



# Jeff Mursau

STATE REPRESENTATIVE • 36<sup>TH</sup> ASSEMBLY DISTRICT

## Assembly Committee on Financial Institutions AB 167- Expanding ABLE accounts in Wisconsin

October 6, 2021

Chairwoman Duchow and Committee Members:

Thank you for the opportunity to testify in support of Assembly Bill 167, which would require the Department of Financial Institutions to study and report on establishing a section 529A ABLE savings account program.

ABLE stands for "Achieving a Better Life Experience" and it's a program established under federal law that allows an individual with a disability under the age of 26 to have a tax exempt savings account set up in their name to cover certain expenses. It's similar to a 529 college saving account, like EdVest.

I became aware of ABLE accounts when a constituent of mine visited the office a few years ago and explained how he wanted to save money for certain expenses like: education, housing, transportation, and other costs associated with his on-going care and independence. He explained that Wisconsin allows residents to claim a deduction from their federal adjusted gross income for the amount they deposit into their ABLE account in another state, but he'd really like to participate in a Wisconsin ABLE program but Wisconsin doesn't offer one. In fact, Wisconsin is one of only 7 states that doesn't have its own ABLE program.

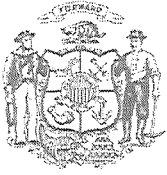
Since I've been working on this issue it's become clear to me how burdensome, challenging, and time-consuming it is to gather all the information about programs that are run in other states and try to decipher which one is the right one to invest in. Many families find the information overwhelming and just want to talk to someone locally who can help explain one program and help get them signed up. To put this in perspective, according to DOR, in tax year 2019 the department had 188 returns with a subtraction for ABLE account contributions. I think if we had a Wisconsin run program we'd see a lot more returns and it would be a great opportunity for Wisconsin families.

The bill before you simply directs the DFI to study and report on the feasibility of creating a Wisconsin qualified ABLE program. The study will examine the pros and cons

of either: 1) establishing and administering a WI ABLE program for state residents; or 2) DFI enters into an agreement with another state, or with an entity representing an alliance of states to establish and administer the ABLE program.

In June of this year, the senate companion bill passed the Senate Committee on a 5-0 vote and the full Senate on a voice vote. Among the many organizations supporting the bill include: The ARC Wisconsin, Wisconsin Coalition of Independent Living Centers, Wisconsin Board for People with Developmental Disabilities, the Wisconsin Credit Union League, the Wisconsin Bankers Association and Wisconsin Manufacturers and Commerce.

Once again, thank you for holding a public hearing on this important piece of legislation. I am happy to answer any questions you may have.



# ANDRÉ JACQUE

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*Testimony before the Assembly Committee on Financial Institutions  
State Senator André Jacque  
October 6, 2021*

Chair Duchow and Committee Members,

Thank you for holding this hearing on Assembly Bill 167, the Expanding Achieving a Better Life Experience (ABLE) Account Participation Act.

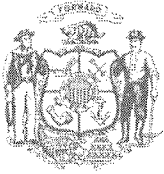
Under current federal law, states may create a 529A *Achieving a Better Life Experience* (ABLE) program. This program allows an individual classified with having a disability before age 26 to have a tax-exempt savings account set up in their name to cover certain expenses. These expenses include education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, and funeral and burial expenses. Enrollment in this program does not affect eligibility for Supplemental Security Income (SSI) or Medicaid.

In 2016, Wisconsin passed ABLE tax legislation but chose not to establish its own state ABLE program, instead allowing Wisconsin residents to open accounts in other states. Uptake on ABLE accounts in Wisconsin has been slow, perhaps because Wisconsin does not host an ABLE webpage or promote ABLE officially. Wisconsin is one of just seven states (Wisconsin, Idaho, Utah, North Dakota, South Dakota, Hawaii and Maine) that does not offer their own ABLE Account programs. ABLE use in other states is estimated by financial planners to be significantly higher.

