



August 14, 2024

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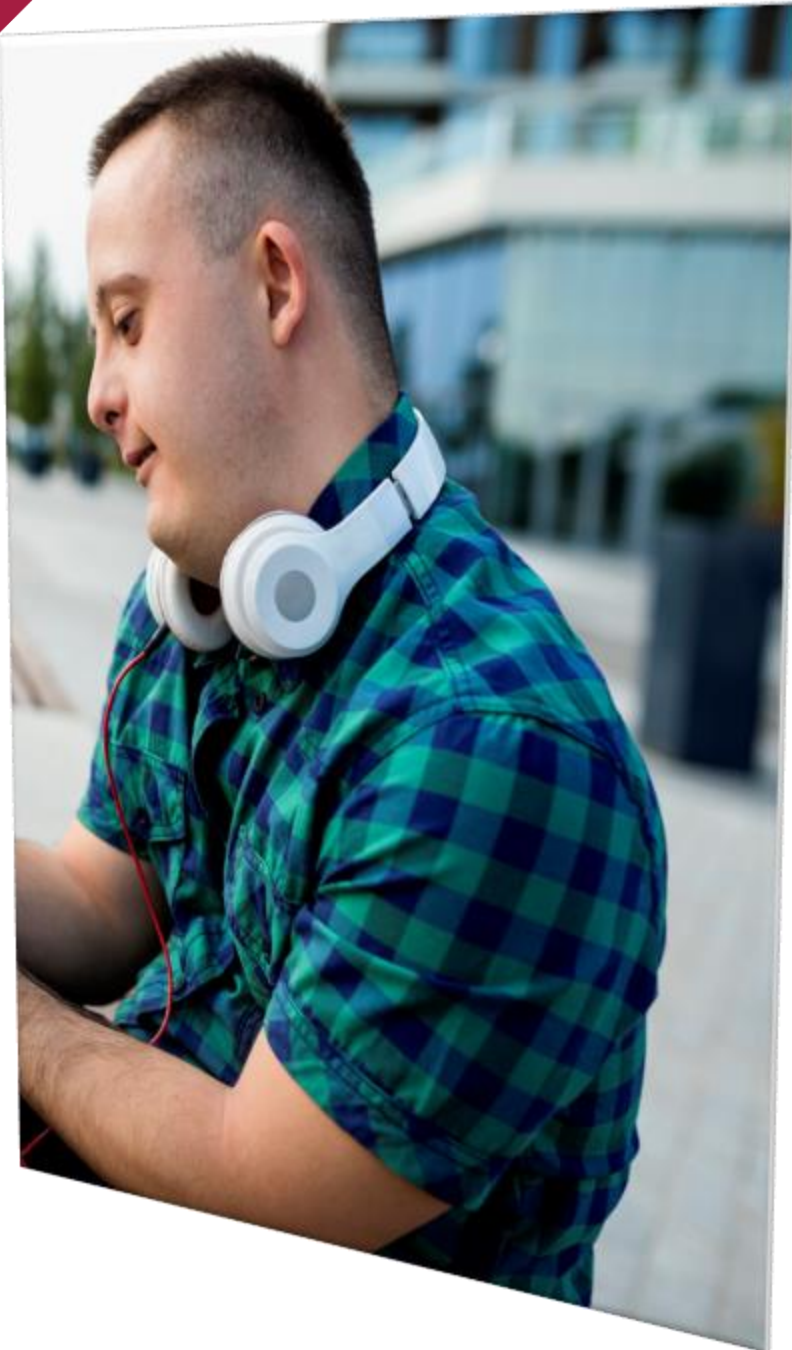
What is Maryland ABLE?

Maryland ABLE accounts are a way for people with disabilities and their families to save money without jeopardizing state or federal benefits, such as SSI, Medicaid, waiver services, etc.



- Signed into law by President Obama in 2014
- Part of the [Internal Revenue Code](#): ABLE accounts = IRC § 529A
- Maryland ABLE Act (HB431) signed into Maryland law by Governor Hogan on April 12, 2016
- Operated by Maryland State Treasurer's Office

Why open an ABLÉ account?



Increase saving limits before SSI cash benefits are impacted.



Saving without jeopardizing state or federal means-tested benefits.



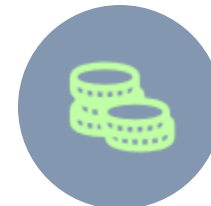
No federal or state taxes on the earnings if the funds are used for Qualified Disability Expenses (QDEs).



