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Promoting Access and Inclusion in ABLE Programs:

New Opportunities for Saving, Financial Inclusion, and Economic Security for Individuals with Disabilities and their Families



RESEARCH OVERVIEW: FINANCIAL CIRCUMSTANCES OF PEOPLE WITH DISABILITIES

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The Promise of the Americans with Disabilities Act

“...the Nation's proper goals regarding individuals with disabilities are to assure equality of opportunity, full participation, independent living, and **economic self-sufficiency** for such individuals...”

Poverty and Disability

- Working age adults with disabilities are twice as likely to live in poverty than those without disabilities.
- The poverty rate among people with disabilities (ages 18-56) is 28% compared to 13% among people without disabilities.
- Poverty rates are compounded when taking into consideration additional characteristics such as gender, communities of color, and level of education.

Characteristics of Households Headed by Working-Age Adults with Disabilities

Less Likely

- be headed by a married couple
- be Hispanic or Asian
- have a college degree
- be employed
- earn more than \$30,000 per year
- and own their home

(CPS Data June 2013)

Characteristics of Households Headed by Working-Age Adults with Disabilities

More Likely

- unmarried and/or live alone
- be female
- be Black/African American or Native American/Alaskan Native
- be 55 to 64 years older
- have a high school degree or less
- be unemployed or not be in the labor force
- and earn less than \$30,000 per year.

(CPS Data June 2013)

Table 1: Household Characteristics by Disability Status

Household Characteristics by Disability Status		
Characteristic	Disability (%)	No Disability (%)
Household Type		
Married couple	31.7	54.1
Unmarried female-headed family	16.8	13.3
Unmarried male-headed family	5.5	5.5
Female individual	23.0	11.8
Male individual	22.8	15.2
Other	0.1	0
Gender		
Male	45.4	52.1
Female	54.6	47.9

Household Characteristics by Disability Status (continued)

Characteristic	Disability (%)	No Disability (%)
Race/Ethnicity		
Black or African American	21.3	13.4
Hispanic or Latino	9.8	14.1
Asian	1.7	5.8
American Indian/Alaskan Native	2.6	1.0
Hawaiian/Pacific Islander	0.2	0.3
White non-Black or African American non-Hispanic	64.3	65.4
Other non-Black or African American non-Hispanics	0	0

Household Characteristics by Disability Status (continued)

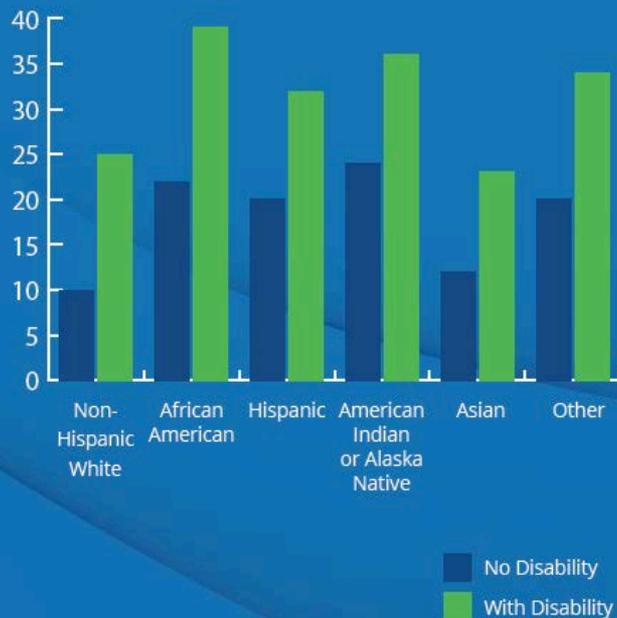
Characteristic	Disability (%)	No Disability (%)
Age Group		
25 to 34 years	9.9	24.8
35 to 44 years	14.9	25.3
45 to 54 years	30.9	27.1
55 to 64 years	44.4	22.9
Education		
No high school degree	19.9	8.1
High school degree	34.8	24.2
Some college	32.4	29.3
College degree	12.9	38.4

Household Characteristics by Disability Status (continued)

