

Treasurer Stenberg Answers Common Questions about Nebraska's Enable Savings Plan for Individuals with Disabilities

November 13, 2017 (Lincoln, Neb.) – The Enable Savings Plan is a great financial tool for individuals with disabilities, but Nebraskans have a lot of questions about the plan and how it works. Nebraska State Treasurer Don Stenberg has prepared answers to the most commonly asked questions about the Treasurer's Enable Savings Plan for individuals with disabilities.

What is the Enable Savings Plan?

The Enable Savings Plan is the result of the Achieving a Better Life Experience Act (ABLE) passed by the Nebraska Legislature in 2015. The law allows Nebraskans with certain disabilities to create tax-advantaged ABLE savings accounts to pay for qualified disability-related expenses. The Nebraska legislation followed the federal ABLE Act passed by Congress in 2014.

Who manages the Enable Savings Plan?

The Enable Savings Plan is sponsored by the State of Nebraska and administered by the Nebraska State Treasurer. Nebraska State Treasurer Don Stenberg is Trustee of the plan, and First National Bank of Omaha is Program Administrator. The plan is to be used to save for qualified disability expenses, pursuant to the ABLE Act of 2014 and Section 529A of the U.S. Internal Revenue Code. Investment decisions are made by the account owner or his or her legal representative.

How do I know if I qualify to open an Enable Savings account?

An eligible individual of any age — child, youth, or adult — can open an ABLE account at any time if the disability exists at the time the account is opened and if the onset of the disability was before the individual's 26th birthday. A disability benefits advisor at your local Social Security or Medicaid office or an advocate or medical provider can help you determine if you are eligible.

Specifically, an eligible individual is a person who is blind or disabled before age 26 and is entitled to Supplemental Security Income (SSI) or Supplemental Security Disability Income (SSDI). Or, an individual must have a physician certification indicating that he or she has a marked or severe functional limitation diagnosed before age 26, which is expected to result in death or has lasted or may last for a continuous period of not less than 12 months.

What counts as a Qualified Disability-Related Expense?

To be qualified, an expense must have occurred while the account owner is eligible and must relate to the individual's disability experience. Qualified disability expenses include

basic living expenses and expenses that enhance a person's quality of life. Examples include, but are not limited to, expenses related to the following:

- Education: Tuition (preschool through post-secondary), books, and supplies
- Housing: Rent, mortgage, utilities, and repairs
- Transportation: Mass transit, vehicle modifications
- Employment training and support
- Assistive technology and related services
- Personal support services
- Health, prevention and wellness: Medical, dental, vision, mental health, medical equipment, rehabilitation, and long-term services
- Financial management and administrative services
- Legal fees
- Oversight and monitoring
- Funeral and burial expenses

May I write checks on my Enable account?

Yes. A Checking Investment Option is available for Enable account owners. The option allows account owners to pay for Qualified Disability Expenses by check or debit card. The FDIC-insured Checking Investment Option is one of five investment options offered by Enable.

How do I make deposits and withdrawals?

Account owners and family members can contribute through a variety of methods, including mailing a check to the Enable Savings Plan, authorizing an electronic funds transfer from a personal bank account, and using payroll deduction direct deposit or the Automatic Investment Plan.

Withdrawals can be made by writing a check, using a debit card, arranging for automatic recurring withdrawals, logging into a secure Enable Savings Plan account online, sending a withdrawal form downloaded from EnableSavings.com, or calling the Enable Savings Plan customer service line at 1-844-ENABLE4 ([1-844-362-2534](tel:1-844-362-2534)).

Account owners may view their transactions, track their balances, and view statements online at EnableSavings.com.

Do I need to keep my receipts?

Yes. When you request a withdrawal from your Enable Savings Plan account, you are not asked at that time to account for how the money was used. Enable administrators assume the withdrawal is for a qualified disability expense. However, you should save all itemized receipts and other supporting documentation for every withdrawal. If you were to be audited by the IRS, you may need to prove your Enable dollars were used toward qualified disability expenses. Example documentation may include the following:

- Receipts
- Bank statements (paper or electronic)
- Leases (rental agreements)
- Canceled checks (paper or electronic)
- Bills
- Invoices

Keep track of your account and withdrawal activity for your Enable Savings by logging into your online account at EnableSavings.com. You also may contact the Enable call center from 8 a.m. to 8 p.m. CT Monday through Friday at [844-362-2534](tel:844-362-2534).

Will an Enable Savings account affect my eligibility for resource-based benefits like Supplemental Security Income (SSI) or Medicaid?

No. That is the beauty of an Enable account. You can save up to \$14,000 annually – and \$100,000 overall – without your SSI benefits being reduced or suspended. The annual amount will increase to \$15,000 per tax year, beginning in 2018. Account balances up to and including \$100,000 are disregarded for purposes of determining eligibility to receive SSI benefits. The \$100,000 limit does not apply for individuals receiving Medicaid.

Who owns an Enable account, and who can contribute to the account?

The individual with the disability is the Enable account owner and the beneficiary of the assets in the account. But anyone can contribute to the account – family, friends, a trust or estate, partnership, association, company, or a corporation. Total annual contributions into the account, regardless of who contributed, cannot exceed \$14,000 per calendar year for the rest of 2017 and \$15,000 a year, beginning in 2018.

Total contributions in an account cannot exceed \$400,000; however, the total account balance – including the value of the total contributions plus any earnings on the investment – can continue to grow beyond that amount.

Are there tax benefits to having an Enable account?

Yes. Earnings in an ABLE account are not taxed by the federal or state government. Money withdrawn from the account to pay for qualified disability expenses also is not taxed.

What about tax benefits if I am a grandparent and want to put money into a grandchild's Enable account?

Grandparents, other relatives, or friends can claim a deduction up to \$10,000 on their Nebraska state income taxes if they are a couple filing jointly or an individual filing as a single. They must be sure to complete the contribution by December 31 to qualify for the tax benefit for that year. All contributions in aggregate made to the account owner's Enable account, including contributions made by the account owner, cannot exceed \$14,000 per year (\$15,000 per year, beginning in 2018).

Do you have any end-of-the-year advice for Enable families?

An account owner can save up to \$14,000 in his or her Enable account by the last day of December of a given year, for instance, December 31, 2017. Contributions can come from the account owner himself or herself or from family or friends, but all together cannot exceed \$14,000. That amount increases to \$15,000, beginning in 2018.

Starting January 1, 2018, the account owner can begin adding to those savings, again keeping in mind the \$15,000-a-year limit.

Can a person have an Enable account and a Special Needs Trust at the same time?

Yes. While an Enable account cannot fund a Special Needs Trust, a Special Needs Trust may be used to fund an Enable account. Consider annually withdrawing up to \$14,000 (\$15,000, beginning in 2018) from the trust to deposit directly into the Enable Savings Plan account. This would allow an account owner easy access to funds for qualified disability expenses that might otherwise be managed by a trustee.

Can I open an Enable account if I live outside Nebraska?

Yes. Nebraska's Enable Savings Plan is open to residents of all 50 states.

How do I get additional information?

You may call Rachel Biar, director of Enable in the Nebraska State Treasurer's Office, at [402-471-1088](tel:402-471-1088). Or you may contact the Enable call center at 1-844-ENABLE4. You may email for information at clientservices@enablesavings.com. The Enable website can be accessed at www.enablesavings.com and the Treasurer's website can be accessed at treasurer.nebraska.gov/able/