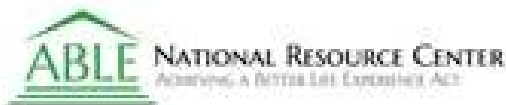




IMPLEMENTING **“ABLE” IN IOWA** **INFORMATIONAL WEBINAR**

Monday December 19, 2016
10:00AM-12:00PM



**FEDERAL RESERVE BANK
OF CHICAGO**



IOWA-ABLE
FOUNDATION





WEBINAR AGENDA

10:00-Welcome/Introductions (Iowa Able Foundation/FDIC)

10:10- Federal Reserve Bank of Chicago – Marva Williams

“Supporting Financial Services for Underserved Consumers”

10:20- Keynote Speaker- State Representative Lisa Heddens

“Understanding the Legislative Process: How the Able Act Became a Law in Iowa”

10:45- IMPLEMENTING ABLE - ABLE ACCOUNTS in IOWA

Chris Rodriguez, Senior Public Policy Advisor, National Disability Institute

Adam Phillips, Executive Officer, Iowa State Treasurer’s Office

11:45- Questions

12:00- Adjournment, closing comments



FDIC –

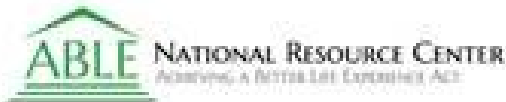
Good morning, and welcome to the Implementing “ABLE” in Iowa Webinar. My name is Kevin Shields and I am a Community Affairs Specialist with the Federal Deposit Insurance Corporation (FDIC). I hope this webinar provides useful information you can use. Just a few comments about the FDIC.



The **Federal Deposit Insurance Corporation** is the U.S. corporation insuring deposits in the United States against bank failure. The **FDIC** was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of sound banking practices.



The Community Affairs Program supports the **FDIC's** mission to promote stability and public confidence in the nation's financial system by promoting economic inclusion and community development initiatives that broaden access to safe and affordable credit and deposit services from insured depository institutions.



IOWAABLE

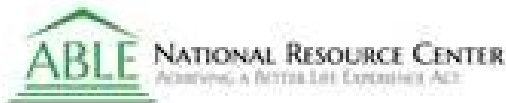
FOUNDATION

LENDING · EDUCATING · ADVANCING

Iowa Able helps Iowans with disabilities and the aging achieve and maintain independence. Since 2004, Iowa Able has provided an accessible borrowing option for Iowans with disabilities and aging Iowans. Iowa Able is a nonprofit, regulated lender focused on providing holistic financial services and education necessary for building credit and assets while attaining the assistive technology needed to live, work and learn in Iowa communities.

MISSION STATEMENT:

The Iowa Able Foundation empowers Iowans with disabilities, their families, and the aging to achieve and maintain independence through lending, educating and advancing.





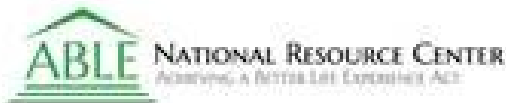
F O U N D A T I O N

LENDING · EDUCATING · ADVANCING

Iowa Able provides loans in the following categories:

- **Alternative Financing Program:** Assistive technology can include vehicle purchases or modifications, home modifications/repairs, lifts, hearing aids and computers.
- **-Employment/Self Employment:** Includes small business start-up and expansion and workplace accommodations.
- **-Credit Builder:** To build or establish credit.

In addition, Iowa Able provides FREE one on one and group financial coaching. Services are customized for each individual's needs.



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- Five state region includes all of Iowa
- Community Development and Policy Studies: Promotes fair access to credit and financial services and researches issues that impact low- and moderate-income (LMI) communities.

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Challenges in the Community Development Landscape

- Need for affordable housing, access to credit for small businesses, rural development, and funding for community and economic development in lower-income communities.
- Limited resources to implement comprehensive community and economic development strategies.

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Core CDPS Functions

- Research and conduct outreach to gain insight on key issues hindering access to credit and economic opportunity.
- Convene diverse community development and policy stakeholders to share information and coordinate solutions.
- Connect financial institutions and other intermediaries with places in need to foster effective interventions.



