

Expanding Access to ABLE in Wisconsin

What is an ABLE Account?

ABLE accounts allow eligible¹ Wisconsin residents with disabilities to save money (or allow parents to save for their children) without changing eligibility for Medicaid (including programs like Family Care, IRIS, Katie Beckett) and SSI, or without reducing their monthly SSI payments. In Wisconsin an eligible person with a disability (or someone who wants to offer a gift to an individual) can put up to \$15,000 total in an ABLE account in one year (and more than \$400,000 over time). Someone who is working and paying taxes may be able to contribute up to \$12,060 more annually. A person's federal SSI benefits eligibility will not change unless the ABLE account total goes over \$100,000. ABLE account monies can be withdrawn at any time for "qualified disability expenses" that help the person's health, independence, or quality of life. Examples of qualified ABLE expenses include saving money to go to school, take a class, buy a car, put a down payment on a house, pay for assistive technologies, personal care or transportation and more.

What is the Status of ABLE in Wisconsin?

- **Wisconsin is one of just 9 states that does not operate an ABLE program.**

Wisconsin passed ABLE tax legislation in 2016, choosing not to establish its own state ABLE program. Instead, Wisconsin adopted the provision of federal law that allows state residents to establish an ABLE account in another state. State residents who open accounts in other states that allow participation from out-of-state residents have the benefit of tax-free ABLE earnings growth, a federal income tax exemption and a federal adjusted growth income subtraction. However, since 2016 uptake on ABLE accounts in Wisconsin has been slow and residents report significant confusion. Specifically, because Wisconsin does not host an ABLE webpage², promote ABLE officially or offer any customer service answering questions, parties who want to open an account report they do not feel safe investing their money in programs operated outside the state. Wisconsin currently provides account holder supports for the EdVest 529 College Savings program but has reserved no funds and has no statutory authority to promote ABLE 529 Accounts for people with disabilities.

- **ABLE use by residents in other states is estimated by financial advisors to be significantly higher.³ Nationally there are 33,000 ABLE Accounts, totaling \$150 million in Assets.⁴**

¹ To be eligible for ABLE an individual must meet two requirements: must have become disabled before the age of 26; the disability must be "severe" enough, i.e. the person must qualify as having a disability through the Social Security Administration or receive a special disability certification from your doctor.

² The Wisconsin Department of Revenue has posted an FAQ on ABLE: <https://www.revenue.wi.gov/Pages/FAQS/ise-ABLEAccounts.aspx>

³ There is no official tracking of ABLE accounts by the federal or state government. According to the Ohio STABLE program (the largest ABLE program in the nation which partners with 11 other states), states of similar size to Wisconsin that are promoting their ABLE programs have much higher numbers of accounts open through STABLE: MO-900; GA-500; AZ-400; KY-300; WI-106. (These numbers are not indicative of all ABLE programs that may be open in a given state but offer comparison.)

⁴ ABLE National Resource Center www.ablenrc.org

How can we Improve Access to ABLE Accounts in Wisconsin?

RECOMMENDATION: Enter into an ABLE State Partnership Program

Several states are running successful, fully-developed ABLE programs and are actively seeking partnerships with other states. This relationship could benefit Wisconsin in many ways:

- A State Partnership could get a Wisconsin ABLE program operating in less than a year, finally giving Wisconsinites the assurance they need to open accounts.
- The partner state (which benefits from the investment returns of all ABLE accounts open in their program) establishes the infrastructure of Wisconsin's program in return at no cost. This can include:
 - Access to a customer call center with daily business hours to answer questions
 - Establishment of a state website with the state's own program name, unique URL
 - Customized brochure, fact sheet, presentation materials
 - Materials translated into Spanish
 - Additional forms for assistance with program administration and contributions⁵
- Other state programs that are fully established and offer state partnerships have also been successful in working with employers to provide matching funds to employee ABLE accounts.⁶
- Most Wisconsin residents who have opened ABLE Accounts thus far are thought by financial advisors to have chosen the Ohio STABLE program, the largest state partnership program in the country. Wisconsin residents now pay higher fees to participate in the STABLE program as out-of-state residents. If Wisconsin chose to contract with Ohio (after reviewing other state partnership options) residents with Ohio accounts would see reduced fees.
- **If Wisconsin entered into an ABLE partnership with another state it would not prohibit Wisconsin residents from choosing an ABLE program elsewhere.**

Example: ABLE State Partnership Program - Ohio

- 11 states participate in the Ohio STABLE Account national program.⁷
- There is no cost to join the Ohio state Partnership program.
- Partner states have access to all STABLE Accounts training, marketing materials, ABLE customer service support.
- Ohio State Partnership staff travel to the partner state to provide support prior to launch, including training, other technical assistance and development of an outreach plan.
- Ohio supports each state to brand their own program, e.g. Missouri's plan is called MO ABLE; New Hampshire's is called STABLE NH.

RECOMMENDATION: Set aside funding for state outreach - \$6,600 annually

For an ABLE State Partnership program to be successful Wisconsin must commit to basic and sustained annual outreach to include social media advertising, printing and mailing of brochures to key stakeholders and publicity at statewide events attended by people with disabilities and their families.

⁵ Examples from Ohio's STABLE State Partnership Program.

⁶ <https://abc6onyourside.com/news/local/union-county-company-to-make-groundbreaking-contribution-to-disabled-workers>

⁷ Examples of other state partnership programs operated by Ohio: NH: <https://www.moable.com/>; NM: <https://ablennmexico.com/>