

Senate File 60 - Introduced

SENATE FILE 60

BY RAGAN

A BILL FOR

1 An Act relating to the 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 2021, 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 2021, 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 in
28 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 2021, 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 the transfer between trusts for persons
9 with disabilities.

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

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