

**ANNUAL REPORT
OF THE
ABLE ACCOUNT ADVISORY BOARD
2018**



ABLE Account Advisory Board Members

Chairman, Charles Gerhardt, parent of a child with a disability who has significant experience with disability issues

Director John Martin, Ohio Department of Developmental Disabilities

State Senator John Eklund

State Representative Jonathan Dever

Marge Barnheiser, representative of an intellectual or developmental disability advocacy group

Roy Cherry, representative of a service provider for individuals with disabilities

Jennifer Cunningham, person with a disability and who has significant experience with disability issues

Matthew Curoe, member who has significant experience in finance, accounting, investment management

Blaine Brockman, member who has significant experience in finance, accounting, investment management

Background of the Achieving a Better Life Experience (ABLE) Act

LEGISLATIVE OVERVIEW

Federal Legislative History

Federal legislation passed in December 2014 as part of P.L. 113-295 permits states to create “Achieving a Better Life Experience” (ABLE) programs. The ABLE program is modeled after college savings plans described in Section 529 of the Internal Revenue Service code with the ABLE Act in Section 529A.

The ABLE Act permits individuals with disabilities to save without the risk of losing their eligibility for means-tested benefits. The program has eased the financial strain many individuals face by making tax-free accounts available to cover qualified expenses such as medical and dental care, education, housing, transportation, assistive technology, employment training, and community based supports.

In order for an individual to be eligible for an ABLE account, the following has to occur:

- Blind or disabled before age 26.
- Entitled to Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) or; have a condition that is on the Social Security Administration’s Compassionate Allowances list or; self-report as meeting the disability criteria.

Furthermore, federal law places the following limitations on the ABLE account:

- For persons not employed, the maximum yearly contribution limit is currently \$15,000.
- For persons employed, the maximum yearly contribution limit is \$27,060. Will be \$27,140 in 2019.
- The maximum account value is tied to Ohio’s 529 limit of \$462,000. Will be \$468,000 in 2019.
- A 529 college saving plan can be rolled over into an ABLE account, up to the yearly contribution limit.
- There is a 10% additional tax on the earnings portion of funds withdrawn from an ABLE account for non-qualified expenses.
- SSI benefits will be suspended if the account total exceeds \$100,000, but Medicaid benefits will not be impacted.

State Legislative History

House Bill 155. The Ohio General Assembly passed House Bill 155, sponsored by State Representatives Jonathan Dever and Margaret Conditt and companion legislation was introduced by Senators John Eklund and Shannon Jones on June 25, 2015. The legislation was signed by Governor Kasich on July 16, 2015 and became law on October 15, 2015. The legislation, passed unanimously by both chambers, authorizes the State Treasurer to implement and administer the ABLE Act.

House Bill 483 (DODD MBR)

Signed into law on July 13, 2016, House Bill 483, the Department of Developmental Disabilities’ Mid-Biennium Review bill made two changes impacting Ohio’s STABLE program. The first, authorizes an income tax deduction for contributions to STABLE Accounts. The deduction is limited to \$4,000 per taxable year for each STABLE account beneficiary. If a taxpayer contributes more than \$4,000 in a taxable year, the taxpayer

may carry forward and deduct that excess in future taxable years. If a contribution is made by a married taxpayer, the \$4,000 per beneficiary limit applies regardless of whether the taxpayer and spouse file separately or jointly. The \$4,000 limit mirrors the limit on the existing deduction for contributions to an account created under the state's "529" college savings program. The second change, allows residents of other states to participate in Ohio's STABLE program.

Summary of ABL Implementation

In late 2015, the Treasurer's Office selected Intuition ABL Solutions, LLC ("IAS") as the program manager and record keeper for the Ohio ABL Plan.

In early 2016, following selection of IAS, the Treasurer's Office completed the following tasks:

- Selection of "STABLE Account" as the Plan's official name 
- Selection of Fifth Third Bank as the Plan's custodian and fund accountant
- Selection of Investment Options for the Plan
 - Selection of Vanguard as the investment fund provider
 - Selection of the Fifth Third BankSafe Product for the Plan's FDIC-insured investment option
- Design and build of stableaccount.com
- Design and build of STABLE Account enrollment and account maintenance website
- Design and integration of the STABLE Card, the Plan's prepaid debit card

On April 20, 2016, the Treasurer's Office began the STABLE Account Pilot Program and created the first STABLE Account in the nation.

