

Comparison between DDETf and ABLE plans in Washington State

Washington State DD Endowment Trust Fund RCW 43.330.431	Washington State ABLE Savings Plan RCW 43.330.460
<p>Purpose A special needs trust that excludes its assets from federal means tested benefit programs for large and small contributors alike</p>	<p>Purpose A tax-advantaged savings that excludes its assets from federal means tested benefit programs for smaller and medium contributors</p>
<p>Tagline Protect Today. Provide for Tomorrow.</p>	<p>Tagline A flexible and convenient way for people living with disabilities to invest in their quality of life</p>
What is it?	What is it?
<p>Who is it for?</p> <ul style="list-style-type: none"> • A Washington resident under age 65 with a developmental disability, determined eligible for state DDA services • Condition happened before age 18 	<p>Who is it for?</p> <ul style="list-style-type: none"> • A Washington resident who is eligible for SSI or SSDI or can document a qualifying diagnosis from a licensed physician • Condition happened before age 26
<p>What is it, legally?</p> <ul style="list-style-type: none"> • Special Needs Trust – exempted funds <ul style="list-style-type: none"> ○ Trust 1 Third Party Trust (mom & dad) ○ Trust 2 Self-Settled Trust (beneficiary) • Social Security Act §1396 	<p>What is it, legally?</p> <ul style="list-style-type: none"> • 529A savings plan – exempted funds <ul style="list-style-type: none"> ○ Tax advantaged savings account ○ Regardless of the source money for the contribution, account is considered 1st party money (beneficiary) • IRS tax code §529A
<p>Who owns the money?</p> <ul style="list-style-type: none"> • Assets belong to the trust account holder and must be used in the interest of the beneficiary 	<p>Who owns the money?</p> <ul style="list-style-type: none"> • Assets belong to the account owner (beneficiary) and must be used in the interest of the beneficiary
Why DDETf?	Why ABLE?
<p>What is the advantage?</p> <ul style="list-style-type: none"> • Funds are exempt from federal means tested benefits like SSI, Medicaid, SNAP and HUD • Funds do not count towards the \$2,000 resources limit • Funds usually do not count towards the \$3,000 limit on money in a guardianship without bond or block • \$5 million original endowment and its market earnings pays for program fee matches 	<p>What is the advantage?</p> <ul style="list-style-type: none"> • Funds are exempt from federal means tested benefits like SSI, Medicaid, SNAP and HUD • Funds do not count towards the \$2,000 resources limit
<p>Why would I want one?</p> <ul style="list-style-type: none"> • Beneficiary not competent to spend the money wisely or appropriately • Testamentary trust to transfer wealth to younger generations • Trust managers ensure money only goes for legally intended uses • Provide resources that benefit the beneficiary • Maintain a large balance while shifting funds to an ABLE account for more flexible spending 	<p>Why would I want one?</p> <ul style="list-style-type: none"> • Beneficiary may or may not be competent to spend the money • Broader eligibility • Beneficiary or authorized legal guardian retains control over the funds (but also has greater responsibility to stick to intended uses of money) • Cheaper and more flexible than a special needs trust

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	<ul style="list-style-type: none"> Paired with DDEF, can allow more flexible spending
How is it managed?	How is it managed?
What is the governance structure? <ul style="list-style-type: none"> Governor appointed board members govern the program Department of Commerce supports the program 	What is the governance structure? <ul style="list-style-type: none"> Four Governor appointed board members and three state agency representatives govern the program Department of Commerce supports the program
Who invests the money? <ul style="list-style-type: none"> Washington State's State Investment Board, following an asset allocation strategy approved by the governing board The investment option is pre-determined. Private contributions are passively managed in the Vanguard Balanced Fund State funds equity are passively managed by State Street Global Advisors while fixed income is actively managed by the State Investment Board 	Who invests the money? <ul style="list-style-type: none"> Investment Services, a subsidiary of BNY Mellon, following an asset allocation strategy designed by an investment advisor and approved by the governing board The account owner (beneficiary) chooses which investment option to put their money Funds are passively managed in seven Vanguard mutual funds and one Dimensional Funds Advisors fund FDIC insured cash is held in a custodial account by BNY Mellon
Who handles customer service, deposits and disbursements? <ul style="list-style-type: none"> The Arc Washington State 	Who handles customer service, contributions and distributions? <ul style="list-style-type: none"> Sumday, a subsidiary of BNY Mellon
What does it cost (fees)? <ul style="list-style-type: none"> Enrollment fee of \$600 Annual asset management fee \$75 - \$750 Annual \$75 tax prep fee Some fees are currently offset by a state match (subject to future appropriations) 	What does it cost (fees)? <ul style="list-style-type: none"> Annual fee of \$35 Annual investment fee of 0.30% - 0.38% on assets Optional prepaid card \$1.25 per month Mailing fees and others may apply
Deposits	Deposits
Who can make contributions? <ul style="list-style-type: none"> Anyone but the beneficiary can contribute to a 3rd party trust account via check or bill pay Only the beneficiary can contribute to a 1st party trust account via check or bill pay 	Who can make contributions? <ul style="list-style-type: none"> Anyone can contribute to the account via check or bill pay or bank account transfers Anyone can contribute via E-gifting using debit or credit cards
What are the limits to contributions? <ul style="list-style-type: none"> None. As many and as large as you want Accumulations are unlimited too Does not affect SSI or Medicaid eligibility 	What are the limits to contributions? <ul style="list-style-type: none"> Unlimited number of contributions but capped at \$16,000/year unless employed* \$500,000 lifetime balance limit First \$100,000 does not affect SSI eligibility
How to make Contributions? <ul style="list-style-type: none"> Send paper checks 	How to make Contributions? <ul style="list-style-type: none"> Send paper checks <p>*The ABLE to Work feature allows eligible beneficiaries who are employed to contribute an amount equal to their current year's gross income (up to a maximum of \$12,880) in addition to the \$16,000 annual limit through 2025</p>
How to make Contributions? <ul style="list-style-type: none"> Send paper checks 	How to make Contributions? <ul style="list-style-type: none"> Send paper checks

