



Denise L. Nappier
Treasurer

State of Connecticut
Office of the Treasurer

December 30, 2016

VIA HAND-DELIVERY

The Honorable John W. Fonfara
The Honorable Jeffrey J. Berger
Chairs, Finance, Revenue and Bonding Committee
Legislative Office Building Room 3700
Hartford, CT 06106-1591

The Honorable Terry B. Gerratana
The Honorable Matthew Ritter
Chairs, Public Health Committee
Legislative Office Building Room 3000
Hartford, CT 06106-1591

Re: ***Annual Report of the Achieving A Better Life Experience (“ABLE”) Trust***

Dear Madame and Messrs:

In accordance with the provisions of Section 3-39k(e) of the Connecticut General Statutes, the Office of the Treasurer hereby submits this *Annual Report of the Achieving a Better Life Experience (“ABLE”) Trust* to the joint standing committees of the General Assembly having cognizance of matters relating to finance and public health.

Background

In 2014, the U.S. Congress passed the ABLE Act, a framework that would allow persons with disabilities who are on Supplemental Security Income (“SSI”) to amass assets without putting benefits at risk. The Act created 529(a) accounts as a subset of the 529 college savings program. Many of the tax advantages offered through 529 accounts are available in ABLE 529(a) accounts, including exempting investment earnings from federal and state income taxes. This federal legislation required states to enact their own statutory frameworks for establishing programs for their respective state residents.

Accordingly, in 2015 Connecticut passed Public Act 15-80, *An Act Implementing the Recommendations of the Program Review and Investigations Committee Concerning the Federal Achieving A Better Life Experience Act* (“Public Act”). Mirroring the federal legislation, it allows families to accumulate assets for expenses without affecting state and federally mandated maximums to qualify for governmental services. The Public Act designated the State Treasurer as Trustee of the ABLE program with the responsibility to establish a federally qualified ABLE program and administer individual ABLE accounts. The Public Act was passed without an appropriation of funds for implementation.

Status of Connecticut’s ABLE Program

To date, Connecticut’s ABLE Trust has yet to be formally established. Consequently, there are no ABLE accounts within the Trust, there have been no contributions made or accepted and, as a result, no distributions. Connecticut residents can, however, open ABLE accounts with programs sponsored by eight other states.¹

In an effort to implement an ABLE Program in Connecticut that meets the objectives of the federal mandate, the Office of the Treasurer formed an advisory committee comprised of 20 volunteers with relevant experience, including those who have served as disability advocates, representatives of key constituencies and organizations for persons with disabilities, and leaders of state agencies with purview over disability issues. The ABLE Advisory Committee convened for its first meeting on December 22, 2015, and met ten (10) times during 2016 to consider various options for structuring Connecticut’s program to most effectively serve the greatest number of eligible citizens.² The Advisory Committee explored the feasibility of Connecticut partnering with another state and utilizing their existing program structure. Such an arrangement could allow Connecticut to offer a program in a more cost-effective and timely manner than starting a program from scratch.

The Office also continues to collaborate with the College Savings Plan Network (“CSPN”) and the National Association of State Treasurers (“NAST”) as the Internal Revenue Service and the Social Security Administration develop federal ABLE regulations and Congress considers enhancements. The Office participated in a NAST conference on the ABLE Act in June of 2016 and in monthly CSPN and NAST calls since September of 2015, reviewing the activities of other states and supporting efforts to change federal legislation and impact the IRS and SSI draft regulations for the program.

¹ Alaska, Michigan, Nebraska, Ohio, Oregon, Rhode Island, Tennessee and Virginia. Four of these were just launched in December 2016.

² Agendas and meeting minutes for the ABLE Advisory Committee are available at www.ott.ct.gov.

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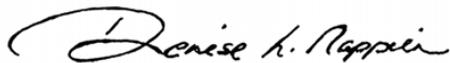
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Next Steps

The State Treasurer's Office and the ABLE Advisory Committee currently believe that issuing a Request for Information ("RFI") to the states open for partnership is the next best step in determining how best to serve Connecticut residents. Our ability to conduct such a process, however, has been constrained by the lack of appropriated funds for implementation activities. In the Treasury's April 13, 2016, progress report to the Legislative Program Review and Investigations Committee, the emphasis was placed on the significant challenges associated with implementing a Connecticut ABLE program without an appropriation of funds. Those challenges are even more pressing today, given that just two percent of the Treasury's agency budget is supported by the General Fund.

Taking together the work of the ABLE Advisory Committee in conjunction with Treasury staff, it is clear a program of this complexity requires an appropriation to secure dedicated internal staff and/or outside assistance in order to effectively launch this initiative.

Respectfully submitted,

A handwritten signature in cursive script that reads "Denise L. Nappier".

Denise L. Nappier
State Treasurer