



# Enable Savings Plan

December 2016

**EN**able<sup>SM</sup>  
SAVINGS PLAN



## What is ABLE: an Overview

- Became federal law in December 2014
- Authorized state-sponsored, tax-advantaged savings programs for Qualified Disability Expenses without impacting eligibility for resource-based public benefits
- Amends Section 529 of IRS Service Code of 1986 (529A)
- Permits Eligible Individuals to save more than \$2,000 in assets in their name
- Allows for contributions of up to \$14,000 per calendar year from all combined sources
- Designed to supplement not supplant SSI and Medicaid benefits

# Enable Savings Plan

## Available for Eligible Individuals Nationwide

Allowable under the Nebraska ABLE Act signed May 2015

### Organizing Structure:

- **The Nebraska Achieving a Better Life Experience Program Trust** Issuer
- **Don Stenberg, Nebraska State Treasurer** Trustee
- **Nebraska Investment Council** Investment Oversight
- **First National Bank of Omaha** Program Manager
- **First National Capital Markets, Inc.** Distributor
  - Member of Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC)
  - First National Capital Markets and First National Bank of Omaha are affiliates

# Account Ownership

# Eligibility

An Eligible Individual is defined as someone of any age—children, transition-aged youth, and adults—

- who experiences a disability with onset prior to age 26
- **AND** who receives SSI or SSDI
- **OR** who has a certification from a physician indicating he/she has a marked or severe functional limitation, which is expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months

Eligible Individuals or their authorized individual will self-certify the disability and basis of eligibility when opening an account.

# Account Ownership

- An account owner can only have one ABLE account in any ABLE plan nationwide
- The Eligible Individual is the account owner and beneficiary of the account assets at all times
- Other individuals can open and maintain the account for the benefit of the account owner but have no beneficial interest in the account
  - If the account owner is a minor, a parent or legal guardian will open and manage the account
  - If the account owner has a conservator, guardian and/or power of attorney that authorized individual will open and manage the account

# Account Ownership

- If the account owner receives Medicaid, assets in the account may be subject to Medicaid reimbursement upon death:
  - Assets are available after any outstanding payments for Qualified Disability Expenses, including funeral costs, are resolved
  - Includes assets up to the amount Medicaid paid for services—net any premiums—while the Enable account was open
  - If there are assets left over after Medicaid or if the account owner is not a Medicaid recipient, assets are subject to probate
- When an account is opened, the account owner will certify he/she will inform the Plan if no longer an Eligible Individual.
  - The account can remain open under certain restrictions:
    - Contributions cannot be made until the account owner is eligible again
    - Expenses incurred during ineligibility are not a Qualified Disability Expense and are subject to federal and state income tax and a 10% additional federal tax



## Qualified Disability Expenses

An account owner can save for a wide range of expenses and pay for those expenses by withdrawing from the Enable Savings Plan.

- Education
- Transportation
- Housing
- Employment training and supports
- Assistive technology and related services
- Personal support services
- Financial management and administrative services
- Legal fees and expenses for oversight and monitoring
- End of life expenses
- Health, Prevention and Wellness
- Other expenses to enhance the account owner's quality of life



# Impact to Resource-Based Benefits

# Impact to Benefits: SSI Exclusions

- Resource exclusions:
  - **First \$100,000 of assets in an Enable account are exempt from the \$2,000 resource limit**
  - Retained non-housing Qualified Disability Expenses:
    - The account remains active
    - The withdrawal is unspent
    - The withdrawal is identifiable
    - The withdrawal is intended for future non-housing expense
  - Retained housing Qualified Disability Expenses used in the same calendar month
- Income exclusions:
  - Contributions
    - Wages are still subject to SSI income calculation
  - Account earnings
  - Account withdrawals

# Impact to Benefits: SSI Inclusions

- Resource Inclusions:
  - **Any amount exceeding \$100,000 in an Enable account is included as a countable resource**
  - SSI cash benefits will be suspended when the account owner exceeds resource limit of \$2,000
    - Benefits are suspended without time limit
    - Benefits are reinstated when account owner reports assets below resource limit and is otherwise eligible
    - Suspension of SSI cash benefit due to Enable account will not impact Medicaid eligibility
    - Suspension of SSI cash benefit due to other resource (ex: Non-ABLE account) may impact Medicaid eligibility
  - Retained housing Qualified Disability Expense used in months following receipt
- Enable will notify account owner when balance nears SSI impact limit (\$100,000)

# Impact to Benefits: Examples

**Example 1:** Amy takes a distribution of \$500 from her ABLÉ account in May to pay her rent for June. She deposits the \$500 into her checking account in May, withdraws \$500 in cash on June 3, and pays her landlord. This distribution is a housing-related QDE and part of her checking account balance June 1, which makes it a countable resource for the month of June.

