



A SAVINGS PLAN FOR TEXANS WITH DISABILITIES

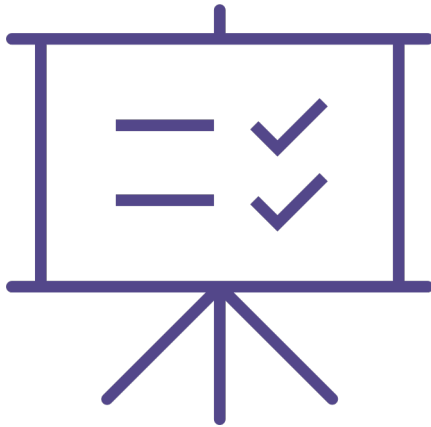
Autism Society of Texas  
March 11, 2021



**Glenn Hegar**  
Texas Comptroller of Public Accounts

# Today's Agenda

---



- History of ABLE
- ABLE Program Basics
- Texas ABLE Program Highlights
  - Enrollment
  - Savings and Investment Options
  - Using and Managing Account
  - Prepaid Card
- 529 Rollovers
- Q & A

# Before We Begin

---

This presentation provides limited highlights of the Texas ABLE Program.

Our office cannot provide legal, tax, financial, benefit or investment advice, or advice regarding penalty avoidance under applicable tax law. Contact your attorney, financial advisor or other advisor regarding your specific legal, tax, financial, benefit, or investment situation.

Read the [Program Disclosure Statement and Participation Agreement](#) for detailed information about the program.



# History of ABLE



# Federal ABLE Act

---

## Stephen Beck Achieving a Better Life Experience (ABLE) Act



Congress passed the Federal ABLE Act in 2014, added Section 529A to the Internal Revenue Code and authorized states to establish ABLE programs.

Created a new savings option for individuals with disabilities:

- to save money in a tax-advantaged account,
- to be used for qualified disability expenses,
- and keep their eligibility for public benefits.

# ABLE Program Basics



# ABLE Overview Video

---



# What is an ABLE Account?

---



- Tax-advantaged investment account for eligible individuals with disabilities.
- Account funds intended to supplement, not supplant, benefits provided through Medicaid, Supplemental Security Income (SSI), and Social Security Disability Insurance (SSDI).
- The beneficiary owns the account.
- Only one ABLE account per beneficiary.





# Benefits of an ABLE Account

---



- Save and keep eligibility (or future eligibility) for certain public benefits such as SSI and Medicaid.
- Tax-free withdrawals if used for disability related expenses.
- Financial independence for working individuals.
- Peace of mind for family.
- Anyone can contribute.
- Choice and control.
- Save in conjunction with a Special Needs Trust.
- Repository for Stimulus Checks.



# Eligibility Requirements

---

An eligible individual must have developed their disability before the age of 26, and must meet one of the following criteria:

Eligible to receive SSI  
or SSDI; or

Has a condition listed  
on SSA's List of  
[Compassionate  
Allowances Conditions](#),  
or

Self certify - obtain a  
physician's diagnosis of  
a medically  
determinable physical  
or mental impairment\*

\*Results in marked and severe limitations, which can either be expected to result in death, or has lasted or is expected to last at least 12 months.



# Who Can Open an Account?

---

## Eligible Individual with a Disability

Texas resident at least 18 years of age can open and manage his or her own Texas ABLE account.

## Authorized Legal Representative (ALR)<sup>1</sup>

Parent, Legal Guardian or Other Fiduciary (for example, a trustee, an agent acting under a Power of Attorney, or a representative payee\*)

\*Limited Power of Attorney form available on our website. IRS regulations permit a sibling, grandparent, or representative payee to serve as an ALR.

<sup>1</sup> For the beneficiary's protection, Texas ABLE will verify that someone is authorized to establish an account as an ALR.



# Contribution Limits

Annual Limit		Lifetime Limit
<b>Not Employed</b> \$15,000 per year from all sources.	<b>Employed*</b> Up to \$27,140 per year. (\$15,000 from any source + beneficiary wages up to \$12,140.)	\$500,000 Maximum lifetime contribution limit in Texas.

\*Federal law allows certain employed ABLE beneficiaries to make additional contributions above the annual limit (“Expanded Contribution Limit”). The designated beneficiary is responsible for ensuring eligibility and compliance with the Expanded Contribution Limit and maintaining records for this purpose.



