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## **OLR Bill Analysis**

### **sSB 1476 (File 385, as amended by Senate "A")\***

#### ***AN ACT CONCERNING THE ABLE ACT.***

#### **SUMMARY**

This bill makes various changes to Connecticut's Achieving a Better Life (ABLE) program (see BACKGROUND). Specifically, the bill:

1. changes who is eligible to open an ABLE account to align with federal law;
2. allows the state treasurer, who administers the ABLE program, to pay fees associated with administering individual ABLE accounts; and
3. disregards, to the extent federal law allows, ABLE accounts in all means-tested public assistance programs administered by the state or its political subdivisions, rather than only specific programs listed in current law.

The bill also updates references to federal ABLE statutes and regulations in Connecticut's statutes to ensure (1) Connecticut's definitions related to program participants and eligibility align with federal criteria and (2) any future federal changes are automatically incorporated into state statute.

Additionally, the bill extends the law's procedure for investment professionals' reporting and responding to suspected financial exploitation of individuals ages 60 or older by allowing the same actions for suspected financial exploitation of those who are eligible to participate in the ABLE program (see BACKGROUND). It also (1) allows financial institutions and agents to suspend transactions or disbursements for suspected financial exploitation of an individual who is ABLE program eligible and (2) requires certain financial institution employees to be trained to detect potential financial fraud, exploitation,

and abuse of these individuals.

Under the bill, financial exploitation of someone with an intellectual disability or who receives services from the Department of Social Services' (DSS) Division of Autism Spectrum Disorder Services is abuse and must be reported to and investigated by the Department of Developmental Services (DDS) under the law's existing procedure for investigating suspected abuse or neglect.

Lastly, the bill makes minor, technical, and conforming changes.

\*Senate Amendment "A" adds the provisions about financial exploitation.

EFFECTIVE DATE: Upon passage, except the financial exploitation provisions take effect October 1, 2025.

### **EXPANDED ELIGIBILITY**

Under current state and federal law, a person who receives Social Security disability benefits and has certified his or her disability in the given tax year is eligible to participate in the ABLE program so long as the person's disability occurred before age 26. Effective January 1, 2026, federal law is scheduled to expand ABLE program eligibility to people whose disability occurred before age 46. The bill aligns Connecticut's statutory definition of "eligible individual" with the federal definition, effectively expanding eligibility for the state's program starting in 2026 and automatically incorporating any future eligibility changes enacted under federal law in the state's program.

### **AUTHORIZED INDIVIDUALS**

The bill replaces references to "depositors" with references to "authorized individuals," to conform with federal law. Under current state law, a depositor is someone making a deposit into an ABLE account pursuant to a participation agreement (i.e. the agreement between the trust and depositor to benefit a designated beneficiary). The bill instead references "authorized individuals," defined as the people or entities authorized under (1) federal law to establish an ABLE account on an eligible individual's behalf and (2) the state's qualified ABLE

program to establish an ABLE account or act on its designated beneficiary's behalf.

Under federal regulations and current state law, an ABLE account may be established by the eligible individual or a person he or she chooses. If the eligible individual is unable to establish his or her own account, their agent, under a power of attorney, or their conservator or legal guardian, spouse, parent, sibling, grandparent, or representative payee appointed for them by the Social Security Administration, in that order, can establish the account (26 C.F.R. § 1.529A-2(c)).

### **INCOME DISREGARDS**

To the extent allowed by federal law, the bill requires any funds invested in, contributed to, or distributed from an ABLE account to be disregarded when determining an individual's eligibility for assistance under any means-tested public assistance program administered by the state or its political subdivisions. Under current law, these funds are disregarded only for the following federally funded assistance or benefit programs:

1. the Temporary Family Assistance program;
2. programs funded under the federal Low Income Home Energy Assistance Program;
3. the state-administered general assistance program;
4. the optional State Supplement Program, to the extent the federal Supplemental Security Income program allows; and
5. any other federally funded assistance or benefit program, including the state's medical assistance programs (i.e. HUSKY and Medicaid).

### **FINANCIAL EXPLOITATION**

Existing state securities and banking laws have provisions on reporting and responding to suspected financial exploitation of individuals ages 60 or older. The bill extends these protections by

applying them to individuals who qualify for the ABLÉ program.

