>> So my name is Susan Tachau. And I'm with Pennsylvania's Assistive Technology Foundation. So I see some of you who were in my earlier session. That's really the very best session of the day. But let me just say that we provide information and financing for assistive technology for Pennsylvanians with disabilities and their families so that they can get the assistive technology they need. So look us up on our website. I don't want to take up able time on that. But our website is patf.us and our contact information is on the back of the copy of the PowerPoint, okay? So I guess we're gonna divide this up into two major sections. Ashlinn and I are going to talk. And then Kathleen is going to talk. You should have three pieces of paper, okay? A copy of this, the PowerPoint, a copy of Frequently Asked Questions that Ashlinn has put together and then two pieces of paper about adult decision-making.

>> We did run out of copies. We handed out most of them. But they will be on the website. And if anybody definitely wants a copy, I can run down and make some.

>> And you can also e-mail us. And we will send them to you.

>> Excuse me.

>> Oh, we have more, it turns out. Ashlinn hordes. The other thing is you may have questions. Please feel free to ask us. Just raise your hand because I think it'll be more helpful to answer questions as they go along as opposed to waiting. So, anyway, I've introduced myself. And Kathleen and Ashlinn?

>> I'm Kathleen McGrath and ...

>> Wait.

>> Can you not hear? Is this working?

>> Is it okay?

>> Can you hear me? No. Maybe I have to turn this on.

>> Oh.

>> It may work now.

>> How about now? Is it working? No. Still not working.

>> Here.

>> Okay. In the meantime, I will use this. I'm Kathleen McGrath. I'm with the Pennsylvania Treasury Department. We are charged with implementing the ABLE Act. I head the bureau that does the current 529 college savings program, on which the ABLE Act was modeled. And we have the responsibility for implementing ABLE.

>> Hello? Oh, there we go. Hi! Good afternoon, everybody. My name is Ashlinn Masland-Sarani. I am the policy director for The Arc of Pennsylvania. If you're not familiar with The Arc, we do advocacy for Pennsylvanians with intellectual and developmental disabilities from birth to old age all across the state. I am quite pregnant, if you cannot tell. I'm about 6 months. People like to ask that. It's a boy. We don't

have a name yet. We're really excited. Thank you. I'm feeling great. I'm feeling great. I'm really excited to be here with you because we love to talk about ABLE. So, Susan and I, just as a quick FYI, we have been leading something called the ABLE Advocacy Coalition. It was a group that worked with Treasury, helped get the ABLE Act passed, which we'll talk more about, here in Pennsylvania. And we've just been so grateful to work with Susan and with Kathleen at the Treasury Department, who has been really receptive to input from the disability community about what we'd like ABLE to look like, what priorities in Pennsylvania are. So I think you're in for a treat. And I think, if Susan didn't say already, please ask questions while we're talking. We really like that conversation back and forth. So I'll let Susan speak now.

>> Thank you. So this is also your opportunity to let Kathleen know what you're thinking.

>> Absolutely.

>> So let me tell you about this funny little law that Obama passed December 19th of 2014. It's called ... oh, God ... We called ABLE Achieving Better Life Experience. And what happened in Congress, U.S. Congress, is many of us advocates and Ashlinn's mothership, The Arc, nationally, was involved from very early on. We're trying to figure out if we could find a vehicle to allow people with disabilities to save for their future without harming their SSI or medical assistance and waiver money. So as all of you know or should know, if you're on SSI, Supplemental Security Income, you have an asset limit of $2,000 plus one car plus one house. If you're on a Home & Community-Based Waiver, you also have asset limits. It's $8,000 plus one house and one car. Having those few assets means you really don't have very much control over your own life, right? You're also, if you run a different lifestyle, you may have a cash economy. That is not a safe way to live. If, in other words, your uncle gives you $100, we would prefer you be able to put that in a safe way and save it as opposed to putting it in your sock drawer. ABLE is our salvation. It's going to allow us. Now, why Kathleen is great, and she should be held up as the national model of 529 programs, is because what Congress did was they had this whole discussion about disability and asset limitations and trying to empower people with disabilities for their financial future. And then they threw the programs to the 529s, who don't know us. Why we are fortunate here in Pennsylvania is Kathleen gets us. And she actually asked for our opinion. And she listens.

>> And I get it.

>> And she gets it. So as much as Ashlinn and I like to bug Kathleen, Kathleen's the one in control and the Department of Treasury. So if you have a question, ask Kathleen. Because we'll advocate, but they don't always listen. So what is ABLE? An ABLE account is going to be available to all people with disabilities in Pennsylvania with an age of onset prior to the age of 26. That's a big deal. And it's controversial, just so you know. So it does not include someone who has ALS, who was diagnosed in his '50s. It does include people like my son, who has cerebral palsy, and was born prematurely. It includes people with intellectual disabilities for the most part. But just know that we're trying to make a change in the federal law to change that age. But the age of onset is important. It's going to allow all of our kids and people with disabilities to be in charge of their financial future. So you can see ... Oh, I skipped a slide.

>> Well, yep, that's okay. We don't need to talk about the agenda. We can just ...

>> Okay, the agenda's on there. Okay, so why is it? It's going to be a safe way to save for your disability-related expenses. And Kathleen will go through some of the specifics. You will be able to have your

assets, your $2,000, your $8,000 if you're not on SSI but on your waiver, and ABLE will not count as an asset. And you'll have control over your money. So I guess I want to turn it over to Ashlinn. But this is all about empowerment. So I see my friends from the Center for Independent Living. This is what we're all about.

>> I'm here just for the peanut gallery.

>> All right. Thank you, Susan. Am I standing in front? I'll stand over to the side here so I can make sure you see. So as Susan said, ABLE really is about empowerment. The intent of the law, the spirit of the law is that people who have disabilities who use supports to live in the community and connect in the community should be able to save for every day living expenses just like anybody else. Should be able to save for education, higher education, vo-tech, community college classes, should be able to save for transportation to get to and from activities, volunteering, employment. Should be able to save for those every day life things that, as Susan said, the previous resource limits really didn't allow. So I'm going to talk just a little bit about how you can use ABLE. There's really almost no way you can't use ABLE. That is the good news. ABLE can be used, and it's listed on your FAQ sheet that says, I think, ABLE fact sheet at the top from The Arc of Pennsylvania. There's a specific list of all the things you can use ABLE money for. It includes housing, transportation, medical expenses, assistive technology, education, oh, goodness, funeral and burial expenses ...

>> Clothing.

>> Clothing, anything that has to do with every day living. Food. So really ...

>> So all those job-related expenses. You know how sometimes you need to go in an interview. It doesn't specifically say clothing, but you need to go in and interview. You need new clothes. You need to look spiffy. An ABLE account can pay for that.

