



Improving Financial Security for People with disabilities: The Promise of ABLE Accounts

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Barriers to ABLE Account access and use: Examining the role of learning costs, compliance costs, and financial constraints.

Despite offering important benefits to people with disabilities, and especially Supplemental Security Income (SSI) recipients, few people have opened ABLE accounts. We explore the barriers to take-up of ABLE accounts using a mixed-methods study drawing on administrative data, survey data, and outcomes from an intervention to enroll people in ABLE accounts.

Learnings from an intervention to incentivize IL ABLE account take-up

A burgeoning literature documents ways that programmatic barriers hinder efforts by individuals to obtain needed public benefits, and otherwise harm recipients of public aid. The \$2,000 resource limit on countable financial assets for individual SSI recipients is one such barrier. Last raised in 1989, that stringent resource limit sharply constrains recipients' ability to finance uncovered medical expenses, make essential home or auto repairs, and pursue educational and other opportunities crucial for personal development, independence, and well-being.

The Stephen Beck Jr. Achieving a Better Life Experience Act of 2014 allowed the creation of ABLE accounts, tax-advantaged savings vehicles that allow persons with disabilities to accumulate significant financial assets without endangering their SSI or Medicaid benefits. Despite the potential advantages of ABLE accounts, only about 1 percent of eligible SSI recipients possess such accounts.

Our study leverages data across three sources: (1) Illinois State Treasurer's Office (ILSTO) historical administrative data for all ABLE account owners, (2) a survey conducted of ABLE-eligible participants, and (3) insights drawn from an effort to enroll new ABLE account owners through a seeding pilot program. These datasets are synergistic, providing a multifaceted view of disparities and insights into the barriers that impede engagement and utilization of ABLE accounts.

People face challenges in opening ABLE accounts, though use them after opening

Despite the offer of a \$100 sign-up bonus to newly open an ABLE account and numerous outreach efforts, only 40 people signed up for a new ABLE account as part of our seeding pilot. Similarly, only five people out



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of the nearly 300 survey completers who expressed interest in ABLE accounts successfully opened an account. These results complement the few existing studies that consistently find extremely low take-up of ABLE accounts. However, upon opening an ABLE account, people frequently use them and express satisfaction with the accounts. On average, the 40 new account owners each contributed \$1,236 of their own funds to the account (median \$150). Only 30 percent had made any withdrawals, consistent with people's intentions to use the accounts as a way to save money to be used in the future or for financial emergencies. In qualitative interviews, 78 percent of new account owners reported having a positive experience with the accounts thus far, while the remaining 22 percent reported a more mixed experience.

Financial constraints, learning costs, and compliance costs are barriers to take-up

Not having enough money to contribute was the most commonly cited concern expressed by survey respondents regarding ABLE accounts--a concern that was stated differentially more for those with lower incomes. Similarly, few people have heard of ABLE accounts. Even among those who have heard of ABLE accounts, respondents displayed limited understanding of program rules. People also cited challenges in the enrollment process, such as having limited bandwidth to enroll or uncertainty around which investment plan, as additional factors preventing opening accounts. These challenges demonstrate a significant gap between the program's potential and its actual usage, suggesting that current outreach and engagement efforts may not adequately address the diverse needs and concerns of eligible individuals and families.

Implications

- State administrators might offer stronger campaigns to increase overall awareness of ABLE, particularly by leveraging the social networks and intermediaries such as financial advisors and disability service providers, educators, and health professionals who are an existing trusted source for many families.
- Upfront financial incentives and behavioral nudges might have limited impact on ABLE account access and usage - more effective strategies might include higher incentives or opt-out policies that automatically enroll eligible individuals in a user-friendly manner.
- Reducing program complexity and addressing misconceptions could significantly improve ABLE account uptake and usage. Focused initiatives, such as state Medicaid programs opening ABLE accounts with seed funding, are one option to explore that could mitigate these barriers.

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