



General Assembly

February Session, 2016

Raised Bill No. 5628

LCO No. 2876



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING THE CONVERSION OF COLLEGE SAVINGS ACCOUNTS TO ABLE ACCOUNTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-22i of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2016*):

3 Notwithstanding sections 3-13 to 3-13h, inclusive, the Treasurer
4 shall invest the amounts on deposit in the trust in a manner reasonable
5 and appropriate to achieve the objectives of the trust, exercising the
6 discretion and care of a prudent person in similar circumstances with
7 similar objectives. The Treasurer shall give due consideration to rate of
8 return, risk, term or maturity, diversification of the total portfolio
9 within the trust, liquidity, the projected disbursements and
10 expenditures, and the expected payments, deposits, contributions and
11 gifts to be received. The Treasurer shall not require the trust to invest
12 directly in obligations of the state or any political subdivision of the
13 state or in any investment or other fund administered by the Treasurer.
14 The assets of the trust shall be continuously invested and reinvested in

15 a manner consistent with the objectives of the trust until (1) disbursed
16 for qualified educational expenses, (2) expended on expenses incurred
17 by the operations of the trust, [or] (3) refunded to the depositor or
18 designated beneficiary on the conditions provided in the participation
19 agreement, or (4) rolled-over into an achieving a better life experience
20 account, as defined in section 3-39j, on the conditions provided in the
21 participation agreement and to the extent permitted by federal law.

22 Sec. 2. Section 3-22h of the general statutes is repealed and the
23 following is substituted in lieu thereof (*Effective October 1, 2016*):

24 The Treasurer, on behalf of the trust and for purposes of the trust,
25 may:

26 (1) Receive and invest moneys in the trust in any instruments,
27 obligations, securities or property in accordance with section 3-22i, as
28 amended by this act;

29 (2) Establish consistent terms for each participation agreement, bulk
30 deposit, coupon or installment payments, including, but not limited to,
31 (A) the method of payment into the trust by payroll deduction, transfer
32 from bank accounts or otherwise, (B) the termination, withdrawal or
33 transfer of payments under the trust, including transfers to or from a
34 qualified tuition program established by another state pursuant to
35 Section 529 of the Internal Revenue Code, (C) penalties for
36 distributions not used or made in accordance with Section 529(b)(3) of
37 the Internal Revenue Code, (D) changing of the identity of the
38 designated beneficiary, [and] (E) any charges or fees in connection
39 with the administration of the trust, and (F) to the extent permitted by
40 federal law, the roll-over of funds from the trust into an achieving a
41 better life experience account, as defined in section 3-39j, including a
42 written statement explaining the tax consequences of such roll-over;

43 (3) Enter into one or more contractual agreements, including
44 contracts for legal, actuarial, accounting, custodial, advisory,
45 management, administrative, advertising, marketing and consulting

46 services for the trust and pay for such services from the gains and
47 earnings of the trust;

48 (4) Procure insurance in connection with the trust's property, assets,
49 activities, or deposits or contributions to the trust;

50 (5) Apply for, accept and expend gifts, grants, or donations from
51 public or private sources to enable the trust to carry out its objectives;

52 (6) Adopt regulations in accordance with chapter 54 for purposes of
53 sections 3-22f to 3-22p, inclusive;

54 (7) Sue and be sued;

55 (8) Establish one or more funds within the trust and maintain
56 separate accounts for each designated beneficiary; and

57 (9) Take any other action necessary to carry out the purposes of
58 sections 3-22f to 3-22p, inclusive, and incidental to the duties imposed
59 on the Treasurer pursuant to said sections.

60 Sec. 3. Section 3-39l of the 2016 supplement to the general statutes is
61 repealed and the following is substituted in lieu thereof (*Effective*
62 *October 1, 2016*):

63 The State Treasurer, on behalf of the trust and for purposes of the
64 trust, may:

65 (1) Receive and invest moneys in the trust in any instruments,
66 obligations, securities or property in accordance with section 3-39m;

67 (2) Establish consistent terms for each participation agreement, bulk
68 deposit, coupon or installment payments, including, but not limited to,
69 (A) the method of payment into an ABLE account by payroll
70 deduction, transfer from bank accounts or otherwise, (B) the
71 termination, withdrawal or transfer of payments under an ABLE
72 account, including transfers to or from a qualified ABLE program

73 established by another state pursuant to the federal ABLÉ Act, (C)
74 penalties for distributions not used or made in accordance with the
75 federal ABLÉ Act, [and] (D) the amount of any charges or fees to be
76 assessed in connection with the administration of the trust, and (E) to
77 the extent permitted by federal law, the roll-over of funds from a
78 Connecticut higher education trust account established pursuant to
79 sections 3-22f to 3-22p, inclusive, or from a qualified tuition program
80 established by another state pursuant to Section 529 of the Internal
81 Revenue Code to an ABLÉ account;

82 (3) Enter into one or more contractual agreements, including
83 contracts for legal, actuarial, accounting, custodial, advisory,
84 management, administrative, advertising, marketing and consulting
85 services for the trust and pay for such services from the gains and
86 earnings of the trust;

87 (4) Procure insurance in connection with the trust's property, assets,
88 activities or deposits or contributions to the trust;

89 (5) Apply for, accept and expend gifts, grants or donations from
90 public or private sources to enable the Connecticut Achieving A Better
91 Life Experience Trust to carry out its objectives;

92 (6) Sue and be sued;

93 (7) Establish one or more funds within the trust and maintain
94 separate ABLÉ accounts for each designated beneficiary; and

95 (8) Take any other action necessary to carry out the purposes of
96 sections 3-39j to 3-39q, inclusive, and incidental to the duties imposed
97 on the State Treasurer pursuant to said sections.