>> Oh, thank you. There we go. It's a really comprehensive list. Really the only thing that a person cannot use funds from an ABLE account for, so this is funds that you put into an ABLE savings account and then withdraw for something is what would be considered entertainment. So as in, you decide to go to a casino. Not a great use of ABLE funds. And the reason that matters, which Kathleen will say again and get into is, if you use ABLE on these qualified expenses, all the things that you can use ABLE on, there's no taxes on the money. The money that's in an ABLE account goes into the ABLE savings account. It earns interest. That interest is tax-free. You don't pay taxes when you withdraw the money. You don't pay penalties, anything like that. However, if somebody were to use ABLE funds on a non-qualified expense, and again, Kathleen will say this again. There's a lot of jargon with ABLE. So we want to make sure we really break it down and make it a little bit more accessible. There are penalties on that. So, if somebody does go to a casino, there's a 10 percent penalty. And it's subject to income tax. But, again, what they've outlined in the federal law, and then also in clarification later is, there's really not a lot that you can't spend ABLE money on. Does anybody have questions?

>> What about going to a movie? Can we use that?

>> That's a great question. What do you think, Kathleen? The question is, "If you want to go to the movies or have an outing in the community" ...

>> You would have to make an argument that this was disability-related. That's the key thing is it has to be disability-related and then fit within one of these 11 or 12 categories. So when I was at the IRS hearings where they talked about the proposed regulations, they specifically asked, they said, not to me, but to others testifying, "Can you tell us what is not a qualified expense?" And it was very difficult to find anything that wasn't. And the only thing that was identified was "entertainment." But you could argue any particular fact situation, something might be. For example, if a game system helps an individual with dexterity and that is something that helps with their disability, then you could say, "Yeah, that's disability-related." They gave the example in the regulations of an iPhone. They used "smartphone" to not be brand-specific. That somebody might need an iPhone because of their disability and that they may be challenged to navigate and those kinds of things. So they're not saying that an iPhone is qualified for every single person. But if your disability is such that an iPhone helps you, then it would be. So it's still a little amorphous.

>> So I'm thinking it would be similar restrictions as with SSI. I mean, SSI allows you to spend money on recreation. So that means it's different rules for the ABLE than for SSI.

>> It may be, yes.

>> Rephrase the question.

>> The question was, "Is there different rules for SSI versus ABLE? Because SSI does allow recreation." Recreation isn't listed in the 11 categories. So I think it kind of remains to be seen. Hopefully, when the regulations do come out as final, they'll give a little bit of additional guidance.

>> I see some more hands, I think, in the back, and then up front.

>> I see that housing is listed as covered. So, I'm curious, would that also include saving money for, say, a down payment on a condo or even paying a mortgage?

>> Great question. So the question is, "Housing is listed on the ways you can use ABLE money." The question is, "Does that include saving for a down payment on a house or a monthly mortgage expense?" Yes, it does. Kathleen will go a little bit more into the details. But on the FAQ sheet, it goes a little bit into detail on, if you use ABLE money for housing, some of the rules about that. Should I speak about that, or do you want to?

>> That's quite all right. Go ahead.

>> Okay, sure. So according to Social Security law, apart from ABLE, if somebody receives money that helps out with housing in any way, it can actually impact the person's monthly Social Security and Supplemental Security Income payment. It can reduce it by a third. What they've done with ABLE is said, if you take money out of an ABLE account and use it for a housing expense, like rent, mortgage payment, down payment on a house, as long as you use it within the same calendar month that you withdraw it, there's no kind of penalty on SSI. This is actually really, really exciting, because there was a lot of concern that, if people were putting money aside ... And I do want to say, too, when you put money into an ABLE account, you don't have to designate what you're saving it for. You can just put money in there. The gifts that you get at holidays, at birthdays, money from your income that you're saving. So it's not that it goes in and you say, "Okay, I know that I have to use that now on housing, or I have to use that now on something." But this is when you take that money out, when you've decided what you're going

to use it on. So housing is the only category, really, that has that distinction because of Social Security law. So you just have to make sure, if you're going to take money out of an ABLE savings account and put in your checking account, and then pay rent or mortgage or a down payment with it, you have to do it in the same calendar month. And it's because of Social Security law. Does that make sense? Okay.

>> The reason is that SSA looks at your eligibility on the first of each month.

>> Right.

>> So whatever you've done in the month is okay. Just a clarification on receiving gifts and that sort of thing. It's absolutely true, if a gift is given into your ABLE account, fine. It doesn't count against you for SSI purposes in any way. However, if that same gift is given to you and then you put it in the ABLE account, it's counted against you.

>> Right.

>> So, you're going to need to let family members, friends, let them know how they can put money directly into your ABLE account.

>> That's a really good distinction, yeah. And then one question up here, and then I see you.

>> Hi.

>> Oh, sorry, right up here. Sorry, I wasn't very clear. No, you're fine. And then I will definitely get to you. You're fine.

>> I was left out of that by becoming disabled at age 26. You said it has to be a disability prior to a certain age. Why am I excluded when this would be a benefit for me? Is there any place to change the age limit? More and more adults are becoming disabled from brain injuries. what can be done to re-evaluate the need ...

>> That's a really good question. What was your name? Shawn? So Shawn's question was that she acquired her disability at age 26, and that there's a whole lot of people who have a disability that occurs after age 26. And because of how the ABLE law is written, they don't have access to ABLE accounts, and why that is that that's a big issue. So point one, definitely a big issue, a lot of the people who advocated for this law to pass at the federal level were people who are much older than 26. The original intent of the law was that anybody of any age who had a disability would have access to ABLE accounts. To get the law to pass in our Congress, the age distinction, the age limit was a compromise. So good news is that there are actually amendments to ABLE now that it passed back in 2014. There's amendments that have been proposed that would raise that age of eligibility to age 46. Now, Kathleen or Susan, I don't know if you want to talk to the cutoff at 26. I'm not sure if it's 26 and under, or ...

>> It's before the 26th birthday.

>> Yeah. So if your disability occurs before your 26th birthday, you are eligible for ABLE. So, Shawn, I'm sorry. There's a lot of people with disabilities who were left out of it. There's a lot of anger about that. The strategy that the disability community decided to take was to get through what they could get through of ABLE, because this was 8 or 9 years in the making that they've been working on this at the

federal level to try to get this through, and then to try to introduce the amendments to try to keep opening it up further and further.

>> And to further elaborate on that, the bill, up till the last minute, did not have an age limit. And what happened is, every bill in Congress is given a score, how much it's going to cost the government. And ABLE came in at, like, 20 billion dollars over the next 10 years. And that was never going to fly. So they had to make several different changes that brought that down to, like, 2 billion. And the age restriction was one of those. So it kind of took everybody by surprise.

>> It did. And so, that's something. If you're interested in impacting, we can get you advocacy information about that. Because it's definitely something we're advocating to remedy. And Shawn, did you have a follow-up question to that? And then I'm gonna give it back to you.

>> So would you suggest I go start advocating to my state reps?

>> Great question. So Shawn's question is, "Should she start advocating to her state reps?" It'll actually be your federal representatives. We can even get you the amendment numbers if you'd like. Yeah. Let them know why this matters to you, and how it impacts you.

>> And Senator Casey can ... Is this on?

>> Do you want this?

>> And Senator Casey is a lead on this, and strongly in favor of changing and increasing the age. But it will also have to go to your Representatives. So this is something we can get you.

