

**House File 2295 - Introduced**

HOUSE FILE 2295

BY UPMEYER

**A BILL FOR**

1 An Act relating to transfer between trusts for persons with  
2 disabilities.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 12I.3, subsection 1, Code 2020, is  
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *g.* Any funds retained in a medical  
4 assistance special needs trust pursuant to chapter 633C, or in  
5 a supplemental needs trust pursuant to chapter 634A, may be  
6 transferred to the Iowa ABLE savings plan trust account of a  
7 designated beneficiary who is also the beneficiary of any such  
8 trust, in accordance with the applicable provisions of chapters  
9 633C, 634A, and this chapter.

10 Sec. 2. Section 633C.2, Code 2020, is amended to read as  
11 follows:

12 **633C.2 Disposition of medical assistance special needs**  
13 **trusts.**

14 Any income or assets added to or received by and any income  
15 or principal retained in a medical assistance special needs  
16 trust shall be used in accordance with a standard that is  
17 no more restrictive than specified under federal law. All  
18 distributions from a medical assistance special needs trust  
19 shall be for the sole benefit of the beneficiary to enhance  
20 the quality of life of the beneficiary, and the trustee shall  
21 have sole discretion regarding such disbursements to ensure  
22 compliance with beneficiary eligibility requirements. Any  
23 funds retained in the medical assistance special needs trust of  
24 a beneficiary who is also a designated beneficiary as defined  
25 in section 12I.1 may be transferred to the Iowa ABLE savings  
26 plan trust account of the designated beneficiary in accordance  
27 with this chapter and chapter 12I. Any distinct disbursement  
28 in excess of one thousand dollars shall be subject to review by  
29 the district court sitting in probate. The department shall  
30 adopt rules pursuant to [chapter 17A](#) for the establishment and  
31 disposition of medical assistance special needs trusts in  
32 accordance with [this section](#).

33 Sec. 3. Section 634A.2, Code 2020, is amended by adding the  
34 following new subsection:

35 NEW SUBSECTION. 8. Any funds retained in a supplemental

1 needs trust of a beneficiary who is also a designated  
2 beneficiary as defined in section 12I.1 may be transferred to  
3 the Iowa ABLE savings plan trust account of the designated  
4 beneficiary in accordance with this chapter and chapter 12I.

5 EXPLANATION

6 The inclusion of this explanation does not constitute agreement with  
7 the explanation's substance by the members of the general assembly.

8 This bill relates to trusts for persons with disabilities.

9 The bill provides that any funds retained in a medical  
10 assistance special needs trust or in a supplemental needs trust  
11 of a beneficiary with a disability who is also a designated  
12 beneficiary of an Iowa ABLE saving plan trust account may be  
13 transferred to the Iowa ABLE savings plan trust account of the  
14 designated beneficiary in accordance with the provisions of the  
15 Code chapters applicable to the specific trusts.

16 The disabilities expenses savings plan trust is also known  
17 as the Iowa ABLE savings plan trust which was established as  
18 a qualified ABLE program under section 529A of the Internal  
19 Revenue Code. The purpose of ABLE savings accounts is to  
20 encourage and assist individuals and families in saving  
21 private funds for the purpose of supporting individuals with  
22 disabilities to maintain health, independence, and quality  
23 of life and to provide secure funding for disability-related  
24 expenses on behalf of designated beneficiaries with  
25 disabilities that will supplement, but not supplant, benefits  
26 provided through private insurance, the Medicaid program,  
27 the federal supplemental security income program, and other  
28 sources. ABLE savings accounts allow eligible individuals the  
29 opportunity to save and fund a variety of qualified disability  
30 expenses without endangering eligibility for certain benefits  
31 such as Medicaid and supplemental security income.