98 Sec. 4. Section 3-39k of the 2016 supplement to the general statutes is
99 repealed and the following is substituted in lieu thereof (*Effective*
100 *October 1, 2016*):

101 (a) (1) The State Treasurer shall establish a qualified ABLÉ program

102 pursuant to the federal ABLÉ Act and sections 3-39j to 3-39q, inclusive.
103 Under the program: (A) The State Treasurer shall administer
104 individual ABLÉ accounts to encourage and assist eligible individuals
105 and their families in saving private funds to provide support for
106 eligible individuals, and (B) a person may make contributions to an
107 individual ABLÉ account to meet the qualified disability expenses of
108 the designated beneficiary of the account.

109 (2) For the purposes of the program, there is established within the
110 Office of the State Treasurer the Connecticut Achieving A Better Life
111 Experience Trust. The trust shall constitute an instrumentality of the
112 state and shall perform essential governmental functions, as provided
113 in sections 3-39j to 3-39q, inclusive. The trust shall receive and hold all
114 payments and deposits intended for ABLÉ accounts as well as gifts,
115 bequests, endowments or federal, state or local grants and any other
116 funds from public or private sources and all earnings, until disbursed
117 in accordance with sections 3-39j to 3-39q, inclusive.

118 (b) (1) The amounts on deposit in the trust shall not constitute
119 property of the state and the trust shall not be construed to be a
120 department, institution or agency of the state. Amounts on deposit in
121 the trust shall not be commingled with state funds and the state shall
122 have no claim to or against, or interest in, such amounts, except as
123 provided in subdivision (2) of this subsection. Any contract entered
124 into by, or any obligation of, the trust shall not constitute a debt or
125 obligation of the state and the state shall have no obligation to any
126 designated beneficiary or any other person on account of the trust and
127 all amounts obligated to be paid from the trust shall be limited to
128 amounts available for such obligation on deposit in the trust. The
129 amounts on deposit in the trust may only be disbursed in accordance
130 with the provisions of sections 3-39j to 3-39q, inclusive.

131 (2) The trust shall continue in existence as long as it holds any
132 deposits or other funds or has any obligations and until its existence is
133 terminated by law, and upon termination of the trust, any unclaimed

134 assets of the trust shall return to the state. Property of the trust shall be
135 governed by section 3-61a.

136 (c) The State Treasurer shall be responsible for the receipt,
137 maintenance, administration, investment and disbursements of
138 amounts from the trust. The trust shall not receive deposits in any
139 form other than cash. No depositor or designated beneficiary may
140 direct the investment of any contributions or amounts held in the trust
141 other than in the specific fund options provided for by the trust and
142 shall not direct investments in such specific fund options more than
143 two times in any calendar year. No interest, or portion of any interest,
144 in the program shall be used as security for a loan.

145 (d) A person may make deposits to an ABLE account to meet the
146 qualified disability expenses of the designated beneficiary of the
147 account, provided the trust and deposits meet the other requirements
148 of this section, the federal ABLE Act and any regulations adopted
149 pursuant to the federal ABLE Act by the Secretary of the Treasury of
150 the United States. Such deposits may include, to the extent permitted
151 by federal law, the roll-over of funds from a Connecticut higher
152 education trust account established pursuant to sections 3-22f to 3-22p,
153 inclusive, or from a qualified tuition program established by another
154 state pursuant to Section 529 of the Internal Revenue Code to an ABLE
155 account.

156 (e) On or before December 31, 2016, and annually thereafter, the
157 State Treasurer shall submit (1) in accordance with the provisions of
158 subsection (a) of section 3-37, a report to the Governor on the
159 operations of the trust, including the receipts, disbursements, assets,
160 investments and liabilities and administrative costs of the trust for the
161 prior fiscal year, and (2) in accordance with the provisions of section
162 11-4a, a report on the trust to the joint standing committees of the
163 General Assembly having cognizance of matters relating to finance
164 and public health, and shall make such report available to each
165 depositor and designated beneficiary. The report required under

166 subdivision (2) of this subsection shall include, but need not be limited
167 to: (A) The number of ABLE accounts; (B) the total amount of
168 contributions to such accounts; (C) the total amount and nature of
169 distributions from such accounts; and (D) a description of issues
170 relating to the abuse of such accounts, if any.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	3-22i
Sec. 2	<i>October 1, 2016</i>	3-22h
Sec. 3	<i>October 1, 2016</i>	3-39l
Sec. 4	<i>October 1, 2016</i>	3-39k

Statement of Purpose:

To allow for the roll-over of funds from a college savings account into an ABLE account.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]