ASSET DEVELOPMENT BUILDS OPPORTUNITIES FOR PEOPLE WITH DISABILITIES

KEY FACTS

- In the U.S., 37.6 million individuals have disabilities, or 12.1% of the population.[67]
- 34% of working-age persons with disabilities are employed, compared to 76.3% of those without disabilities.[67]
- Nearly one in three Americans with disabilities lives in poverty, more than twice the poverty rate for nondisabled persons.[15]
- 59% of people with disabilities are asset-poor.[16]

THE ROLE OF ASSETS

- **Maximize Take-Home Income** Take-home income can be maximized through tax credits and deductions that reduce tax liability and generate income for some lower-income filers.
- **Build Savings** By building savings through individual development accounts (IDAs), individuals can save for specific goals, including adaptive technology, without losing Medicaid eligibility.
- **Plan for the Future** By offering financial-planning services, a human services agency can help families anticipate difficult financial situations such as a child aging out of care; understand their options; and create a strategy for long-term financial well-being.

IDEAS FOR HUMAN SERVICES

- Disability service providers can raise awareness about existing asset-building policies and services by talking with consumers about the programs in their communities.
- Human service providers can facilitate access to existing asset-building policies and services, such as free tax preparation.
- Disability service providers can partner with asset-development organizations to offer programs tailored to the unique needs of consumers, such as IDA programs that allow individuals to purchase adaptive technology to facilitate employment.

SUCCESS STORY

Learn more about Laura, who wanted to own a home and used asset-development tools to make her dream a reality (page 44).

Equity and Access Through Disability Services

What is the challenge?

Disabilities affect people in many different ways and can impact individuals' capacity to work, pursue education and earn income. Many adults with disabilities work, earn and support themselves and their families, while others must rely upon their families and communities for financial support. Across this diverse group, adults with disabilities face many distinctive economic challenges, including higher rates of unemployment and lower income than their nondisabled peers. With lower employment and earnings comes a higher rate of poverty. Nearly one in three Americans with disabilities lives in poverty, more than twice the poverty rate for nondisabled persons.[15] Further, a majority of people with disabilities (59%) are asset-poor, meaning they have insufficient resources to live at the poverty level for three months without an income.[16] These rates of income and asset poverty include adults and children with disabilities, both those who live independently and those who reside with their families. The rates would be even higher if the population under study included people living in institutional settings, as more than half of the population in institutions had a disability in 2010.[15] In addition, parents of children with disabilities face special financial challenges, such as planning for when their children age out of services (at 21 or 22, depending on the state), affording ongoing medical costs, financing future opportunities for their children, and planning for their own retirement in light of the aforementioned expenses.

Public programs play a crucial role in boosting the financial well-being and health of low-income persons with disabilities, but eligibility rules for various programs can also serve as barriers to saving. For example, Supplemental Security Insurance (SSI) and Social Security Disability Insurance (SSDI) provide essential income support, and publicly subsidized health insurance programs provide access to essential medical care for millions of people with disabilities. However, to remain eligible for these programs, recipients must deal with complicated rules around earning and asset limits as well as differences in how various programs define disability. Disabled persons who qualify for SSI or SSDI may benefit from policies intended to encourage work and savings. The Plan to Achieve Self-Support (PASS) and the Property Essential to Self-Support (PESS) exclude from SSI eligibility calculations of certain income or resources that allow individuals to be self-supporting. However, PASS, PESS and similar policies are underutilized.

Additionally, federal and state policies, such as free tax-preparation services and the Earned Income Tax Credit (EITC) may be particularly helpful for asset building among people with disabilities and their families; taxpayers with disabilities can access free tax preparation at a lower rate (1.6%) than those without disabilities (3.5%). But the IRS estimates that a billion dollars in EITC are left unclaimed by taxpayers with disabilities each year. Further, 40-50% of SSI and SSDI recipients do not have bank accounts, which can be valuable vehicles for saving.[68] These findings suggest that more can be done to connect people with disabilities to existing policies and services to enhance their savings and financial well-being.

How can assets help?

In conjunction with programs that aid with job placement and access to medical care, asset-building opportunities can enable people with disabilities to save and plan for the future. Disability service providers can raise awareness about existing asset-building policies and services by talking with consumers about the programs in their communities. Providers can also take steps to facilitate access to existing asset-building policies and services such as by connecting consumers with free tax preparation. Disability service providers can partner with asset-development organizations to offer programs tailored to the particular needs of people with disabilities, such as IDA programs that allow individuals to build savings while maintaining their eligibility for Medicaid.

Which asset-building strategies can build financial stability among people with disabilities?