Assembly Bill 167 requires DFI to conduct a study to examine the advantages and disadvantages of the following options in establishing a Wisconsin ABLE program for this state's residents: 1) DFI establishes and administers the ABLE program; or 2) DFI enters into an agreement with another state, or with an entity representing an alliance of states, to establish and administer the ABLE program. The study must include review and evaluation by DFI of certain matters, including each option's potential costs; the impact of each option on Wisconsin residents' program choice, tax benefits, and account fees; and ABLE programs offered by other states. DFI must report to the legislature the results of the study, including DFI's findings and recommendations, by approximately six months after the bill's effective date.

It is important to note that Assembly Bill 167 does not undo the 2016 law allowing Wisconsin residents to take advantage of other states' ABLE programs. The bill will take concrete steps to move our state in the direction of making ABLE accounts more accessible for Wisconsin families and advance the Legislature's continuing efforts to empower individuals with disabilities.

Assembly Bill 167 was developed with the input of disability advocates and organizations who have lobbied for this change during the previous legislative session. The following groups have all publicly stated their support for a Wisconsin ABLE program: The Arc Wisconsin, The Arc Dane County, The Arc of Dodge County, The



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Arc of Dunn County, Inc., The Arc Fond du Lac, The Arc Greater Columbia County, The Arc-Green County, The Arc of Racine County, Richland County Arc, The Arc of Southwestern Wisconsin, Inc., The Waupaca County Arc, Alianza Latina Aplicando Soluciones, Autism Society of Greater Wisconsin, Autism Society of South Central Wisconsin, Autism Society of Southeastern Wisconsin, CUNA Mutual Group, Disability Rights Wisconsin, Down Syndrome Association of Wisconsin, Inc., Elder Law and Special Needs Section of the State Bar, Family Voices of Wisconsin, Madison Area Down Syndrome Society, Respite Care Association of Wisconsin, Save IRIS, Survival Coalition of Wisconsin Disability Organizations, Wisconsin, Inc., Wisconsin Board for People with Developmental Disabilities, Wisconsin Chapter of NAELA (National Academy of Elder Law Attorneys), Wisconsin Coalition of Independent Living Centers, Inc., Wisconsin FACETS, Wisconsin Down Syndrome Advocacy Coalition, Wisconsin Upside Down, and Wispact Inc.

Thank you for your consideration of Assembly Bill 167.

October 6, 2021

To: Representative Duchow, Chair  
Members, Assembly Committee on Financial Institutions

From: Lisa Pugh, State Director

Re: AB 167- requiring the Department of Financial Institutions to study and report on establishing a section 529A ABLE savings account program.

ABLE is a transformative program that provides individuals with disabilities and their families the opportunity to achieve greater financial independence and self-reliance. Like EdVest college savings accounts, an ABLE account allows me as a parent to save for my child's future.

What typically happens for a parent like me after a son or daughter is born and diagnosed with a life-long disability is that you are told not to save more than \$2,000 in their name. Ever. Don't have Grandma and Grandpa give them large amounts money on their birthday. Don't put them in your will.

As an adult with a disability, you are told you have to keep assets under \$2,000 or you will lose access to Medicaid, an important benefit that not only often covers essential and expensive healthcare not available or affordable on the private market, but that also ensures supports for personal care, transportation, disability equipment and sometimes a place to live with supports when you have a significant disability.

That \$2,000 asset limit for both individuals with disabilities and families of young children is a burden that keeps people in poverty with few choices or options to get out. (But that's a federal problem.)

When Congress passed the ABLE law in 2014, in some ways it was a workaround. It allowed people to save money or save for their children tax-free, without fearing loss of program eligibility. It includes incentives for people to work - and they can then draw funds out for disability related expenses related to education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services.

43 States and D.C. have launched ABLE programs and there are 82,415 ABLE accounts open nationwide. Wisconsin is not one of those states. The lack of an ABLE program in our state has caused confusion.

### Summary of current problems with ABLE access in Wisconsin:

- Although Wisconsin residents can open an ABLE account in another state, we are estimated to have far fewer accounts open than any neighboring state.
- Wisconsin Department of Revenue reports that only 188 Wisconsin residents took advantage of the ABLE tax deduction in 2019.
- National numbers show that Wisconsin has approximately 116,891 ABLE-eligible people. Most state ABLE programs are new and growing slowly, none reaching even close to eligible population numbers, but all have significantly more open accounts than Wisconsin.
- People have difficulty finding out about and trusting information regarding ABLE without a state portal or marketing of any kind. They often have state specific questions that cannot be answered through a website. State programs (i.e., Family Care, IRIS, DPI) that support people with disabilities lack training and centralized information.

