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*Testimony before the Senate Committee on Financial Institutions and Revenue
State Senator André Jacque
May 25, 2021*

Chairman Kooyenga and Committee Members,

Thank you for holding this hearing on Senate Bill 158, the Expanding Achieving a Better Life Experience (ABLE) Account Participation Act.

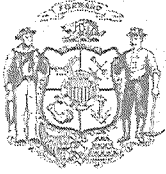
Under current federal law, states may create a 529A *Achieving a Better Life Experience* (ABLE) program. This program allows an individual classified with having a disability before age 26 to have a tax-exempt savings account set up in their name to cover certain expenses. These expenses include education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, and funeral and burial expenses. Enrollment in this program does not affect eligibility for Supplemental Security Income (SSI) or Medicaid.

In 2016, Wisconsin passed ABLE tax legislation but chose not to establish its own state ABLE program, instead allowing Wisconsin residents to open accounts in other states. Uptake on ABLE accounts in Wisconsin has been slow, perhaps because Wisconsin does not host an ABLE webpage or promote ABLE officially. Wisconsin is one of just seven states (Wisconsin, Idaho, Utah, North Dakota, South Dakota, Hawaii and Maine) that does not offer their own ABLE Account programs. ABLE use in other states is estimated by financial planners to be significantly higher.

Senate Bill 158 requires DFI to conduct a study to examine the advantages and disadvantages of the following options in establishing a Wisconsin ABLE program for this state's residents: 1) DFI establishes and administers the ABLE program; or 2) DFI enters into an agreement with another state, or with an entity representing an alliance of states, to establish and administer the ABLE program. The study must include review and evaluation by DFI of certain matters, including each option's potential costs; the impact of each option on Wisconsin residents' program choice, tax benefits, and account fees; and ABLE programs offered by other states. DFI must report to the legislature the results of the study, including DFI's findings and recommendations, by approximately six months after the bill's effective date.

It is important to note that Senate Bill 158 does not undo the 2016 law allowing Wisconsin residents to take advantage of other states' ABLE programs. The bill will take concrete steps to move our state in the direction of making ABLE accounts more accessible for Wisconsin families and advance the Legislature's continuing efforts to empower individuals with disabilities.

Senate Bill 158 was developed with the input of disability advocates and organizations who have lobbied for this change during the previous legislative session. The following groups have all publicly stated their support for a Wisconsin ABLE program: The Arc Wisconsin, The Arc Dane County, The Arc of Dodge County, The



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Arc of Dunn County, Inc., The Arc Fond du Lac, The Arc Greater Columbia County, The Arc-Green County, The Arc of Racine County, Richland County Arc, The Arc of Southwestern Wisconsin, Inc., The Waupaca County Arc, Alianza Latina Aplicando Soluciones, Autism Society of Greater Wisconsin, Autism Society of South Central Wisconsin, Autism Society of Southeastern Wisconsin, CUNA Mutual Group, Disability Rights Wisconsin, Down Syndrome Association of Wisconsin, Inc., Elder Law and Special Needs Section of the State Bar, Family Voices of Wisconsin, Madison Area Down Syndrome Society, Respite Care Association of Wisconsin, Save IRIS, Survival Coalition of Wisconsin Disability Organizations, Wisconsibs, Inc., Wisconsin Board for People with Developmental Disabilities, Wisconsin Chapter of NAELA (National Academy of Elder Law Attorneys), Wisconsin Coalition of Independent Living Centers, Inc., Wisconsin FACETS, Wisconsin Down Syndrome Advocacy Coalition, Wisconsin Upside Down, and Wispact Inc.

Thank you for your consideration of Senate Bill 158.

May 25, 2021

To: Senator Kooyenga, Chair

Members, Senate Committee on Financial Institutions and Revenue

From: Lisa Pugh, State Director

Re: SB 158 - requiring the Department of Financial Institutions to study and report on establishing a section 529A ABLÉ savings account program.

ABLE is a transformative program that provides individuals with disabilities and their families the opportunity to achieve greater financial independence and self-reliance. Like EdVest college savings accounts, an ABLÉ account allows me as a parent to save for my child's future.