>> She's up next.

>> Hi. [INAUDIBLE]

>> Yes. Yes. Okay, so the question is, "Do they, under the list of eligible activities and expenses, do they consider community inclusion?" The answer to that is, "Yes, but tell me more about what you mean by that." Like, going to the movies as an activity, that could be an argument. Now, I think ...

>> [INAUDIBLE]

>> Okay, she's talking about going out as a group activity, a learning activity, social activity, and the benefits of that. And even going to a casino, I think. The main thing is, and then I guess we should go back so you can talk about how ... Because some of this is record-keeping, and Kathleen should talk about record-keeping. For every single expense, keep a file folder. Keep one file folder, and put in that file folder all of your expenses. And put a little note on them, what you used them for. So, for example, for a movie, there are some very good movies out there that could help a person with a disability have a greater sense of self-awareness or deal with an issue that they need to really work on. So, if you want to use your ABLE account for that, I would put, it was $8 for the movies. And this is the movie. So that, if you get audited from the IRS, you've got your paperwork. And that's the only ... I mean, it's the audit by the IRS. It's nobody else. It's not going to be Treasury that you have to turn a report into.

>> Yes. So, really, what's going to happen on the qualified disability expenses, nobody's going to be looking over your shoulder. Nobody's going to say, "This is, nope, nope, off." In Pennsylvania's program, what we intend to do is ask you, when you ask for your withdrawal, "Is this for qualified or non-qualified?" And you'll check one or the other. But that's as far as it will go. What will happen, however, is, as Susan alluded to, is, should you be audited by the IRS, what they will want to see is that the money you took out of your ABLE account is equal to or less than your total disability-related expenses for the tax year. So keeping records is essential in the event that you would be audited. But nobody in the state or federal government is going to ask you for that documentation before you can use your account. So it's going to be really up to the individual account owner or beneficiary to figure out, "Can I make a legitimate argument that this is disability-related?"

>> [INAUDIBLE]

>> Could you say it one more time? Yeah.

>> [INAUDIBLE]

>> And it doesn't work? Okay.

>> Okay, so he's ...

>> So you have an iPad. There's a question up here. You have an iPad. It doesn't work. Can you get it fixed?

>> Nope.

>> You can buy a new iPad or get it fixed if it's fixable through an ABLE account. So that would be an allowable expense. Okay, thank you. Okay, do you want me to switch the slides ...

>> I can do it. You can do it.

>> So do we want to keep taking question, or... Yeah. Go ahead.

>> I just had a quick question. You were alluding to how the money is going into the account. So the account is completely controlled by the consumer, or is there a payee involved? Who monitors the account?

>> The federal law says ...

>> Rephrase the question.

>> I'm sorry. The question was, "Who controls the account? Who can direct that money comes out of the account?" The federal law says that the beneficiary, that is the individual with the disability, is both the beneficiary and the account owner. However, the IRS recognizes that some individuals might not have the ability to enter into a contract. So that would a minor, under law, no minor can enter into a binding contract. Or somebody who has a disability that impairs their ability to make decisions and enter into contracts. In that case, there can be what the federal government is calling an authorized signatory. That person is a fiduciary for the beneficiary, meaning they can only act for the benefit of that individual.

They can only use money for that individual. They cannot have any current or future interest in that money for themselves. So either the account owner who is the beneficiary or this authorized signatory would have control of the account, and would say, "I want to withdraw $50 for repairs on my iPad," or, "I want to withdraw $1,000 for repairs to my wheelchair." But they don't have to tell us. They just have to know that. Okay? And, right now, there are no restrictions on how ... We don't anticipate ... Our program ... I should preface all this by saying that our program is still in the works. We don't know all the details. We're going to have to negotiate a contract with private sector vendors who will do the record keeping and the investment management. But our goal is to have these accounts be as flexible as possible, as inexpensive as possible, and as easy to use as possible. So that is why we are really seeking the input of all of you of the disability community and individuals with disabilities. Because we want to build a program that fits your needs. There's no point in us building a program if it doesn't meet the needs of the people it's intended to serve. So we very much want input. We do have a website that you can go to and put in your contact information so that, when things change, when things are up and running, we can let you know. Also, from time to time, we may be doing surveys of folks who are interested. And so, please, if you have an interest in ABLE, please go to that website. It is pa529.com, and then the first page will be a link to the place to enroll for information on ABLE. Yes?

>> [INAUDIBLE] total amount each month, something about [INAUDIBLE]

>> Yes, this is the IRS tax consequences. We didn't get into this, but one of the big benefits of this ABLE program is that is has great tax advantages. money that you put in is after taxes. But it kind of acts like a Roth IRA, in that, once you put the money in, all the growth is tax-deferred. You don't pay any taxes on it. And when you take it out and you use it for qualified disability expenses, those 11 categories, you pay no taxes on the interest, either. Okay? So if you were to be audited by the IRS for taxes, what they're going to want to know is that, for the entire year, the money that you took out of your ABLE account, let's say it's $14,000 you took out of your ABLE account, that you have qualified disability expenses that either meet that amount or exceed that amount. And then there will be no tax consequences to you. So what happens if you don't? What happens of you take your money out for something that you don't even think is qualified? Let's say you're going on your own to Vegas, and you take 5,000 out, and you blow it gambling, not related to your disability at all. And let's say you don't have qualified disability expenses that would cover that $5,000. So what's going to happen then is, when you file your tax returns, you're going to get a statement from the ABLE program that's going to say how much money you took out, and what part of it is money you put in, and what part of it is earnings. And if you took out money that was not qualified, the part that was earnings, you're going to have to report on your taxes and pay taxes on that. And you have to pay taxes at your ordinary tax rate, whatever that may be. It varies for individuals. And you'll also have to pay, on the earnings only, this is all on the earnings, a 10 percent federal tax penalty. You also have to pay Pennsylvania income tax on that amount. But there's no penalty from Pennsylvania, okay? So one of the great benefits is, if you use it for qualified expenses, no taxes on the amount of money that is earned. But if you do use it for non-qualified, there is some tax consequences. Yes?

>> Would you be able enroll with your TAP account into ABLE?

>> Not right now.

>> [INAUDIBLE]

>> The question is ... You've got to throw something at me.

>> Tell her to rephrase the question.

>> The question is, "Will you be able to roll over a Pennsylvania 529 college savings account into your ABLE account?" Right now, the answer to that is no. This was a specific question that was asked to the IRS in their proposed regulation, and they said no. They don't believe they have the authority to allow that. However, there is legislation pending that would allow that. So it's one of those advocacy things again. Advocate for Congress to allow money to be rolled over without penalty and without limitation on the amount. You could roll it over. Theoretically, you could do that now. But you could only do it at $14,000 per year. And you would have to pay the taxes and penalty on it. But what we want to get to is being able to roll over any amount that's in your 529 college account and without taxes or penalties.

>> I think you can get away with a penalty if you can prove that the child cannot work.

>> The question was ...

>> Okay, the question was, "Do you have to pay the penalty on the 529 withdrawal if it's because the child has a disability?" And that is absolutely true. You do not have to pay the penalty if it's because the child is disabled. You do have to pay the taxes, but not the additional 10 percent penalty.

