

# JOHN HALL FROST

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Testimony to the Finance Revenue and Bonding Committee Regarding H.B. No. 7038 (RAISED) AN ACT CONCERNING THE ESTABLISHMENT OF TAX-FREE ACCOUNTS TO PROVIDE FOR DISABILITY RELATED EXPENSES PURSUANT TO THE FEDERAL ACHIEVING A BETTER LIFE EXPERIENCE ACT. (FIN)

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April 6, 2015

Senator Fonfara, Representative Berger, Senator Franz, Representative Davis and distinguished members of the Committee.

Good afternoon. My name is John Frost. I live in Essex, CT, and my wife Chip and I are the proud parents of a 28 year old disabled son. By way of background, I am recently retired from a career as a commercial banker in CT, I am a coach for the Special Olympics Connecticut Seaside-Saybrook Alpine Skiing and Sailing Teams, and I have served for several years on the State Council on Developmental Services.

I am here today as a parent to ask on behalf of all CT disabled individuals and their families that you give favorable consideration to Raised Bill No 7038 which establishes the CT framework for the so-called "ABLE Account" authorized by federal legislation this past December.

Under this plan, families may systematically save for the significant expenses they should expect to encounter for the probable lifelong support their disabled family member will require. I use the word "significant" with 20/20 hindsight.

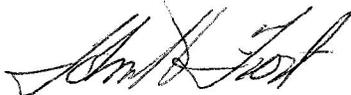
In addition, the ABLE account will simplify for many families how and where to distribute portions of their estate to their disabled heir without jeopardizing eligibility for means based public assistance or incurring the expense of creating and administering a special needs trust. For many families also, it will add a layer of accountability between entrusted siblings and beneficiaries.

I am pleased to see in this bill the inclusion of a state income tax deduction for contributions to the ABLE account to encourage greater participation in the program by lower income families who may not be able to save after current year disability expenses and benefit from tax exempt earnings on saved amounts.

This deduction equalizes the tax treatment between the ABLE Account and CT's very successful and widely used 529 tuition savings plan (known as "CHET") after which the ABLE Account is designed.

Connecticut encourages families to save for higher education through CHET with both tax exempt earnings and tax deductible contributions, and the State should use both methods to incent families to contribute to ABLE Accounts for their disabled family members as well.

So I encourage your favorable consideration of the bill, and thank you for the opportunity to provide this testimony.



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