

State of Connecticut

DENISE L. NAPPIER
TREASURER



Hartford

December 31, 2018

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 2018*

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.

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

During Fiscal Year 2018, the Office of the Treasurer and the ABLE Advisory Committee met to consider various options for structuring Connecticut's program, including an evaluation of responses to a request for information issued in April of 2017 for partnership with another state-sponsored plan. In October of 2017, the State of Oregon was named the preferred partner, and the Office of the Treasurer commenced contract negotiations soon thereafter.

Connecticut sought to negotiate agreements with Oregon's ABLE program administrator, a challenging endeavor given that no funds have been appropriated by the General Assembly to establish a Connecticut ABLE program. This funding challenge proved insurmountable, given that the Treasurer, as trustee of ABLE, bears a fiduciary responsibility to evaluate the program's investment options on behalf of Connecticut residents and would need resources in order to conduct this evaluation.

Consequently, Connecticut's ABLE Trust has not yet been formally established. 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.

If Connecticut is ever to establish its own program, however, there must be adequate funding in order to manage it. Toward this end, the Treasury has submitted a budget request through the Office of Policy & Management, as part of the biennial budget process for fiscal years 2020 and 2021, for an appropriation of \$150,000 per year.

Respectfully submitted,



Denise L. Nappier
State Treasurer