>> Okay. I think, if people are okay, we should talk about some of the specifics of what the federal legislation requires, and then what the state does. Because our state law is even better than the minimal that the Feds put on.

>> We've already talked about the law being established. The one point I want to make about this is, it is not a federal program. The federal law authorizes states to create the programs. But they are state programs when they are created. The federal government says what the state can do to be qualified, but the states have to do it. Going the wrong way, here. Okay, so let's talk a little bit about who can be an eligible individual. This is a little technical. So the federal legislation controls here. And it says that you have to have a disability. And the disability has to be one that entitles you to Title II benefits under SSDI, or Title XVI benefits, Supplemental Security Income, or that you have an equivalent disability and a certification. And any of these qualifications you have to have started before age 26, which we've talked about already. So the first two are pretty easy. Title II, Title XVI. Are you eligible for? You don't have to be getting them. But you have to be eligible for SSDI or SSI. The third one is sort of the catch-all category. If you're getting neither of those benefits, you can still qualify. But the way to qualify is, you have to have a disability that meets, basically, the SSI standard for a child, even if you're an adult. Which is, you have to have a physical or mental impairment that causes severe functional limitation, and is expected to last or has lasted for 12 continuous months, or result in death. So if you're not entitled to SSI or SSDI, what do you have to do to show that? Well, originally, the federal law had this really big, complicated thing where you'd have to get this piece of paper and that piece of paper and send it in to the state. And the state would have to bless it. We, the states, have gotten together and talked the IRS out of that unworkable situation. And they have issued guidance that says that, as long as the individual self-certifies under penalty of perjury that they meet all the eligibility requirements, including having a written diagnosis from a physician, that that will be sufficient. So you're not going to have to give any documentation to the state. But you are going to check off on an enrollment application that the individual is disabled. You're going to have to give the diagnosis that the physician has set forth in writing. And there are seven different categories of diagnosis that the IRS has identified. Then you're going to tell us that you have that written piece of paper from the doctor. That's it. Once you certify that

under penalty of perjury in the enrollment process, your eligibility is established. Any questions on that? Yes.

>> Do you have a list?

>> The question is, "Do you have a list of those qualifying disabilities?" There is no comprehensive list. There are criteria. And there are some things that are called ... Oh, gee, if I could remember the name ... But there are some things that absolutely, if you have them, you're qualified. Compassionate list, I think it's called. But other than that, you need to meet the criteria. There are SSI and SSDI disability lists by different disabilities, so those ...

>> Blindness is one.

>> Well, blindness is per se included. Yes?

>> [INAUDIBLE] qualify for a 504, which is the federal definition of having a disability [INAUDIBLE] would that be sufficient?

>> The statement was that under 504, there is an extensive list of disabilities that entitle you to educational support. Would that be sufficient? I do not know whether or not the 504 list and the SSI list are compatible in any way. So I can't answer that question right now. I don't know, does anybody in the audience have any understanding of that?

>> The 504 list is primarily looking at accommodations. And it was through the Department of Education. So, this is coming out of U.S. Treasury and the IRS. And ...

>> This comes from the federal government.

>> Exactly. But difference agencies within the federal government that may or may not discuss this. But, really, 504 is incredibly important. Because it is trying to make sure that all students with disabilities get the accommodations that they need to succeed. That's not what ABLE ... It could be different.

>> So, for example, I have a son with ADHD and severe dyslexia. While he would have accommodations in education, he would not be qualified under ABLE. Yes?

>> [INAUDIBLE]

>> The question is, "Does that include autism?" I would say, depending on the severity of the autism, the diagnosis alone is probably not sufficient. It has to result in severe functional limitations. So I think that's going to depend on the individual. Susan?

>> I agree. But I also agree that this is something that can be determined by you and the certification. Because, remember what Kathleen said. I mean, it's so easy if you receive SSI. What's not so easy is that next level if you don't receive it. And autism is one of those disabilities where, often, you have to advocate again.

>> When am I going to [INAUDIBLE]

>> I would do the certification process of working with your physician and talking about the significance of it. And here, again, remember, there are problems with language. I see it as problems with language. Not everybody else would. We do not say severe disability. We say significant disability. The federal government and IRS, they're saying severe. So, just know that, under the certification, the certification's going to have to say they have a severe disability that impacts the functional. Now, a new thought ...

>> [INAUDIBLE] SSI, or SSDI ...

>> Going back to, what is the purpose of ABLE? So the purpose of ABLE is to allow people with disabilities to be able to save money like everybody else and not have that money count as an asset. So if, in fact, you have really broken your leg, and you need surgery after surgery after surgery, and you still limp, even after you've had six surgeries in 5 years, that is not impacting your ability to get a job, to make a good salary, to live independently. So don't fight about that. That's not what ABLE's for. ABLE is for, to be personal, my son, who's 34, who has cerebral palsy, is a wheelchair user, lives in his own house, has waiver services, and can't save money because of those waiver service limitations. That's who ABLE is for. So if it's easier for your son or daughter or any of our sons or daughters, just to have a regular checking and savings account, go forth and do that. Because if you're not concerned about the asset limits, you don't need ABLE.

>> Yes?

>> I hope that ... Was that accurate?

>> The only additional benefit that ABLE gives you is the tax benefit. If you're not receiving federal benefits ... One of the federal benefits may be student aid. For example, the federal law says that your ABLE account can't impact any federal benefits that are means-tested, that are income-based, right? So except for Supplemental Security Income with housing and with the amount, the 100,000. So while we haven't heard from the Department of Education yet, that may also apply, we believe it does, to applying for federal financial aid for college. So there may be reasons, even if you're not on SSI or SSDI, that ABLE will be a good thing for you. Now, to go forward a little more on the eligibility, it's going to be self-certification, as I said. Again, the check on that is going to be any IRS audit, where you're going to have to show that you have all the things you said you did in your enrollment form. And then that will be the determining factor. There will be no state evaluation of that initially or even subsequently. Yes?

>> You talked about [INAUDIBLE] you talked about physical [INAUDIBLE] because that would be [INAUDIBLE] see where somebody might have a severe diagnosis, gets up and running, but then hits a wall and comes down. So they're eligible for this?

>> Yes.

>> Yes. Federal law requires recertification every year. And that sounds onerous. And the states said to the Feds, "That's onerous." So we got an accommodation for that, in that we can say to the individual, "You have to tell us whenever your disability is in remission and you're no longer an eligible individual." When they tell us that, they're eligible till the end of the year. And they don't have to close their account, because the disease may raise its ugly head again. In that case, what happens is, any withdrawal they take out while they're in remission is considered non-qualified, subject to taxes, and they cannot make any contributions. But the money can sit there and continue to grow in the event that the disease comes back, and they once again become qualified. Then, they would have to tell the state,

"Qualified again," make the same certifications that they made in the initial process, and then all would be well.

>> So if they were 40-years-old, diagnosed by 26, when they're 40, [INAUDIBLE]

>> Yes.