Although Wisconsin residents can open an ABLE account in another state, Wisconsin is estimated to have far fewer accounts open. Many Wisconsinites with disabilities do not have ABLE accounts, either because they do not know about them or because they are skeptical about opening accounts in other states. Sometimes they are given poor information by other professionals in their lives and get little to no information through their bank or other places they save funds.

The extent of the information available about ABLE through our state agencies amounts to one or two fact sheets on a website directing them to research other state programs.

I operate a small non-profit advocacy organization that supports people with disabilities and families. I have a limited budget and capacity to take calls and help people with their individual issues. I am a staff of one. I get weekly calls about ABLE, and the questions are often complex and specific to our state. The answers are not located on any FAQ.

Other states offer 800 numbers and customer call centers, they do cross-agency trainings and develop customized marketing materials so the programs that support people with disabilities in their states - whether that be school special education teachers, disability benefits specialists with counties or Division of Vocational Rehabilitation counselors know how to help people save to purchase the things they need without relying on government funding, or how they can work and save more money while using an ABLE account as a tool.

The Senate companion to AB 167 passed unanimously in the Senate. AB 167 does not direct the state to establish an independent ABLE program, although many people think it should. This bill is a smaller step: it simply says we need more information to take the right next step for Wisconsin residents. Under this bill we would learn the specific advantages and disadvantages of Wisconsin operating its own ABLE program and the different methods of doing that - we would learn about potential hidden costs as well as the impact on people's choices, tax benefits and what the experiences of other states.

Again, my preference would be that this bill start a Wisconsin ABLE program today. I think it is needed. But this is a good first step.

*After researching about an ABLÉ account for my autistic son, I was shocked and saddened that Wisconsin does not offer this option for improving the quality of life for people with disabilities. Ultimately, we set up an ABLÉ account out of state but we would much rather have set it up in Wisconsin, our home state. I wonder how many people are not setting up ABLÉ accounts because they are not available in Wisconsin. Raising a child with a disability into adulthood is hard and confusing at times. Please make ABLÉ accounts available in Wisconsin now. Don't wait.*

- Parent in Madison

*It is cumbersome to set up an account using a financial institution in another state. We need a Wisconsin bank to handle these accounts, one with a state-wide presence to help those with disabilities access their accounts for deposits and withdrawals.*

- Parent in Eau Claire

*It has been difficult to figure out what ABLÉ account is best for us, that we just stopped trying. We have family and friends that would like to help us financially, but we turn them down because of the \$2,000 limit. Having an ABLÉ account would allow us so our families or friends can help us with putting money in our ABLÉ account and it helps them When tax season comes around, with a tax credit.*

- Person with a disability in Eau Claire

*I am the parent of an autistic son. I worry about his future. I have heard of ABLÉ accounts but don't really know how to establish one or if a special needs trust would be a better option. I think that many parents like me have similar questions. I also think that many of us worry that because Wisconsin does not have its own ABLÉ account program, it is extra confusing to know which programs from different states are allowed here and how to find the right one.*

- Parent in Glendale

*My son is currently working part time, living at home and receiving SSI. He would be unable to work if it were not for his ABLÉ account, which we were forced to open in the state of MN. His ABLÉ account allows him to maintain employment and benefit programs while he saves his future. Wisconsin should start offering ABLÉ accounts to better support and educate families and make it so we don't have to take our money outside of the state!*

- Parent from Kenosha

*I think a lot of people don't know that it exists and they struggle with financial planning when it comes to either themselves or their kids. Also, it's really hard to know what decisions to make when you can't find any information and there's no guidance to find the best fit for an out of state program.*

- Parent from Madison



WISCONSIN BOARD FOR PEOPLE  
WITH DEVELOPMENTAL DISABILITIES

October 6, 2021

Assembly Committee on Financial Institutions  
Rep. Duchow, Chair  
Wisconsin State Capitol, Rm 221N  
Madison, WI 53708

Dear Rep. Duchow and members of the committee:

The Wisconsin Board for People with Disabilities (BPDD) supports AB 167, which directs the Department of Financial Institutions to study establishing a Achieving a Better Life Experience (ABLE) either directly or by entering into an agreement with another state or alliance of states so people with disabilities and families can earn and save more.

