

The Status of ABLE:

Ohio, Tennessee, Nebraska,
Florida, Oregon and The
Consortium



State of Connecticut

June 21, 2016

Connecticut's Disabled Population

- **Social Security Administration (2014 data)**
 - 63,259 – Individuals in CT receiving SSI benefits
- **DisabilityStatistics.org (2013 data)**
- Total Population of Connecticut: 3,590,347
- 1.8% reported a Visual Disability (64,626)
- 3.0% reported a Hearing Disability (107,710)
- 5.5% reported an Ambulatory Disability (194,169)
- 4.1% reported a Cognitive Disability (147,201)
- 2.2% reported a Self-Care Disability (78,988)
- 4.7% reported an Independent Living Disability (168,746)
- Individuals in CT living with a disability: 380,600



Other States' Features In Common

- **\$14,000 Annual Contribution Limit**
- **Rollovers Allowed**
- **Free Withdrawals for Qualified Expenses**
- **10% Fee for Non-Qualified Expenses**
- **Self-Certification of Disability**
- **Self-Certification on Distributions**
- **\$100,000 limit before SSI is affected**
- **Beneficiary and Account Owner is the same**
- **Parents, Legal Guardians and Power of Attorneys are the only people who can help manage the accounts**



Ohio – The STABLE Program – First to Launch

- **\$4,000,000 appropriation**
- **Officially launched on June 1, 2016**
- **First ABLÉ Accounts to Officially Launch in the nation**
- **Program Administrator: Ohio Treasury**
- **Program Manager: Intuition ABLÉ Solutions, LLC**
- **Investment Advisor: Marquette Associates, Inc**
- **Fund Provider: Vanguard**
- **Custodian: Fifth Third Bank**
- **Online enrollment takes 20 Minutes**
- **Currently Enrolled Account Owners from 31 states plus the Virgin Islands**



Account Functionality for STABLE

- **\$50 Minimum Initial Deposit to Open an Account**
- **\$1 Minimum for Subsequent Contributions**
- **Contributions via EFT, check or e-gifting**
- **\$14,000 Annual limit and the system will automatically reject excess contributions and return them to the contributor**
- **Current Lifetime Account Limit: \$426,000**
- **Free Withdrawals, transfers to personal bank accounts or transfers to the account owner's STABLE card for Qualified Disability Expenses**
- **Non-qualified Withdrawals are subject to income tax on earnings and an additional 10% tax on earnings.**



STABLE Card

- Funds are loaded onto Debit Card
- Does not pull from the account
- Tracks Qualified Expenses Online
- Single-source of funds (not comingled with personal checking or savings) for streamlined recordkeeping
- Provides protection: limiting of available merchants and no access to cash
- Future Features: Online Bill Pay, Receipt Imaging, Categorization of Expenses (Qualified/Unqualified)



Features and Fees of STABLE

- Free Online Enrollment
- Monthly Maintenance Fee: \$5.00
- Annual Asset-Based Fee: Between 0.45% and 0.60%
- Rollovers Allowed Once Per Year and are subject to fees
- An additional annual fee of \$10 is incurred for customers who request paper statements
- Transfers Between Investment Options Allowed Twice per Calendar Year
- If a STABLE account has a zero balance for 90 days it may be closed. Reinstatement is available through an online enrollment process.
- Authorized Legal Representative: If the Beneficiary is not able to exercise signature authority over his or her STABLE account, or chooses to establish a STABLE account but not exercise signature authority, an Authorized Legal Representative may act on the Beneficiary's behalf with respect to the STABLE account. The Authorized Legal Representative may be a parent or legal guardian of the Beneficiary or may be a person granted a Power of Attorney by the Beneficiary. The Authorized Legal Representative may neither have, nor acquire, any beneficial interest in the STABLE account during the Beneficiary's lifetime and must administer the account for the benefit of the Beneficiary. Whenever an action is required to be taken by a Beneficiary in connection with a STABLE account, it must be taken by the Beneficiary's Authorized Legal Representative acting in that capacity.



Five Currently Offered Investment Options

- **The BankSafe Option** invests 100% of its funds into an FDIC-insured account, therefore protecting the principal investment. Total Annual Asset-Based Fee: 0.45%. Approximate Cost of \$10,000 investment over 1 year: \$106; Over 10 years: \$1,153.
- **The Income Option** invests 100% of its funds in the Vanguard LifeStrategy Income Fund, which allocates approximately 80% of its assets to bonds and 20% to common stocks. Total Annual Asset-Based Fee: 0.57%. Approximate Cost of \$10,000 investment over 1 year: \$118; Over 10 years: \$1,294.
- **The Conservative Growth Option** invests 100% of its funds in the Vanguard LifeStrategy Conservative Growth Fund which allocates approximately 60% of its assets to bonds and 40% to common stocks. Total Annual Asset-Based Fee: 0.58%. Approximate Cost of \$10,000 investment over 1 year: \$119; Over 10 years: \$1,304.
- **The Moderate Growth Option** which invests 100% of its funds in the Vanguard LifeStrategy Moderate Growth Fund which allocates approximately 60% of its assets to common stocks and 40% to bonds. Total Annual Asset-Based Fee: 0.59%. Approximate Cost of \$10,000 investment over 1 year: \$120; Over 10 years: \$1,318.
- **The Growth Option** which invests 100% of its funds in the Vanguard LifeStrategy Growth Fund which allocates approximately 80% of its assets to common stocks and 20% to bonds. Total Annual Asset-Based Fee: 0.60%. Approximate Cost of \$10,000 investment over 1 year: \$121; Over 10 years: \$1,329.



