DEPARTMENT OF
ECONOMIC SECURITY

Your Partner For A Stronger Arizona

AZ ABLE
Achieving a Better Life Experience

Arizona's ABLE Plan

az-able.com

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What is ABLE?

- Federal legislation passed 2014
- Creates tax-advantaged investment accounts for individuals with disabilities
  - Assets in your account do not affect eligibility for federal or Arizona means-tested benefits programs like SSI or Medicaid
- Hybrid of 529 college savings account + checking account + Special Needs Trust

What is AZ ABLE?

- AZ ABLE is Arizona's ABLE Plan
  - Offered to Arizona residents through a partnership with the Ohio STABLE Account program
- Administered by the Department of Economic Security
- Launch: March 5, 2018

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Benefits of AZ ABLE

- Provides financial independence for people with disabilities
- Account is owned by the individual with the disability
- Dramatically increases ability to save
  - Before ABLE, individuals could only save around $2,000 of their own money before risking loss of health care and other benefits
- Provides new investment opportunity
- Tax free earnings

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Who Can Use AZ ABLE?

- Limit of one account per person
- Individuals with disabilities that occurred prior to age 26
- Must be an Arizona resident
- Must also meet one of three criteria:
  1. Eligible to receive SSI or SSDI due to disability;
  2. Have a condition listed on SSA's "*List of Compassionate Allowances Conditions*"; **or**
  3. Self-certification

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Self-Certification

- Need diagnosis of a physical or mental impairment that causes "marked and severe functional limitations"
  - Such as conditions in the SSA's *Blue Book*
- Certify that the condition has lasted or is expected to last for at least one year
- Input physician name, address, date of diagnosis
- Do not need to send in written diagnosis, but must have on hand

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Enrollment

- Online Enrollment
- Free - takes approx. 20 minutes
- $50.00 minimum opening deposit
- Can be done by individual with disability (“Beneficiary”) or an Authorized Legal Representative (ALR)
- ALR = parent, guardian, power of attorney

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Funding your Account

- **Contributions**
  - Via Electronic Funds Transfer or check
  - $15,000 annual limit
  - If employed, you may be able to contribute up to an additional $12,140 of income
  - $468,000 lifetime limit
  - System automatically rejects excess contributions
- **Gifting**
  - Create an eGift Event (birthday, holiday, etc.) ~ system will send out an email to friends and family
  - System tracks contributors for sending thank you notes/replies

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Investment Options

- Four Vanguard mutual funds that range from aggressive to conservative
- One FDIC-Insured Option
  - Principal protected

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How can you spend STABLE funds?

- Withdrawals must be used on “Qualified Disability Expenses”
  - Anything that (1) relates to your disability and (2) helps to maintain or improve your health, independence, or quality of life

Examples:

- Housing and Rent
- Basic Living Expenses
- Medical/Financial/Legal Bills
- Education
- Transportation
- Assistive Technology
- Others

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Non-Qualified Expenditures

- Not illegal, but there are consequences

Affects Benefits

- The amount of the expenditure *may* now be considered a countable resource (but not necessarily)

Tax Penalties

- Pay taxes plus 10% penalty on the earnings portion of the withdrawal

Spending From Your Account

Withdrawals

- Transfer to personal checking or savings
- Third-Party Check
- Transfer to STABLE Card
- Free + No Limits
- AZ ABLE will not ask what you spend on, but benefits agencies and IRS can

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STABLE Card

- Loadable debit card
- Does not pull from account
- Online spending records + notate expenses
- No commingling of funds with other accounts
- Protection – limiting of merchants, no cash access, no overdraft
- Text alerts to monitor spending, low balances

SSI Considerations

- Balances over $100,000 count as a resource – but SSI merely suspended, not terminated
  - (*Your account balance will not affect Medicaid benefits, though, regardless of the amount*)
- If you hold on to the money from one calendar month to the next, then housing expenditures and non-qualified expenditures count as resources
- Beneficiary's own wages still count as income even if contributed to a AZ ABLE account

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If Account Holder Passes Away

- Account will pass to the account holder's estate
  - The estate administrator notifies STABLE and can take over account access
  - No designated transfer upon death
  - Account will go through normal probate process
- If Beneficiary was on Medicaid, Medicaid can ask for payback in some cases. BUT! Medicaid does not get first bite at the apple. The estate can first:
  - Pay any outstanding bills for QDEs
  - Pay for funeral and burial expenses
  - Deduct Medicaid Buy-In premiums you paid
- Medicaid Payback is only from date the account was opened
- Money in a STABLE Account is better protected from Medicaid payback than money in other bank accounts

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Account Cost

Monthly Maintenance Fees	Asset-based Fees
$3.50 ($42.00 Annually)	Between 0.19% and 0.33%

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AZ ABLE & Special Needs Trusts

- Complementary tools can be used together
- Unique STABLE Accounts benefits:
  - Cost-Effective
  - Broader spending power (i.e. housing)
  - Easy account access
  - No federal or state income tax on earnings
  - No separate tax returns to file
  - Can be established, administered, and owned by individual with disability

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Helpful Resources

Customer Service

team@stableaccount.com

1-800-439-1653

Mon. – Fri., 9 a.m. – 8 p.m. EST

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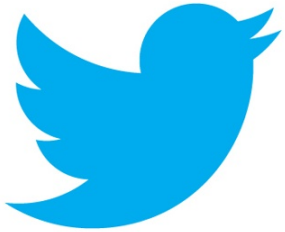

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