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<ul style="list-style-type: none"> • Bill pay from your financial institution 	<ul style="list-style-type: none"> • Online transfers from bank account • Automatic deductions from bank account • E-gift contributions
<p>Who chooses how to invest the funds?</p> <ul style="list-style-type: none"> • The governing board chose a pooled trust format so contributions go into the Vanguard Balanced Index Mutual Fund 	<p>Who chooses how to invest the funds?</p> <ul style="list-style-type: none"> • The beneficiary (account owner) or their authorized legal representative. • You can choose to: <ul style="list-style-type: none"> ○ invest in one of three options ○ save in an FDIC-insured account ○ both (save and invest)
<p>Withdrawals</p>	<p>Withdrawals</p>
<p>What can the funds be spent on?</p> <ul style="list-style-type: none"> • Transportation • Education • Assistive Technology • Employment Training • Personal Support Services • Legal Fees • Funeral & Burial (Prepaid only) • Health & Wellness (vacations, entertainment) • Financial Management 	<p>What can the funds be spent on?</p> <ul style="list-style-type: none"> • Basic Living Expenses (groceries) • Housing (rent, down payment, renovations) • Transportation • Education • Assistive Technology • Employment Training • Personal Support Services • Legal Fees • Funeral & Burial • Health & Wellness (vacations, entertainment) • Financial Management
<p>How to make a withdrawal?</p> <ul style="list-style-type: none"> • Send in disbursement request and receipts • Paper checks will be mailed to reimburse you, vendors, and service providers • No debit card option 	<p>How to make a withdrawal?</p> <ul style="list-style-type: none"> • Transfer ALE funds to your bank account • Request paper check be mailed • Transfer ALE funds to prepaid ALE debit card (\$1.25 monthly fee, transfer as little as \$10 and maximum of \$15,000 per withdrawal)
<p>Can funds be transferred between DDETF and ALE accounts?</p> <ul style="list-style-type: none"> • Funds can be disbursed from the special needs trust as a contribution to the ALE account • Funds CANNOT be moved from an ALE account to the DDETF 	<p>Can funds be transferred between ALE and DDETF accounts?</p> <ul style="list-style-type: none"> • Funds cannot be moved from the ALE to the special needs trust account • Funds can be disbursed from the special needs trust as a contribution to the ALE account
<p>Who decides on how to spend the money?</p> <ul style="list-style-type: none"> • Primary representatives like parents, guardians and rep payees submit reimbursement requests to the trust manager • The trust manager determines what the money can be spent upon to avoid ineligible items or services that violate SSA regulations or the joinder agreement provisions • The trust manager mails out reimbursement checks to vendors and primary representatives 	<p>Who decides on how to spend the money?</p> <ul style="list-style-type: none"> • The beneficiary and/or their authorized legal representative • Account owners owe taxes and penalties for items and services purchased that are not qualified disabilities expenditures • Non-qualified disabilities expenditures may jeopardize SSA and other public benefits
<p>Are there limits on spending?</p> <ul style="list-style-type: none"> • SSI recipients may not use trust funds for room and board 	<p>Are there limits on spending?</p> <ul style="list-style-type: none"> • Funds cannot be used for ineligible expenses like gambling or illegal activities

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<ul style="list-style-type: none"> Spending trust funds does not affect SSI or Medicaid eligibility or benefits 	<ul style="list-style-type: none"> Ineligible expenditures may jeopardize SSI and Medicaid eligibility or benefits
Death and Taxes	Death and Taxes
<p>Are federal income taxes involved?</p> <ul style="list-style-type: none"> Earnings from investments are potentially taxed Qualified Disability Trust (3rd party) or Grantor Trust (1st party) generate form 1041 	<p>Are federal income taxes involved?</p> <ul style="list-style-type: none"> Earnings from investments and withdrawals from the account are exempt from taxes Distributions for ineligible expenses must pay federal taxes and a 10% penalty Form 1099-QA and 5498-QA are generated
<p>What occurs if the beneficiary passes away?</p> <ul style="list-style-type: none"> Trust 1 Third Party: no pay back required; remainder assets distributed according to Trust documents Trust 2 Self-Settled: Medicaid/Medical Assistance Recovery before distribution of assets according to Trust documents 	<p>What occurs if the beneficiary passes away?</p> <ul style="list-style-type: none"> ABLE account balance is transferred to beneficiary's estate to pay outstanding ABLE-eligible expenses and funeral/burial expenses Then Medicaid/Medical Assistance Recovery (regardless of contributor) is paid before distribution of assets to remainder beneficiaries pursuant to a will or the court's probate process
More Information	More Information
<p>How to Enroll?</p> <ul style="list-style-type: none"> Download forms from website or request a packet be mailed to you Fill out paperwork and submit to trust office 	<p>How to Enroll?</p> <ul style="list-style-type: none"> Apply online and upload documents Mail in completed forms downloaded from website
<p>DDETF Trust Office 1-888-754-8798 and etfinfo@arcwa.org</p> <p>Developmental Disabilities Endowment Trust Fund Protect today, Provide for tomorrow (wa.gov)</p>	<p>ABLE Call Center 1-844-600-2253 – TTY and Chat available too</p> <p>Washington State ABL Savings Plan</p>