What typically happens for a parent like me after a son or daughter is born and diagnosed with a life-long disability is that you are told not to save more than \$2,000 in their name. Ever. Don't have Grandma and Grandpa give them large amounts money on their birthday. Don't put them in your will.

As an adult with a disability you are told you have to keep assets under \$2,000 or you will lose access to Medicaid, an important benefit that not only often covers essential and expensive healthcare not available or affordable on the private market, but that also ensures supports for personal care, transportation, disability equipment and sometimes a place to live with supports when you have a significant disability.

That \$2,000 asset limit for both individuals with disabilities and families of young children is a burden that keeps people in poverty with few choices or options to get out. (But that's a federal problem.)

When Congress passed the ABLÉ law in 2014, in some ways it was a workaround. It allowed people to save money or save for their children tax-free, without fearing loss of program eligibility. It includes incentives for people to work - and they can then draw funds out for disability related expenses related to education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services.

43 States and D.C. have launched ABLÉ programs and there are 82,415 ABLÉ accounts open nationwide. Wisconsin is not one of those states. Although Wisconsin residents can open an ABLÉ account in another state, we are estimated to have far fewer accounts open. Many

Wisconsinites with disabilities do not have ABLÉ accounts, either because they do not know about them or because they are skeptical about opening accounts in other states. Sometimes they are given poor information by other professionals in their lives and get little to no information through their bank or other places they save funds.

The extent of the information available about ABLÉ through our state agencies amounts to one or two fact sheets on a website directing them to research other state programs.

I operate a small non-profit advocacy organization that supports people with disabilities and families. I have a limited budget and capacity to take calls and help people with their individual issues. I am a staff of one. I get no less than 2 ABLÉ calls a week and the questions are often complex and specific to our state. The answers are not located on any FAQ.

I think Wisconsin can do better.

Other states offer 800 numbers and customer call centers, they do cross-agency trainings and develop customized marketing materials so the programs that support people with disabilities in their states - whether that be school special education teachers, disability benefits specialists with counties or Division of Vocational Rehabilitation counselors know how to help people save to purchase the things they need without relying on government funding, or how they can work and save more money while using an ABLÉ account as a tool.

SB 158 does not direct the state to establish and independent ABLÉ program. It does not add state staff. It simply says we need more information to know what the right thing is to do for Wisconsin residents. Under this bill we would get more exact information about the advantages and disadvantages of Wisconsin operating its own ABLÉ program - we would learn about potential hidden costs as well as the impact on people's choices, tax benefits and what we might improve upon.

My preference would be that this bill start a Wisconsin ABLÉ program today. I think it is needed. But this is a good first step.

Wisconsin has said no to ABLÉ for too long. We must do better.

milwaukee journal sentinel

Opinion: Wisconsin should adopt a robust ABLÉ account program for the disabled

Ryan J. Owens and Eric C. Tempelis

Published 10:53 a.m. CT Aug. 4, 2020

This year, the Tommy G. Thompson Center on Public Leadership investigated how Wisconsin can help people with cognitive and physical disabilities increase their independence. One theme emerged: The state should allow people with disabilities to save money for their expenses without fear of losing existing benefits. Wisconsin should follow the lead of 43 other jurisdictions and implement an ABLÉ (Achieving a Better Life Experience) program.

ABLE accounts are tax-advantaged savings accounts that people can use to save for their (or their loved ones') disability-related expenses. They are like Wisconsin's Edvest program for the college-bound. An individual who becomes blind or disabled before the age of 26 can open an ABLÉ account and save up to \$15,000 each year — or whatever amount the federal gift tax exclusion is that year. Any money that they or their loved ones invest in an ABLÉ account can accumulate interest and dividends. A beneficiary can simply use a debit card or something similar attached to the account to spend the funds on approved items.

With a strongly bipartisan vote in 2014, Congress authorized states to establish ABLÉ account programs to "secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, Medicaid, SSI, the beneficiary's employment and other sources."