>> The question is ...

>> [INAUDIBLE]

>> The question is, "If the person is now 40, but they had the diagnosis at age 26" ...

>> Twenty-five.

>> I'm sorry, 25, before age 26. Can they open an account and maintain an account? And the answer to that is, yes. As long as the disability started before their 26th birthday. Okay? Let's see if we've got some more qualifications here. We've talked about the disability certification. We've talked about the disability expenses. A couple other limitations imposed by the federal law. There can only be one account per beneficiary. And there has to be a separate account for each beneficiary. So if you have two children who both have disabilities, then you need to open two accounts. The limitation of the amount of money you can put in, which is currently $14,000 a year. That may go up as inflation goes up. That applies to the account, no matter who makes the contributions. I can't make 14,000 and have grandma make 14,000. Combined, we can only make 14,000. Now, that's an annual limitation. There is also a maximum limitation, which in Pennsylvania, which is the highest in the nation, it's $511,758. Again, that goes up based on tuition and inflation, because federal law requires it to be the same limit as our 529 program.

>> Okay, I'm gonna interrupt for a second, because I want to make sure people understood what that meant. Because Ashlinn and I have both been making some presentations without Kathleen. So we know the benefit of other questions people ask. So what you can do is have a total annual contribution of 14,000 to a maximum of 100,000. But then, what happens when you start spending? That's what this aggregate means. So you have, say, 90,000 in there. And you buy a house. So then you're spending 50,000, and so then you have 40,000 left. And then you have another dead relative, who generously gave you money. And you add this up. And after a couple years, you have another 95,000. And now you decide to buy an adapted vehicle. So it drops down another 40,000. You can go back and forth like that, as long as the total aggregate altogether contributions don't go over what is now 511,000. So you still have that cap of 100,000.

>> But you only have that cap for SSI purposes. So if you're not an SSI recipient, let's say you're an SSDI or you're a certification person, that cap of 100,000 does not apply at all. The only application for that is the SSI. Now, probably a good majority of the people using these accounts are going to be SSI. But that cap only applies to SSI. And even that cap, what's going to happen at $100,000 is anything over that is going to start impacting your eligibility for SSI. But you can still save as much as you want, as long as you're willing to lose your SSI benefits. I don't know who would be willing to do that. But if you're willing, even if you're an SSI recipient, you can keep saving.

>> Can I clarify real quick? If I lose SSI benefits, they are not terminated. They are suspended. So I know we'll get to this in another slide again. But it's kind of a turn off, turn on mechanism. I just wanted to clarify that.

>> And, to be said is if you were to save 200,000 and you were an SSI recipient, you would lose your SSI benefits, but not your medical assistance benefits. They still stay up to the limit of the 511,000. And, while Susan is right that that's the way the statute was written, we have also worked on the IRS on this and gotten them to say that, rather than a maximum contribution over the years, it is your value of your account at that time. So at any given time, you can't put in any more money in the account if you hit that limit. But even if you've taken money out and been in and out and it's over that amount, you're fine. Yes?

>> What's the difference between SSI and SSDI?

>> Okay. Gee, I can answer this one! Because I didn't know it until I got into this. SSI is for people who have low income and have no work history. And so individuals who have been disabled since birth may fit into that category. SSDI is like retirement. But you can take it early. And you've worked for it. You have earned so many quarters of work that you would be eligible for retirement if you hadn't become disabled. And so there's an entitlement on one side in terms of having a work history. And there's no income limitation on SSDI. The SSI is for individuals with low income. Yes?

>> So does interest on the account count as contributions or is that separate from the total cap for [INAUDIBLE]?

>> For the total cap ...

>> If you say the question? Sorry Kathleen. That's a good question.

>> Yeah. The question is, "Does interest, that's the growth on the account, count for the caps?" It doesn't account for the $14,000 a year contribution. That's 14,000 a year in contribution money. It counts for the 100,000 applicable to SSI. And it counts for the 511,758 maximum.

>> [INAUDIBLE]

>> No, it counts in determining whether you've hit that limit. Yes?

>> Who controls the ABLE account? Would that be the beneficiary or the party?

>> The question is, "Who controls the ABLE account, the beneficiary or the guardian?" As I said in the beginning, the accounts are, by federal law, owned by the beneficiary. The beneficiary is technically the account owner. If the beneficiary is an adult and has a legal capacity to enter into a contract, then that individual with disabilities controls the account. Now, they can give authority to another person through a power of attorney to do that if they want. If there is a guardianship, that typically means that the individual does not have legal capacity to enter into a contract. In that case, the guardian would be the person who controls the account. That is, says how it can be used. But the guardian has to use the account exclusively for the benefit of the individual with disabilities. Cannot have any present or future interest in the money in the account. And Pennsylvania law is fairly unique on this. We say in our law that, if an account is opened for a minor or somebody who is legally incapacitated, whoever opens that

account, who is called the authorized signatory, retains control of that account until he or she believes that the individual with disabilities, the beneficiary, has the capacity to handle their own finances. So it's not like some other kinds of accounts, where the child turns 18 and gets full control of the account. If the child's 18 and it was set up by a parent when the child was 5, the parent continues to retain control until the parent voluntarily relinquishes that control.

>>That's a big thing, by the way. I'm just going to point out the things that make Pennsylvania unique and what's a big deal. And that was one of the big deals.

>> Yes?

>> So annually, when the [INAUDIBLE] fiduciary guardian submits documentation to the courts, the ABLE account has to be fully documented as well as all other expenses and anything that we think has to be reported?

>> The question is, "So annually, when the fiduciary reports to the court, would they have to include the ABLE information?" I'm assuming that if it's a fiduciary that's reporting to the court, it's under guardianship. And then, yes, I believe that the ABLE account should be included in anything that they're reporting to the court. Yes?

>> [INAUDIBLE]

>> So the question is, "If you applied for Social Security, and it takes several years till you go through the process and finally win, can you put in the 14,000 per year for the years that you were waiting?" I'm not sure that there's a final answer to this. I believe, however, that it's probably not. There's nothing specifically that says that you can exceed that amount. But that is something that we could advocate for. It makes perfect sense.

>> [INAUDIBLE]

>> Yeah. The question was a follow-up on that. And do you have to spend it down? Again, I don't know that there's a final answer to that. Do you have any?

>> There are other savings mechanisms as well, including a special needs trust. So I think there are many options. And I think, to be fair, we should mention again that ABLE is one tool. There are other tools to safely save, including special needs trusts. The major difference as an advocate is that the beneficiary, in our family's case Michael, he cannot ever control the special needs trust. And we actually have one. And I'm the trustee. And, every now and then, he badgers me about something. And it's like, "Talk to the hand." Whereas, for his ABLE account, he's going to have control.

>> [INAUDIBLE]

>> Okay, there's two questions. One is, "If you're on SSDI, does the $100,000 limit apply?" The answer to that question is no. The 100,000 limit only applies if you're on SSI, Supplemental Security Income. You're qualified because you're a disabled individual, correct? Yup, even if it's through your parents.

>> But wait. Josie, do you happen to get waiver services?