Access to a Maryland state income subtraction before taxes



Easy online enrollment and account management.



Easy access to funds

Who can open an ABLER account?

To be eligible for an ABLER account, you must:

- **Have developed a disability prior to the age of 26***

You do not need to have been formally diagnosed with the disability, but must be able to show documentation that you had the disability

The ABLER Age Adjustment Act raises the age of onset for ABLER account eligibly to age 46 beginning in 2026.

- **Meet the Social Security definition of disability**

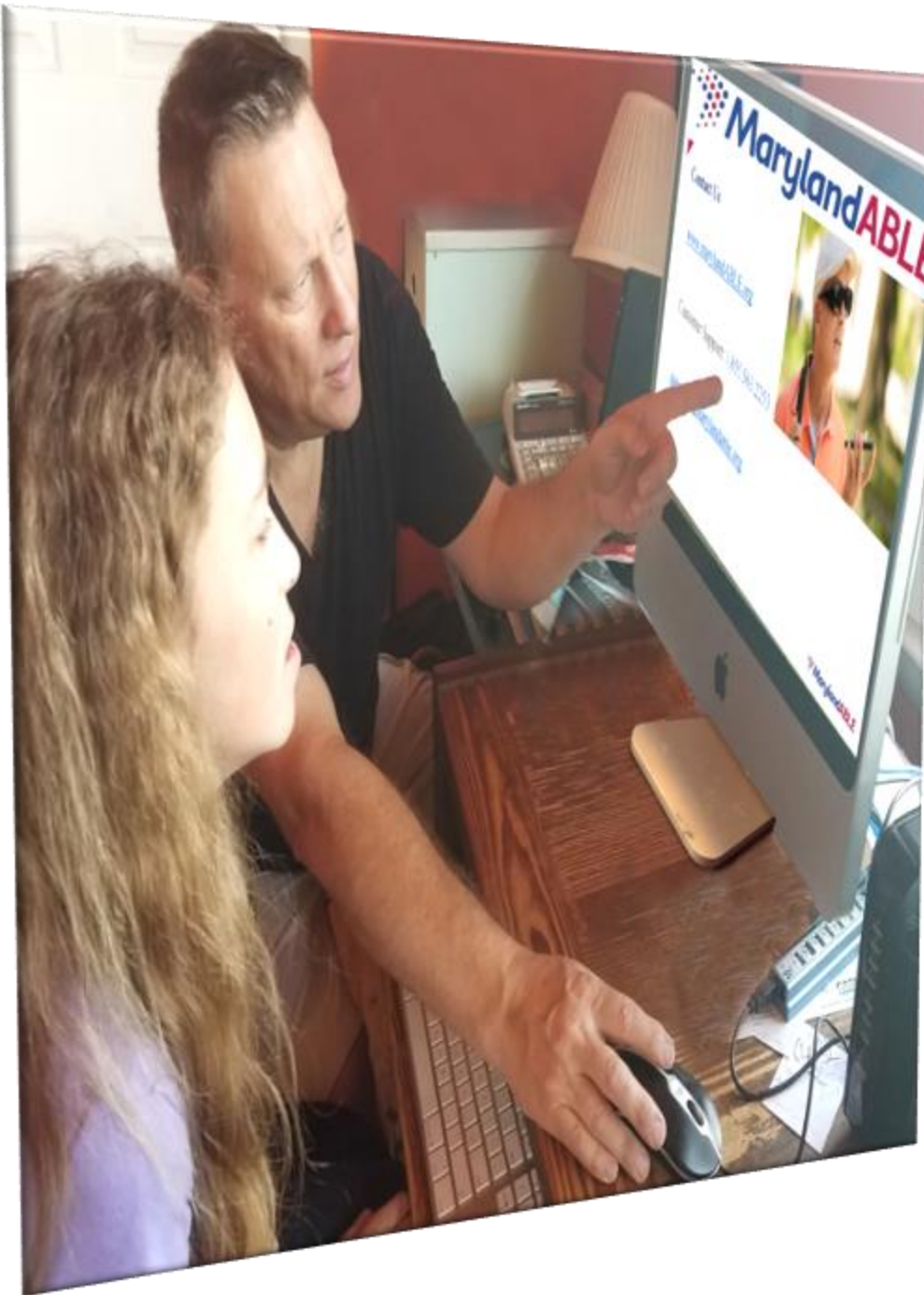
You can show this by:

- Showing you have been found eligible for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI)

OR

- Providing a "disability certification" from a licensed physician stating that you meet the Social Security-level of disability





Who owns the ABLE account?