# Important SSI Considerations

---

## SSI Limitations

Account balances over \$100,000 count as a resource for SSI determination purposes.  
At \$100,000, any SSI monthly benefit is suspended, not terminated.

## Impact on Countable Income

An individual's own wages count as income for SSI determination purposes even if they contribute that income to their ABLE account.

Medicaid benefits are maintained regardless of account balance.



**Glenn Hegar**  
Texas Comptroller of Public Accounts

# Qualified Disability Expenses

---



- May be used to pay for Qualified Disability Expenses (that relate to the individual's disability and are for the benefit of maintaining or improving his or her health, independence or quality of life).
- Includes basic living expenses and not limited to expenses for items for which there is a medical necessity.



# What is a Qualified Disability Expense?

---



- Education
- Housing
- Transportation
- Employment Training and Support
- Assistive Technology and Personal Support Services
- Health, Prevention and Wellness
- Financial Management and Administrative Services
- Legal Fees
- Oversight and Monitoring
- Funeral and Burial
- Other Expenses that Might be Identified from Time to Time by the Internal Revenue Service (IRS)



# ABLE & Special Needs Trust (SNT)

---

- SNT can contribute to a beneficiary's ABLE account.
- Funds contributed by a SNT to an ABLE account for shelter, food and clothing do not affect beneficiary's eligibility for SSI.
- ABLE beneficiary or ALR can manage his or her own funds in an ABLE account instead of the SNT trustee.
- Any earnings in an ABLE account are exempt from federal tax if they are used to pay for the beneficiary's qualified disability expenses.
- ABLE is a less costly alternative than a SNT for smaller amounts of funds.





# Medicaid Payback Provision

---



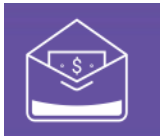
**Limitations** - Payback applies from date ABLE account was opened.



**Outstanding Bills** - Pay any outstanding bills for QDE.



**Deductions** - Deduct Medicaid Buy-In premiums paid.



**Funeral Expenses** - Pay for funeral and burial expenses.



# Texas ABLE Program Highlights



**Glenn Hegar**  
Texas Comptroller of Public Accounts

# Texas ABLE – Built by Texans, Made for Texans

---



- Created by the Texas Legislature.
- Administered through the Texas Comptroller's Office.
- Launched in May 2018.
- Self-attestation online enrollment process (no physical bank).
- Online account management.
- Bilingual customer service team.

