



January 26, 2024

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 2023 (under N.C.G.S. § 147-86.72 (g))

Dear Colleagues:

The federal Achieving a Better Life Experience (ABLE) Act was passed in 2014 and the North Carolina General Assembly passed legislation establishing the NC ABLE Program (NC ABLE Act) in 2015. In January 2017 the the Department of State Treasurer (DST) began offering ABLE accounts. The NC ABLE Program 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 2023, up to \$17,000 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 account owners was increased by the lesser of (1) the amount of the account holder's compensation; and (2) the federal poverty line for a one-person household for the prior year (\$13,590 for contributions in 2023).

Structure

- *Administration.* In an effort to reduce the costs of the NC ABLE Program to participants and taxpayers, the Program is a member of the National ABLE Alliance, a consortium of 19 ABLE programs (18 states and the District of Columbia), that contracts with Ascensus to provide administrative services and investments. The State of New Hampshire joined the National ABLE Alliance in October 2023. In addition, the NC ABLE Program is supported by existing staff in DST's Supplemental Retirement Plans (SRP) unit, with costs reimbursed to SRP from NC ABLE Program 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, 2023, the NC ABLE Program had 2,270 accounts (2,122 of them funded) with total assets of \$24,547,781. The average account balance was \$11,568 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 below.



Table 1: NC ABLE Program Participation, 2017-2023 (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	1,146	\$9,795,128	63%	\$8,547
2021	1,529	\$15,384,008	57%	\$10,061
2022	1,842	\$18,359,436	19%	\$9,967
2023	2,122	\$24,547,781	34%	\$11,568

In addition, the NC ABLE Program has provided more than \$8.6 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, 2023, as well as the annual return for each option.

Table 2: NC ABLE Program Investment Options, as of December 31, 2023

Investment Option	Asset Allocation	Annual Return (2023)
Conservative	11%	3.23%
Moderately Conservative	9%	6.00%
Moderate	11%	7.90%
Growth	16%	9.14%
Moderately Aggressive	12%	10.57%
Aggressive	12%	11.72%
Checking Account	30%	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 engagement efforts and partnerships with community organizations and advocates.

- DST facilitated engagement and education through in-person professional conferences, community events and webinars.
- Sponsorships with the Special Olympics North Carolina, Autism Society of North Carolina and Miracle League of the Triangle provide key opportunities to reach eligible individuals and their families.
- NCABLE.org is an online resource for account holders, individuals, families as well as professionals who provide services for those who may be eligible to participate in the NC ABLE Program. Since its launch in July 2023, NCABLE.org has seen 5,946 visitors with 15,966 pageviews.
- The NC ABLE Program was highlighted in editorial opportunities as well as in local newspapers and podcasts.

Looking Forward

Marketing will continue to play a crucial role in raising awareness and reaching eligible individuals and their families. 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 \$18,000 for 2024 (from \$17,000). The applicable one-person poverty limit for additional contributions by employed account holders increased to \$14,580 for 2024 (from \$13,590).

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 December 26, 2022, raises this age of eligibility to 46. 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 for supporting 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,

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