



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Revenue

TREASURY DIVISION

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January 21, 2025

Alaska Senate Secretary Liz Clark
Alaska House Chief Clerk Crys Jones

Dear Secretary Clark and Chief Clerk Jones:

In accordance with AS 06.65.350, the Department of Revenue (DOR) is required to evaluate the Alaska ABLE program each year and “submit an annual report containing the evaluation to the Senate Secretary and Chief Clerk of the House of Representatives on or before the first day of each regular session of the legislature and shall notify the legislature that the report is available.”

Background

The Federal Achieving a Better Life Experience (ABLE) Act was enacted in 2014 to allow people with disabilities to save money for future expenses in a tax-deferred 529A account without having to give up eligibility for public benefits, such as Medicaid and Social Security Insurance (SSI), as long as the funds are spent toward qualified disability expenses.

In April 2016, Alaska joined the National ABLE Alliance (Alliance), after DOR determined the Alliance was the most cost efficient and beneficial solution. The Alaska ABLE bill was signed into law in July of 2016. The Alaska Mental Health Trust Authority provided funding of \$60,000 in fiscal year 2017 and \$40,000 in fiscal year 2018 to help design the ABLE program and perform marketing and outreach to the community of Alaskans that would benefit from the program.

The Alliance issued a request for proposal in June 2016 and Ascensus College Savings Recordkeeping Services (ACS) was selected to be the program manager in August 2016. Alaska played a significant role in the procurement and implementation effort. Alaska was one of two states in the then eleven (now eighteen) state Alliance that implemented its ABLE program prior to the end of December 2016, thereby providing an opportunity for individuals to save an additional \$14,000 that year without jeopardizing their eligibility for Medicaid and SSI benefits.

Program Description

The program allows annual deposits into ABLE accounts up to a set amount (currently \$19,000 for the 2025 tax year) to be used for qualified disability expenses. Passage of the

ABLE to Work Act in 2017 permits additional contributions above the \$19,000 limit, up to the prior year poverty line amount for a one-person household (currently \$18,810 in Alaska for 2025). Account balances are limited to \$400,000 and balances of \$100,000 or less are excluded from SSI resource limits.

Additional Federal legislation in 2017 that positively impacted ABLE program accounts and their owners include the:

- ABLE Financial Planning Act which allows transfers from 529 College Savings Accounts to ABLE accounts without incurring any tax or penalty, and
- Saver's Credit which provides a special credit of up to \$2,000 for contributions to ABLE accounts to be used to reduce taxes owed or increase refund amounts.

Accounts can be opened online or by paper. Withdrawals are also easily made online as well as by paper form, telephone, debit card, or check. ACS has a call center that fields inquiries about specific accounts and general ABLE information. The Alliance states were instrumental in designing most aspects of the program including the Plan Disclosure Statement which is updated annually:

<http://cdn.unite529.com/jcdn/files/UABLE/pdfs/ak-programdescription.pdf>.

The plan provides seven investment choices, which range from Conservative to Aggressive options, and a recently added Money Market account. An FDIC-insured checking account option is also available with a debit card. The program is designed so participant accounts pay for the cost of the plan. Each account is charged an account maintenance fee of \$14.50 per quarter which can be discounted for email delivery of statements and confirmations. Annualized investment costs range from 0.30% to 0.33% depending on which investment options are selected.

A chart of the quarterly and annual performance for each investment option, with hyperlinks to a description of each option, is available at:

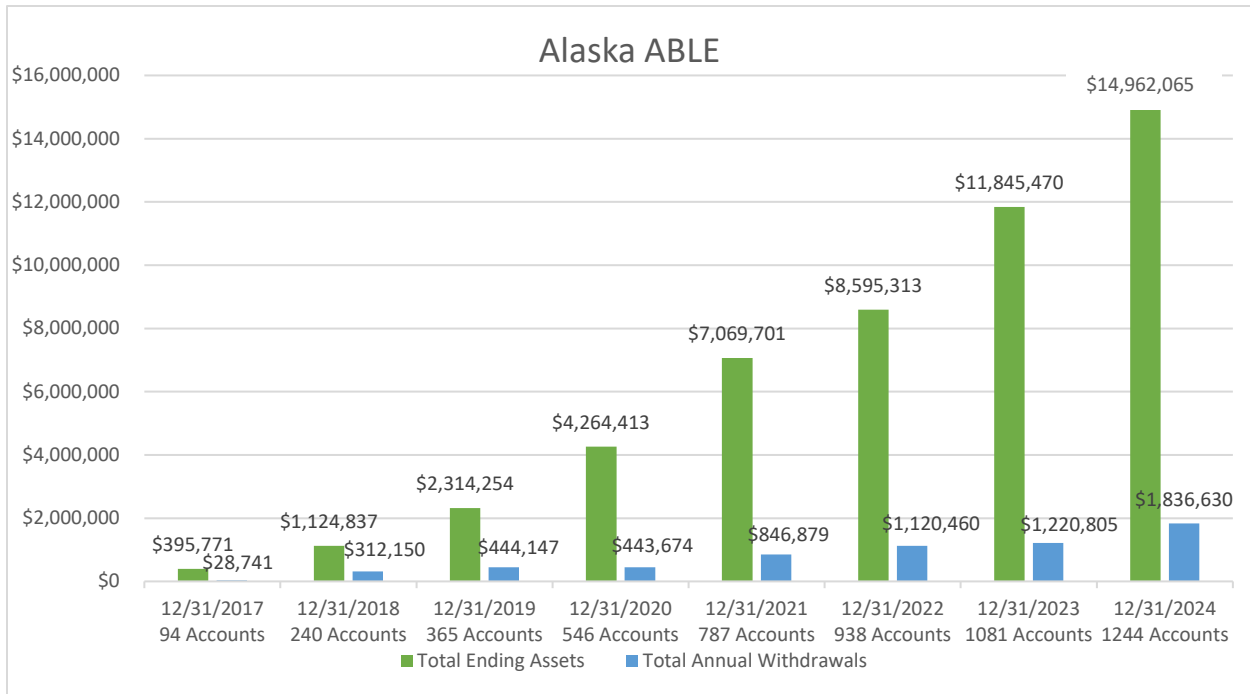
<https://ak.savewithable.com/akabletpl/fund/quarterEndPerformance.cs>