INDIVIDUAL DEVELOPMENT ACCOUNTS (IDAs)

IDAs are matched savings accounts that allow individuals to save for a specific goal, such as homeownership, postsecondary education or small-business ownership. Importantly, the savings and matching funds accrued in many IDA programs are not counted in the asset tests for Medicaid or SSI. Many IDAs are tailored to the needs of particular populations, often as a result of collaborations among community agencies. To learn more about IDAs and find an IDA program near you, visit CFED's IDA Program Directory: http://cfed.org/programs/idas

Community Vision

Community Vision, Inc., a Portland, Ore.-based organization, offers a range of services for people with developmental disabilities, including an IDA program and homeownership assistance. To make the program most useful for consumers with disabilities, Community Vision's IDA includes a new category of qualified asset-building expenses: IDA savings may be used for adaptive equipment and assistive technology such as wheelchairs and vehicles. The IDA program is coordinated in partnership with the Valley Individual Development Account (VIDA) collaborative at CASA of Oregon, an IDA administrator.

Community Vision's homeownership assistance program consists of one-on-one housing counseling for their clients with income at or below 80% of the local area's median income. Advisers work with consumers to develop individualized plans for working toward homeownership, including strategies to build credit and savings, and connections with resources in the community, the IDA program and the Oregon Accessibility Loan Fund. Community Vision's services also comprise supported living, employment services and case management.
For more information: http://cvision.org/our-programs

SUCCESS STORY

Laura wanted her own house and the feeling of security it would bring. Living on Social Security benefits and nominal income from a part-time job, she did not have the resources for a down payment. Laura enrolled in Community Vision, Inc.'s IDA program, and for three years she saved what she could, often no more than $25 at a time. With the help of the 3:1 match from the IDA program, Laura was able to afford a down payment of $4,900 and buy a house valued at $140,000.
Community Vision, Inc.: http://cvision.org/our-programs/future-assets-for-independence/

"Historically, individuals with disabilities have [had] very few opportunities to create an asset that provides both financial equality and an opportunity to dream about financial security. Many individuals with disabilities continue to live in poverty due to lack of quality employment opportunities, low cash entitlements from Social Security, and limits on assets, which prohibit the accumulation of wealth and acquisition of assets. Asset-building opportunities match the core of Community Vision's philosophy, which is to assist individuals to take control of their life within the community of their choice."

Joe Wykowski, Executive Director, Community Vision

FINANCIAL PLANNING

Parents and other family members of people with disabilities face a number of special financial challenges, including ongoing medical expenses and the costs of educational and other programs for children who have aged out of state secondary education services. In light of these and other related expenses, family members may struggle to plan for both their own retirement and the long-term care for their loved one. Financial planning services can help families understand their options, anticipate future challenges and create a strategy for long-term financial well-being.

Parent Advocacy Coalition for Educational Rights (PACER) Center
The Parent Advocacy Coalition for Educational Rights (PACER) Center and the National Endowment for Financial Education collaborated to produce a financial resource guide for parents of children with disabilities. The guide aims to provide baseline information on major financial-planning issues that may arise, including strategies for approaching income taxes, healthcare, life and disability insurance, and family relationships. The guide also offers tools to create an action plan for the future, and seeks to connect family members with organizations that can provide additional information, resources and assistance.
For more information: www.pacer.org/publications/possibilities

“PACER Center provide[s] training and information on helping families access the services and supports their children need to be successful in school and prepared to reach adult employment, independent living and economic self-sufficiency. Parent centers often provide information and referral to outside asset-development and financial-planning resources. Many provide training on strategies that permit families to set aside income for their child’s future while continuing to qualify for Medicaid and Social Security benefits (e.g., special needs trusts, the ABLE Act, individual development accounts and Social Security Work Incentive programs). The guide developed by the National Endowment for Financial Education and PACER explores these topics and also addresses the need for parents to plan for their own financial future. It includes practical tips for developing a family budget, managing day-to-day expenses, and planning for higher education.”

Deborah Leuchovius, Technical Assistance on Transition and Career Development, PACER Center

COMMUNITY COLLABORATIONS

Many states have asset-development coalitions focused on promoting asset-building policies and programs in their states and regions. However, asset-building agencies may not be aware of the distinctive economic challenges faced by people with disabilities nor the potential benefits of partnering with disability services agencies. Offering an initial training or awareness-raising event can help to create connections between asset-focused agencies and the disability community, which may then grow into larger collaborations. Building interagency connections can raise awareness of disability issues among asset-focused agencies and boost the participation of consumers in existing asset-building services. At the same time, disability services agencies may wish to train their own staff members and partners on the breadth of asset-building programs and their potential to meet consumers' needs.

