



**STABLE**   
KENTUCKY

## **Kentucky's ABLE Plan**

[stablekentucky.com](http://stablekentucky.com)

# 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 Kentucky means-tested benefits programs like SSI or Medicaid
- Hybrid of 529 college savings account + checking account + Special Needs Trust

# What is STABLE Kentucky?

- STABLE Kentucky is Kentucky's ABLE Plan
  - Offered to Kentuckians through a partnership with the Ohio STABLE Account program
- Administered by Treasurer of Kentucky, Allison Ball
- Launched: December 13, 2016

# Benefits of STABLE Kentucky Accounts

- Provides financial independence for people with disabilities
- Account is owned by the individual with the disability
- Dramatically increases ability to save
  - Before ABLER, 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 – federal and state

# Who Can Have a STABLE Kentucky Account?

- Eligibility Quiz at [stablekentucky.com](http://stablekentucky.com)
- Limit of 1 Account per person
- Individuals with disabilities that occurred prior to age 26
- Must be a Kentucky 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

# 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 1 year
- Input physician name, address, date of diagnosis
- Do not need to send in written diagnosis, but must have on hand

# 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

# Account Cost

**Monthly  
Maintenance Fees**

**\$3.50 (\$42.00 Annually)**

**Asset-based  
Fees**

**Between 0.19% and 0.33%**



# 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 \$12,060 of income
- \$462,000 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

# Investment Options

- Four Vanguard mutual funds that range from aggressive to conservative
  - Vanguard LifeStrategy Income Fund
    - (80% assets to bonds/ 20% to common stocks)
  - Vanguard LifeStrategy Conservative Growth Fund
    - (60% assets to bonds/ 40% to common stocks)
  - Vanguard LifeStrategy Moderate Growth Fund
    - (40% assets to bonds/ 60% to common stocks)
  - Vanguard LifeStrategy Growth Fund
    - (20% assets to bonds/ 80% to common stocks)
  
- One FDIC-Insured Option
  - Principal protected

# 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:**

- Basic Living Expenses
- Housing
- Assistive technology and related services
- Medical Bills
- Health, Prevention and Wellness
- Employment Training and Support
- Legal Fees
- Education
- Financial management and administrative services
- Transportation
- Funeral and burial
- Expenses for ABLE account oversight and monitoring

# 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

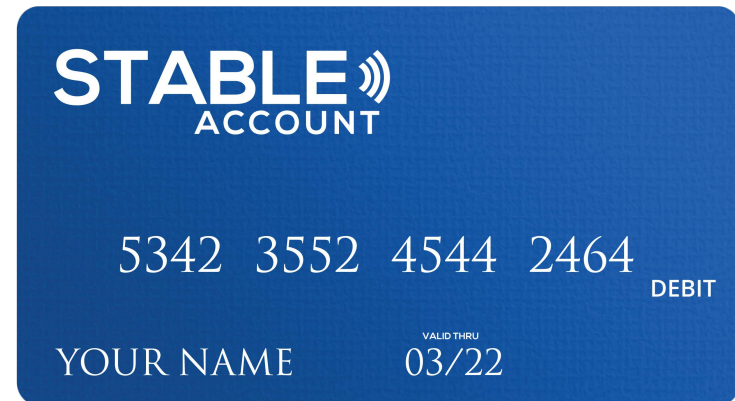
# Spending From Your Account

## Withdrawals

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

# 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)*
- Beneficiary's own wages still count as income even if contributed to Kentucky STABLE Account
- If you hold on to the money from one calendar month to the next, then housing expenditures and non-qualified expenditures count as resources

# 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



# STABLE vs. Special Needs Trust

- Complement, not competition, but...
- Some benefits specific to STABLE Accounts:
  - Cost-Effective
  - Broader spending power (i.e. housing)
  - Easy account access/closure
  - No federal income tax on earnings
  - No separate returns to file
  - Can be established, administered, and owned by individual with disability



## Helpful Resources

Customer Service

[team@stableaccount.com](mailto:team@stableaccount.com)

**1-800-439-1653**

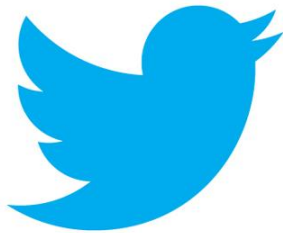
Mon. – Fri., 9 a.m. – 8 p.m. EST

[stablekentucky.com](http://stablekentucky.com)

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