Tennessee ABLE

- \$177,000 appropriation FY '16,
- \$177,000 appropriation FY '17
- Officially launched on June 13, 2016
- Second ABLE Accounts to Officially Launch in the nation
- Program Administrator: Tennessee Treasury
- Fund Provider: Empower (Great West)
- Record Keeping Service: Envision
- Investments: Vanguard, PrimeCap and DFA (Dimensional Fund Advisors)
- Investment Options: 14
- Online enrollment



Account Functionality for Tennessee ABLE

- **\$25 Minimum Initial Deposit to Open an Account**
- **Contributions via EFT, check or e-gifting**
- **\$14,000 Current annual limit**
- **Current Lifetime Account Limit: \$350,000**
- **Free Withdrawals, transfers to personal bank accounts or transfers for Qualified Disability Expenses**
- **Non-qualified Withdrawals are subject to income tax on earnings and an additional 10% tax on earnings.**
- **Annual Maintenance Fee: \$0**
- **Asset-Based Fee: Between 0 and 62 Basis Points**
- **Fees are the same for TN Residents as they are for Out of State Account Owners**



Nebraska – The EnABLE Program

- **\$476,785 Appropriation for FY 2015-16**
- **\$206,785 Appropriation for FY 2016-17**
- **Launching Accounts: June 30, 2016**
- **Program Manager: First Bank of Omaha**
- **Annual Maintenance Fee: \$50**
- **Asset-Based Fee: 50 basis points**
- **Maximum Account Balance of \$360,000**
- **Investment Changes Can Be Made Twice Per Calendar Year**
- **Account Can Be Rolled Over to a Disabled Family Member**



ABLE Consortium

- **Agreement Among Ten States:**
 - Illinois, Alaska, Iowa, Kansas, Minnesota, Missouri, Pennsylvania, Nevada, New Jersey and Rhode Island.
- **Represents 48 Million People**
- **Most of These States Have Zero (Or Very Low) Appropriations**
- **RFP has been issued: many details TBD**
- **Launch Date Likely To Be January of 2017**



Florida ABLÉ

- **\$3,386,000 appropriation**
- **Program Administrator: Florida Treasury**
- **Fund Managers: Vanguard, BlackRock, Florida Prime**
- **Online enrollment**
- **Currently does not accept out of state enrollees**
- **Four Investment Options: Money market, US Bond Fund, US Stock Fund, International Stock Fund**
- **Expects to launch during 2016**



Oregon ABLE

- \$665,000 Appropriation FY 16-17 Biennium
- Program Administrator: Oregon Treasury
- Expects to finalize details of the plan starting in July and launch December 1, 2016. An RFP will not be issued.
- RFP Questionnaire was sent to: Intuition, Ascensus, TIAA, True Link and BNY Mellon
- Plan to pick a Plan Manager by the end of July



Oregon ABLE



Oregon ABLE Savings Plan

- Plan structured, branded and marketed for Oregonians
- Anchor plan for all other plans

ABLE for ALL

- Plan structured, branded and marketed nationally
- White labeled from the Oregon ABLE Savings Plan

Contract States

- Plan structured, branded and marketed for each contract state
- White labeled from Oregon, but structured with specific state's support



Oregon ABLE

- National recognition in working with the Disability Community
- Person-Focused plan design
- Partnership with Aging and Disability Resource Center for call center support
- Program Manager with track record of working with the disability community (in progress)
- Pre-paid Card with a variety of functions to help individuals manage and track distributions/payments (in progress)
- Flexible safeguards
- One-click tracking of all purchases



Comparing Fee Structures

- **Ohio - STABLE**

- Monthly Maintenance Fee: \$5.00 (Annual: \$60)
- Annual Asset-Based Fee: Between 45 and 60 Basis Points

- **Nebraska – EnABLE**

- Annual Maintenance Fee: \$50
- Asset-Based Fee: 50 basis points

- **Tennessee – ABLE TN**

- Annual Maintenance Fee: \$0
- Asset-Based Fee: Between 0 and 62 Basis Points

- **ABLE Consortium, Florida and Oregon ABLE**

- To Be Determined



Consensus Perspectives

- Launching an Individual ABLE Program costs nearly \$500,000 - \$700,000 in up-front fees alone
- In addition, a state should expect to pay \$100,000 - \$250,000 per year until the ABLE plan is profitable
- Total cost to launch: \$1,500,000
- No one has concrete numbers for ABLE users, all numbers used in the RFP process are subject to change dramatically
- Attracting Vendors has proven to be much harder than originally thought
- Investment options should be kept as simple as possible
- Some plans may not currently have a durable fee structure

