

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

<b>Washington State DD Endowment Trust Fund</b> RCW 43.330.431	<b>Washington State ALE Savings Plan</b> RCW 43.330.460
	<ul style="list-style-type: none"> <li>Paired with DDEF, can allow more flexible spending</li> </ul>
<b>How is it managed?</b>	<b>How is it managed?</b>
<b>What is the governance structure?</b> <ul style="list-style-type: none"> <li>Governor appointed board members govern the program</li> <li>Department of Commerce supports the program</li> </ul>	<b>What is the governance structure?</b> <ul style="list-style-type: none"> <li>Four Governor appointed board members and three state agency representatives govern the program</li> <li>Department of Commerce supports the program</li> </ul>
<b>Who invests the money?</b> <ul style="list-style-type: none"> <li>Washington State's State Investment Board, following an asset allocation strategy approved by the governing board</li> <li>The investment option is pre-determined.</li> <li>Private contributions are passively managed in the Vanguard Balanced Fund</li> <li>State funds equity are passively managed by State Street Global Advisors while fixed income is actively managed by the State Investment Board</li> </ul>	<b>Who invests the money?</b> <ul style="list-style-type: none"> <li>Investment Services, a subsidiary of BNY Mellon, following an asset allocation strategy designed by an investment advisor and approved by the governing board</li> <li>The account owner (beneficiary) chooses which investment option to put their money</li> <li>Funds are passively managed in seven Vanguard mutual funds and one Dimensional Funds Advisors fund</li> <li>FDIC insured cash is held in a custodial account by BNY Mellon</li> </ul>
<b>Who handles customer service, deposits and disbursements?</b> <ul style="list-style-type: none"> <li>The Arc Washington State</li> </ul>	<b>Who handles customer service, contributions and distributions?</b> <ul style="list-style-type: none"> <li>Sumday, a subsidiary of BNY Mellon</li> </ul>
<b>What does it cost (fees)?</b> <ul style="list-style-type: none"> <li>Enrollment fee of \$600</li> <li>Annual asset management fee \$75 - \$750</li> <li>Annual \$75 tax prep fee</li> <li>Some fees are currently offset by a state match (subject to future appropriations)</li> </ul>	<b>What does it cost (fees)?</b> <ul style="list-style-type: none"> <li>Annual fee of \$35</li> <li>Annual investment fee of 0.30% - 0.38% on assets</li> <li>Optional prepaid card \$1.25 per month</li> <li>Mailing fees and others may apply</li> </ul>
<b>Deposits</b>	<b>Deposits</b>
<b>Who can make contributions?</b> <ul style="list-style-type: none"> <li>Anyone but the beneficiary can contribute to a 3<sup>rd</sup> party trust account via check or bill pay</li> <li>Only the beneficiary can contribute to a 1<sup>st</sup> party trust account via check or bill pay</li> </ul>	<b>Who can make contributions?</b> <ul style="list-style-type: none"> <li>Anyone can contribute to the account via check or bill pay or bank account transfers</li> <li>Anyone can contribute via E-gifting using debit or credit cards</li> </ul>
<b>What are the limits to contributions?</b> <ul style="list-style-type: none"> <li>None. As many and as large as you want</li> <li>Accumulations are unlimited too</li> <li>Does not affect SSI or Medicaid eligibility</li> </ul>	<b>What are the limits to contributions?</b> <ul style="list-style-type: none"> <li>Unlimited number of contributions but capped at \$16,000/year unless employed*</li> <li>\$500,000 lifetime balance limit</li> <li>First \$100,000 does not affect SSI eligibility</li> </ul>
<b>How to make Contributions?</b> <ul style="list-style-type: none"> <li>Send paper checks</li> </ul>	<b>How to make Contributions?</b> <ul style="list-style-type: none"> <li>Send paper checks</li> </ul>
	<p>*The ALE 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>