Additional information about the program can be found on the Alaska ABLE program website at: <https://savewithable.com/ak/home.html>

Program Status and Future Plans

The Alaska ABLE program continues to experience year-over-year growth. Compared to last year, as of December 31, 2024, the number of accounts increased by 15% to 1,244, the average account value increased by 10% to \$12,027, and total ending assets increased by 26% to \$14,962,065.

The chart below reflects the growth of the program and account utilization since 2017.



The Governor’s Council on Disabilities and Special Education (Council) has continued its outreach and marketing efforts to educate and reach beneficiaries for the Alaska ABLE program. The Council participated in the April 2024 ABLEtoSAVE Campaign with efforts reaching almost 6,000 subscribers via listserv, social media postings, and through Council meetings and community events. ABLE information was provided at all community outreach events the Council participated in during 2024 by the ABLE information flyers and the Alaska Transitions Handbook: Pathway to Adulthood and Employment (<https://health.alaska.gov/gcdse/Documents/TransitionsHandbook.pdf>) which includes ABLE information on Pages 52-55. Events where ABLE information was distributed included the Alaska Statewide Special Education Conference in Feb 2024, Disability Pride in July 2024, Alaska State Fair Embracing AK Disabilities Expo in August 2024, the Alaska Pribilof Islands Association Career Fair in September 2024, Aging and Disability Summit and Employment First Conference in October 2024.

ABLE updates were provided during council meetings and discussed in workgroup meetings relating to employment; and other partner agencies such as the Department of Vocational Rehabilitation and Alaska Mental Health Trust were able to share further program information. In addition, with the Disability Benefits 101 website becoming updated with work and benefits information, the program was able to be referenced during training sessions offered in October and November.

The ABLE program has received increased national attention and support in recent years. One of the most important federal impacts to the ABLE program came via passage of the federal Omnibus Spending bill in December 2022 that contained the ABLE Age

Adjustment Act, extending access to people who acquired their disability before 46 years of age. The potential population of eligible participants remains unclear; however, this number (and total program savings) is expected to increase significantly as a result of this legislation. This change, which will be effective in January 2026, will provide an additional 6.2 million Americans, including more than one million veterans, the opportunity to open an ABLE account and save for the future.

Evaluation Summary

The Council reports that the program continues to receive positive comments from account owners, who indicate the website is user-friendly, and that the call center is responsive and useful.

Legislative changes to conform to federal legislation, such as the rollovers from 529 College Savings accounts and the recently adopted Age of Adjustment Act were included in HB133, which became effective 10/28/2022. Omitted from this legislation was the transfer of the program to the Department of Health and Social Services which we continue to believe would allow for improved interactions with constituents.

The Alaska ABLE program continues to have no specific state funding. As a result, program monitoring, implementation of tax reform changes, and marketing and outreach efforts continue to be provided through the existing budgets of the DOR, the Council, and other divisions and organizations that serve individuals with disabilities.

The Alaska ABLE program has had another successful year with investment assets ending 26% higher than last year at nearly \$15 million, while participants continued to utilize savings to pay over \$1.8 million for qualified disability expenses, as intended.

I would be glad to discuss any questions you might have.

Sincerely,



Pamela Leary
Treasury Division
Department of Revenue

cc: Adam Crum, Commissioner, Department of Revenue
Fadil Limani, Deputy Commissioner, Department of Revenue
Patrick Reinhart, Executive Director, Governor's Council on Disabilities and
Special Education
Michelle Norman, ABLE Program Coordinator, Department of Revenue