**Beneficiary must be a Texas Resident.**

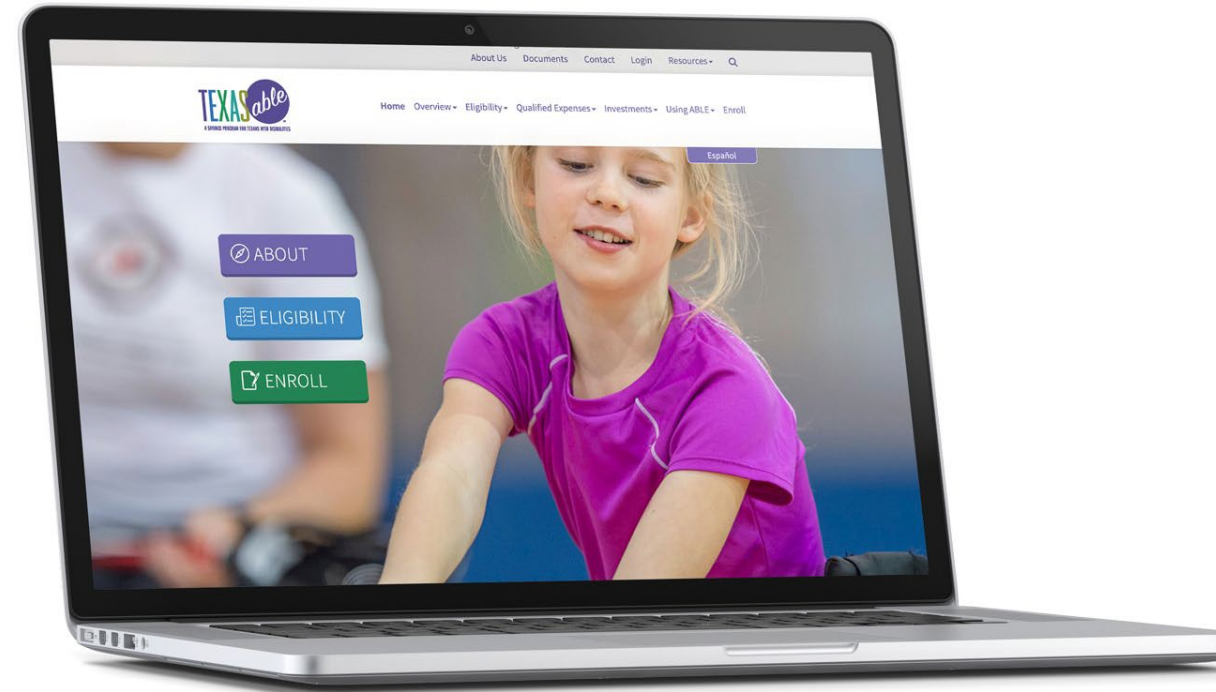


# Texas ABLE – Enrollment Process

---

## Enroll online anytime.

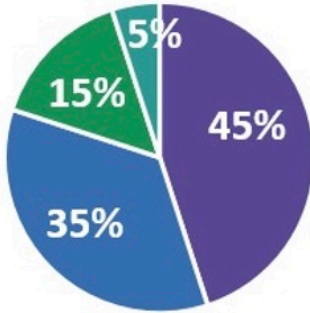
- Enroll at TexasABLE.org (20 mins).
- Simple, intuitive platform.
- No enrollment fee.
- \$50 minimum to establish account; \$25 minimum for subsequent contributions.
- Select investment option(s) during enrollment.



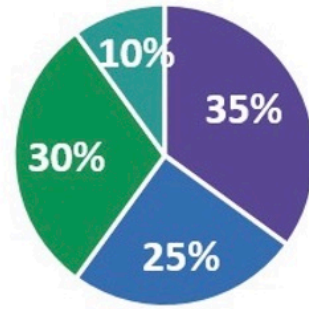
# Texas ABLÉ - Investment Options

Choose from four investment options.

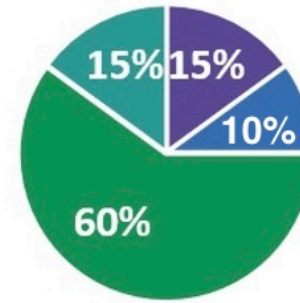
## Managed Allocation Options



Aggressive



Moderate



Moderately Conservative

## Bank Savings Option



FDIC Bank Savings

Vanguard Total Stock Market Index

Vanguard Total International Stock Market Index

PIMCO Total Return Fund

Eaton Vance Floating - Rate Fund

FDIC Bank Savings Account

Total annual asset-based fees for the investment options range from .25%-.65%. See the [Program Disclosure Statement and Participation Agreement](#) for information regarding investment options, risks and fees. Consult with an investment advisor.

