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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 2021 (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, DST launched the NC ABLE Program, which allows eligible people with disabilities – and those assisting them – to save and invest in tax-advantaged accounts for certain expenses related to health and wellness, employment support, education, housing, and other costs. In addition, savings in an ABLE account are generally disregarded for determining eligibility for federal and North Carolina means-tested programs, including Medicaid and Supplemental Security Income (SSI, up to \$100,000). In 2021, a total of \$15,000 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 is 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 (\$12,760 for contributions in 2021).

### 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 19 ABLE programs (18 states and the District of Columbia) that contracts with Ascensus College Savings Recordkeeping Services 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, which has historically included a single, unfilled staff position.
- *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 December 31, 2021, the NC ABLE Program had 1,623 accounts (1,529 of them funded) with total assets of \$15,384,008. The average account balance was \$10,061 for funded accounts. In general, 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 below.



*Table 1: NC ABLE Program Participation, 2017-21 (as of December 31)*

| 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                |

In addition, the NC ABLE Program has provided more than \$5.4 million of distributions to participants since the Program's launch in January 2017. These contributions and distributions suggest that the NC ABLE Program is becoming an integral part of participants' financial lives.

- *Investments.* Table 2 below shows the percentage of assets in the NC ABLE Program that were allocated to each investment option as of December 31, 2021, as well as the annual return for each option.

*Table 2: NC ABLE Program Investment Options, as of December 31, 2021*

| Investment Option       | Asset Allocation | Annual Return (2021) |
|-------------------------|------------------|----------------------|
| Conservative            | 10%              | 2.12%                |
| Moderately Conservative | 8%               | 5.95%                |
| Moderate                | 12%              | 8.74%                |
| Growth                  | 17%              | 11.55%               |
| Moderately Aggressive   | 14%              | 14.34%               |
| Aggressive              | 18%              | 17.24%               |
|                         |                  |                      |
| Checking Account        | 21%              | 0.01%*               |

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

## Accomplishments and Changes

- *Marketing.* The NC ABLE Program is supported through DST's statewide community engagement efforts, collaborations with key nonprofit organizations and outreach through social media.
  - We continued to engage and educate in a virtual environment in 2021 – hosting webinars and partnering with governmental and community organizations to present key facts and features of the NC ABLE Program for its eligible population and advocates.



- 2021 was a year of organic growth and awareness in social and news media with a cohesive focus on the NC ABLE Program, community partnerships, disabled workers and training programs throughout the state. This resulted in several press events, culminating in a recognized presence at the NC State Fair's inaugural ACCESSability Day.
- *Website.* NCABLE.org began a transition to a new platform that aligns with current DST (nctreasurer.com) and Retirement Systems Division (myNCRetirement.com) websites. This transition is scheduled to be completed in early 2022.
- *Program Manager.* The program manager contract with Ascensus was scheduled to expire in December 2021, and the National ABLE Alliance determined that it was in the best interest of current ABLE account owners to issue a Request for Proposal (RFP) for program manager services. The current contract has been extended pending the negotiation of a new contract through the RFP process.

### Looking Forward

2022 has already seen an increase in virtual events for governmental and community partners. This trend is expected to continue. The NC ABLE Program will build on its momentum and enthusiasm through organic awareness and press events. This year marks the five-year anniversary of account availability for eligible individuals and this theme will be a strong driver of communications, partnerships, events and programs.

The ABLE account contribution limits under federal law increased for 2022. The standard contribution limit rose to \$16,000 for 2022 (from \$15,000), while the applicable one-person poverty limit for additional contributions by employed beneficiaries increased to \$12,880 for 2022 (from \$12,760).

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 the NC ABLE Program. We will continue to look for opportunities to reduce complexity and increase value for the participants in the NC ABLE Program.

Warmest Regards,

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