>> Yes.

>> Then, you have asset limits of $8,000 under waiver services that you cannot bypass. So you do have to pay attention to the 100,000 plus 8,000 plus one car and one house.

>> [INAUDIBLE]

>> Susan, why does she have to pay it -- 10 into the 100,000?

>> Because of the waiver services. Well, I'm not sure.

>> If she's not getting SSI, it doesn't apply. The 100,000 does not apply to medical assistance. It only applies to SSI. So if you're getting medical assistance for some other reason, the $100,000 limit doesn't apply to you. It only applies if you're getting medical assistance because of the SSI.

>> Really? Then that's a good question. We'll get back to you. Because that's what we were told initially from some people at Department of Human Services. But I think there's been further conversation.

>> [INAUDIBLE]

>> You had a second part of the question. Now I've forgotten it.

>> Oh, can your business contribute?

>> Anyone can contribute.

>> [INAUDIBLE]

>> I'm going to have to look at the regs on that. Because the regs specifically address that. But that's not something that I've looked at. Yes?

>> [INAUDIBLE]

>> Yeah. And I'm just, real quick, gonna say, because I'm the one who made the FAQ sheet. There were conversations going on at different levels about how waiver services might be impacted. Because, as Kathleen said, the federal law says Medicaid, or what we call Medical Assistance in Pennsylvania, is not impacted by ABLE funds. Also, as Susan said, there were some internal conversations in Pennsylvania about, would that $100,000 mark, because anything over that is considered an asset for SSI, would that be counted as assets for waivers specifically? Because waivers are something else that have the specific limit on how much you can hold. We're also expecting centers for Medicare and Medicaid services to release what we thought was going to be final guidance. But Kathleen, we were speaking over lunch. There's going to be a letter out to the directors of the state ABLE programs that deals with some of that. So because there there was confusion, and that's a question that comes up every time I've done a presentation, I wanted to make sure to highlight that. But, since I made the fact sheet, it sounds like there might have been a little bit more resolution around that. Am I hearing that correctly, Kathleen and Caitlyn?

>> I don't know. I've not been involved in those discussions.

>> Okay.

>> Caitlyn?

>> Possibly. If anybody has any specific questions about the waivers, I can touch base with you afterwards and get your information so we can make sure to put out some sort of guidance on that.

>> Thank you, Caitlyn. So Caitlyn is from the Department of Human Services. You are the policy ...

>> I'm in the policy office.

>> In the policy office. And so if everybody heard that, if you have a concern about waiver use alongside opening an ABLE account, then Caitlyn will be a really good contact for you. And I'll be asking you, too, to make sure I'm on the same page.

>> And we're also anxiously awaiting CMS guidance as well. So I think that'll be ...

>> Awesome, thank you.

>> Okay. We've already talked about the federal benefits. We talked about the SSI exclusion, which also applies to housing. So you saw that one of the qualified expenses is for housing. And that's true, without limitation, for everybody except SSI recipients. So if you're SSDI or if you're a certification person, you can use your ABLE account for housing purposes. If you are SSI, you can use it. It's still qualified. You don't pay taxes on it. But it does impact on your SSI benefits, theoretically. And I say theoretically because Social Security Administration has advised us that if you take out the money and use the money for housing in the same month, it won't impact your SSI benefits. Because they only look at your criteria for eligibility the first of the month. So a crazy rule, and one that everybody who uses these accounts and has SSI should really pay attention to is timing. Even with non-qualified withdrawals, a non-qualified withdrawal is not going to affect your SSI. Will affect your taxes, but not your SSI as long as you use it in the same month. So the example I gave a little earlier, where you take $5,000 out and you go to Vegas and you blow it, that would be a non-qualified withdrawal. That could impact your SSI unless you use it in the same month you took it out. So very important timing thing there.

>> What's the distinction between the $100,000 limit and the 511,758?

>> The $100,000 limit is the maximum that an individual who's on SSI can have in their ABLE account without it impacting on their SSI benefits. The $511,000 limit is the amount that anybody who's not on SSI, or even those who are on SSI who are willing to sacrifice their SSI benefits, can have at any given time.

>> What happens if you exceed it?

>> We won't accept the money.

>> [INAUDIBLE]

>> Rephrase that.

>> The question was, "What happens if you exceed the $511,758?" And the answer is, hopefully that won't happen. Because, well, we'll have processes in place that will reject the money. If it does happen, the federal government requires us to return the money to the contributor, whoever he or she may be, to give them a 1099 form that shows how much was contributions, how much was earnings, etc. So it's so burdensome on us that we're never going to let you exceed that amount. So okay. Let's see. We've talked about this. We've talked about how it's interactive. Oh, one thing I really want to emphasize, and this was a shocker to me. But we've confirmed it with SSA. If I'm on SSI, and my sibling gives me $100 for my birthday, I have to report that to SSA and say, "I got $100." And they're going to adjust my benefits based on that. However, if my sibling doesn't give it to me, but they put it directly into my ABLE account, doesn't count against me at all. So, to the extent that you have individuals who want to help the individual with disability, make sure that they know to put it directly into the ABLE account. If you give it to the beneficiary and the beneficiary puts it in, it affects SSI. If the gifter gives it directly into the account, it does not affect SSI. So we're hoping to have a pretty robust gifting platform so people will be able to easily give gifts into their account directly. That's one of the things we're asking for in our RFP. Oh, this is another important thing. The federal law requires the states to report monthly to the Social Security Administration every single account, the balance of every single account, and any distributions taken out of any single account in that month. So states are required to report that. SSA will know that. So it's really important for individuals who are on SSI to make sure that they report any circumstances that could affect their benefits. Because, theoretically, I don't know if they will, theoretically, the Social Security Department could be matching up the information we give with what they know about their recipients. Yes?

>> So the account holder is [INAUDIBLE] beneficiary. What organization are we going through [INAUDIBLE] regular banking system?

>> No. The question is, "Who will you go to to open these accounts?" And you will go to the Treasury Department. We will have a very robust website. And you will be able to do most anything you want on the website. Additionally, we will have, we believe, paper information. One program in Ohio only allows you to do it online. I'm a little worried that that's not going to serve everybody's needs. But that's something that we would like input from everybody. Do we need a paper system? Or can we have an online-only system?

>> Yes, you need a paper system.

>> Thank you for that input.

>> And we've told Kathleen, at PATF, we do these loans. And it's amazing to me how many people do not have Internet access in Pennsylvania. And I don't know about Ohio. I figure they're just not being friendly. But in Pennsylvania, we definitely need to be able to offer different ways to open an account.

>> So you've got a friend in Pennsylvania, right?

>> Yes.

>> So does that answer your question?

>> Yeah, I'm just curious about the accessibility [INAUDIBLE]

>> The question is, "What kind of turnaround time are you looking at for getting money out of the account?" We hope to build a system that allows you to do it pretty easily. For example, one of the ideas is that you will give us bank account information, your routing number and your bank account information. And we'll electronically transfer it directly into your checking account. Another idea that some states are doing, and we're exploring, is issuing a debit card or a prepaid card that would allow you to access your money that's in your ABLE account. If we do a check process, turnaround time is likely to be around 10 days.