On June 1, 2016, after six weeks of review and testing in the Pilot Program, the Treasurer's Office launched STABLE Accounts to the public. Ohio was the first state in the country to launch an ABL program and has been applauded as a market leader.

On January 1, 2018, the Treasurer's Office implemented the 529 college savings plan rollover. This provides an opportunity for families with a college saving plan for an eligible STABLE Account beneficiary to rollover all or a part of this plan into a STABLE Account up to the annual contribution limit each year.

On June 30, 2018, the Treasurer's Office fully implemented the federal ABL to Work legislation. This provides an opportunity for working beneficiaries to save additional funds, beyond the standard limit, from their employment wages.

STABLE Account Plan Overview

STABLE Accounts are available nationwide to individuals with disabilities, special needs, and other qualifying conditions. Individuals may enroll in an account online by visiting stableaccount.com. Enrollees have the opportunity to invest in up to five different portfolios. Four portfolios invest in Vanguard LifeStrategy target-risk mutual funds, and one portfolio invests in a FDIC-insured account housed with Fifth Third Bank.

Account holders pay a small monthly account maintenance fee and annual asset-based fees on their accounts. Ohio residents pay \$2.50 per month. \$30 annually, and between 0.19% and 0.33% in asset-based fees, depending on the investments chosen. Residents of "Partner States" pay \$3.50 per month and between 0.19% and 0.33% in asset-based fees, depending on the investments chosen. Residents of all other states pay \$3.50 per

month and between 0.45% and 0.59% in asset-based fees. These non-resident fees help subsidize the cost of STABLE Accounts for Ohio residents.

Account holders also have the ability to request a loadable debit card to pay for Qualified Disability Expenses (QDEs).

STABLE Account Operations

As of December 9, 2018, 9,260 individuals have active STABLE Accounts. Of those enrollees, 44% are Ohio residents and 56% are out-of-state residents. STABLE has enrollees from all 50 states, as well as the District of Columbia and overseas military posts.

As of December 9, 2018, the Plan has received over \$57.58 million in contributions.

The Treasurer's Office is partnering with a number of other states in order to provide those states with a private-labeled version of STABLE Accounts. To date, the Treasurer's Office has on boarded eleven states, Kentucky, Vermont, Missouri, Georgia, South Carolina, New Hampshire, New Mexico, West Virginia, Wyoming, Arizona and Oklahoma. The Treasurer's Office is assisting those states in building and running their own ABLE programs, using the STABLE Account platform.

STABLE Account Outreach

Since launching STABLE in June 2016, the Treasurer's Office has been working to educate the public and raise awareness about STABLE Accounts. Examples of outreach efforts completed to date include:

- Visited all 88 County Boards of Developmental Disabilities to provide STABLE information
- Collaborating with numerous state agencies on STABLE, including:
 - Ohio Department of Medicaid
 - Ohio Department of Job and Family Services
 - Ohio Department of Developmental Disabilities
 - Ohio Developmental Disabilities Council
 - Ohio Department of Mental Health and Addiction Services
 - Governor's Council on People with Disabilities
 - Opportunities for Ohioans with Disabilities
- Held national meetings with the SEC, MSRB, FDIC, Centers for Medicare and Medicaid Services, Social Security Administration, National Disability Institute, National Down Syndrome Society, World Institute on Disability, Autism Speaks, and others
- Through over 700 disability-related meetings and events, Treasurer's Office staff have provided educational presentations, informational meetings, and completed outreach by utilizing educational/vendor booths
- Running Public Service Announcement
- Established social media accounts for STABLE
- Distributed STABLE brochures across Ohio and across the country through national conferences
- Partnering with numerous state agencies and advocacy organizations to send out newsletters and mailers with STABLE information
- Translated our PowerPoint Presentation, Brochure, Fact Sheet and POA form into Spanish

Future Efforts

Going forward, the goals for the STABLE Account plan include increasing awareness and enrollments throughout Ohio and across the country, pursuing partnerships with self-advocates, organizations, agencies, financial professionals, and other states, and pursuing partnerships with corporations and other business entities to utilize STABLE accounts as part of their employee benefits package. The Treasurer's Office will also continue to evaluate Plan enhancements, to ensure that STABLE remains the nation's top ABL program and effectively meets the needs of individuals with disabilities.