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STATE OF VERMONT
OFFICE OF THE STATE TREASURER

To: Vermont General Assembly
House Committee on Commerce and Economic Development
Senate Committee on Economic Development, Housing and General Affairs

From: Beth Pearce, Vermont State Treasurer
Tim Lueders-Dumont, Policy Director, Office of the State Treasurer
Kirsten Murphy, Executive Director, Vermont Developmental Disabilities Council

Date: January 5, 2018

Re: VermontABLE Legislative Report, Pursuant to Act 157 of 2016

The General Assembly passed enabling legislation for a Vermont Achieving a Better Life Experience (VermontABLE) Disability Savings Program in Act 51 of 2015. In 2016, the law was amended by Act 157 to allow for the State Treasurer to partner or contract with another state, if feasible, to implement an ABL Program.

In November 2016, the Treasurer's Office announced a partnership with the Ohio Treasurer's Office. On February 22, 2017 the VermontABLE program was launched for Vermonters. The VermontABLE Savings Program is intended to help ease the financial hardships individuals with disabilities face by making federal tax-advantaged savings accounts available to cover qualified expenses such as education, housing, and transportation. Assets held in a VermontABLE account are exempt from consideration for state and federal benefit programs that conduct means or resource testing. Eligible individuals and their families are now allowed to establish VermontABLE accounts that will not affect their eligibility for SSI, Medicaid and other public benefits.

The following data provides a snapshot of enrollment to date and the savings behavior of program participants. Additional data will be provided as the program continues in future years.¹

- **Enrollees:** *As of December 31, 2017, 116* Vermonters have enrolled in the VermontABLE program.
- **Average Account Balance:** *As of November 30, 2017, VermontABLE members held an average account balance of approximately \$3,800 which is approximately \$1,800 over the previous benefit cliff level for individual on means-tested programs.*²
- **Assets Under Management (Fair Market Value):** *As of November 30, 2017, VermontABLE participants hold total assets under management of approximately \$352,000.*

As of November 30th, the STABLE national partnership held approximately **\$20,000,000 (Fair Market Value)** of assets and **4,500** active ABLÉ accounts across five partner states (OH, GA, KY, MO, VT). The State of New Hampshire joined the STABLE partnership in December 2017. New states are expected to join the STABLE partnership in the coming months. As enrollment increases monthly fees and asset based fees will continue to decline. As of September 30th, the STABLE partnership represented 35% of total ABLÉ assets across all states and 30% of all active accounts across all states. The STABLE partnership represents the largest share of ABLÉ accounts and assets across the country.

The Office of the State Treasurer and the Vermont Developmental Disabilities Council have continued to collaborate to take advantage of many cost-effective opportunities to advertise and promote VermontABLE and prioritized outreach to organizations and professionals who are most likely to field questions about ABLÉ in their capacity as advisors or case managers. For example, special educators and licensed social workers throughout Vermont have each received a mailing with information about ABLÉ.³ Additionally, training has been provided to public guardians, staff at designated agencies for developmental services and community mental health, and the Vermont Family Network. Staff from community action agencies and support networks are slated to receive similar training at a conference in April 2018 and subsequent events throughout the year. Training for families is available as a webinar at Vermont Family Network and was provided to self-advocates at their annual Voices and Choices Conference. Over the past year, approximately **450** Vermonters have attended a presentation about VermontABLE.

¹ Note that while a \$3,800 average account balance and \$352,000 total for assets under management (Fair Market Value) are current as of **November 30, 2017**, enrollment has continued to grow through December. New asset figures will be available at the end of January.

² (\$2000 is the federal asset limit for disabled individuals receiving a benefit).

³ Over **1,200** social workers are expected to receive this letter.

In August, the Office of the Treasurer and the Vermont Developmental Disabilities Council partnered with the National Disability Institute and Governor Scott's office to recognize August as "ABLE to Save Month" in Vermont and across the country, and participated in a statewide and national press campaign to increase enrollment and promote the financial well-being of all Vermonters. Governor Scott also issued a proclamation recognizing August as "ABLE to Save Month" in Vermont.

Advertising has included both general outreach through newspapers and Front Porch Forum, as well as information in publications for individuals and families impacted by disability. For example, the Vermont Parent's Home Companion & Resource Directory is a free publication with a circulation of **15,000** that is placed throughout Vermont Parent Child Centers, pediatrician's offices, early learning centers, and other places where parents of children with disabilities are likely to seek services. The total number of Vermonters reached by print advertising during VermontABLE's first year is estimated to be **146,000**. The Office of the Treasurer will continue to work with all Vermont agencies and departments, the Office of the Governor, and national partners to continue to build awareness of the VermontABLE program with all stakeholders.