**Example 2:** Paul is the designated beneficiary of an ABLÉ account with a balance of \$101,000 on the first of the month. Paul's only other countable resource is a checking account with a balance of \$1,500. Paul's countable resources are \$2,500 and therefore exceed the SSI resource limit. However, since Paul's ABLÉ account balance is causing him to exceed the resource limit (i.e., his countable resources other than the ABLÉ account are less than \$2,000), we suspend Paul's SSI eligibility and stop his cash benefits, but he retains eligibility for Medicaid.

**Example 3:** Christine is the designated beneficiary of an ABLÉ account with a balance of \$101,000 on the first of the month. Christine's only other countable resource is a checking account with a balance of \$3,000. Christine's countable resources are \$4,000 and therefore exceed the SSI resource limit. However, because her ABLÉ account balance is not the cause of her excess resources (i.e., her countable resources other than the ABLÉ account are more than \$2,000), the special rule does not apply, and Christine is not eligible for SSI because of excess resources. We suspend Christine's SSI benefits using payment status N04, and her Medicaid benefits stop.

\*Source: Social Security Administration Program Operations Manual Systems TN-73 (03-16)

# Impact to Benefits: Nebraska Medicaid

- Assets in an Enable account are an excluded resource for Medicaid
  - Includes Childhood Disability Benefits and Waiver recipients
- Accounts owners will report assets in Enable accounts to Medicaid, at minimum annually
  - Will likely require a copy of Enable statement
- Wages are subject to existing Medicaid income guidelines

**Note:** Center for Medicare and Medicaid Services (CMS) has not issued official guidance to state Medicaid offices. Consider contacting Nebraska Medicaid to discuss any possible implications.

# Enable Account Features

# Contributions

- Anyone can contribute to an account
  - Account owner
  - Family & Friends
  - Companies
  - Trusts & Inheritance
- Due to the ABLE Act, the Enable Savings Plan limits the amount that can be contributed from all sources to \$14,000 per calendar year.
- Contribution Options:
  - Check
  - AIP or systematic deposits
  - EFT
  - Payroll Deduction

# Withdrawals

All withdrawals are considered Qualified Disability Expenses.

- Check to account owner
- Check to 3<sup>rd</sup> party company
- EFT to account owner's bank account
- Systematic withdrawals
- Debit card and check writing **COMING EARLY 2017**





## Tax Advantages

- Earnings are tax-deferred and tax-free if used for Qualified Disability Expenses
  - Earnings from withdrawals used on non-Qualified Disability Expenses are subject to federal and state income tax and additional 10% federal tax
- Any Nebraska state income tax payer who contributes to an Enable account may be eligible for an income tax deduction for contributions up to \$10,000 (\$5,000 if married filing separately)
  - Withdrawals used on non-Qualified Disability Expenses are subject to recapture
- Contributors other than the account owner can take advantage of estate tax benefits

# Investment Options



Account owners can select from four investment options, designed to meet his/her time horizon, personal situation and savings goals.

- Three Target-Risk Investments Options:
  - Investments are not FDIC-insured
  - Low-cost Vanguard mutual funds
  - No bank, state or federal guarantee
  - May lose value
  - Time horizon: 5 to 10 years+
- Bank Savings Option:
  - Provides FDIC-insurance for the investment, a guaranteed return and the stability of knowing the principal investment may not lose its value
  - Time horizon: less than 5 years
- Checking Option **COMING EARLY 2017**
  - Provides FDIC-insurance for daily and repetitive Qualified Disability Expenses. Offers check writing and debit card
  - Time horizon: short-term

