

Treasurer Frerichs launches new investment program for children and adults with a disability or blindness

January 30 2017 10:42 AM



Illinois Built 14-State Alliance to Offer ABLE Investment Accounts

CHICAGO – Illinois State Treasurer Michael Frerichs today announced a groundbreaking partnership that brings together 14 states to encourage individuals to invest money on behalf of people with a disability or blindness without jeopardizing their federal disability benefits.

Illinois leads the National Achieving a Better Life Experience (ABLE) Alliance, the country's largest multi-state agreement for these special investment tools that allow for

tax-free investment growth when proceeds are spent on qualifying disability-related expenses. Today's announcement culminates nearly two years of negotiations and additional states also can join the Illinois-led group.

"Every parent wants the best for their child," Frerichs said. "With this program, we can ensure that families who have a loved one with a disability or blindness get the tools that they need to plan for their future."

Ascensus College Savings of Newton, Mass., administers the program following an open and competitively bid process. The initial five-year contract can be extended up to an additional five years. The states jointly negotiated a master contract with Ascensus and then each state negotiated additional details to reflect their unique needs. The National ABLE Alliance includes Alaska, Arizona, Illinois, Indiana, Iowa, Kansas, Missouri, Minnesota, Montana, Nevada, New Jersey, North Carolina, Pennsylvania and Rhode Island.

The fee structure is the lowest in the nation. Costs will vary by participant depending upon the investment strategy. The typical fee will be 34 basis points, which is 34 cents for every \$100 invested. Ascensus will work with BNY Mellon and Fifth Third Bank.

Illinois' ABLE investment program is open to residents of other states. In Illinois, 36,000 accounts are expected to be opened by in-state residents in the first five years. Across the consortium, 500,000 accounts are expected.

To sign up, or for more information about the direct-sold plans in Illinois, visit www.IllinoisABLE.com. The minimum amount to open an account is \$25. Paper enrollment is expected to be available in Illinois in February. Forms will be printable online, can be requested by calling Illinois' ABLE phone line at (888) 609-8683, and will be available at all treasurer's office locations.

The 14 states have a combined population of 81.4 million people. Each state will have a unique start date.

Who Would Qualify and Other Rules

To qualify for an ABLE account, the account owner must have developed the disability or blindness before the age of 26. With the age established, a person who qualifies for Social Security Administration benefits, or has received a waiver from the IRS, will qualify for an ABLE account.

Annual contribution limits are tied to the federal gift tax amount, which today is \$14,000. The ABLE investment can grow up to \$100,000 and still not be counted

toward eligibility for Social Security Income or other means-tested programs at the federal level. When an ABLE account balance exceeds the \$100,000 cap, Social Security Income benefits are suspended. The benefits automatically resume if the account value falls below \$100,000. ABLE balances have no implications on Medicaid eligibility.

Investment growth is tax-free at the federal level when used for qualifying purchases, such as medical services, transportation and job training.

About Ascensus College Savings

Ascensus College Savings provides a range of service models, from recordkeeping and administration to full-service program management. Working with 529 plans is Ascensus College Savings' core business and the focal point for its technological innovations. Ascensus College Savings has offices in Newton, Mass., Warwick, R.I. and Kansas City, Mo.

About the Illinois Treasurer

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state's Chief Investment Officer, he actively manages approximately \$25 billion. The portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.