- ABLE account is Owned & Operated by the person with a **disability**.
- If the ABLE account holder needs help managing his or her account and is able to consent, an Authorized Legal Representative (ALR) can be selected, but the person with a disability is always the owner and designated beneficiary. If the ABLE account holder is not able to consent, an ALR can manage the account based on the new hierarchy.
- If the ABLE account owner is a child, a parent or legal guardian can serve as the ALR. If the account holder is over the age of 18, the account owner must give permission to serve as the ALR.

One ABLE account per beneficiary

Expanded Hierarchy for Authorized Representatives

Final ABLE Regulations issued in 2020 have expanded the hierarchy for individuals able to serve as Authorized Legal Representatives for Beneficiaries who are not able to consent to include:

- agent under a power of attorney (PoA);
- conservator or legal guardian;
- a spouse,
- parent,
- sibling,
- grandparent of the eligible individual,
- or a representative payee appointed for the eligible individual by the Social Security Administration (SSA).

In that order, to serve as the ALR for an adult Beneficiary who can not choose someone to manage the account for them

Contributions



What do I need to know regarding contributions?



- \$25 initial deposit when you open the account.
- \$5 minimum contribution.
- \$18,000 **standard annual contribution limit.**
- \$14,580 in ABLE to Work contributions for beneficiaries who qualify in 2024.
- \$100,000 ABLE account balance before SSI cash benefits may be suspended.
- \$500,000 account balance after which contributions will no longer be accepted.

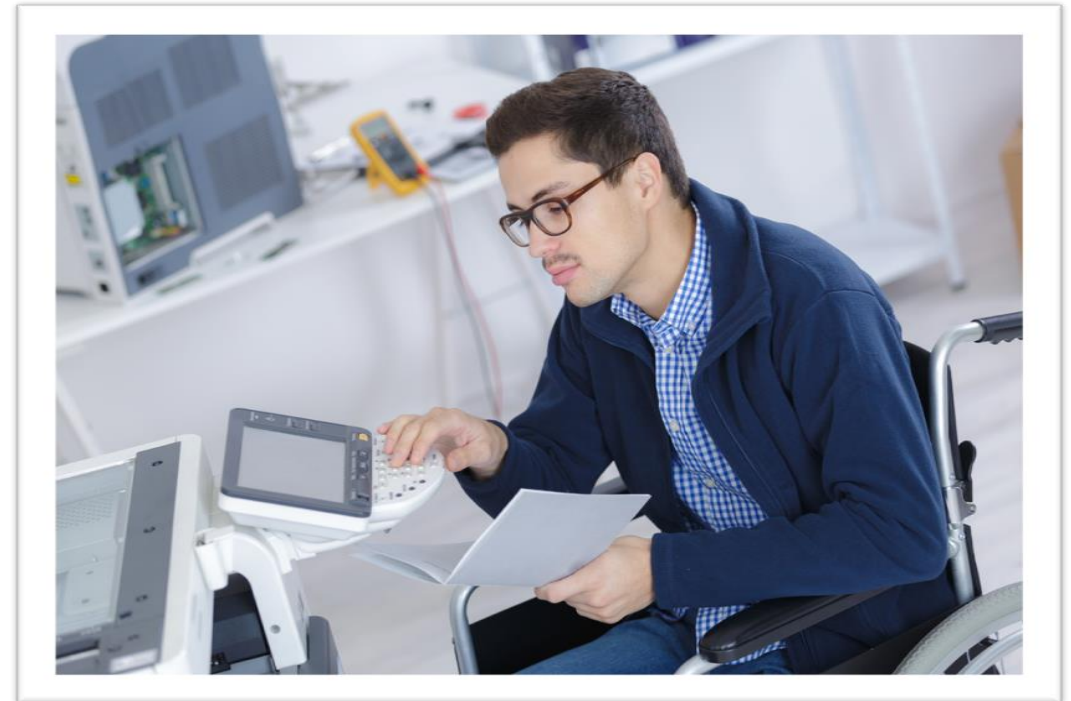
Contributions can be made via check, automatic deposit, or by electronic funds transfer (“EFT”).