TexasABLE.org

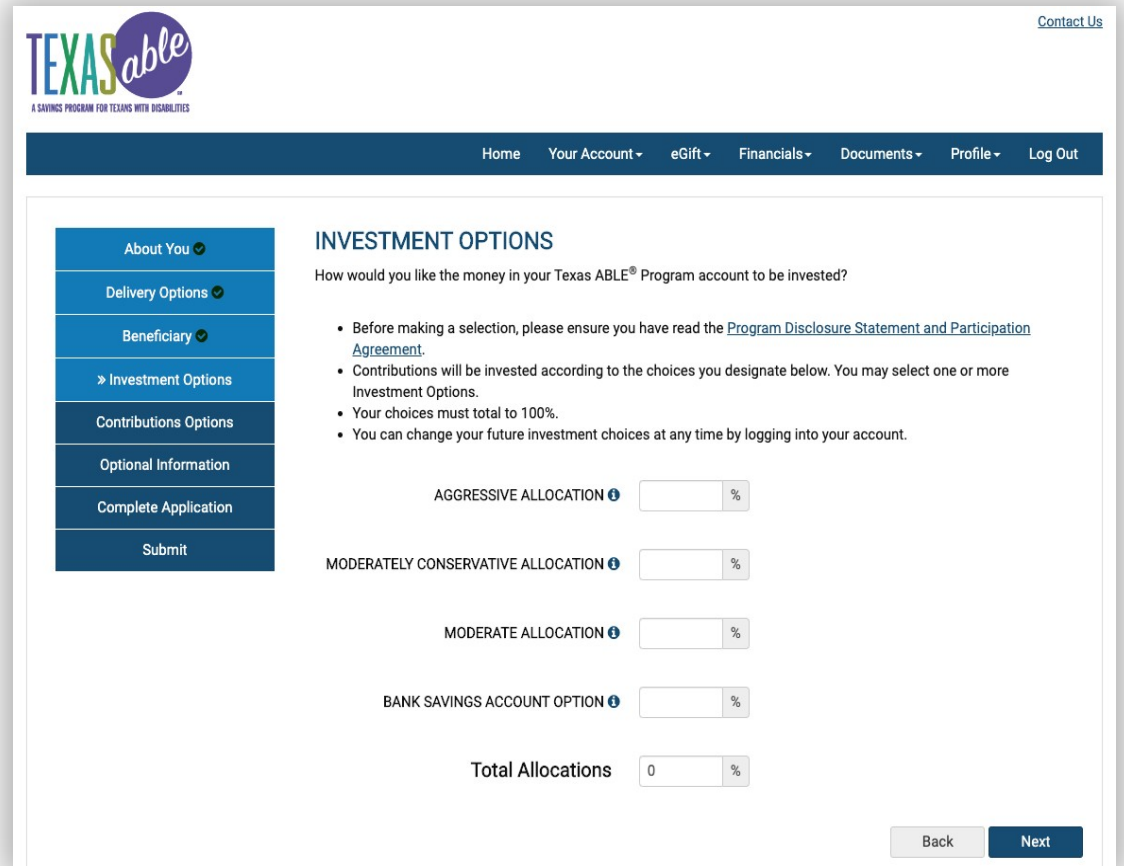


**Glenn Hegar**  
Texas Comptroller of Public Accounts

# Texas ABLE – Choosing How to Invest

## Select investment options.

- Four investment options including an FDIC-insured Bank Savings option.
- Choose one or a combination of the four.
- Change investment options up to twice a year as allowed by the federal ABLE Act.
- Fees vary based on investment option selected.
- Detailed information on investment options available in our Program Disclosure Statement, including limitations on number of times changes can be made.



The screenshot shows the Texas ABLE website interface. At the top left is the logo for Texas ABLE, with the tagline "A SAVINGS PROGRAM FOR TEXANS WITH DISABILITIES". In the top right corner, there is a "Contact Us" link. Below the logo is a dark blue navigation bar with links for "Home", "Your Account", "eGift", "Financials", "Documents", "Profile", and "Log Out". On the left side, there is a vertical menu with buttons for "About You", "Delivery Options", "Beneficiary", "» Investment Options" (which is highlighted), "Contributions Options", "Optional Information", "Complete Application", and "Submit". The main content area is titled "INVESTMENT OPTIONS" and asks "How would you like the money in your Texas ABLE® Program account to be invested?". It includes a list of instructions: "Before making a selection, please ensure you have read the [Program Disclosure Statement and Participation Agreement](#).", "Contributions will be invested according to the choices you designate below. You may select one or more Investment Options.", "Your choices must total to 100%.", and "You can change your future investment choices at any time by logging into your account." Below this are four input fields for "AGGRESSIVE ALLOCATION", "MODERATELY CONSERVATIVE ALLOCATION", "MODERATE ALLOCATION", and "BANK SAVINGS ACCOUNT OPTION", each with a percentage sign. A "Total Allocations" field shows "0 %". At the bottom right, there are "Back" and "Next" buttons.



# Texas ABLE - Online eGift Tool

---

**An easy way for others to contribute.**



- Anyone can contribute to the account safely and securely (family, friends, or even a special needs trust)\*.
- Create eGift event from account and send to family or friends via email.
- Email contains link and a personalized message, with instructions on how to contribute directly to account.

\* Contributions are subject to annual contribution limits and aggregate account limits. The beneficiary should monitor their account to ensure compliance with these limits.



# Texas ABLE – Using Your Account

---

**It's easy to use the account.**

## Contributions\*

- Personal or Cashier's Check
- Payroll Deduction
- Electronic Funds Transfer (EFT)
- Automatic Contribution Plan (ACH)
- Rollover from a 529 college savings account or other ABLE program
- Online eGifting
- Contributions from a Special Needs Trust

## Withdrawals

- Online withdrawals
- Withdrawals by check
- Withdrawals by ACH (transfer funds to bank electronically)
- Withdrawals by ACH to prepaid card (transfer funds to prepaid card electronically)

\*The beneficiary is responsible for monitoring their account to ensure compliance with annual and aggregate contribution limits.