In the past five years, 42 states and the District of Columbia seized on the opportunity to establish ABLÉ programs, but Wisconsin was not among them. Under current law, Wisconsin residents may claim a subtraction from federal adjusted gross income for the amount deposited into their ABLÉ account held in another state.

Many Wisconsinites with disabilities do not have ABLE accounts, either because they do not know about them or because they are skeptical about opening accounts in other states.

Wisconsin should implement an ABLE account program. It would be a straightforward process since we could choose to adopt the basics of existing programs in other states. Many states, for example, have adopted Ohio's program. Wisconsin could do something similar.

After all, ABLE accounts can help Wisconsinites with disabilities gain greater independence by rewarding them for work and by affording them greater financial autonomy. All of the panelists with disabilities at Thompson Center conferences (and the data as well) showed a preference for employment. But according to statistics released by the Institute on Disability, only 41.9% of Wisconsinites with disabilities had a job in 2019 compared with 45.7% in Iowa and 47.8% in Minnesota. Each of these figures is substantially lower than the 77.2% employment level for the general working-age population in the United States.

The reason for the low employment rate is simple. Historically, Americans with disabilities who worked risked losing public benefits such as Medicaid or Supplemental Security Income if they accumulated money beyond benefit eligibility thresholds. The perverse incentive, then, was for them not to work.

ABLE accounts can help correct the situation by allowing eligible beneficiaries to accumulate money — that does not count against their federal benefits threshold — so long as they use it for disability expenses related to education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services.

ABLE accounts can also help grow the economy. When a person withdraws ABLE funds, the account holder can choose where to spend the funds in their community for the purpose of furthering independence and quality of life. The spending directly benefits local businesses and service providers. And the amount of funds is large. Today, ABLE programs manage more than \$354.8 million in investments across the economy with an average balance of \$6,265 per account, according to the National Association of State Treasurers. If Wisconsin created its own ABLE program, more Wisconsinites would participate and more of that money would be returned to Wisconsin's economy.

To be sure, the state's creation of ABLE accounts would not be free. The Wisconsin Department of Financial Institutions projects the cost of administering an ABLE program to be \$400,000 annually. The Wisconsin Department of Revenue projects it "is likely to result in a minimal revenue reduction." But the benefits would likely far outweigh the minimal costs.

If Wisconsin's policymakers wish not to create an ABLE program, they should nevertheless improve awareness of our citizens' ability to invest in other states' ABLE accounts. In 2019, the treasurers association estimated that there were only 56,632 active ABLE accounts out of the 8 million Americans with disabilities who were eligible to have one. In other words, less than 1% of eligible Americans have enrolled since the ABLE began five years ago. We can do better.

This past month, on July 26, we commemorated the 30th Anniversary of President George H.W. Bush's signing the Americans with Disabilities Act. Let's honor that legacy by adopting an ABLE program in Wisconsin.

Ryan J. Owens is the George C. and Carmella P. Edwards professor of American politics at the University of Wisconsin-Madison and director of the Tommy G. Thompson Center on Public Leadership. Eric C. Tempelis is assistant director of the center.



Wisconsin Coalition of Independent Living Centers
3810 Milwaukee Avenue Madison, WI 53714
608-444-3842 v/text moryan@charter.net

To: Members of the Senate Committee on Financial Institutions and Revenue

From WCILC

Date 5/25/21

RE: SB 158

Thank you for the opportunity to submit our testimony outlining our support for SB 158 which is under consideration today in the public hearing. We believe that SB 158 will result in positive changes for people with disabilities in Wisconsin.

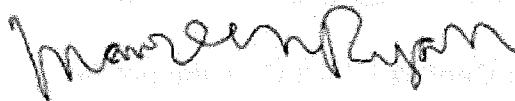
The Wisconsin Coalition of Independent Living Centers (WCILC) is the not for profit statewide association of the eight ILCs in Wisconsin. WCILC facilitates and promotes the collective work of the Wisconsin ILCs through a unified statewide voice. This collaborative effort strives to enhance the opportunities for people with disabilities to live independently and be active participants in their community. Because of the unique federal requirement for Independent Living Centers to have at least half of their boards and at least half of their staff be persons with disabilities, we are acutely conscious of how federal and state regulations can impact people with disabilities.