>> Kathleen, is is possible people could make direct payments out of the account to another, like, to rent, to a cell phone bill? Is that something that's being explored?

>> Like a bill payer? We are looking at that, particularly for periodic payments. You know, you make your monthly rent payment. We're looking to see if you can do that. The thing is, we're trying to keep the cost of these programs really low. The more bells and whistles we put on, the more expensive they become. So it's a balancing act between the services that we can provide and the cost of those services. And it may be that we offer a more basic program. And then, if you want the bells and whistles, you are charged a little bit more for the bells and whistles. So that way, people who want them can use them. But those who don't aren't sharing in the expense of that. Yes?

>> [INAUDIBLE]

>> Yeah, the question was, "We have to consider how much time it's going to take us to process a payment in terms of putting the beneficiary or account owner in a difficult position and making the payment timely to avoid any impact on their SSI." I'm really glad that you asked that. Because that's something that I have been worried about. And, in fact, in our RFP, we asked for people to present ideas to us for helping to make sure that that doesn't happen. I don't know what those ideas might be. But I think that we want to build in protections. Maybe something that says, "Make sure you process this by the end of the month," or maybe "We don't take requests 10 days before the end of the month from an SSI recipient." Or maybe we say, "Okay, we're going to process that the first of next month so you don't run into any problems." So we're aware of that and thinking about it. I'm not sure we've solved it yet.

>> Now, I know you all didn't understand everything Kathleen said. Because I wouldn't have known if I didn't talk to her all the time. She keeps saying RFP. And I know you don't know about that RFP. So 10 states, including Pennsylvania, have gone in together as a consortium and issued an RFP to an outfit or outfits to help develop the investment strategy, do the marketing and the administrative work. The proposals are due back in early August, right?

>> August 1st.

>> August 1st. And then the consortiums are going to determine who they're going to work with. And one of the brilliant reasons to do this was to keep the costs low. So look at scale. Having maybe 10 states going together. We are thrilled. Treasury can be thrilled. I know Ashlinn and I are thrilled that the General Assembly, in their most recent budget, they did put in 1.5 million for ABLE. So that Treasury, which has no money, but then had the responsibility of trying to kick off an ABLE program, will now have some resources to do this. And, as advocates, this is something I think we're probably going to need to work on in the future. Because we want to keep those fees down. But, in any case, when Kathleen's saying RFP, that's what she's kind of referring to. We need to hear back.

>> I'm sorry. State jargon. It's called a Request For Proposals. And so you put it out and then ask for the private sector to come in with proposals and the cost of those proposals. Thank you for pointing that out. There are limited bankruptcy protections. I don't want to go into them now. Because we're really running out of time. Just to get into the Pennsylvania law a little bit, recently passed, April 18th, it took a little longer than anyone had hoped. We worked really hard from the moment the federal law was passed to get our law passed. But things take time in Pennsylvania.

>> It was the General Assembly's fault.

>> Blame them, the furry one.

>> It's true.

>> We have very much discretion in creating the program, which is why we're really seeking input from everybody. Because, as I said, we wanted to make sure that it's a program that works for everybody. And we understand that there's a lot of diverse needs. One of our big concerns is there are people who want to use it for day-to-day monthly expenses. And then there are people, perhaps parents who are looking to save long-term for their kids for when they're no longer around to help them out. So they might want an investment that lasts 50 years or more. So we understand that that's a wide variety. And we're gonna try to come up with different investment options that people can choose that will meet those needs. So let's see.

>> While you're pausing for a second, we're not quite done with our ABLE. We, Ashlinn and I in particular, and our ABLE coalition, we're hoping that House Bill, is it 1319? Gets passed. And gets passed prior to Thanksgiving. This would allow those $14,000 to be state tax deductible. So a few of the other states in the country have this state tax deductible. We want it here in Pennsylvania. The prime sponsor is committed to working on this. The Senate is. So we'll let you know. But that's something that we hope will be done soon.

>> Another one of those points for advocacy. So I want to go over a couple things that Pennsylvania has in its law that are pretty unique. The first one is to make sure that not only is your ABLE account not impacting your federal benefits, it's not impacting your state benefits, either. For medical assistance, it doesn't impact it for any other health benefits, and for student aid. So Pennsylvania PHEAA gives grants. This will not be counted at all for that. It's also protected against any legal judgements. Let's say you don't pay your rent. And your landlord comes after you for a year's worth of rent payment. They cannot go after your ABLE account. Yes?

>> [INAUDIBLE]

>> The question is, "What if the parents owe taxes?" If they owe state taxes, well, first of all, it's not the asset of the parent. It's the asset of the individual with disability. Now, if the individual with disability owes taxes, then ... We don't cover federal law in the state law. We can't. So the federal IRS could potentially go after those benefits and those accounts. Pennsylvania law, maybe also, if the beneficiary owes the taxes, but not if the parent does.

>> [INAUDIBLE]

>> The ABLE account is protected a little bit. Yeah. Depending, and we can go back to that, if you're interested. Where'd it go? There we go. So it's only if the debtor, in other words the person who's filing for bankruptcy, is either the parent or the grandparent. So not if it's the beneficiary him or herself. And then only if the account's not pledged for security, which it can't be anyway. And then there's a limitation on the amount that's protected. If you put it in a year before bankruptcy, no, you're not protected anything, because then it is ... You did it just to protect from bankruptcy. If it's between 1 and 5 years, 6,225 is protected, meaning it can't be taken in bankruptcy.

>> [INAUDIBLE]

>> No, the debtor cannot be the beneficiary to have any protection. So what would happen is, grandparent over the years gave $14,000 a year for 5 years. Now, grandparent is claiming bankruptcy. Normally, in a bankruptcy proceeding, you can look back and say, "Oh, that money that was given was given without consideration. They got nothing for it." So the bankruptcy court can take that money back. This law is saying they can't take that money back if it meets these criteria. Okay? Okay. So where were we? Other Pennsylvania benefits. The other thing that I already talked about is who controls the account once the child becomes 18, if the child had legal capacity. And, as we said, the parent controls until the parent decides that they want to relinquish it. The other thing that we did in response to questions about this. We've given the Treasury Department the authority to close an account if it's either in the best interest of the program or the beneficiary. So you say, "When would it ever be in the interest of the beneficiary?" So here's an example. Mom and Dad are divorced. Dad opened an account with great intentions of putting in money. Put in $100. Five years pass. Dad hasn't put any more money in. Mom says, "I want to have an account. And I'm ready now to put in 14,000. I'm going to put $14,000 in every year. But I'm not going to put money into an account that Dad is the authorized signatory for." So Treasury can say, "Boy, it would be in the better interest of the beneficiary, in that case, if we closed Dad's account and allowed Mom to open one and put more money into it." So we have that authority, subject to an appeal. So if Dad says, "Hey, wait a minute! I was just about to put more money in," we will have a departmental hearing and make a decision that will be appealable to Commonwealth Court. So we think that's really important because of the limitation on there being one account per beneficiary. So our implementation, as we've said, we really, really want input and as much input as we can get. We may not be able to everything that people want, at least not in the beginning. But the more input we have, the better.