Understanding the Legislative Process...
How the Able Act
Became a Law in Iowa

Presented by:
Representative Lisa Heddens



How a bill becomes a law

Where the ideas come from

- Individual legislator
- Constituent concern
- Interest group – i.e., Hospital Assoc., Farm Bureau, Advocacy groups
- Initiatives in other states
- Federal level
- Committee bill – ie.,**Human Resources, Environment
- Leadership bill – House and/or Senate Leader bills
- Gubernatorial legislative agenda
- State agency profiles – ie., DHS, DoE



What's Next?

- ⌘ Bill is Drafted – By legislative services agency
- ⌘ Study Bills
- ⌘ Bills are introduced to House or Senate
- ⌘ Companion Bills – same bill in House & Senate
- ⌘ House Study Bill/File or **Senate Study Bill/File, given a number
- ⌘ Resolutions – Honoring a person, organization, or an expression of the legislature on some matter
- ⌘ Individual Legislator Bills



Assignment of Bills

- Speaker of the House assigns bills to committee
- President of the Senate assigns bills to committee
- Standings bills

Administration & Rules
Agriculture
Appropriations
Commerce, Regulations & Labor

Economic Growth
Education
Environmental Protection

Ethics
Government Oversight
**Human Resources
Judiciary

*Public Safety –House Only

Appropriations

State Government
Transportation
Ways & Means
Veterans Affairs

Local Government
Natural Resources
Public Safety



Committee Action & Consideration

- 🔗 committee Assignment (Human Resources, SSB1210, Senate File 490 and Ways & Means Senate file 439)

Subcommittee recommends to report or not report to full committee

- 🔗 Full Committee Consideration

Full committee can report to full chamber with recommendation or without recommendation

- 🔗 Re-assignment

- 🔗 Sub-committee



Bill Gets Debated

& Placed on House & Senate Calendar

& Daily Debate Calendar

& Amendments

& Deferred



Second Chamber, One More Time....

- & Immediately Messaged
- & Referred to a Committee
- & Subcommittee Assigned
- & Debate: Companion Bills/Substitution
- & Amendments
- & Concur or Resist



Off to see the Governor

& Sign,

Effective July, 1 unless otherwise designated in bill

& Veto – vetoes entire bill

& Item Veto – vetoes portions of a bill

& Veto Message – Why



ADVOCATING

Contacting your State Legislator

- Phone calls
- Emails
- Personal Letters

If we don't hear from you we don't think there is an issue that needs to be fixed, or changed, etc.



Impact on Families..... Like Mine



Links

Iowa General Assembly

<http://www.legis.iowa.gov>

Governor's Web Page

<http://www.governor.iowa.gov>

US Senator & US Congress

<http://www.congress.org>



IMPLEMENTING ABLE – ABLE ACCOUNTS in IOWA

**Chris Rodriguez, Senior Public Policy Advisor,
National Disability Institute**

**Adam Phillips, Executive Officer,
Iowa State Treasurer's Office**



NATIONAL RESOURCE CENTER
ACHIEVING A BETTER LIFE EXPERIENCE ACT

Implementing ABLE: 2016

Presenter: Christopher Rodriguez, Senior Policy Advisor

National Disability Institute (NDI)

Agenda

- ABLE Basics and Core Components
- Status of Federal and State Implementation
- Questions and Answers



The ABLE Act is Law

The Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act

- became law on December 19, 2014
- creates a new option for *some* people with disabilities and their families to save for the future, while protecting eligibility for public benefits.

Presentation is based on what we know or presume now



What is an ABLE Account?

- ABLE accounts:
 - Are established in the new Section 529A Qualified ABLE Programs
 - Are qualified savings accounts that receive preferred federal tax treatment
 - Enable eligible individuals to save for disability related expenses
 - The first programs are just now beginning to launch and several programs will be enrolling individuals in 2016 (Ohio was the first program to launch, June 1st).
- Assets in and distributions for qualified disability expenses will be disregarded or given special treatment in determining eligibility for *most* federal means-tested benefits



What are some important requirements of ABLE accounts?

- Each eligible individual may have only one ABLE account.
- “Designated beneficiary” is the account owner (although another person such as a parent or guardian may be allowed signature authority over the account).
- Originally accounts were required to be established in the designated beneficiary’s state of residence, or in a contracting state, **THIS IS NO LONGER THE CASE AS A RESULT OF A RECENT CONGRESSIONAL AMENDMENT TO THE LAW***.
- Total annual contributions may not exceed the federal gift tax contribution, which is currently \$14,000 (this will periodically be adjusted for inflation).
- Multiple individuals may make contributions to an ABLE account.
- Aggregate contributions may not exceed the state limit for 529 savings accounts, typically set at over \$250,000.



