



February 8, 2023

Delivered by: Electronic and U.S. Mail

Delivered to: Joint Legislative Oversight Committee on Health and Human Services  
Joint Legislative Oversight Committee on General Government

RE: NC ABLE Program's Annual Evaluation and Report for 2022 (under N.C.G.S. § 147-86.72 (g))

Dear Colleagues:

The federal Achieving a Better Life Experience (ABLE) Act was passed in 2014. In August 2015, the NC ABLE Program within the Department of State Treasurer (DST) was established. In January 2017, the DST launched the NC ABLE Program, which allows eligible individuals with disabilities – and those assisting them – to save and invest in tax-advantaged accounts. ABLE accounts can fund essential disability services and qualified expenses without endangering benefits such as Medicaid and Supplemental Security Income (SSI), in which eligibility is restricted by financial caps. Savings in an NC ABLE account are generally disregarded for determining eligibility for federal and North Carolina means-tested programs, including SSI (up to \$100,000). In 2022, up to \$16,000 a year could be contributed to an ABLE account from beneficiaries, friends, family, and other sources. Under the federal ABLE to Work Act, the limit for employed beneficiaries was increased by the lesser of (1) the amount of the beneficiary's compensation; and (2) the federal poverty line for a one-person household for the prior year (\$12,880 for contributions in 2022).

### Structure

- *Administration.* In an effort to reduce the costs of the NC ABLE Program to participants and taxpayers, the program participates in the National ABLE Alliance, an alliance of 18 ABLE programs (17 states and the District of Columbia), that contracts with Ascensus to provide administrative services and investments. In addition, the NC ABLE Program has been supported by existing staff in DST's Supplemental Retirement Plans (SRP) unit, with costs reimbursed to SRP from the NC ABLE Program's appropriations.
- *Investments.* The Program offers a checking account option and six investment options: conservative, moderately conservative, moderate, growth, moderately aggressive and aggressive.

### Performance

- *Participation.* As of Dec. 31, 2022, the NC ABLE Program had 1,950 accounts (1,842 of them funded) with total assets of \$18,359,436. The average account balance was \$9,967 for funded accounts. Generally, savings outside of an NC ABLE Program account in excess of \$2,000 prevent participation in Medicaid and Supplemental Security Income (SSI). Please see Table 1 on the next page.



Table 1: NC ABLE Program Participation, 2017-2022 (as of Dec. 31, 2022)

Year	Funded Accounts	Total Assets	Growth of Total Assets	Average Account Balance
2017	238	\$855,241		\$3,593
2018	535	\$2,790,811	226%	\$5,216
2019	869	\$6,022,005	115%	\$6,930
2020	1146	\$9,795,128	63%	\$8,547
2021	1529	\$15,384,008	57%	\$10,061
2022	1842	\$18,359,436	19%	\$9,967

In addition, the NC ABLE Program has provided more than \$8.3 million in distributions to participants since the Program's launch in January 2017. These contributions and distributions suggest that the NC ABLE Program is an integral part of participants' financial lives and helping them achieve a better life experience.

- *Investments.* Table 2 below shows the percentage of assets in the NC ABLE Program that were allocated to each investment option as of Dec. 31, 2022, as well as the annual return for each option.

Table 2: NC ABLE Program Investment Options (as of Dec. 31, 2022)

Investment Option	Asset Allocation	Annual Return (2022)
Conservative	10%	(3.71%)
Moderately Conservative	8%	(9.36%)
Moderate	11%	(13.45%)
Growth	16%	(15.43%)
Moderately Aggressive	13%	(17.39%)
Aggressive	16%	(19.39%)
Checking Account	26%	0.01%*

\*The checking account is a variable rate interest-bearing account.



## Accomplishments and Changes

*NC ABLE Act.* The General Assembly passed Session Law 2022-16, which updated the NC ABLE Act, including revisions to make the state statute consistent with U.S. Treasury Regulations for ABLE programs, which took effect in 2022.

*Marketing.* The NC ABLE Program is supported through DST's statewide engagement efforts and partnerships with community organizations and advocates.

- DST facilitated engagement and education through webinars and in-person professional conferences and community events.
- Sponsorships with the Special Olympics North Carolina and the Autism Society of North Carolina provided key opportunities to reach eligible individuals and their families throughout the year.
- NCABLE.org moved to the new statewide platform and officially launched in May. Over the course of the next eight months, NCABLE.org had over 18k page views and positive spikes in metrics during and following in-person and virtual events.
- To mark the fifth year of NC ABLE Program account availability, students at Franklin Academy designed artwork and marketing strategies for a statewide print and social media campaign. Students at the North Carolina School for the Deaf also participated in a similar partnership with DST and delivered artwork for posters and social media.
- The year ended on a high note with the passage of Setting Every Community Up for Retirement Enhancement (SECURE) 2.0 which includes an increase in the age limit for eligible individuals from 26 to 46. This age adjustment takes effect January 2026.

*Program Manager.* The program manager contract with Ascensus was extended for another six-year term with an optional four-year renewal. As a result of this new contract, in August, the annual maintenance fee was reduced 25% to \$34 for those account holders who choose e-Delivery of statements. In addition, the Department entered into a new agreement with the National ABLE Alliance.

## Looking Forward

Marketing continues to play a crucial role in reaching eligible individuals and their families. Enhanced programming and engagement with government, education and local community partners will continue to support the upward trends around the program.

The ABLE account contribution limits under federal law increased to \$17,000 for 2023 (from \$16,000). The applicable one-person poverty limit for additional contributions by employed account holders increased to \$13,590 for 2023 (from \$12,880).

Currently, only individuals with an onset of a disability prior to age 26 are eligible for an ABLE account. However, the Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0, enacted on Dec. 26, 2022, raises this age limit to 46, greatly expanding the number of people who are eligible for ABLE accounts. This age adjustment is effective for tax years beginning in 2026.



The NC ABLE Program receives an annual participant account maintenance fee of \$5.00 per account to offset operational expenses, but appropriations at current levels should be maintained to operate the program.

Thank you all for your support of the Department of State Treasurer and NC ABLE. We will continue to look for opportunities to reduce complexity and increase value for the participants in the NC ABLE Program.

Warmest Regards,

A handwritten signature in blue ink, reading "Dale R. Folwell, CPA".

Dale R. Folwell, CPA  
Chair, NC ABLE Program Board of Trustees