# Enable Target-Risk Options

Growth Option

Moderate Option

Conservative Option

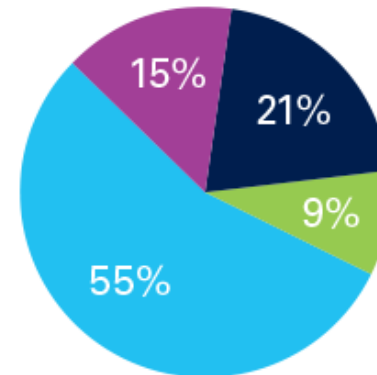
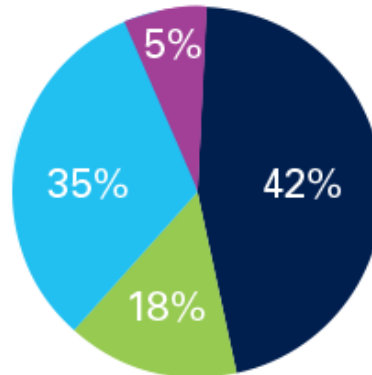
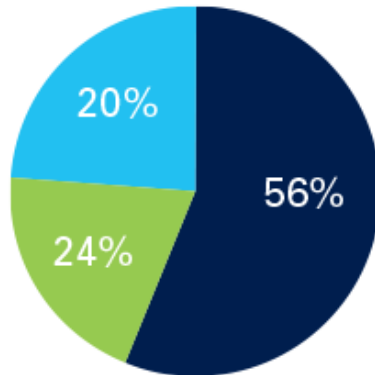
**Growth and some income**

**Balance of growth and income**

**Current income and some growth**

Higher potential return & risk

Lower potential return & risk



# Enable Investment Options

- When an account is opened, the account owner selects the investment options for the initial contribution
- New contributions can be directed to a new investment option
  - Contributions not directed to an investment option will be directed to initial contribution selection
- Investment changes permitted only twice per year
- Total account balance limit is \$360,000
  - Contributions will not be accepted once the total account balance limit is met
  - The total account balance can continue to grow in response to market changes

# Account Fees and Minimums

- Annual Account Fee
  - Quarterly charge per account of \$11.25 (\$45 annually) regardless of the investment option or the number of investment options
- Total Asset-Based Fees
  - Range from 0.50% to 0.56%
  - Includes amount charged by the underlying fund and the fee paid to manage the Plan
  - This fee is not deducted from your account
  - Not applicable to Checking Option
- No other fees – no fees to enroll, withdraw, change investment options, or transact online
- Contribution and Account Minimums
  - Initial: \$50, reduced to \$25 with AIP or payroll deduction at enrollment
  - Subsequent: \$25, waived with AIP or payroll deduction
  - \$50 minimum account balance



# Connect with Enable Savings

## [EnableSavings.com](http://EnableSavings.com)

- Visit the Enable Savings Plan blog
- Keep up with news and events
- Join the email list

## [Facebook.com/EnableSavingsPlan](https://Facebook.com/EnableSavingsPlan)

- Share ideas
- Learn from experts

## [Client Care Center](#)

- 1.844.ENABLE4 (1.844.362.2534)
- [clientservices@enablesavings.com](mailto:clientservices@enablesavings.com)

# Open an Account

- Read the Program Disclosure Statement
  - <http://cdn.unite529.com/jcdn/files/NEB/pdfs/programdescription.pdf>
- Complete enrollment in 6 steps:
  - **online** if account owner does not have an authorized individual
  - **via paper form** if account owner has an authorized individual
  - 1. Answer questions about the account owner
    - SSN or TIN
    - DOB
    - Address
  - 2. Answer questions about the authorized individual
  - 3. Select investment options
  - 4. Select funding method
  - 5. Select delivery options
  - 6. Review and submit



# Disclosures

The Enable Savings Plan (the "Plan") is sponsored by the State of Nebraska and administered by the Nebraska State Treasurer. The Plan offers a series of investment portfolios within The Nebraska Achieving a Better Life Experience Program Trust (the "Trust"). The Nebraska Achieving a Better Life Experience Program Trust serves as Issuer. The Plan is intended to operate as a qualified savings program to be used only to save for qualified expenses, pursuant to the Achieving a Better Life Experience Act of 2014 and Section 529A of the U.S. Internal Revenue Code.

Investments are not FDIC insured\*. No Bank, State or Federal Guarantee. May Lose Value, except the Bank Savings and Checking Account Options

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