

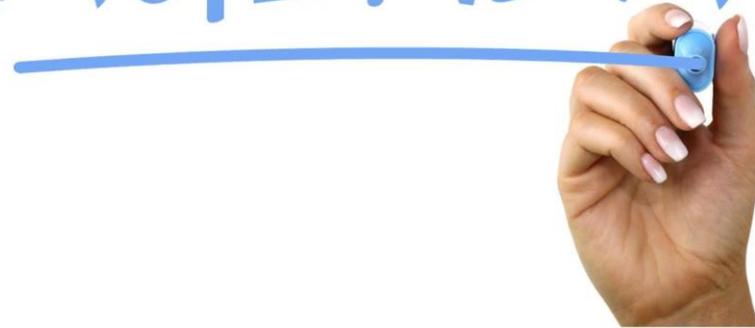


***How Maryland ABLE Can Help Provider
Agencies to Support People to Save
Money Without Jeopardizing Benefits***

***Includes Information on Economic Stimulus Payments,
Supplemental Unemployment Compensation, and Entity as ALR***



AGENDA



- ABLÉ Basics
- ABLÉ and Economic Stimulus Programs
- Entity and Authorized Legal Representatives



ABLE Basics

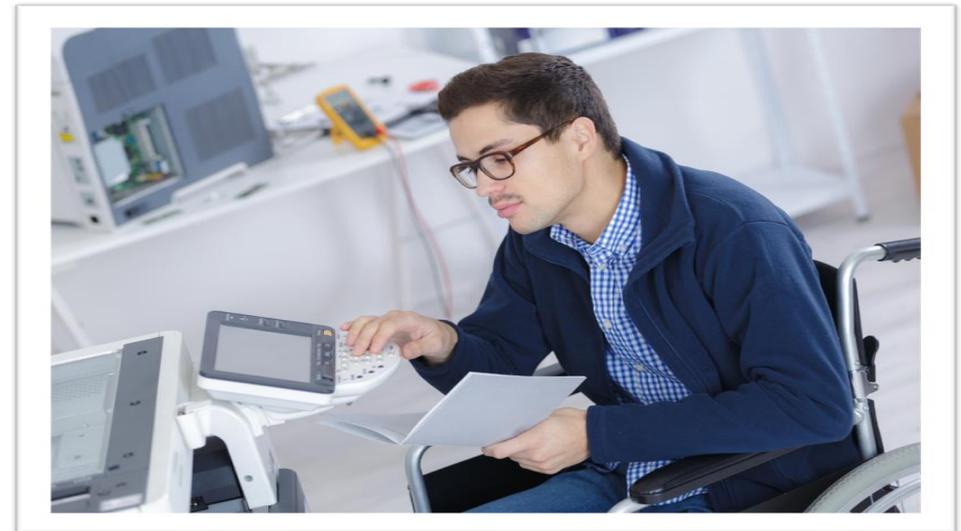
A Few Key Points

- The account owner is always the beneficiary of the account.
- Eligibility limited to people with SSA-qualifying disabilities with the age of onset of the disability prior to 26th birthday
- Standard contributions to the account, can be made by any person (the account beneficiary, family and friends)
- Interest/investment returns earned in the ABLE account will not be taxed when used for Qualified Disability Expenses
- Assets in the ABLE account are not counted in determining qualification for federal and state means-tested programs (i.e. Medicaid waivers, HUD, energy assistance, food stamps, etc.) and the first \$100,000 is exempted from the SSI resource limit.



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 \$15,000 annual contribution
- Limits additional contributions equal to the beneficiary's **gross income** for the current year up to **\$12,760** for 2021.*
- **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.

Qualified Disability Expenses: 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

Important Numbers to Keep in Mind

Contribution Minimums

- \$25 to open an account
- \$10 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

- \$15,000 annual contribution limit
- \$12,750 ABLE to Work contribution over the \$15,000 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





ABLE Accounts and Economic Stimulus Payments

How does an ABLE account help with the Economic Stimulus Payment?

If some or all of the Economic Stimulus Payment is put into an ABLE Account:

- The ABLE account provides flexibility to take more time to decide how the person wants to use the money.
- Funds in an ABLE account provide SSA benefits protection that help to preserve SSI benefits.



Does the Economic Impact Payment have to be used the same way you use your SSI benefit money?