In 2016, Wisconsin passed ABLE tax legislation but chose not to establish its own state ABLE program, instead allowing Wisconsinites to open accounts in other states. Many people with disabilities and families are unaware of ABLE accounts, or struggle to find information and make decisions about how to set them up. This bill will take concrete steps to make ABLE accounts more accessible for Wisconsin families. ABLE accounts do not affect eligibility for Supplemental Security Income (SSI) or Medicaid.

ABLE accounts allow people who have a disability that developed before age 26 to have a tax-exempt savings account set up in their name that can cover allowable expenses. Allowable expenses include education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, and funeral and burial expenses.

The bill requires the Department of Financial Institutions (DFI) to examine the pros and cons of opening a Wisconsin-run ABLE program for residents or contracting with another state to administer an ABLE program for Wisconsin residents. This analysis will position the legislature to make an informed decision on the best way to improve access to ABLE accounts for people with disabilities and their families.

BPDD is charged under the federal Developmental Disabilities Assistance and Bill of Rights Act with advocacy, capacity building, and systems change to improve self-determination, independence, productivity, and integration and inclusion in all facets of community life for people with developmental disabilities<sup>1</sup>.

Thank you for your consideration,

A handwritten signature in cursive script that reads "Beth Swedeen".

Beth Swedeen, Executive Director,  
Wisconsin Board for People with Developmental Disabilities

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<sup>1</sup> More about BPDD [https://wi-bpdd.org/wp-content/uploads/2018/08/Legislative\\_Overview\\_BPDD.pdf](https://wi-bpdd.org/wp-content/uploads/2018/08/Legislative_Overview_BPDD.pdf).





**State of Wisconsin**  
*Department of Financial Institutions*

Tony Evers, Governor

Kathy Blumenfeld, Secretary

October 6, 2021

**Statement from Secretary Kathy Blumenfeld on AB 167**

Thank you Chair Duchow for having a hearing today on AB 167, ABLE legislation introduced by Representative Mursau and Senator Jacque. As many of you know, I am passionate about the ABLE tax benefits, and I have been familiar with the program since it was first enacted on the federal level in 2014 to provide financial assistance to people with disabilities. I would like the Committee to know that the Wisconsin Department of Financial Institutions (DFI) is ready to increase its role in supporting such a valuable program.

If enacted, this bill will require DFI to study the state's options for establishing a qualified ABLE program under section 529A of the Internal Revenue Code and research the potential costs to implement an ABLE program independently or in collaboration with other states. AB 167 further requires DFI to evaluate the impacts of implementing such a program, including the options, tax benefits, and account fees for participants. This study is an important first step toward an ABLE program in Wisconsin and we thank Representative Mursau and Senator Jacque for introducing this legislation.

ABLE plans can change the way individuals with disabilities and their families participate in the community, build financial wellness, and plan for their futures by empowering them to save and invest a limited amount of money each year for disability-related expenses without losing access to needed federal benefits. These state-run savings accounts are modeled after section 529 savings plans for higher education. DFI, the state agency for Wisconsin's successful 529 College Savings Program since 2017, has extensive experience successfully administering tax-beneficial savings plans.

Most disabilities require individuals with a disability to take on additional expenses for care, transportation, and other needs. ABLE accounts can help offset these costs. ABLE accounts foster person-centered independence, build self-reliance, encourage employment, and improve overall quality of life. Contributions to ABLE accounts can come from individual earnings, family, friends, and other sources. Earnings on ABLE accounts are tax-deferred, and withdrawals are tax-free as long as they are used for qualified disability-related expenses.

