

# ABLE TN

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## The ABLE TN Savings Program

- *ABLE TN* is a savings program designed to help individuals with physical and/or intellectual disabilities put aside money to pay for qualified expenses.
- These accounts provide the opportunity to save and invest with tax-free earnings to help participants maintain independence and quality of life.
- ***ABLE TN* accounts will be available to open on June 13, 2016.**

## Management of the ABLE TN program

- *ABLE TN* is administered by the Tennessee Treasury Department, under the leadership of State Treasurer David H. Lillard, Jr.
- Treasury is responsible for many financial matters for the state, including management of over \$56 billion in assets through its various investment programs. The Department is responsible for receiving, investing and disbursing public funds, and managing all state investments including the pension fund.
- The Treasury Department also has a number of customer focused programs that educate and support the financial lives of Tennesseans, such as the nationally-recognized TNStars® College Savings 529 program, the Tennessee Financial Literacy Commission, RetireReadyTN, the Criminal Injuries Compensation Fund, and the Unclaimed Property Division.

## What does ABLE stand for and how was it created?

- The *Achieving a Better Life Experience Act* (“*ABLE*”) became federal law on December 19, 2014. This new law authorized states to pass similar legislation and implement their own ABLE programs.
- State Treasurer David H. Lillard, Jr. worked with the Tennessee General Assembly to pass its own ABLE Act, allowing the Tennessee Treasury Department to implement *ABLE TN*. Sponsored by Senator Becky Duncan Massey (R), of Knoxville in the Senate and by Representatives Steve McManus (R) of Cordova and Kevin Brooks (R) of Cleveland, the legislation passed unanimously by the 109th General Assembly. The legislation was signed into law by Governor Haslam on May 18, 2015.

## Eligibility

- An individual whose disability occurred on or before their 26<sup>th</sup> birthday may qualify to open an *ABLE TN* account by meeting one of the criteria below.
  - Is eligible to receive Supplemental Security Income (SSI)
  - Is eligible to receive Social Security Disability Insurance (SSDI)
  - Has obtained a disability diagnosis by a qualified physician and the individual or legal representative has signed the *ABLE TN* Certification Statement included in the *ABLE TN* enrollment process
- There is no state residency requirement. All qualified U.S. residents are welcome to participate in *ABLE TN*.
- U.S. military veterans who meet the eligibility requirements may qualify, if the disability occurred on or before the veteran's 26<sup>th</sup> birthday.

## Features and Benefits

- *ABLE TN* allows individuals to plan and save for future expenses associated with their disabilities. Interest earned on investments in an *ABLE TN* account is tax-free as long as the funds are used to cover the cost of qualified expenses.
- Accounts under \$100,000 do not impact eligibility for federal means-tested programs.
- Current federal guidelines state SSI benefits will only be suspended if your *ABLE TN* account has assets of \$100,000 or more in it. Those benefits will NOT be terminated, only suspended. Once the *ABLE TN* account balance falls below \$100,000, benefits will resume.
- *ABLE TN* accounts in excess of \$100,000 will not impact Medicaid eligibility.
- An account holder, who meets the disability requirements to qualify to open an account, may continue to work and earn income, and contribute to their *ABLE TN* account.

## Low Fees

- *ABLE TN* will continue to work to keep fees low for the program. *ABLE TN* will charge an annual asset based fee ranging from 0% to .63% depending on your investment selection. 10 of the 14 investment options incur an annual fee of .35%, while the First TN Interest Bearing account has no fee.
- The annual asset based fee is divided over 12 months and based on the account balance at the end of each month.
- Since *ABLE TN* is a direct-sold plan, there are no applicable sales or distribution charges. Furthermore, *ABLE TN* does not charge an account maintenance fee.

## Investment Options

- During the *ABLE TN* enrollment process the participant will have the ability to select from 14 investment options. You may select one or multiple options by simply assigning the percentage of your contributions you would like to allocate to each choice.
- Funds in an *ABLE TN* account may be re-allocated twice annually.

## Qualified Disability Expenses

- A qualified expense is one that is related to the individual's disability. Each person is unique and the needs of the individual can vary depending on the disability, circumstances and specific treatment. Federal and state laws provide these categories of qualified expenses:
  - ❖ Education
  - ❖ Housing
  - ❖ Transportation
  - ❖ Employment
  - ❖ Training and support
  - ❖ Assistive technology
  - ❖ Personal support services
  - ❖ Health, Prevention and Wellness
  - ❖ Financial Management
  - ❖ Administrative Services
  - ❖ Legal fees
  - ❖ Expenses for Oversight and Monitoring
  - ❖ Funeral and burial expenses
- In the event that funds from an *ABLE TN* account are used on non-qualified expenses, the investment earnings will be subject to income tax and an additional 10% penalty tax.

## Opening and managing an ABLE TN account

### Opening an account

- Visit our eligibility page on [AbleTN.gov](http://AbleTN.gov) to answer questions using ABLE Assist, a guide to help potential participants determine eligibility.
- If eligible, you will be prompted to open an account using our online forms. If assistance is required you may email us at [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- *ABLE TN* will soon offer an online portal, for individuals to open an account, contribute, withdrawal, and update account information conveniently.
- One ABLE account can be opened per eligible beneficiary with a minimum contribution of \$25.
- *ABLE TN* will make adding a legal representative easy. A legal representative can have varying levels of account access, depending on the role they serve in overseeing the *ABLE TN* account.

### Contribution Guidelines

- The total annual contribution limits by all participating individuals, including family and friends, is currently \$14,000.

- Account owners who receive federal means-tested benefits should keep in mind that funds in excess of \$100,000 will be treated as a resource.
- Additionally, there is a lifetime contribution limit of \$350,000.
- Anyone can contribute to an individual's *ABLE TN* account, as long as total contributions do not exceed the \$14,000 annual contribution limit. Account owners and legal representatives can even invite friends and family to contribute directly to an *ABLE TN* account.
- Contributions into an individual's *ABLE TN* account can be made by:
  - ❖ Check
  - ❖ Electronic Funds Transfer (EFT)
  - ❖ Automatic Investment Plans
    - An automatic investment plan gives the account owner and contributors the flexibility to set up recurring contributions from a checking or savings account. Contributors will have the ability to determine the intervals and the amount they wish to contribute on a recurring basis.

### **Withdrawals and Ownership**

- Once the online portal is active, withdrawals can be requested online. Until the portal is active, a participant can use the Account Withdrawal Form. Once a withdrawal is processed a check will be mailed to the account holder.
- The account is owned by the designated beneficiary, who is the sole owner of all funds in the account. All withdrawals should cover expenses associated with the individual's disability.

### **Special Needs Trust (SNT) and ABLE TN accounts**

- An individual may have a Special Needs Trust (SNT), an ABLE TN account, or both depending on the financial strategy of the individual with the disability.
- As a direct-sold plan, *ABLE TN* offer eligible individuals the ability to open an account without the assistance of a financial advisor or attorney. However, we recommend anyone considering opening an *ABLE TN* account consult with a financial professional to determine the best method for saving and investing funds relating to your specific needs.