



PAABLE





Welcome from Treasury

Thank you for taking a moment to review the enrollment guide for the PA ABLE program. Inside, you will find important information on how to enroll in the program, who is eligible, what to know about other programs and services, and much more. It is our hope in the Treasury Department that you find this guide useful in gaining access to the incredible benefits PA ABLE provides.

Those benefits have the potential to change the lives of people with disabilities, caregivers, families, and loved ones. For far too long, folks with disabilities have had to live with a limited ability to build wealth, to conveniently manage finances, and to maintain access to other support and assistance due to eligibility concerns.

With the PA ABLE program, Treasury is able to provide a fresh approach to solving these problems. One of our core missions at Treasury is to reimagine what the future can look like, and to help Pennsylvanians build the financial stability and security to live more prosperous lives.

The PA ABLE program has the potential to empower people with disabilities in enormous ways. Please don't hesitate to reach out to Treasury staff with any questions, concerns, or ideas on how we can best support and assist you in reaching your goals of a brighter future.

Questions?

Call 855-529-ABLE (2253) or visit PAABLE.GOV



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PA ABLE – The Path to Financial Security and Independence for People with Disabilities and their Families

The Pennsylvania ABLE Savings Program (PA ABLE) is an extraordinary, low-cost saving vehicle that allows people with disabilities and their families to have greater control of their finances and to plan for a more financially secure future.

People with disabilities and their families face many challenges and expenses that others simply do not. While some government benefits are available to help, until now, for many the cost of those benefits was a life spent in poverty or relinquishing control of one's finances to someone else, such as a trustee. PA ABLE changes that.

Savings in a PA ABLE account are not counted in determining entitlement to any federal needs-based benefits (with a limitation for Supplemental Security Income, see page 8) or entitlement to many Pennsylvania needs-based benefits. Additionally, there are great federal and state tax advantages to saving using PA ABLE, including a PA State income tax deduction.

PA ABLE may be the best saving option for adults with disabilities who can manage their own finances. They can use their savings for day-to-day living expenses, or to save for short-term or long-term disability expenses without needing to involve a trustee. They can make their own financial decisions.

PA ABLE is also a great option for parents of minor children or adult children who lack the ability to manage their own affairs – whether they are saving to meet current disability expenses or for a time when they are no longer able to provide financial support. PA ABLE can provide the financial security that parents want for their children.



Who Can Save with a PA ABLE Account?

You are eligible to save with a PA ABLE account if you have a qualifying disability that began before you turned 26. You have a qualifying disability if you meet any **one** of the follow criteria:

1. Entitlement to Social Security Disability Insurance (SSDI) benefits under Title II of the Social Security Act;
2. Entitlement to Supplemental Security Income (SSI) under Title XVI of the Social Security Act; or
3. Self-certification that you have a similarly severe disability.

To self-certify, you must be blind (as defined by the Social Security Act) or have a medically determinable physical or mental impairment with marked and severe functional limitation that has lasted or is expected to last at least 12 continuous months or result in death. Additionally, you must have a written disability-related diagnosis signed by a physician.

For all, while your disability needs to have occurred before age 26, you can be any age when you open the account. And, if you are entitled to disability Social Security benefits but not receiving them for some reason, you are still eligible to open a PA ABLE account.



Proof of Eligibility

When enrolling, you will be asked to self-certify that you meet eligibility criteria but you will not need to provide any documents to prove your eligibility. However, you should keep documentation in case you are requested to produce it by a federal or state agency, such as the Internal Revenue Service during a tax audit. For example, be sure to keep your Social Security benefits verification letter or your physician-signed written diagnosis.

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Keep Your Needs-Based Benefits

The amount you have in your PA ABLÉ account (up to the maximum allowed—currently \$511,758) will not affect your entitlement to any federal needs-based benefits – with a limitation for Supplemental Security Income (SSI). This includes such programs as Medical Assistance (Medicaid), Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), housing assistance programs, and federal financial aid for higher education.

Similarly, funds in your PA ABLÉ account will not affect your eligibility for Pennsylvania needs-based benefits if they are health or disability related benefits or state student financial aid. [Note: this protection applies only to a PA ABLÉ account, not to ABLÉ accounts in other states.]

For SSI, your benefits will not be impacted as long as the amount in your ABLÉ account does not exceed \$100,000. Any amount over \$100,000 is counted as a resource. If the excess over \$100,000 in your ABLÉ account puts you above the SSI non-ABLE resource limit (currently \$2,000), your SSI benefits will be suspended but not be terminated. The suspension will not affect Medicaid eligibility. The suspension is lifted when your resources fall below the SSI non-ABLE resource limit.