ABLE Accounts allow people with disabilities to have savings accounts while receiving benefits. Without ABLE accounts saving money proves challenging for many people living with a disability because programs often have income and resource limits. People with disabilities, have on average, 28% more costs associated with disability-related expenses than those who do not have a disability. ABLE plans allow people to save for those extra costs associated with having a disability, while maintaining public benefits, such as SSI and Medicaid.

ABLE accounts can provide funding for qualified disability expenses that supplement, but do not replace, benefits otherwise available through private sources, employment, public programs, or other sources. The Internal Revenue Service (IRS) does not restrict the usage of the ABLE funds, leaving it open to items or services that relate to the unique needs of each individual, including those related to COVID-19.

While many states have their own ABLÉ account plans, unfortunately Wisconsin is not one of those states. This is an opportunity to change that. Most people with disabilities who are eligible in Wisconsin say that they would invest in an ABLÉ account if Wisconsin had their own ABLÉ account plan. We strongly encourage you to support this legislation which hopefully will result in increasing the independence, greater financial security, and a better quality of life for people with disabilities in Wisconsin. Thank you for your time and consideration of this important issue.

Sincerely,



Maureen Ryan, Executive Director

Wisconsin Coalition of Independent Living Center, inc.



May 21, 2021

SENATE PUBLIC HEARING

Committee on Financial Institutions and Revenue

Tuesday, May 25, 2021, 9:00 AM, 330 Southwest

To: Committee Members

Please support SB 158

ABLE accounts (similar to college EdVest savings accounts administered by Wisconsin) is an important savings tool for people with disabilities. Following passage of federal tax law in 2014, Wisconsin chose a different route than other states for promotion of ABLE accounts, suggesting that people could research on their own and find the best ABLE program for their needs. While this remains true for some, Wisconsin has significantly fewer ABLE accounts open than other states.

People with disabilities and those who cannot afford financial planning services are confused when comparing ABLE account choices or simply do not have internet access or someone available to answer their questions. Wisconsin residents are not benefiting from the ABLE program like they should.

The 42 states that have either established their own ABLE program or that contract with another states to run their program are ensuring that state taxpayers are aware of and can benefit from this tax break, allowing families to save for their children with disabilities in the same manner that they do for their other children. Please make this happen for Wisconsin residents with disabilities and their families. Support SB 158.

Thank you,

Sandy Popp
Interim Executive Director





May 24, 2021

Senate Committee on Financial Institutions and Revenue
Sen. Dale Kooyenga, Chair
Wisconsin State Capitol, Rm 310 S
Madison, WI 53707

Dear Sen. Kooyenga and members of the committee:

The Wisconsin Board for People with Disabilities (BPDD) supports SB 158, which directs the Department of Financial Institutions to study establishing a Achieving a Better Life Experience (ABLE) either directly or by entering into an agreement with another state or alliance of states so people with disabilities and families can earn and save more.

In 2016, Wisconsin passed ABLE tax legislation but chose not to establish its own state ABLE program, instead allowing Wisconsinites to open accounts in other states. Many people with disabilities and families are unaware of ABLE accounts, or struggle to find information and make decisions about how to set them up. This bill will take concrete steps to make ABLE accounts more accessible for Wisconsin families. ABLE accounts do not affect eligibility for Supplemental Security Income (SSI) or Medicaid.

ABLE accounts allow people who have a disability that developed before age 26 to have a tax-exempt savings account set up in their name that can cover allowable expenses. Allowable expenses include education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, and funeral and burial expenses.

The bill requires the Department of Financial Institutions (DFI) to examine the pros and cons of opening a Wisconsin-run ABLE program for residents or contracting with another state to administer an ABLE program for Wisconsin residents. This analysis will position the legislature to make an informed decision on the best way to improve access to ABLE accounts for people with disabilities and their families.

