

State of Connecticut

DENISE L. NAPPIER
TREASURER



Hartford

December 29, 2017

VIA HAND-DELIVERY

The Honorable John W. Fonfara
The Honorable Jason Rojas
The Honorable Scott L. Frantz
Co-Chairs, Finance, Revenue and Bonding Committee
Legislative Office Building, Room 3700

The Honorable Terry B. Gerratana
The Honorable Jonathan Steinberg
The Honorable Heather B. Somers
Co-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 for Fiscal Year 2017*

Dear Mesdames 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.

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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 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

The Office of the Treasurer and the ABLE Advisory Committee met throughout the 2017 fiscal year to consider various options for structuring Connecticut's program to most effectively serve the greatest number of eligible citizens. On December 30, 2016, pursuant to Public Act 16-65, the Office of the Treasurer submitted to the Joint Committee on Banking of the Connecticut General Assembly a *Report on Aspects of the Achieving a Better Life Experience (ABLE) Program*. The report prompted the Banking Committee to file House Bill 7032, *An Act Regarding the Office of the State Treasurer's Recommended Revisions to the Achieving a Better Life Experience Program*, later passed by the Senate on June 6, 2017 in concurrence with the House and codified as Public Act 17-124. The Act allows Connecticut to establish its ABLE program in partnership with another state.

In April, the Treasury issued a request for information in search of a state with an established ABLE program to assist in launching Connecticut's own ABLE program. As of June 30, 2017, the Office of the Treasurer, in consultation with the ABLE Advisory Committee, was in the process of evaluating responses. In October, the Treasurer announced her intention to partner with the State of Oregon, subject to successful contract negotiations. Those negotiations are currently underway, and we are striving to launch Connecticut's program in the spring of 2018.

That said, 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 any other state.

Respectfully submitted,



Denise L. Nappier
State Treasurer