<b>Washington State DD Endowment Trust Fund</b> RCW 43.330.431	<b>Washington State ALE Savings Plan</b> RCW 43.330.460
<ul style="list-style-type: none"> <li>• Bill pay from your financial institution</li> </ul>	<ul style="list-style-type: none"> <li>• Online transfers from bank account</li> <li>• Automatic deductions from bank account</li> <li>• E-gift contributions</li> </ul>
<p><b>Who chooses how to invest the funds?</b></p> <ul style="list-style-type: none"> <li>• The governing board chose a pooled trust format so contributions go into the Vanguard Balanced Index Mutual Fund</li> </ul>	<p><b>Who chooses how to invest the funds?</b></p> <ul style="list-style-type: none"> <li>• The beneficiary (account owner) or their authorized legal representative.</li> <li>• You can choose to:               <ul style="list-style-type: none"> <li>○ invest in one of three options</li> <li>○ save in an FDIC-insured account</li> <li>○ both (save and invest)</li> </ul> </li> </ul>
<p><b>Withdrawals</b></p>	<p><b>Withdrawals</b></p>
<p><b>What can the funds be spent on?</b></p> <ul style="list-style-type: none"> <li>• Transportation</li> <li>• Education</li> <li>• Assistive Technology</li> <li>• Employment Training</li> <li>• Personal Support Services</li> <li>• Legal Fees</li> <li>• Funeral &amp; Burial (Prepaid only)</li> <li>• Health &amp; Wellness (vacations, entertainment)</li> <li>• Financial Management</li> </ul>	<p><b>What can the funds be spent on?</b></p> <ul style="list-style-type: none"> <li>• Basic Living Expenses (groceries)</li> <li>• Housing (rent, down payment, renovations)</li> <li>• Transportation</li> <li>• Education</li> <li>• Assistive Technology</li> <li>• Employment Training</li> <li>• Personal Support Services</li> <li>• Legal Fees</li> <li>• Funeral &amp; Burial</li> <li>• Health &amp; Wellness (vacations, entertainment)</li> <li>• Financial Management</li> </ul>
<p><b>How to make a withdrawal?</b></p> <ul style="list-style-type: none"> <li>• Send in disbursement request and receipts</li> <li>• Paper checks will be mailed to reimburse you, vendors, and service providers</li> <li>• No debit card option</li> </ul>	<p><b>How to make a withdrawal?</b></p> <ul style="list-style-type: none"> <li>• Transfer ALE funds to your bank account</li> <li>• Request paper check be mailed</li> <li>• Transfer ALE funds to prepaid ALE debit card (\$1.25 monthly fee, transfer as little as \$10 and maximum of \$15,000 per withdrawal)</li> </ul>
<p><b>Can funds be transferred between DDETF and ALE accounts?</b></p> <ul style="list-style-type: none"> <li>• Funds can be disbursed from the special needs trust as a contribution to the ALE account</li> <li>• Funds CANNOT be moved from an ALE account to the DDETF</li> </ul>	<p><b>Can funds be transferred between ALE and DDETF accounts?</b></p> <ul style="list-style-type: none"> <li>• Funds cannot be moved from the ALE to the special needs trust account</li> <li>• Funds can be disbursed from the special needs trust as a contribution to the ALE account</li> </ul>
<p><b>Who decides on how to spend the money?</b></p> <ul style="list-style-type: none"> <li>• Primary representatives like parents, guardians and rep payees submit reimbursement requests to the trust manager</li> <li>• 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</li> <li>• The trust manager mails out reimbursement checks to vendors and primary representatives</li> </ul>	<p><b>Who decides on how to spend the money?</b></p> <ul style="list-style-type: none"> <li>• The beneficiary and/or their authorized legal representative</li> <li>• Account owners owe taxes and penalties for items and services purchased that are not qualified disabilities expenditures</li> <li>• Non-qualified disabilities expenditures may jeopardize SSA and other public benefits</li> </ul>
<p><b>Are there limits on spending?</b></p> <ul style="list-style-type: none"> <li>• SSI recipients may not use trust funds for room and board</li> </ul>	<p><b>Are there limits on spending?</b></p> <ul style="list-style-type: none"> <li>• Funds cannot be used for ineligible expenses like gambling or illegal activities</li> </ul>

<b>Washington State DD Endowment Trust Fund</b> RCW 43.330.431	<b>Washington State ABL Savings Plan</b> RCW 43.330.460
<ul style="list-style-type: none"> <li>Spending trust funds does not affect SSI or Medicaid eligibility or benefits</li> </ul>	<ul style="list-style-type: none"> <li>Ineligible expenditures may jeopardize SSI and Medicaid eligibility or benefits</li> </ul>
<b>Death and Taxes</b>	<b>Death and Taxes</b>
<p><b>Are federal income taxes involved?</b></p> <ul style="list-style-type: none"> <li>Earnings from investments are potentially taxed</li> <li>Qualified Disability Trust (3<sup>rd</sup> party) or Grantor Trust (1<sup>st</sup> party) generate form 1041</li> </ul>	<p><b>Are federal income taxes involved?</b></p> <ul style="list-style-type: none"> <li>Earnings from investments and withdrawals from the account are exempt from taxes</li> <li>Distributions for ineligible expenses must pay federal taxes and a 10% penalty</li> <li>Form 1099-QA and 5498-QA are generated</li> </ul>
<p><b>What occurs if the beneficiary passes away?</b></p> <ul style="list-style-type: none"> <li>Trust 1 Third Party: no pay back required; remainder assets distributed according to Trust documents</li> <li>Trust 2 Self-Settled: Medicaid/Medical Assistance Recovery before distribution of assets according to Trust documents</li> </ul>	<p><b>What occurs if the beneficiary passes away?</b></p> <ul style="list-style-type: none"> <li>ABLE account balance is transferred to beneficiary's estate to pay outstanding ABLE-eligible expenses and funeral/burial expenses</li> <li>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</li> </ul>
<b>More Information</b>	<b>More Information</b>
<p><b>How to Enroll?</b></p> <ul style="list-style-type: none"> <li>Download forms from website or request a packet be mailed to you</li> <li>Fill out paperwork and submit to trust office</li> </ul>	<p><b>How to Enroll?</b></p> <ul style="list-style-type: none"> <li>Apply online and upload documents</li> <li>Mail in completed forms downloaded from website</li> </ul>
<p><b>DDETF Trust Office</b> 1-888-754-8798 and <a href="mailto:etfinfo@arcwa.org">etfinfo@arcwa.org</a></p> <p><a href="#">Developmental Disabilities Endowment Trust Fund   Protect today, Provide for tomorrow (wa.gov)</a></p>	<p><b>ABLE Call Center</b> 1-844-600-2253 – TTY and Chat available too</p> <p><a href="#">Washington State ABL Savings Plan</a></p>