BPDD is charged under the federal Developmental Disabilities Assistance and Bill of Rights Act with advocacy, capacity building, and systems change to improve self-determination, independence, productivity, and integration and inclusion in all facets of community life for people with developmental disabilities¹.

Thank you for your consideration,

Beth Swedeen, Executive Director,
Wisconsin Board for People with Developmental Disabilities

¹ More about BPDD https://wi-bpdd.org/wp-content/uploads/2018/08/Legislative_Overview_BPDD.pdf.



CRESCENDO
Wealth Management
LLC

May 25, 2021

To: Senator Kooyenga, Chair

Members Senate Committee on Financial Institutions and Revenue

From: Kathleen Oberneder ChSNC® - Financial Advisor

Re: SB 158 – requiring the Department of Financial Institutions to study and report on establishing a section 529A ABLÉ savings account program.

I have been in the Financial Service industry since 2001 when I left my work as a Speech Language Pathologist to pursue a job educating individuals on the importance of saving for retirement. During this time, I learned developed a passion for improving individuals' financial literacy. After 10 years working as an Education Specialist with a retirement plan company, I realized that no matter how much money someone made, how many degrees they held, or their title within a company finances were something which were intimidating, and confusing.

Fast forward to 2011, I delivered my third daughter Emily, and I was surprised at birth to learn she had Down Syndrome. Little did I know how much the professional experience would impact the next chapter of my professional life. I returned to work within the industry committed to understanding how to plan for the future of my family which now included a child with an intellectual disability who would be financially dependent on me for the rest of my life and hers.

Unfortunately, I did not find an Advisor who I felt understood and could provide advice to my family. In October 2014, I joined Crescendo, an independent financial planning firm to build a planning and consulting practice which I believed individuals with disabilities needed, as well as families who had children with disabilities to help prepare for their financial future. I wanted to change how things were done within our industry to provide services to whom I feel is a neglected population.

Securities offered through J.W. Cole Financial, Inc. (JWC) Member FINRA/SIPC.

Advisory services offered through J.W. Cole Advisors, Inc. (JWCA).

Crescendo Wealth Management, LLC and JWC/JWCA are unaffiliated entities.

Just a few months later President Obama signed into law the Achieving a Better Life Experience Act creating 529A ABLE Savings Accounts. The accounts were named after Steven Beck Jr. who had two daughters, one who was neurotypical and one with a disability. He did not believe it was fair that he was able to save into an account with tax advantages for one daughter, but not the other. It is a simple concept, the ability to set aside funds for your child in a tax preferential way which would not impact public benefits but could be there to supplement them.

529A ABLE Accounts are considered estate recovery accounts, therefore upon the death of the account owner/beneficiary, the balance within the account will first be paid to the state for the services that were provided via Medicaid.

I have been providing education meetings/webinars to nonprofit organizations in Wisconsin since 2015 on 529A ABLE, how the accounts work, who is eligible, completing enrollment, etc. Every meeting I have conducted in the last 6 years an attendee has asked the question of why Wisconsin does not offer a program. There is a strong message within the disability community that because our state does not have a program, or the resources to communicate about the accounts that the 529A ABLE must not be an appropriate savings tool. It's as if folks believe something is "wrong" with these accounts if our great state has not backed them.

I want this bill passed so that we can obtain the information which will help us to know what the right thing is to do for the disability community. Do we need to offer our "own" program, or do we need to provide a resource at the state level that gives Wisconsinites the confidence that these accounts are meant to help disabled individuals and their families improve their financial futures?

I started off my testimony by saying that financial literacy is a problem in our country. Now, think about what it is like for those disabled, or parents of disabled children trying to navigate the financial puzzle of the world of public benefits. The last thing one wants to do is jeopardize these extremely important benefits. As simple as the 529A ABLE accounts may seem – it is incredibly challenging for people to know if they are the right solution, how to select from the 42 state programs, and how to enroll independently. Wisconsin – let us find a way to help these individuals make informed decisions and support their desire to assist in providing for their financial futures. I strongly believe this investment in our residents will pay off in the future to potentially ease the burden of providing benefits.

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