

Transitioning our Youth ABLE

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I'm Cathy Grow. I'm the Transition Coordinator from the Warrior Run School District.

I'm Jack Stollsteimer. I'm a Deputy Pennsylvania State Treasurer.

You're about to watch a short informational video on the PA ABLE program. So what is the PA ABLE program?

Well, thank you very much for having us, first of all. The Pennsylvania ABLE program-- and ABLE stands for Achieving a Better Life Experience-- is a program set up under federal and state law. It was created by Treasurer Joe Torsella in April of this year, 2017. And essentially, it's a savings program for people with disabilities. It allows people with disabilities, for the first time, to save significant assets either from their work or from their families without putting in jeopardy their federal benefits.

And what are the tax benefits of PA ABLE?

Sure. So there are several benefits to the Pennsylvania ABLE program, many of which relate to the tax code. The first is the federal tax benefit that everything that goes into the program, that goes into your account, the growth of your own funds is not taxed.

Second, when you take money out of you're ABLE account, when an individual who has saved money in an ABLE account wants to spend that, as long as it spent for what's called a qualified expense, something related to their disability, it is not taxed by the federal government as well. There are two Pennsylvania tax exemptions we should talk about also. First, the Pennsylvania State law exempts ABLE accounts from the inheritance tax. And then there's also a new state tax exemption, which we're very excited about, so that any contribution made into an ABLE account by any individual is now tax exempt. You can write that off on your state taxes, if you, as a parent, for example, wanted to put money into your child's ABLE account, you can write that off on your taxes. Also, the individual who owns the account can do that if they're working as well.

But probably most importantly, besides the tax benefits, is the fact that ABLE accounts are exempt from the monetary requirements for social security programs. So if people have disability benefits from the federal government through Social Security, SSI, or SSDI, if you have money in an ABLE account, up to \$100,000 is not counted towards those programs. So you don't lose eligibility if you're being able to save your own working capital or money that is given to you in an ABLE account.

And who is eligible for the PA ABLE program?

Sure. People who are eligible for the Pennsylvania ABLE program are people with disabilities, qualifying disabilities that begin before the age of 26. So essentially, anybody who's already currently getting federal-- if you're eligible for federal disability benefits, you're eligible for the ABLE program.

But even if you're not eligible for those programs, you can self-certify to become eligible for the ABLE program. Again, it's a savings account created just for and to serve the community of people with disabilities in Pennsylvania. So if you're blind or if you have a physical or mental disability, you probably can qualify for the ABLE program.

And to learn more about that, you can just look at our website-- paable.gov. Look under the dropbox under Eligibility, and we can explain all the rules of the program.

OK. And how much money can a person save in the program?

Every year, you can save up to, now, \$15,000. That number just moved up. Congress has the

ability to change that number every year. So \$15,000 a year can be entered into an ABLE program. Over the course of the program, the maximum amount you're able to have in one account is \$511,000. That's usually not the problem people are concerned about, having too much money saved in an ABLE account. But every year, you can put up to \$15,000 into an ABLE account.

And what are the investment options?

Well, there's several investment options. So this is really at the heart of it. It's a financial product. It's a mechanism for people to be both able to save their own money and also to spend their own money. So there's six different savings options that are managed by professional money managers like Vanguard, here in Pennsylvania. And it runs from people who are very conservative and want to be very safe with their investments to people who are a little more aggressive, and you'll be able to understand that if you look at our website.

The last option, which is, I think, really important for folks to understand is the checking and debit account. This really is a bank product. So again, for the first time, people who are working adults, who have disabilities, are able to save their own money in an account that they can control.

They are the eligible individual, and as long as they are over the age of 21 and they had the ability to contract, they have this account, and they own the account. So we will give them, if they choose, a savings account that has a checking feature. You can write a check just like you would from any other bank and a debit card as well.

Great. And how can the account pay for disability expenses?

So the whole point of having an ABLE account is to be able to either save money for something you want to purchase or for something that you really want in your life but also to pay for your day-to-day expenditures.

And under federal law, almost anything related to your disability can qualify as an expense that is covered by the ABLE account, meaning there's no tax implications from using that money. So transportation, your housing costs, assistive technology-- all of those things are things that somebody with a disability needs and can qualify and be a qualified expense under the ABLE program. It's a very broad definition of qualified expense.

That's a good thing, especially the assistive technology.

Absolutely right.

And how does a person get started?

Getting started is usually the hardest part, I think, for folks to do, but it's really easy. I mean it's mentally, a hard part. But it's just go to our website, paable.gov, and click on opening an account. Enroll Now, I think it's called. And you'll find that for no fee at all to open the account, and for as little as \$25, you can sign up to open your own account.

Again, if you're an eligible individual with a disability, you can open it in your own name. If you have a minor child or somebody who doesn't have the ability to contract because of disability, a parent or a guardian can open the account for them.

And the rules are quite simple. And you can start saving, again, \$25 at a time. But once you get started, I think most people find it's very easy to save. It's very easy to use. And you can build up a lot of money that you can use for whatever expense it is you want in your life. Because this is all about helping people with disabilities achieve a better life.

Right. And so how do I access my funds?

Well, there's several ways you can access your funds, but the easiest way is by using the checking or debit card feature. But you can also call Treasury at any time. Our number is 855-529-ABLE, A-B-L-E. And we have customer service reps who can help people move their money around. You can do it online.

But the people who have ABLE accounts, whether they're saving for themselves if they're an eligible individual or if it's a family member that they've opened an account for, it's just like any other financial product, and Treasury is just your bank.

How much does it cost?

The fee to open the account-- there is no fee at all. There are money management fees, depending upon which savings option, just basis points for managing the money. And there's a small, I think it's about \$60 fee a year, depending upon whether or not you decide to get e-delivery of your financial statement.

But for that little money, you can open an account. The key is just being there's no fee to open it. It's an easy enrollment process, relatively easy enrollment process. And the initial contributions can be as little as \$25.

OK. And one last time, if you have questions, who do you contact?

Contact Pennsylvania Treasury at anytime. You can go to our website, paable.gov. And you can also call us at our customer service number, which is 855-529-ABLE, A-B-L-E.

Thank you so much.

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