Wisconsin is currently one of only seven states that does not offer an ABLE program. Wisconsinites can open an ABLE account in any state that accepts outside residents into their program, but our state has a low participation rate in ABLE programs due in part to low awareness. According to the Wisconsin Department of Revenue, only 180 Wisconsinites are claiming a tax-deduction for an ABLE account. In an effort to help more Wisconsinites gain from this program, Governor Evers included ABLE provisions in his 2021-23 budget. These initiatives would have DFI study whether Wisconsin would implement its own ABLE program

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or enter into an agreement with other state(s) and for DFI to establish and administer an ABLE program for Wisconsin residents. Representative Subeck and Senator Pfaff introduced legislation AB 496, and SB 486 that is similar to the Governor's proposal.

I am confident that the Department of Financial Institutions is prepared to implement AB 167 and we would be pleased to have the opportunity to do more to help Wisconsinites participate in and share the financial benefits of a Wisconsin ABLE program.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Blumenfeld".

Kathy Blumenfeld  
Cabinet Secretary  
Wisconsin Department of Financial Institutions



**CRESCENDO**  
*Wealth Management*  
LLC

October 1, 2021

To: Members Senate Committee on Financial Institutions

From: Kathleen Oberneder ChSNC® - Financial Advisor

Re: Assembly Bill 167 – requiring the Department of Financial Institutions to study and report on establishing a section 529A ABLÉ savings account program.

I have been in the Financial Service industry since 2001 when I left my work as a Speech Language Pathologist to pursue a job educating individuals on the importance of saving for retirement. During this time, I learned developed a passion for improving individuals' financial literacy. After 10 years working as an Education Specialist with a retirement plan company, I realized that no matter how much money someone made, how many degrees they held, or their title within a company finances were something which were intimidating, and confusing.

Fast forward to 2011, I delivered my third daughter Emily, and I was surprised at birth to learn she had Down Syndrome. Little did I know how much the professional experience would impact the next chapter of my professional life. I returned to work within the industry committed to understanding how to plan for the future of my family which now included a child with an intellectual disability who would be financially dependent on me for the rest of my life and hers.

Unfortunately, I did not find an Advisor who I felt understood and could provide advice to my family. In October 2014, I joined Crescendo, an independent financial planning firm to build a planning and consulting practice which I believed individuals with disabilities needed, as well as families who had children with disabilities to help prepare for their financial future. I wanted to change how things were done within our industry to provide services to whom I feel is a neglected population.

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Just a few months later President Obama signed into law the Achieving a Better Life Experience Act creating 529A ABLÉ Savings Accounts. The accounts were named after Steven Beck Jr. who had two daughters, one who was neurotypical and one with a disability. He did not believe it was fair that he was able to save into an account with tax advantages for one daughter, but not the other. It is a simple concept, the ability to set aside funds for your child in a tax preferential way which would not impact public benefits but could be there to supplement them.

529A ABLÉ Accounts are considered estate recovery accounts, therefore upon the death of the account owner/beneficiary, the balance within the account will first be paid to the state for the services that were provided via Medicaid.

I have been providing education meetings/webinars to nonprofit organizations in Wisconsin since 2015 on 529A ABLÉ, how the accounts work, who is eligible, completing enrollment, etc. Every meeting I have conducted in the last 6 years an attendee has asked the question of why Wisconsin does not offer a program. There is a strong message within the disability community that because our state does not have a program, or the resources to communicate about the accounts that the 529A ABLÉ must not be an appropriate savings tool. It's as if folks believe something is "wrong" with these accounts if our great state has not backed them.

I want this bill passed so that we can obtain the information which will help us to know what the right thing is to do for the disability community. Do we need to offer our "own" program, or do we need to provide a resource at the state level that gives Wisconsinites the confidence that these accounts are meant to help disabled individuals and their families improve their financial futures?

I started off my testimony by saying that financial literacy is a problem in our country. Now, think about what it is like for those disabled, or parents of disabled children trying to navigate the financial puzzle of the world of public benefits. The last thing one wants to do is jeopardize these extremely important benefits. As simple as the 529A ABLÉ accounts may seem – it is incredibly challenging for people to know if they are the right solution, how to select from the 42 state programs, and how to enroll independently. Wisconsin – let us find a way to help these individuals make informed decisions and support their desire to assist in providing for their financial futures. I strongly believe this investment in our residents will

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pay off in the future to potentially ease the burden of providing benefits.

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