE plans, bringing to 42 the number of states plus the District of Columbia that offer low-cost, high quality ABLE plans to the estimated 8 million eligible individuals across the country.

Nationally, NAST ABLE states presented multiple informational webinars and presentations to disability-related organizations including the Association of University Centers on Disability, the Council on State Administrators of Vocational Rehabilitation, the ABLE National Resource Center, Disability:IN, the Council on Quality and Leadership, the National Council on Independent Living, the SPARK Institute and the National Association of Councils on Developmental Disabilities. NAST ABLE states also shared information and updates directly with disability advocacy organizations throughout the year including the National Down Syndrome Society, the National Disability Institute, Autism Speaks, the Consortium of Citizens with Disabilities, the National Down Syndrome Congress and the National Arc.

Additionally, states met with the National Council on Disability (NCD) at its ABLE Implementation Meeting in February 2019 to provide feedback to federal agencies on ABLE adoption rates. This provided the opportunity to share instances of misinformation about ABLE accounts that beneficiaries have been receiving at local benefits offices, and to offer to collaborate with agencies to encourage more staff training and to make ABLE information more readily to the disability community.

At the state level, unique ABLE outreach efforts to drive enrollment have included grass-roots stakeholder presentations, digital advertising, print advertising, media publicity, events sponsorships, newsletters and leveraging partnerships with disability advocacy organizations to reach potential ABLE account owners, parents, guardians and professionals who work with disability.

NAST ABLE states continue to ask federal agencies such as the Social Security Administration, Medicaid and the Department of Housing and Urban Development to improve and increase communication about ABLE to beneficiaries – and it is paying off. SSA now has ABLE information on the monitors in its 1,800 offices throughout the country and HUD just released its ABLE guidance – and we thank champion lawmakers and the National Council on Disability for their help in these efforts.

---

<sup>1</sup> Stephen Beck Jr., Achieving a Better Life Experience (ABLE) Act (Public Law 113-295)

## What the Data Shows<sup>2</sup>

According to data provided by states and program managers, ABLE programs currently manage approximately \$171 million in investments for approximately 34,700 account owners nationwide.<sup>3</sup> The National Disability Institute (NDI) estimates that 8 million individuals with disabilities today are eligible to open ABLE accounts under the current age of onset by 26.<sup>4</sup>

Based on this combined information, the ABLE adoption rate stands at 0.43%<sup>5</sup> almost three years after the first program launched, compared to 1.55% for 529 college savings plans during a comparable period.<sup>6</sup> States and program managers estimate that approximately 450,000<sup>7</sup> funded ABLE accounts will be needed nationwide by June 2021 for most programs to approach self-sustainability and continue to offer ABLE plans with low fees. With the current pool of eligible individuals, the ABLE adoption rate would need to increase to 5.6%<sup>8</sup> by June 2021, which is unlikely. Passage of S. 651/H.R. 1814, the ABLE Age Adjustment Act will increase the pool of eligible ABLE participants by approximately 6 million.<sup>4</sup> With 14 million eligible individuals, the industry would need a 3.2%<sup>9</sup> adoption rate to reach 450,000 open accounts by June 2021, a more achievable goal.

## NAST Unequivocally Supports Passage of S.651/ H.R. 1814, the ABLE Age Adjustment Act.

The increase of the age of onset from before 26 years to before 46 years will expand ABLE eligibility with minimal federal fiscal impact. NAST also believes that the following further enhancements will be paramount to maintain long-term choice and affordability and to achieve self-sustainability of ABLE programs:

- Allow multiple accounts for the benefit of the same beneficiary, similar to 529 college savings accounts. Eliminating the current requirement that the account owner and beneficiary be the same person would preserve the authority of account owners who have the capacity and desire to control their own accounts to continue to do so, while giving families flexibility to use ABLE plans to meet their specific disability-related needs. Multiple account ownership will also lead to lower fees on ABLE accounts by increasing ABLE adoption.
- Eliminate the authority of Medicaid to claim assets from a deceased ABLE beneficiary's account. Currently, fear that private contributions to an ABLE account will be taken by Medicaid after the death of a beneficiary prevents many eligible individuals and families from opening and saving in ABLE accounts.
- Allow lump sum contributions in certain circumstances. This will enhance the usefulness of ABLE accounts for individuals with disabilities and their families and avoid more complicated or expensive alternative arrangements. Individuals with disabilities who receive insurance settlements, court-ordered judgements, inheritances or early retirement payouts related to a disability should be permitted to contribute the entire sum into an ABLE account.

## What ABLE Enhancing Legislation Will Achieve

In addition to the important public policy goals of greater independence and self-reliance by people with disabilities, improvements to Section 529A will achieve the following:

- Greater numbers of individuals with disabilities will save for disability expenses with minimal federal fiscal impact.
- Fixed dollar costs for account beneficiaries could decrease as ABLE Plans reach scale.
- States will have greater ability to repay state general fund loans made for ABLE start-up costs.
- Financially self-sustainable programs will solidify a continued commitment to, and investment in, ABLE.

---

<sup>2</sup> NAST thanks Corporate Affiliate members, Strategic Insight and AKF Consulting Group, for analytic assistance

<sup>3</sup> See Table 1

<sup>4</sup> See Table 2

<sup>5</sup> See Table 3

<sup>6</sup> As of December 31, 2001

<sup>7</sup> 450,000 accounts nationwide = 30,000 accounts per program x the 15 unique programs available today. Note, 15 unique programs include one count each for the National ABLE Alliance, and for the partnerships in Nebraska, Ohio and Oregon

<sup>8</sup> 5.6% = 450,000 accounts / 8,040,000 eligible individuals

<sup>9</sup> 3.2% = 450,000 accounts / 14,190,000 eligible individuals

## ABLE Industry Data

**Table 1 – ABLE Industry**

December 31	2016	2017	2018
<b>Assets</b>	\$13,910,026	\$71,978,679	\$171,692,576
<b>Accounts</b>	4,064	17,314	34,707
<b>Average Account Size</b>	\$3,423	\$4,157	\$4,947

Source: Strategic Insight, as of February 7, 2019

**Table 2 -- ABLE-Eligible Population Estimates**

Population Category		Age of Onset		
		0-25	26-45	Total (0-45)
<b>Children</b>		3,300,000	0	3,300,000
<b>Working Age Recipient of:</b>	<b>SSI only</b>	1,780,000	1,100,000	2,880,000
	<b>SSDI only</b>	1,650,000	3,200,000	4,850,000
	<b>Both SSI and SSDI</b>	660,000	450,000	1,110,000
	<b>Neither Benefits</b>	650,000	1,400,000	2,050,000
<b>Total</b>		<b>8,040,000</b>	<b>6,150,000</b>	<b>14,190,000</b>

Source: NDI as of February 7, 2018

**Table 3 -- Comparison of ABLE versus 529 Early Adoption Rates**

	ABLE	529 Savings
<b>Total Accounts</b>	<b>34,707</b>	<b>1,249,117</b>
<b>Eligible Population</b>	<b>8,040,000</b>	<b>80,486,665</b>
<b>Adoption Rate</b>	<b>0.43%</b>	<b>1.55%</b>

Source: AKF Consulting Group based upon (i) Total ABLE accounts from Strategic Insight as of December 31, 2018; (ii) Eligible ABLE population estimate from NDI as of February 7, 2018; (iii) Total 529 accounts from College Savings Plans Network as of December 31, 2001; and (iv) Eligible 529 population based upon ages 0-19 from US Census Bureau as of April 1, 2000