Money you withdraw from your ABLÉ account and use for housing expenses (see side bar for explanation) or for purposes other than paying qualified disability expenses may also affect your SSI benefits if you do not spend the money within the same month you make the withdrawal.



Housing Expenses

For SSI purposes, housing expenses are:

- Mortgage (including property insurance required by the mortgage company)
- Real property taxes
- Rent
- Heating fuel
- Gas
- Water
- Sewer
- Garbage removal

Get Great Tax Breaks

Federal and state law provide several great tax advantages for savings in a PA ABLE account.

PA State Tax Deduction

Contributions to a PA ABLE account are Pennsylvania state income tax deductible up to \$15,000 per person (tax deduction). This tax deduction is exclusively for contributions made to a PA ABLE account.

State Inheritance Tax Exemption

Upon death, unique to PA ABLE accounts, no funds in a PA ABLE account are subject to Pennsylvania inheritance tax. Depending on the relationship between the deceased and their heirs, this can be a savings of up to 15 percent of the entire value of the account.

Note: Out-of-state ABLE accounts do not enjoy the above Pennsylvania tax benefits.

Tax-Deferred Growth

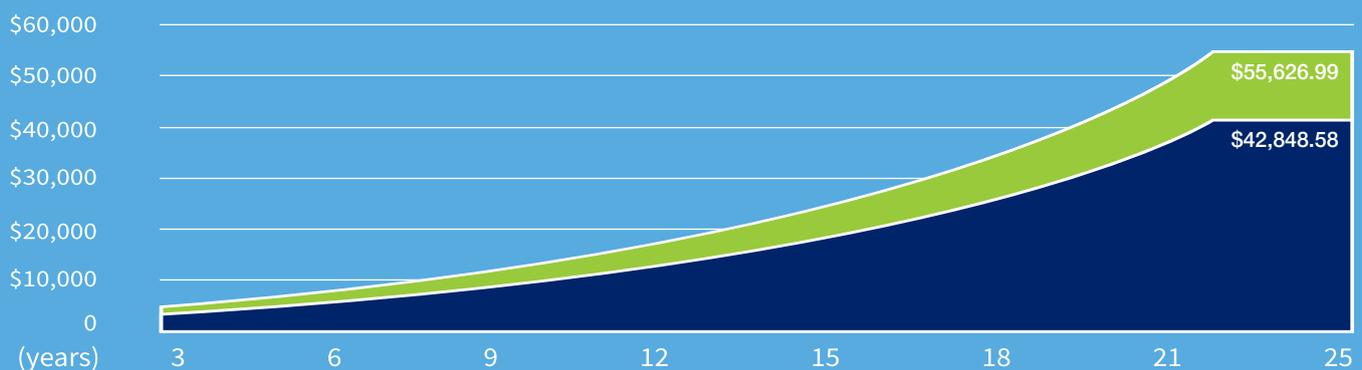
Earnings are not subject to yearly taxation for either federal or Pennsylvania income taxes while they remain in the account.

Tax-Free Withdrawals

When used for qualified disability expenses (a qualified withdrawal), the growth in your account is not subject to federal or Pennsylvania income taxes.

TAX-FREE VS. TAXED GROWTH

Save more than \$12,000!



Hypothetical example. Assumes initial contribution of \$3,000, and subsequent monthly contributions of \$100 into both types of accounts earning 5% return (net of expense) over a period of 25 years for taxpayers in a 30% tax bracket (combined federal, state, and local) and no withdrawals during the period.

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Other Protections



Pennsylvania law also protects funds in your PA ABLE account from creditors. In Pennsylvania legal proceedings, your account cannot be subject to attachment, levy, or execution by your creditor or a creditor of anyone who contributed to your account. There is also some limited protection in federal bankruptcy proceedings.

Opening an Account is Simple

Enroll

It takes just minutes to set up a PA ABLE account and there is no charge to do so. You may open the account for yourself if you are an adult (age 18 or older) and are legally able to enter into a contract. For minors or adults who lack the legal capacity to contract, a parent, guardian, or person who you have granted a power of attorney may open and control the account and is the Authorized Individual. The person with the disability is both the Account Owner and the Beneficiary. The Authorized Individual must administer the account for the benefit of the Account Owner and can have no beneficial interest in the account.

The Authorized Individual will need to show their authority to act on behalf of the Account Owner by submitting documentation such as a birth certificate, guardianship court order, conservator papers, or power of attorney document.