In Treasurer's Pearce's position as the President of the National Association of State Treasurers (NAST) she stands with her fellow Treasurers and ABLE Administrators across the country in support of key national legislative initiatives to increase the ability for more individuals with disabilities and their families to take advantage of ABLE programs. Consistent with NAST's advocacy, Treasurer Pearce supports the following improvements to national ABLE rules and regulations that would increase and expand access to ABLE programs:

- **Age of Onset:** The ABLE Age Adjustment Act (H.R. 1874/S. 817), which would raise the age of onset of disability from 26 to 46, enabling individuals who become disabled later in life to open ABLE accounts.
- **Worker Benefits:** The ABLE to Work Act (H.R. 1896/S. 818), which would permit ABLE beneficiaries who work and earn income to save additional amounts in their ABLE accounts.
- **Account Rollovers:** The ABLE Financial Planning Act (H.R. 1897/S. 816), which allows rollovers from 529 college savings accounts into ABLE accounts.
- **Annual Contribution Limit:** Starting in January 2018, the IRS allowable annual contribution limit increased from \$14,000 to \$15,000. NAST continues to encourage Congress to raise the annual contribution limit to an ABLE account from \$15,000, and to allow annual contributions of lump sum payments above \$15,000 in specific circumstances.

- **Married Couples:** NAST continues to support allowing married couples with disabilities to hold joint ABLÉ accounts for up to \$30,000 in annual contributions and allow an ABLÉ account to be rolled over to a disabled spouse.
- **Medicaid Recovery:** NAST urges Congress to change the ABLÉ Act to no longer require or give states the option to seek recovery from an ABLÉ account of Medicaid funds disbursed to the deceased ABLÉ account owner. Under current law, funds that have become part of the estate of certain deceased beneficiaries are subject to recovery under section 1917(b) of the Medicaid Act. The lump sum would be prorated over the number of years necessary.

The Treasurer's Office intends to hold its annual VermontABLE Task Force meeting on Disability Awareness Day on February 28, 2018, which coincides with the first anniversary of the launch of the VermontABLE program. Continued outreach will persist throughout the year with paid-and earned-media to promote awareness of VermontABLE. The Office of the Treasurer and the Vermont Developmental Disabilities Council will continue to give informational presentations and hold meetings with all interested stakeholders. Please visit the VermontABLE.com and the [Vermont ABLÉ Task Force webpage](#) for more information.



WHAT IS VERMONT ABLE?

In 2014, Congress passed the Achieving a Better Life Experience Act (the “ABLE Act”). The Act allows states to set up 529-like accounts for individuals with disabilities.

Prior to the ABLE Act, individuals with disabilities who received any type of means-tested benefits, such as SSI or Medicaid, could not have more than \$2,000 in savings. These so-called “asset limits” forced many individuals to live in poverty, preventing them from working, saving money, owning homes, and planning for their futures.

ABLE Accounts change all of that. With an ABLE Account, individuals can save much more than \$2,000, without risking the loss of critical benefits.

Vermont ABLE is offered through a partnership with Ohio’s ABLE program, STABLE Accounts. The partnership is free to Vermont, and allows Vermonters access to the first, and the largest, ABLE program in the country, at reduced annual fees.

WHAT ARE THE BENEFITS?



Tax-Free Earnings

Earnings on savings are tax-deferred and tax-free when used to pay for qualified expenses.



Financial Benefits Not Affected

Balances and distributions do not affect needs-based financial aid such as Medicaid or SSI.

Subject to some limitations



The STABLE Card

Participants can request their own STABLE Card that can be used to spend money on qualified expenses.

ELIGIBILITY

- 1 Must be a Vermont resident
- 2 Developed blindness or qualifying disability before age 26
- 3 Disability will last for at least one year

QUALIFIED EXPENSES

Under the proposed federal ABLÉ regulations, account holders can use their STABLE Accounts for a wide variety of expenses, including (but not limited to):



Health



Education



Housing



Transportation



Legal Fees



Financial
Management



Assistive
Technology &
Personal Support
Services



Employment
Training &
Support



Oversight
Monitoring



Basic Living
Expenses



Funeral
& Burial

SAVING & INVESTING



MAKE EASY DEPOSITS ONLINE

Contribute up to \$15,000 per year. If employed, up to \$27,060 per year (coming soon).



DIVERSE CHOICES

Choose from among five different investment options, including four mutual fund based investments and one FDIC-insured investment.



FLEXIBLE CHANGES

Freedom to change your investment options twice every calendar year.

ACCOUNT BASICS

- STABLE Accounts are investment accounts, not bank accounts. They are similar to 529 college savings accounts or 401k accounts, but they offer the transactional capabilities of a checking account and the benefits protections of a Special Needs Trust.
- STABLE offers five investment options for account holders:
 - 4 Vanguard Target Risk Mutual Funds (the “LifeStrategy” Funds)
 - 1 FDIC-insured portfolio, offered by Fifth Third Bank
- There is a monthly account maintenance fee of \$3.50/month (\$42.00/year). Vermonters will also pay a small asset-based fee of between 0.19% and .34%, depending on the investment options they choose.
- The maximum *yearly* contribution limit is currently \$15,000.
- The maximum *lifetime* contribution limit is currently \$462,000.
- All STABLE Account holders can request a loadable, pre-paid debit card to use with their account. The card features its own online expense tracking portal, allowing users to write notes and categorize their expenses for easy record-keeping.
- Account enrollment is online and free. Vermonters can open an account on www.vermontable.com. Accounts can be managed online.
- The minimum deposit required to open an account is just \$50.00.
- Earnings grow free of federal income tax.
- Online gifting platform allows friends, family, and employers to make gifts directly into an individual’s STABLE Account.
- Can contribute via check or by electronic funds transfer from an existing bank account.
- Free, unlimited withdrawals (including bill-pay capability).
- Dedicated customer service available 9A-6P, M-F.

Visit VermontABLE.com to learn more