ABLE to Work Act

Eligibility: If the beneficiary or his/her employer does not contribute to the beneficiary's retirement plan, including a defined contribution plan (e.g. 401 (k), 403 (b), or 457(b) retirement plan) within the taxable year.

Contributions: Allows contributions above the \$18,000 annual contribution. Limits additional contributions equal to the beneficiary's **gross income** for the current year up to **\$14,580** for 2024.*

- **Unemployment Benefits:** Unemployment benefits **can** be deposited as a Standard or ABLE to Work contribution.
- Unemployment benefits are **NOT** counted towards the beneficiary's gross income for the current year.



**This is equal to the Federal Poverty Level for a one-person household as determined for the calendar year preceding the tax year in which contributions are made.*

ABLE Financial Planning Act



- Rollovers can be made from 529 college savings plans to ABLE accounts. (Under current federal law, the rollover would have to take place by December 31, 2025.)
- Are initiated by the 529 college savings account holder.
- Permitted when the beneficiary of the ABLE account is the same beneficiary or a member of the family of the beneficiary of the college savings account beneficiary (as defined by Section 529 of the Internal Revenue Code).
- Maximum rollover amount is currently \$18,000 LESS the contributions made to the ABLE account for the current tax year.

What are the savings/investment options?

Cash Option: FDIC-insured, interest bearing banking product similar to a savings account

Investment Option - 4 Investment choices:

- Fixed Income
 - 100% Bonds
- Conservative
 - 20% Stocks 80% Bonds
- Moderate
 - 50% Stocks 50% Bonds
- Aggressive
 - 84% Stocks 16% Bonds



How do I decide which option to pick?

- Can change investment options up to two times a year
- Can choose more than one investment option and/or the cash option
- Can direct what portion of each contribution/distribution comes from specific portfolios

Example: Account holder makes a total contribution of \$100 and directs \$20 to the Cash option, \$20 to Fixed Income, and \$60 to Moderate.

Example: Account holder takes a distribution of \$200 and directs \$100 to come out of the Cash option, \$50 from Fixed Income and \$50 from Moderate.

The background of the slide is a dark, textured wooden surface. In the center, four wooden blocks are arranged horizontally to spell out the word "FEES" in red, bold, sans-serif capital letters. Surrounding this central text are several other wooden blocks, some of which are tilted and feature a black percentage symbol (%).

FEES

Account Fees

\$35 annual Account Maintenance Fee

- Withdrawn quarterly from the ABLE Account
- Annual fee is pro-rated based on when the account is opened

Asset based fees on investment options

- Vary based on investment option (See Disclosure Statement)