Generally, under the securities law and the bill, a “qualified person” (i.e. a broker-dealer, investment advisor, broker-dealer agent, or investment advisor agent, and any person in a supervisory, compliance, or legal capacity for a broker-dealer or investment advisor) may inform the DSS and Department of Banking (DOB) commissioner when he or she reasonably suspects or believes that financial exploitation of an eligible person may have occurred, was attempted, or is being attempted, and the basis for the suspicion or belief. Under the bill, if a qualified person suspects financial exploitation of an individual with an intellectual disability or who is receiving services from DSS’s Division of Autism Spectrum Disorder Services, he or she may report the suspected financial exploitation, and their reasoning, to the DDS and DOB commissioners.

Additionally, if an individual age 60 or older has designated a trusted contact person with whom a qualified person may discuss his or her financial affairs, the securities law allows a qualified person to (1) disclose and address suspected financial exploitation, so long as the qualified person does not reasonably believe the trusted contact person is involved in the exploitation or other abuse, and (2) confirm the person’s current contact information or health status, or the identity of any conservator, executor, trustee, or holder of a power of attorney. The bill extends this provision to also apply to individuals eligible for the ABLÉ program.

### ***Temporary Holds***

Under existing law and the bill, a broker-dealer or investment adviser may place a temporary hold on a disbursement of funds or securities or a securities transaction from an eligible person’s account, including one with an eligible person as a beneficiary, if the broker-dealer or adviser reasonably believes that financial exploitation occurred, is occurring, or was or will be attempted. The law sets a process and timeline for notifying the affected parties, performing an internal review, and, if appropriate, removing the hold. The broker-dealer or advisor must notify an account’s trusted contact person, if any, about the hold and

reason for it unless (1) the person is unavailable or (2) the broker-dealer or advisor reasonably believes the person has engaged, is engaged, or will engage in financial exploitation.

In addition to the DSS commissioner, DOB commissioner, or probate court as under existing law, the bill also specifies that it does not prevent the DDS commissioner from ending or extending a hold if it gives the broker-dealer or investment adviser written notice at the same time.

### ***Financial Fraud, Exploitation, and Abuse Detection Training***

The bill requires financial institutions' officers or employees who, within the scope of their employment, have direct contact with or review or approve financial documents, records, or transactions of individuals who qualify for the ABLE program to be trained to detect potential fraud, exploitation, and financial abuse of them. Existing law already requires this for financial institutions' officers or employees who work with individuals age 60 and older. Under existing law and the bill, "financial institutions" are trust companies, banks, savings banks, credit unions, savings and loan associations, insurance companies, mortgage bankers, trustees, executors, pension funds, retirement funds, or other fiduciary or private financial institutions.

By law, the training must use resources from the Commission on Women, Children, Seniors, Equity, and Opportunity (CWCSEO). Under the bill, those who must complete the training must do so by April 1, 2026, or if hired after that date, within the first six months of their employment, rather than within six months after training materials are available on CWCSEO's web portal.

## **BACKGROUND**

### ***ABLE Program***

The federal ABLE Act allows states to establish their own ABLE programs to (1) encourage individuals and families to save money to support individuals with disabilities to maintain health, independence, and quality of life and (2) provide secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not replace, benefits provided through private

insurance, Medicaid, and other sources. Eligible people living with a disability or blindness, or their families, may establish and contribute to accounts. Funds in the accounts may be spent on qualified disability expenses, including education, housing, and transportation.

***Financial Exploitation***

Under existing law and the bill, “financial exploitation” is taking advantage of an eligible person for a monetary, personal, or other benefit, gain, or profit. It includes the following:

1. wrongful or unauthorized taking, withholding, appropriation, or use of an eligible person’s money, assets, or property;
2. obtaining control, through deception, intimidation, or undue influence, over an eligible person’s money, assets, or property and depriving the eligible person of the ownership, use, benefit, or possession of them, including through a power of attorney, guardianship, or conservatorship; and
3. converting an eligible person’s money, assets, or property to deprive the eligible person of the ownership, use, benefit, or possessions of them (CGS § 36b-14).

**COMMITTEE ACTION**

Human Services Committee

Joint Favorable

Yea    22    Nay    0    (03/13/2025)