>> Can I interrupt one more quick second?

>> Sure.

>> Since we're running out of time, I wanted to say one more thing about the Pennsylvania law that's different from most states. And it's not 100 percent settled. But it's maybe close to being settled. It's that the Pennsylvania law has a prevention of the clawback in it. And we're waiting for final rule, you know, an opinion by CMS. So what happens now in many accounts ... Once you turn 55 and you're on waiver services, you know that when your son or daughter dies, after certain bills are paid, the state is going to do a clawback and take those assets, right? The ABLE account has the same concern nationally. And the federal law says when the beneficiary dies, estate may file a claim, or can file a claim ...

>> It says if they file a claim.

>> If the state files a claim, then the state Medicaid agency can get money back. The Pennsylvania law says the state will not file a claim. As a parent, I'm telling you that is probably the most critical thing that I saw in the legislation. And it's because, if we're setting up this account for Michael to have control over some of his assets, unfortunately, part of Michael's disability is he gets very sick very quickly with pneumonia. And pneumonia doesn't affect me the same way it affects Michael. But I'm not going to fund that account if I think he's going to lose that if he dies the next time he has a hip operation, I lose that money. He happens to have two siblings, one of whom has a disability. So what the Pennsylvania law allows is that, if Michael has money in his account and he dies, it goes into his estate. And that's critical. It means I'm going to fund that account. And it means that I'm going to allow Michael to have control over his financial future. And, right now, Pennsylvania is the only state that allows that to happen. Now, there's a little bit of controversy over it. And CMS is going to express their opinion. But our Pennsylvania law specifically says Pennsylvania will not file a claim.

>> So to elaborate on that a little bit, Treasury has had a meeting with DHS. And it has risen to the secretary's level. And he clearly expressed the desire to support Pennsylvania's law in this, but has some concerns that it may not be consistent with federal law. And it could jeopardize other things. And so that is why the secretary of DHS has asked CMS for an opinion on this. Haven't gotten it yet, but hopefully it will come out in our favor.

>> And we will keep you clued in. And this is, to me as a parent, what will help fund these programs. Remember, this is one tool. So you have special needs trusts. But, for me, and Michael has a special needs trust, I pay quarterly in-state taxes throughout the year. You don't pay taxes on an ABLE account. Michael has no influence on how those monies are spent under a special needs trust. He will have all the influence he wants under the ABLE. Yeah.

>> And, as I understand it, from wonderful presentation we had earlier today about special needs trusts, is that an ABLE account can be used for some things that a special needs trust just cannot, like basic living expenses. So we're very close to the end. And I want to take some more questions. And we'll stay for any questions. But first of all, I wanted to, before we end up, I want to say that Treasury, and particularly Treasurer Reese personally, is very interested in this legislation, very interested in making it work. And we are doing out best to bring it to you as soon as we possibly can. So please go to our website. And sign up to get updates and possibly to participate in some surveys that we do. Again, it's pa529.com, which is our 529 college savings plan site. But you'll see, the first thing that opens is, "Learn more about ABLE." And that's where you can register.

>> Can you [INAUDIBLE] how much will it cost? If Kathleen can control how much it will cost to open up an ABLE account, what your initial deposit would be ...

>> We're hoping that it's very low initial deposit of, say, $15.

>> So see? It's really possible for people to be able to have an ABLE account and be able to control some of this money for themselves.

>> Let's say we start up one of these accounts and things change where the money can go into their estate. Let's say it starts out that way and then gets changed. Would those be grandfathered in at what you started your account at?

>> That's a good question. The question is, "If you started under one situation and the law changes, what happens?" With that particular one, I'm not sure. I think that we would have to apply the new rules to all the accounts.

>> Just really quickly, for those of you that need to get to your next session, this is the code. It is session G11 on your sheets. And the code is KANP.

>> Yes?

>> Hi, my question is [INAUDIBLE]

>> So the question is, "Under Pennsylvania law, if a parent opens up an account prior to their child being 18, for example, and their child turns 18, does the child automatically have control over the account?" And the answer is no. And it's not until the parent then hands it over or signs it over to the child. For some children, like my son, who has cerebral palsy, that would work. He will turn 18. And I will sign over. He's over that. But I would. For other people, it all depends on their disability. It all depends. So it's all about empowerment. And that's one reason why we have that handout about decision-making for adults.

>> [INAUDIBLE]

>> I think this is something to be ... the question is, "We're assuming the parents always have the best of intentions." We are assuming that. We're not assuming that everyone will be in agreement. And there will probably be some kind of an appeal process with Treasury over this. I think there are two reasons to put this into play. One is we really want parents to believe in ABLE and to invest so that we have a platform. The second thing is, some people may never be able to manage their money. And we need to allow for all contingencies for all people to be able to participate in this program. Some of us advocates are being more subtle than others by putting together papers about decision-making for adults, and what does it really mean to take guardianship or representative pay or power of attorney. Because we want to give people with disabilities as much power over themselves and their finances as possible.

>> So let me ...

>> Yes. I will let Treasury ... This was something ...

>> Let me clarify some things. First of all, we believe that, in most of these accounts, a lot of the money is going to come from outside sources, from the third party, from parents particularly. We are afraid that, if parents believe that the child gets full control at age 18, the parents simply won't put money in the account. I have three kids, none of whom have a disability. But I would not put sizable money in any account for them that they got control of at age 18. I had a 20-year old who took his last $500, skipped his final in physics, and went to California to see his girlfriend. He was 20. Now, my daughter, at age 18, I might have said, "Okay, she's really level-headed. She's gonna be able to do this." But we didn't want the parents to feel that they were putting money into an account that their child, no matter what level, could automatically get at age 18. Now, to your point of, "Well, what if the parent isn't acting in the best interest?" First of all, the law requires that it only be for the benefit of the beneficiary. So they can't legally do anything else with the money. And then we have the appeal process. So at age 40, when my child with no intellectual disability still doesn't have their own account, they can petition Treasury to

close the account that Mom still has control of and allow the 40-year old to have access. So we do have a sort of a [INAUDIBLE] in my example. That was my example of a ... Yes?

>> How easy is it to close the account? Say [INAUDIBLE] you decide you don't want [INAUDIBLE] whether it's [INAUDIBLE] can it be closed?

>> Oh, absolutely. It can be closed at any time. You will get back all of your money plus the growth. But you will be subject to income tax from the federal government and the state government and a 10 percent federal tax penalty, but only on the earnings. Yes?

>> So two things. First, [INAUDIBLE] Second, is there a catastrophic backup plan? I'm a single parent, so if I set something up for my son, I would want the deal to say, "Here's a catastrophic backup." It would go to my brother ...

>> Right. The IRS regs don't allow for that yet. But we have allowed for that in Pennsylvania law. We believe that, under contract law, we can do that. We've asked the IRS to acknowledge that. Hopefully they will.

>> Thank you very much.

>> You're very welcome. If you have any questions that we didn't answer, please come up or contact a ...