NO!

- The economic stimulus payment is NOT a payment from the Social Security Administration; it is a payment from the United States Department of the Treasury.
- Social Security spending rules do not apply to these funds.
- The economic stimulus payment can be used in any way the person chooses.
- If it is deposited in the ABLE account, it then must be used for Qualified Disability Expenses or tax penalties may apply.



Will the Economic Stimulus Payment cause SSI benefits to be suspended?



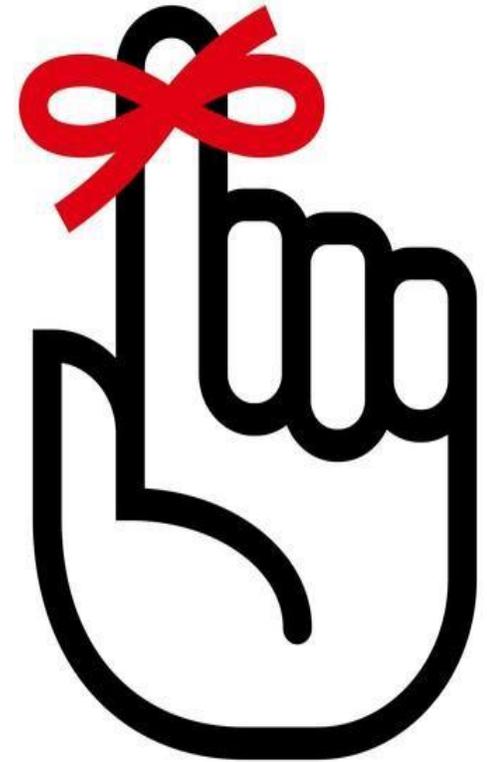
Not for 12 months

- After 12 months, whatever is left of the Economic Stimulus Payment will count toward the \$2,000 SSI asset limit if it remains in a regular account.
- If it is deposited in an ABLE account, it won't count toward the \$2,000 asset limit unless your ABLE account balance exceeds \$100,000.

MEDICAID UPDATE: The 12-month grace period applies to Medicaid as well. The stimulus payments are not counted as income when determining eligibility for medical coverage. Any amount remaining after 12 months will be counted as an asset at that time, but not before.

Reminder regarding SSI and the Economic Stimulus Payment:

- People receiving monthly Supplemental Security Income (SSI) are subject to SSA resource rules.
- They have 12 months to use the Economic Stimulus Payment.
- After 12 months, the money will count as an asset to SSI and could cause suspension of benefits unless in an ABLE account or some other asset protection account.





Why Entity Representative Payee?



Entity as a Authorized Legal Representative(ARL)

- Many beneficiaries rely on “entities” for the administration of their assets
- ABLE plans currently look at the appointment of an Authorized Legal Representative to “natural persons”
- Employee’s reluctance to take on the personal fiduciary responsibility of ALR
- Employee turnover can cause challenges in converting the ALR for the beneficiary

Entity ALR Overview



Creation of Entity ALR

- Submission of documentation
- Review and approval



Appointment of Agents

- Submission of documentation (CIP)
- Review and approval



Creation of Accounts

- Obtain required legal documentation
- Submission of documentation



Transaction Processing & Support

- Funding linkages
- Deposits
- Withdrawals
- Prepaid card processing
- Call Center



Reporting

- Account level
 - Statements
 - Tax reporting
- Entity level
 - Periodic transaction / financial reports



Creating an Authorized Legal Entity

The Entity's Role

1. Application for Entity as Authorized Legal Entity
2. Provide an opportunity for education and choice for people supported to decide how they wish to save or invest their money

IF Maryland ABLE is selected as an option:

3. Secure Limited Power of Attorney for the Entity Enrollment of Beneficiaries
4. Apply to open a Maryland ABLE account (Rollovers from another state ABLE program can also be completed if the Beneficiary wishes to do so)

The Program Manager's Role

- The program manager will take the entity application through the customer due diligence process for both non-profit and for-profit entities
- Verify the identity of the entity and the people who own and control the entity, as well as the individuals assigned as agents on the behalf the entity
- Create a paper trail that corroborates the identities and information presented within each new application or conversion to an entity-ALR
- Support changes to an entity's authorized agents without the need to change the ALR status for the beneficiary

Questions?





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Customer Support

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