# Prepaid Debit Card – U.S. Bank Focus Card

- Simple and fast way for Texas ABLE account owners to access funds to pay for qualified disability expenses on the go or online.
- Reloadable prepaid debit card funded by ACH withdrawals from your Texas ABLE account.
- Can be used online or in stores anywhere that accepts Visa debit cards.
- View balance and transaction history via the U.S. Bank Mobile App or online.
- No enrollment fee.



# Important Withdrawal Considerations

---

## Non-Qualified Withdrawals

Withdrawals that are not used for qualified expenses are subject to:

- Income tax on any earnings.
- An additional 10% tax on any earnings.

## Maintaining Records

The Designated Beneficiary or ALR is responsible for:

- Determining if a withdrawal is qualified or non-qualified and for federal and state benefit and tax consequences.
- Maintaining necessary records.



# Texas ABLE – Managing Your Account

## Manage account online.

- View account details including account balance, transaction history, and investment performance.
- Request withdrawals online.
- Change investment options.
- Set up recurring contributions.
- Upload documents electronically (for example, change in ALR, account rollover form).

The screenshot shows the Texas ABLE website interface. At the top left is the logo for TEXAS able, with the tagline 'A SAVINGS PROGRAM FOR TEXANS WITH DISABILITIES'. A navigation bar includes links for Home, Your Account, eGift, Financials, Documents, Profile, and Log Out. The main content area is titled 'YOUR ACCOUNTS' and features a dropdown menu for 'BRANDON MCDONALD'. Below this, there are buttons for 'Incomplete Applications', 'No Incomplete Applications', 'Account Status', and 'Brandon Mcdonald - Closed'. The account details for ANNA MCDONALD are displayed, including permanent and mailing addresses, phone numbers, and email. An 'Update' button is provided for the mailing address. A 'News & Announcements' section contains a 'COVID-19 Update' message. At the bottom, an 'Account Summary' table shows the beneficiary and account value.

Your Beneficiary(s)	Account Number	Value
BRANDON MCDONALD	8900009474	\$0.00
Total Account Value		\$0.00



# Texas ABLE – 529 Rollover

- Families who have a 529 College Savings account can rollover into a beneficiary's (or family member's\*) ABLE account without being penalized.
- \$15,000 rollover limit applies. (less the current tax-year ABLE contributions).



## TEXAS ABLE® INCOMING ROLLOVER/TRANSFER FORM

Please read the [Program Disclosure Statement and Participation Agreement](#) carefully before completing this form.

Complete this form to:

- Rollover funds from another Qualified ABLE Program (QAP) to a Texas ABLE® Program Account.
- Report an indirect rollover contribution from a 529 College Savings Account to a Texas ABLE Program Account.
- Report any contributions made this year to another QAP (excluding rollovers or program-to-program transfers).

**Please note:** You must have an established Texas ABLE Program Account before completing this form. Rollovers from one ABLE program account to another ABLE program account for the same beneficiary are limited to once every 12 months.

Print clearly, in uppercase letters, with blue or black ink and upload to:

[access.texasable.org](https://access.texasable.org)

Log into your account, select the document tab at the top of your home page and click UPLOAD Documents.

Questions? Call us at 1-844-4TX-ABLE (1-844-489-2253).

### Texas ABLE Account Information

Texas ABLE Account Number (if known)

Name of Beneficiary of Texas ABLE Account

Beneficiary Date of Birth

Beneficiary Social Security Number/Tax Identification Number

**If the Beneficiary has an Authorized Legal Representative (ALR), please also complete the following information for the ALR:**

Full Name of ALR

Date of Birth

Social Security Number/  
Tax Identification Number

### What would you like to do?

Rollover funds from another Qualified ABLE Program (QAP) to a Texas ABLE Program Account – Complete Section A.

Page 1 of 4

Texasable.org



**Glenn Hegar**  
Texas Comptroller of Public Accounts

# Texas ABLE - Account Fees

Description	Amount
Monthly Account Maintenance Fee	\$4
Delivery of Program Documents:	
-Electronic Delivery	\$0
-Paper Delivery	\$10
Check Processing Fee for Each Withdrawal by Check	\$5
ACH Processing Fee for Each Withdrawal in Excess of 2 per Month	\$1
There are no fees for Enrollment, Rollovers from another ABLE program or 529 college savings account, or Change of Beneficiary or ALR.	