National Disability Institute's Real Economic Impact (REI) Network

The National Disability Institute's (NDI) Real Economic Impact (REI) Network is an alliance of more than 4,000 organizations and individuals dedicated to the economic advancement of people with disabilities. The REI Network is a collaboration among public and private partners, including nonprofit organizations; community tax coalitions; asset-development organizations; financial education initiatives; private-sector businesses; federal, state and local government agencies; and individuals with disabilities and their families, all joining forces to promote the full participation of people with disabilities in the economic mainstream. The REI Network began by providing small grants and technical assistance to community-based free tax-preparation providers to expand their capacity to serve people with disabilities. Among the initial offerings were opportunities for grantees to use REI Network resources to make their tax sites accessible, educate their staff and volunteers about disabilities, and train them on the use of specialized adaptive technology.[68] According to Michael Roush of NDI, since 2005, REI Network partners, with support from the IRS, have helped more than 1.9 million low- to moderate-income people with disabilities receive tax refunds of more than $1.8 billion. In addition to free tax preparation, key services provided through the REI Network include financial and tax education, connections to mainstream banking services, credit and debt counseling, and opportunities for homeownership.[69] REI Network members receive training, technical assistance, support and resources provided by NDI to advance economic empowerment and financial capability for persons with disabilities.
For more information: http://www.realeconomicimpact.org/REI-Network.aspx

KEY RESOURCES

Homeownership State and federal governments have programs available to help people with disabilities purchase homes. Check with your state to learn about the local options. For a list of some of these programs and buyers' basic rights: www.mortgageloan.com/disabilities/

"Across the country, Real Economic Impact Network members are working together to create a paradigm shift that [recognizes that] public benefits in exchange for a life of poverty is a bad deal for all. A key strategy in making this paradigm shift is the power of collaboration between the asset-building, financial services and disability communities. Diverse partners are coming together to share resources and best practices, and creating programs and services that are accessible to all. Their efforts are helping to open the door for persons with disabilities to build a better financial future."

Michael R. Roush, Director, Real Economic Impact Network

"At a time when nearly three in four individuals with a disability are unable to secure $2,000 in an emergency, asset-development programs are crucial to improving the financial health and success of the disability community. Asset-development programs lay the groundwork for improved financial planning and decision making, empowering people with disabilities to take control of their personal finances, while at the same time laying the building blocks to a brighter financial future. For disability service providers, asset-development programs provide a necessary tool by which to better serve and meet the unique needs of their clients with disabilities."

Michael Morris, Executive Director, National Disability Institute

NEW LEGISLATION: THE ABLE ACT

Millions of individuals with disabilities and their families depend on public benefits (e.g., SSI, SNAP and Medicaid) for income, healthcare, and food and housing assistance. However, these programs erect barriers to saving, as individuals can have no more than $2,000 in assets to maintain eligibility. In December 2014, Congress passed landmark legislation to remove these saving disincentives while recognizing the added costs associated with living with a disability, including transportation, personal assistance services, and assistive technology often not covered by insurance, Medicaid and Medicare. The Achieving Better Life Experience Act, known as the ABLE Act, allows people with disabilities and their families the opportunity to create tax-exempt savings accounts (ABLE accounts) that they can use to maintain their health, independence and quality of life.

Key Points About ABLE Accounts[70]

- **What is an ABLE account?** ABLE accounts are tax-advantaged savings accounts for individuals with disabilities and their families. Interest income earned by the accounts will not be taxed.
- **Will an ABLE account affect public program eligibility?** ABLE accounts will not affect participants' eligibility for SSI, Medicaid and other public benefits. ABLE accounts are designed to supplement benefits provided through Medicaid, SSI and other sources.
- **Who is eligible for an ABLE account?** ABLE accounts are available to individuals with significant disabilities with an age of onset of disability up to 26 years.
- **Are there limits to how much money can be put in an ABLE account?** Total contributions by all participating individuals, including family and friends, may not exceed $14,000 per year. This amount is adjusted annually for inflation. The total lifetime limit will be subject to individual states' limits for education-related 529 savings accounts.
- **How can ABLE funds be used?** ABLE account funds may be used for "qualified disability expenses," which cover any expense related to living with disabilities for the designated beneficiary, including education, housing, transportation, employment training and support, assistive technology, personal support services, healthcare expenses, financial management and administrative services.
- **How does an individual or family open an ABLE account?** Each state will establish its own account program. States should begin to accept applications by the end of 2015.
- **How is an ABLE account different from a special needs or pooled trust?** An ABLE account will provide more choice and control for the beneficiary and family. Cost of establishing an account will be considerably less than that of either a Special Needs Trust (SNT) or Pooled Income Trust. For many families, the ABLE account will be a significant and viable option in addition to, rather than instead of, a trust program.

For more information: www.congress.gov/bill/113th-congress/house-bill/647