Account Control

Eligible Individuals who can enter into contracts are Account Owners with complete control of their account — a trustee or representative is not needed. To establish an account for minors or adults who lack the capacity to contract, a parent, guardian or person with a power of attorney must open the account.

For Account Owners who lack the capacity to contract, the fiduciary maintains control of the account unless relinquished. Account Owners who reach the age of 21 and have the capacity to contract can request the termination of a fiduciary's authority and roll over their savings into a new account.

Choose Your Investment Options

Choose one or any combination of seven investment options.

Asset-Allocation Investment Options

Six are asset-allocation investment options, which are mutual-fund type investments with different combinations of stocks, bonds, and cash with conservative to aggressive strategies as shown in this chart.



Checking Account Options

The seventh is an interest bearing checking account with a debit card. The checking account option is the only one that is guaranteed. In the other options you may lose money.

Choosing the right option is a personal decision and may depend on what you are saving for, how long you will be saving, and the amount of financial risk you are willing to take.

Your initial and subsequent contributions will be invested in whatever option(s) you choose until you direct us to change your options. You can change your options for new contributions at any time. For already invested contributions, you may transfer your funds to different options twice per calendar year.

Low Fees

The fees for the asset-allocation investment options are shown in the table. The checking account option fee is \$2.00 per month but is waived if you choose to receive your bank statements electronically or if your average monthly account balance is \$250 or more. Additionally, there is an account maintenance fee taken from the account quarterly of \$15 - discounted to \$11.25 if you choose to get account information electronically.

Asset-Allocation Investment Options	Investment Breakdown		Annual Asset-Based Fee
Aggressive Option	Stocks	90%	0.35%
	Bonds	10%	
	Cash	0%	
Moderately Aggressive Option	Stocks	75%	0.35%
	Bonds	25%	
	Cash	0%	
Growth Option	Stocks	60%	0.36%
	Bonds	40%	
	Cash	0%	
Moderate Option	Stocks	45%	0.36%
	Bonds	55%	
	Cash	0%	
Moderately Conservative Option	Stocks	30%	0.34%
	Bonds	45%	
	Cash	25%	
Conservative Option	Stocks	10%	0.32%
	Bonds	30%	
	Cash	60%	

Questions?

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Manage Your Account Online

Log onto your account at PAABLE.gov to manage and view your savings anytime, anywhere. Do it all online:

- Make contributions to your PA ABLE account.
- Set up or change automatic contributions from your bank account or payroll deduction.
- View account balances and transaction history.
- Change contact information and other important account options.



Contribute When and How You Want

Contribute Directly Into the Account

If you are a SSI recipient, it is extremely important for others contributing to your account to make the contribution directly to the Account and not to you. Otherwise, the contribution may be considered income to you and may impact your benefits.

You can open your account with as little as \$25 and make minimum subsequent contributions of \$25 or more whenever you want. The only restrictions on the amount you save is an annual limit – currently \$15,000 – and an account balance limit of \$511,758. You can contribute through mailing checks, by electronic fund transfers, automated withdrawals from your bank account, payroll deductions, or rollovers from a different ABLE program or a 529 qualified tuition plan.

Anyone can contribute including friends, families, employers, and trusts. Contributions from others are completed gifts to the Account Owner.

Make Saving Automatic

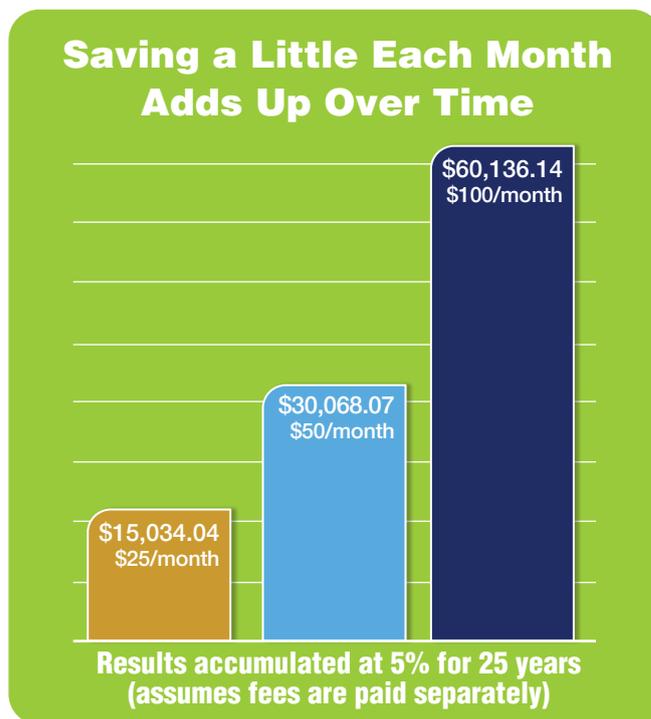
Saving works best when it's easy – and PA ABLE offers two great ways to achieve that. Automate your savings through recurring contributions or payroll deductions. Both are easy ways to save slowly and steadily, without having to remember to make a monthly contribution. Choose either option on the enrollment form or any later time.