Who is eligible to be an ABLE account beneficiary?

To be eligible, individuals must meet two requirements:

- 1) Age requirement: must be disabled before age 26
 - 2) Severity of disability:
 - Have been determined to meet the disability requirements for Supplemental Security Income (SSI) or Social Security disability benefits (Title XVI or Title II of the Social Security Act) and are receiving those benefits,
- OR**
- Submit a “disability certification” assuring that the individual holds documentation of a physician’s diagnosis and signature, and confirming that the individual meets the functional disability criteria in the ABLE Act (related to the severity of disability described in Title XVI or Title II of the Social Security Act)*.



What may funds from an ABLE account be used for?

- Distributions from an ABLE account may be made for “qualified disability expenses”.
- “Qualified disability expenses” are expenses that relate to the designated beneficiary’s blindness or disability and are for the benefit of that designated beneficiary in maintaining or improving his or her health, independence, or quality of life.
- The term “qualified disability expenses” should be broadly construed to permit the inclusion of basic living expenses and should not be limited to:
 - expenses for items for which there is a medical necessity, or
 - which provide no benefits to others in addition to the benefit to the eligible individual.



Qualified disability expenses may include the following:

- Education
- Housing
- Transportation
- Employment training and support
- Assistive technology and personal support services
- Health, prevention, and wellness
- Financial management and administrative services
- Legal fees
- Expenses for oversight and monitoring
- Basic Living Expenses (NPRM)
- Funeral and burial expenses
- Any other expenses approved by the Secretary of the Treasury under regulations consistent with the purpose of the program

Distributions for non-qualified expenditures will be subject to tax consequences and may affect eligibility for federal means tested benefits.



How do ABLE account assets impact eligibility for federal benefits?

ABLE assets will be disregarded or receive favorable treatment when determining eligibility for *most* federal means-tested benefits:

- Supplemental Security Income (SSI): For SSI, only the first \$100,000 in ABLE account assets will be disregarded.
 - SSI payments (monthly cash benefit) will be suspended if the beneficiary's account balance exceeds \$100,000, but SSI benefits (eligibility) will not be terminated. *Funds above \$100,000 will be treated as resources.*
 - Housing expenses intended to receive the same treatment as all housing costs paid by outside sources. However, new SSA instructions (POMS) will treat housing expenses as resources only if distributed in one month and held until the following month. (more later)



Impact on Federal Benefits (cont.)

- Medicaid: ABLE assets are disregarded in determining Medicaid eligibility
 - Medicaid benefits are NOT suspended if the ABLE account balance exceeds \$100,000 (that is **only** applicable to the SSI cash benefit)
 - Medicaid Payback: Any assets remaining in the ABLE account when a beneficiary dies, subject to outstanding qualified disability expenses, can be used to reimburse a state for Medicaid payments made on behalf of the beneficiary after the creation of the ABLE account (the state would have to file a claim for those funds)*
 - For purposes of this section, the state is considered a creditor of the ABLE account, not a beneficiary



Tax Implications

- Contributions to an ABLE account are made with post-tax dollars.
- *Federal taxation:* In general, ABLE programs are exempt from taxation. Distributions from ABLE accounts for qualified disability expenses are exempt from taxation. With certain exceptions, distributions not used for qualified disability expenses are taxable and subject to an additional 10% tax.
- *State taxation:* State tax consequences will vary. Some states provide significant tax incentives for contributions to 529 accounts and may provide similar incentives for contributions to ABLE accounts.



When will ABLE accounts be available?

- Before ABLE accounts become available, a State must pass authorizing legislation to begin to establish a program.
- Each state must decide whether (and how) to offer a qualified ABLE program.
- The timing of ABLE program availability will vary from state to state, however due to the elimination of the residency requirement, qualified beneficiaries may be able to enroll in a program as soon as the first program is up and running*.



