

# How to Open an ABLE Account

By Stephen W. Dale, Esq.

The first ABLE programs have been launched in Florida, Nebraska, Ohio and Tennessee, and three of them welcome applicants from other states. Since accounts can be rolled over from one state to another, families throughout the U.S. may want to begin exploring their options now.

ABLE accounts, which grow tax-free, are one way to set aside funds for disability-related expenses without affecting the beneficiary's eligibility for means-tested programs like Supplemental Security Income (SSI) and Medicaid. They are available to individuals who meet the government's definition of "disability" prior to turning 26, and at the beneficiary's death, remaining funds must first be used to reimburse Medicaid for expenses covered since creation of the account.

There are broad similarities among the four new programs, but many details differ, as will undoubtedly continue to be the case as additional programs launch. Interested families should carefully research the specifics, bearing in mind that the least expensive alternative may not be the one that best meets their long-term needs. Following is a far-from-comprehensive overview of what to expect...

## Who Can Open an Account?

An ABLE account can be opened by a beneficiary, parent, guardian/conservator or agent designated through power of attorney. Regardless of who is responsible for managing the account, it may be advisable to consult a special needs attorney about establishing a power of attorney to avoid interruptions in signature authority.

## How to Sign Up

To date, all the programs have an online application process, with help available by phone or email. Nebraska also provides a hard copy application for mail-in. This form must be used by guardians, conservators or agents designated through power of attorney, who must supply evidence of their legal responsibility. Parents of a minor beneficiary can apply online.

## Certification

So far, Florida is the only state limiting eligibility for its ABLE program to state residents. Other requirements are federally mandated, and applicants are responsible for self-certifying that they meet them. In addition to having a disability that appeared prior to the age of 26, the beneficiary must meet one of the following conditions:

- be receiving SSI or SSDI (Social Security Disability Insurance);
- have a letter from a licensed doctor certifying that the beneficiary meets Social Security's definition of disability;

- have one of the Social Security Administration's Compassionate Allowances Conditions;
- or be blind.

Applicants are not required to forward the physician's certification to the state program but must be prepared to supply it if requested. They will, however, need to provide the doctor's name, address and date of diagnosis.

Florida offers an online Eligibility Wizard, Ohio has an "eligibility quiz" and Tennessee has an interactive guide to help families determine whether or not someone qualifies.

### **Other Information Needed**

The following information is required concerning the beneficiary:

- name,
- address,
- Social Security or taxpayer identification number,
- birth date and
- email address.

If the account is being opened by someone other than the beneficiary, their personal information will also be needed.

For those who wish to transfer funds electronically (where available), bank account and routing numbers must be supplied.

### **Contributions**

Deposits to an ABLE account can be made by anyone, and there are federally determined limits. Beneficiaries can have no more than one account and annual contributions can't exceed \$14,000, a number that's likely to increase over time. Balances over \$100,000 will cause SSI to be suspended until they fall below that level. The amount at which Medicaid is affected will vary by state. Here are examples of state-specific differences:

- **Florida** accepts donations by check, money order, cashier's check, automatic contribution or payroll deduction. There are no contribution minimums, and the maximum balance throughout the life of the account is \$418,000.
- **Nebraska** accepts contributions by check, electronic funds transfer from a bank or payroll deduction. Individuals other than the beneficiary may also use an Enable gift certificate. The state requires a \$50 minimum contribution in order to open an account, (\$25 if electronic funds transfer from a bank account or payroll deduction will be used). Subsequent contributions must be at least \$25 (waived for electronic funds transfers or payroll deductions). There must be at least \$50 in the account at all times. Contributions will no longer be accepted once the account balance reaches \$360,000.

- **Ohio** requires a setup contribution of at least \$50 and has a lifetime maximum of \$426,000 for its accounts.
- **Tennessee** accepts contributions by check, electronic funds transfer, or recurring deposits from checking or savings accounts. The lifetime contribution limit is \$350,000.

### **Investment Options**

All states offer a variety of investment choices, ranging from conservative to aggressive.

- **Florida** offers seven professionally managed options, including both predefined portfolios and individual funds from which customized portfolios can be structured.
- **Nebraska** offers four investment options, including an FDIC-insured Bank Savings Option. In fall 2016, an additional Checking Account option will be available.
- **Ohio** offers five investment options, including an FDIC-insured BankSafe Option.
- **Tennessee** offers the most choice, with 14 funds to choose from.

### **Fees**

- **Florida** waives maintenance fees till July 1, 2017, after which there will be a \$2.50 monthly fee if the beneficiary chooses electronic withdrawals. An extra \$10 will be charged yearly for paper check disbursements. Depending upon investment choices, fees of up to 0.290% of account balances may be charged.
- **Nebraska** charges \$11.25 quarterly (\$45 annually), in addition to asset-based fees ranging from 0.50% to 0.56 %, depending upon investment choices. As of fall 2016, a checking account option will be available, with additional fees.
- **Ohio** has a tiered fee structure. Residents pay \$2.50/month (\$30 annually) for account maintenance and asset-based fees of 0.19% to 0.34%, based on their investment choices. Out-of-state account holders pay \$5/month (\$60 annually) for maintenance and asset-based fees of 0.45% to 0.60%, depending on investments.
- **Tennessee** doesn't charge for account maintenance but has asset-based fees of 0% to 0.63%, depending on investments.

### **Account Management**

- **Withdrawals**
  - **Florida** will make electronic transfers to a bank account or issue paper checks to pay expenses directly to third parties. Electronic transfers and up to two checks per month are free. Additional checks are \$5.00 each.
  - **Nebraska** will make electronic transfers to a bank account or cut paper checks. Prescheduled withdrawals can be arranged. Withdrawals from the Checking Account Option (available in fall 2016) can be by check or debit card.

- **Ohio** withdrawals can be made through electronic transfer to a bank account, by check or to a STABLE debit card.
- **Tennessee** presently makes all disbursements in the form of a check to the beneficiary.
- **Rollover to another state's ABLE plan**
- To date, only Ohio plans to charge a rollover fee—\$50.

The launch of additional state ABLE plans in the coming months is anticipated. States will undoubtedly learn from each other's experiences, and the best available option for you or a loved one with special needs is likely to be a moving target.

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Below are the links for the following existing State ABLE accounts.

Tennessee: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)

Ohio: [stableaccount.com](http://stableaccount.com)

Nebraska: [Enablesavings.com](http://Enablesavings.com)

Florida: [ableunited.com](http://ableunited.com)