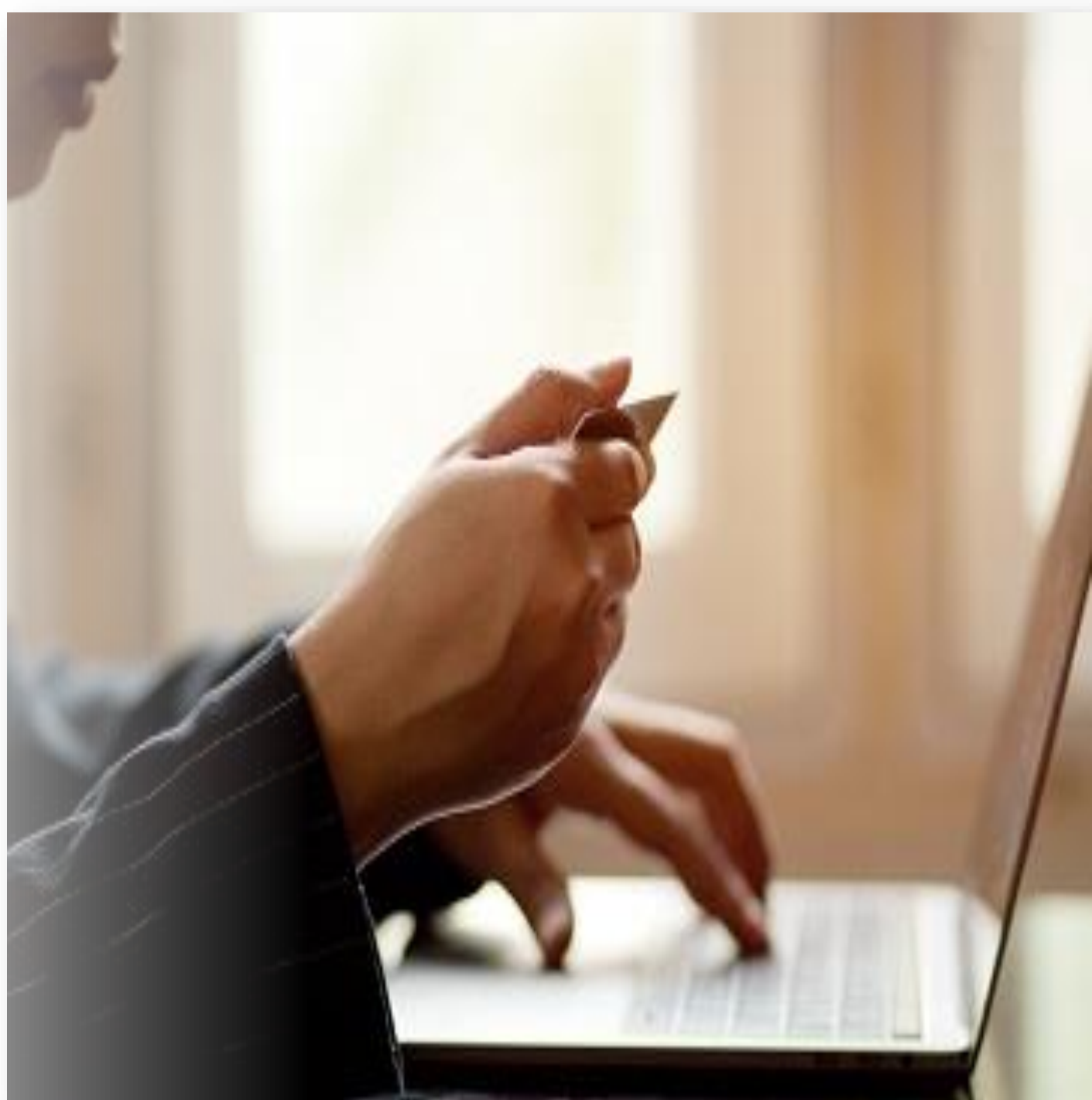
Who can contribute to an ABLE account?

- Account Owner
- Family
- Friends
- Employers
- Earned income
- Unemployment funds
- Economics Stimulus Payment
- Benefit back payments
- Rollover money from a 529 College Savings Plan
- Small inheritances
- Small settlements

How do I access the money in an ABLE account?

- Link an existing bank account to your ABLE account
- Log in and make contributions or withdrawals online
- Deposit or request paper checks*
- Prepaid Card option*

** Additional fees apply*





Using an ABLE Account

What can I use the money in the ABLE account for?

Qualified Disability Expenses (QDEs)

Documentation to Support Expenses Must Be Maintained



Health, prevention, and wellness



Housing (rent & mortgage)



Education



Employment training and support



Transportation



Basic living expenses



Assistive technology and personal support services



Financial management and administrative services



Legal fees



Expenses for oversight and monitoring



Funeral and burial expenses

Features of a Maryland ABLE Account

Online Gifting Page

- Customize your page with a yearly gifting limit
- Share your link to invite friends and family
- Easy and convenient to use!