Federal Implementation

- The Department of Treasury, in conjunction with the IRS, has released a Notice of Purposed Rule Making (NPRM) and two other Advanced Notices. We expect final rules to be published in mid-late 2016 (states can begin to enroll qualified beneficiaries regardless of when the final rules are published).
- The Social Security Administration (SSA) has released a guidance on ABLÉ through its Program Operations Manual System (POMS) and their own NPRM regarding reporting requirements.
- We do expect further supplemental guidance from other federal agencies that administer various federal means tested programs (ex. CMS, Education, and HUD).



State Implementation

- Over 40 states have enacted their own versions of the ABLE Act and should be in the process of setting up state ABLE programs.
- We expect there could be anywhere from 5-7 programs offering ABLE accounts in 2016, the first of which was launch on June 1st (The Ohio STABLE Account program).
- While there will be a significant amount of consistency between programs, there will also be a certain level of variation from program to program. This variation should be taken into consideration when choosing a program that best meets the needs of the account owner (the beneficiary).



ABLE National Resource Center

- **The ABLE National Resource Center** (ANRC) is a collaborative whose supporters share the goal of accelerating the design and availability of ABLE accounts for the benefit of individuals with disabilities and their families. We bring together the investment, support and resources of the country's largest and most influential national disability organizations.

Chris Rodriguez
Senior Public Policy Advisor
National Disability Institute
crodriguez@ndi-inc.org
www.ablenrc.org



State Treasurer Michael Fitzgerald Introduces IAble

- State Treasurer Michael Fitzgerald, administrator of College Savings Iowa, is unveiling a new savings plan for persons with disabilities.
- The focus was to create a low cost, easy-to-use plan for Iowans – much like College Savings Iowa.
- We are excited to announce that IAble is coming to Iowa in the 1st quarter of 2017.



*a member of
The National
ABLE Alliance*

Launching early 2017

The Journey to IAble

- Iowa was one of the first states to pass Able legislation.
- As more states passed legislation, the treasurer's office joined a group of states brainstorming how to create Able Programs for each of our states while leveraging combined populations.
- Together, we created a multi-state consortium. Today the National ABLE Alliance has 12 member states focused on providing first class Able programs to their state residents.

Benefits of IAble

- Earnings grow tax-deferred.
- Withdrawals are tax-free when used for qualified ABLE expenses.
- Open an account with as little as \$25.
- Choose from multiple investment options designed to meet long-term and short-term investment needs.
- Deduct up to \$3,239 contributed by the Participant or other Iowa taxpayers in 2017. (Adjusted annually for inflation.)
- Family and friends can contribute to a loved one's account to assist them in saving for qualified disability expenses.



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Launching early 2017

IABLE – Launching in 2017

Stay tuned for more information

Contact

Adam Phillips, Executive Officer
State Treasurer's Office
515-281-5644
adam.phillips@iowa.gov



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Launching early 2017



Federal Reserve Bank of Chicago- Marva Williams - marva.e.williams@chi.frb.org

FDIC- Kevin Shields, Community Affairs Specialist -KShields@FDIC.gov

Iowa Able Foundation- Jill Crosser, Executive Director - jill@iowaable.org

State Treasurer's Office- Adam Phillips, Executive Officer - Adam.Phillips@iowa.gov

Able National Resource Center- crodriguez@ndi-inc.org

State Representative Lisa Heddens - lisa.heddens@legis.iowa.gov



Closing Remarks
Question/Answer
Evaluation information

Contact Info

Chris Rodriguez
Senior Public Policy Advisor
National Disability Institute
crodriguez@ndi-inc.org
www.ablenrc.org



Jill Crosser, Executive Director
130 S. Sheldon Ave. Suite 201
Ames, Iowa 50014
O: 515-292-2972 OR 1-888-222-8943
F: 515-598-7813
www.iowaable.org
jill@iowaable.org

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Marva E. Williams, Economic Development Director
Community Development and Policy Studies
Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60604-1413
Phone: 312/322-5290
Fax: 312/913-2626

FEDERAL RESERVE BANK *of* CHICAGO

Adam Phillips, **Executive Officer**

Treasurer of State ▪ State Capitol Building

Des Moines, Iowa 50319

515.281.5644 ▪ [w] ▪ 515.229.7927 [c]

www.iowatreasurer.gov



*a member of
The National
ABLE Alliance*

Kevin Shields, Community Affairs Specialist

FDIC

816-234-8158

kshields@fdic.gov