# Helpful Resources

---

[The Texas ABLE Act](#)

[Social Security Program Operations Manual System \(POM\) – ABLE](#)

[Center for Medicare and Medicaid Services ABLE Guidance](#)

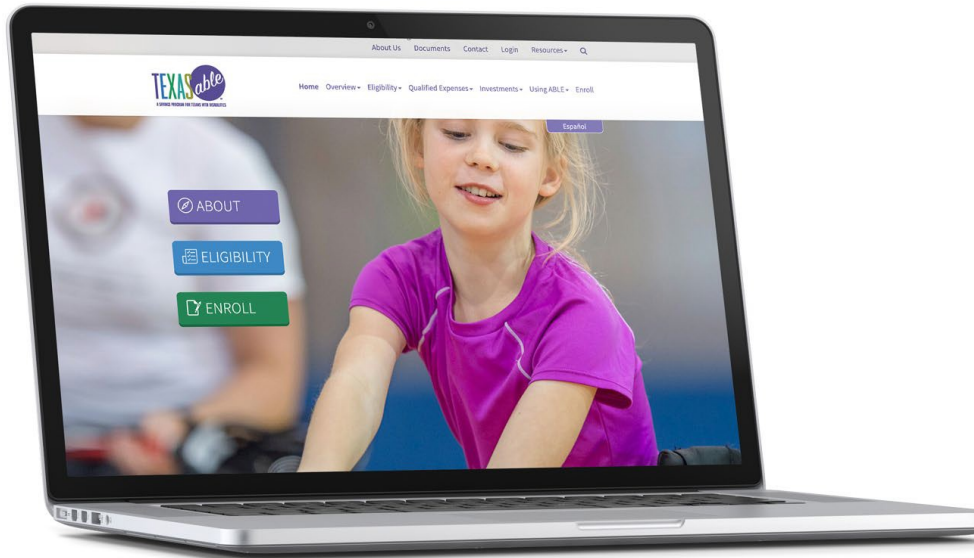
[IRS Publication 907 on tax treatment of ABLE accounts](#)

[Texas State Securities Board's resources for investors](#)



# Connect with Texas ABLÉ

---



## Customer Service Team

- (844) 489-2253 (844-4TX-ABLE)
- Mon. – Fri., 8 a.m. – 5 p.m. CST
- [Customerservice@TexasABLE.org](mailto:Customerservice@TexasABLE.org)

## Outreach

- For outreach opportunities including presentations and webinars, contact (512) 475-5331 or send email to [TexasABLE@cpa.texas.gov](mailto:TexasABLE@cpa.texas.gov).

View our webinar schedule and download presentation slides:  
[TexasABLE.org/events/](https://TexasABLE.org/events/)



**Glenn Hegar**  
Texas Comptroller of Public Accounts

# Q & A



**Glenn Hegar**  
Texas Comptroller of Public Accounts



# Disclosures

---

The TexasABLE® Program is established and maintained by the Texas Prepaid Higher Education Tuition Board. Orion Advisor Solutions, Inc. (“Orion”) is the program manager. The Program is distributed by Northern Lights Distributors, LLC, and administered by Gemini Fund Services, LLC (“Gemini”). NLD and Gemini are not affiliated with Orion.

The account, the principal invested, and any investment return are not guaranteed, insured, or treated as a deposit or other obligation by the state of Texas, the Texas Prepaid Higher Education Tuition Board, any other state or federal governmental agency or Orion or its subsidiaries or affiliates. An account might not make money and could lose money (including the principal invested) if money is invested in the Program. Interests in the Program have not been registered with the U.S. Securities and Exchange Commission or with any state.

Other than the Bank Savings Account Option, accounts are not insured or guaranteed by the FDIC.

As stated in the current Program Disclosure Statement and Participation Agreement, total annual asset-based fees for the investment options range from .25% - .65%. Additional fees apply. Fees are subject to change.

Before investing in the Program, investors should carefully consider the federal and state tax consequences, possible negative effects on eligibility for federal or state benefits, and possible Medicaid recapture, investment objectives, risks, administrative fees, service and other charges and expenses associated with the Program. The Program Disclosure Statement and Participation Agreement contains this and other information about the Program, and may be obtained by visiting [TexasABLE.org](https://TexasABLE.org) or calling 844-489-2253. Investors should read the Program Disclosure Statement and Participation Agreement carefully before investing.

“Texas ABLE” is a registered trademark of the Texas Prepaid Higher Education Tuition Board. All rights reserved.

The TexasABLE Program is distributed by Northern Lights Distributors, LLC. Member FINRA, SIPC.