Prepaid Card Option

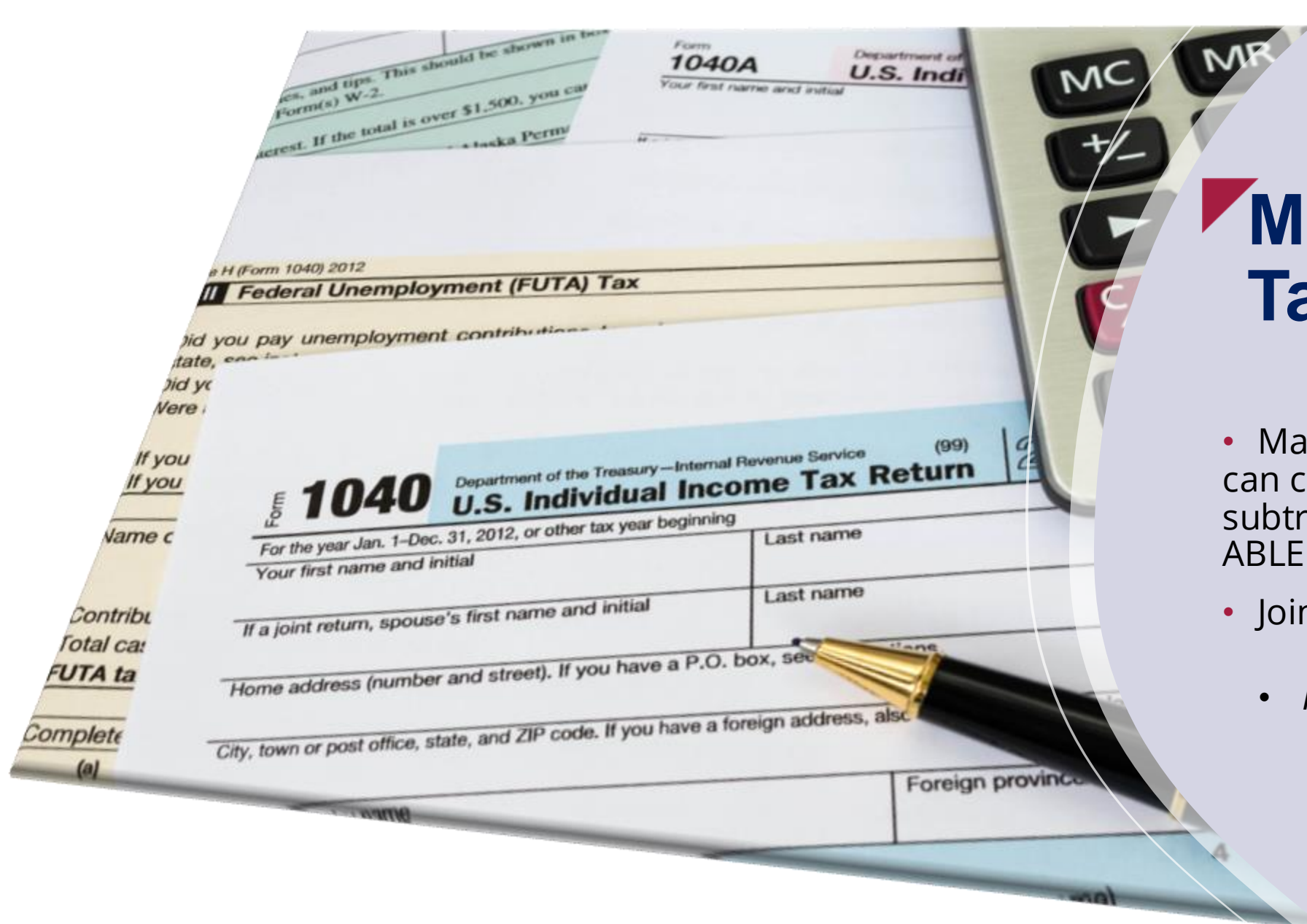
- Quick and convenient access to ABLE account money
- Use online or in stores to pay for QDEs
- Decide how much to load on card
- Upload receipts for easy record keeping
- Customize spending and alert features
- Monthly fee of \$1.25 to use Prepaid card option



Direct Deposit

- SSA funds
- Payroll contributions





Maryland ABLE Tax Incentives

- Maryland State Income taxpayers can claim up to a **\$2,500 income** tax subtraction per contributor, per ABLE account.
- Joint filers can claim up to \$5,000.
- *Remember, a subtraction reduces the total taxable income.*

It is NOT a dollar-for-dollar credit.

What are the important numbers to remember?

Contribution Minimums

- \$25 to open an account
- \$5 minimum deposit after account is open

Account Fees

- \$35 annual account maintenance fee (pro-rated, assessed quarterly)
- Additional asset-based fees on investment options (see Disclosure Booklet for details)
- \$1.25 Monthly fee if the Prepaid Card option is selected

Contribution Limits

- \$18,000 annual contribution limit
- \$14,580 ABLE to Work contribution over the \$18,000 if the beneficiary qualifies

Account Limits

- \$100,000 can be contributed before SSI cash benefits are impacted by account balance
- \$500,000 maximum account values after which contributions are not accepted

Tax Benefits

- \$2,500 State income deduction per contributor, per ABLE account, for Maryland State Taxpayers

How can you contact us?

www.marylandABLE.org

Customer Support:

1-855-5MD-ABLE

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 **MarylandABLE**

Celebrating 6 years!



Thank you!