Recurring Contributions

When you set up recurring contributions, you direct PA ABLE to deduct the amount you specify on the date you specify from your saving or checking account. You can choose monthly or quarterly contributions.

Payroll Deductions

Many employers allow you to set up payroll deductions into your PA ABLE account. Typically, these are set up in the same way that your pay is directly deposited into your bank account. If your employer does not offer PA ABLE payroll deductions, please contact us at 855-529-ABLE (2253) for more information on how your workplace can start.



Additional Contribution Methods*

Rollovers

You can also roll over a 529 plan to a PA ABLE plan, up to the ABLE annual contribution limit (currently \$15,000). Please note that you may process a rollover from a 529 account into a PA ABLE account owned by you or a member of your family (as defined in the PA 529 GSP and PA 529 IP disclosure statements, which are both available at www.PA529.com or by calling 800-440-4000). Additionally, in order for the rollover to be protected from federal and state taxes, funds must be received within 60 days of their withdrawal.

Additional Annual Contributions

Account owners who are employed may be able to contribute more than the annual contribution limit (currently \$15,000) to their accounts. Account owners who have not made contributions to a defined contribution plan, annuity contract, or deferred compensation plan during a tax year may contribute an amount above the annual ABLE contribution limit up to the lesser of the amount of their compensation or the federal poverty level for the prior year during that tax year. Any contribution above the annual contribution limit may only be made by an account owner.

**For additional guidance on these provisions, account owners should consult the Pennsylvania Department of Revenue at www.revenue.pa.gov or by calling (717) 787-8201 or consult a qualified tax advisor about your personal situation.*

Questions?

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Using Your Account Is Easy

Making a withdrawal is easy. If one of your chosen investment options is the checking account option, you can write a check, use an ATM, or use your debit card. You can make a withdrawal from any of the investment options (including the checking account) by accessing your account online, by calling our customer service staff, or by completing and mailing a form. Payment can be made by check to you or to someone else that you designate. If you have your bank account information on file with PA ABLE, the amount you are withdrawing can be sent to your bank account electronically.

Remember that if you use the withdrawal for qualified disability expenses you will not owe federal or state income tax. Otherwise, you will owe both federal and state income taxes but only on the portion of the withdrawal that is earnings. You may also owe a 10 percent additional federal tax on the earnings portion of the withdrawal.

Also, taking a qualified withdrawal will not impact your federal or Pennsylvania needs-based benefits with the exception of SSI benefits if the withdrawal is used for housing expenses and is not used in the same month that the withdrawal is taken.

PA ABLE will not require you to submit documentation showing whether withdrawals are for qualified disability expenses. However, PA ABLE is required to report your withdrawals to the IRS and the Social Security Administration. Since either agency may ask you to verify how you used the funds, you should retain adequate documentation.

Qualified Disability Expenses

Qualified disability expenses are not limited to items that are “medically necessary” and need not be for the sole benefit of the person with a disability. They include but are not limited to expenses for:

- Basic Living Expenses
- Education
- Housing
- Transportation
- Employment Training and Support
- Assistive Technology and Personal Support Services
- Health
- Prevention and Wellness
- Financial Management and Administrative Services
- Legal Fees
- Oversight and Monitoring
- Funeral and Burial



Open a PA ABLÉ Account Today

The easiest way to open a PA ABLÉ account is online. Visit PAABLE.gov and click on Enroll to complete the online application. You can also download an enrollment form from the website or call for one at 855-529-ABLE (2253) and mail the form to our processing center at:

PA ABLÉ
P.O. Box 219414
Kansas City, MO 64121



Start your journey to a more independent and financially secure future now.

The Pennsylvania ABLÉ Savings Program is administered by the Pennsylvania Treasury Department. Before investing, please carefully read the Disclosure Statement (available at PAABLE.gov or by calling 855-529-2253) to learn more about the program, including its effect on federal and state benefits, investment objectives, risks, fees, and tax implications.



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