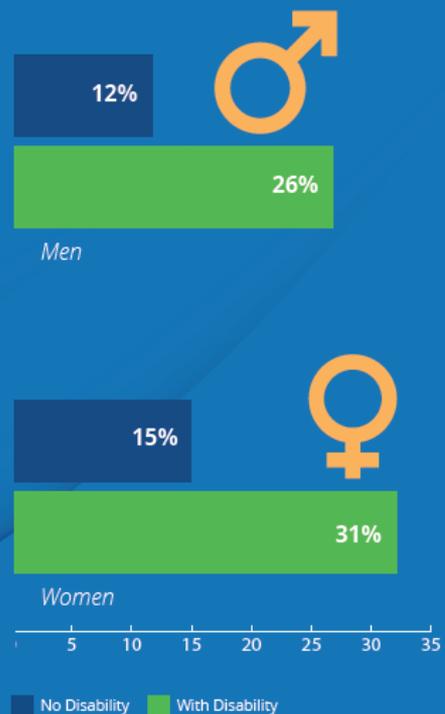
Characteristic	Disability (%)	No Disability (%)
Family Income		
Less than \$15,000	40.6	9.2
Between \$15,000 and \$30,000	21.9	13.5
Between \$30,000 and 50,000	16.9	19.0
Between \$50,000 and \$75,000	10.7	20.9
At least \$75,000	10.0	37.4
Homeownership		
Homeowner	50.3	64.5
Non-homeowner	49.7	35.5

POVERTY AND DISABILITY IN AMERICA

*Poverty Rate by Race and Disability Status,
Working age (18-65)*



*Poverty Rate by Gender and Disability Status,
Working age (18-65)*



Poverty Rate by Educational Attainment and Disability Status, Working age (18-65)



DISABILITY AND RACE MATTER

People of color with and without disabilities are more likely to be living in poverty than the Non-Hispanic White population.

- ➡ The racial disparity, coupled with the disability disparity, results in nearly **40% of African Americans with disabilities living in poverty.**
- ➡ The largest disparity in poverty between those with and without disabilities is among Non-Hispanic Whites.

DISABILITY AND EDUCATION MATTER

The poverty rate is highly correlated with educational attainment for people with and without disabilities. That is, the poverty rate declines as educational level increases. However, the disparity between those with and without disabilities grows as education increases.

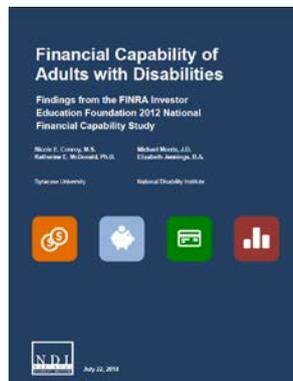


Employment

- The current labor force participation rate for working-age adults with disabilities is 20.5 percent as compared 68.4 percent for working-age people without disabilities (variance of 47.9 percent)(May 2016)
- Labor force statistics estimate that 9.7 percent of working-age adults with disabilities are unemployed compared to 4.3 percent for working age adults without disabilities. (May 2016)

Build a Baseline

- In 2014 and 2015, National Disability Institute Researchers utilized NFCS and FDIC Household Survey Data to release two groundbreaking reports
 - [*Financial Capability of Adults with Disabilities – Findings from the FINRA Investor Education Foundation 2012 National Financial Capability Study*](#)
 - [*Banking Status and Financial Behaviors of Adults with Disabilities: Findings from the FDIC National Survey of Unbanked and Underbanked Households*](#)



2012 FINRA Foundation National Financial Capability Study

- **81 percent of people with disabilities did not have an emergency fund to cover three months of expenses**, as compared to 54 percent of people without disabilities;
- **70 percent of people with disabilities responded they could not come up with \$2,000 in an emergency**, as compared to 37 percent of people without disabilities;
- **Only 18 percent of people with disabilities had determined their retirement savings needs**, as compared to 41 percent of people without disabilities;
- **41 percent of people with disabilities used methods of non-bank borrowing, such as a pawn shop or payday loan**, as compared to 29 percent of people without disabilities; and
- **50 percent reported they were “not at all satisfied” with their current financial condition**, as compared to 30 percent of people without disabilities.

2013 FDIC National Survey of Unbanked and Underbanked Households:

Utilization of Mainstream Financial Services

- 18.4% (1.9 million) households headed by individuals with disabilities are unbanked.
- 28.1% (3 million) households headed by individuals with disabilities are underbanked.
- Individuals with disabilities far more likely to utilize alternative financial services (ex. pawn shops, payday lenders, title loans).

Compare Households Headed by Persons with Disabilities to Households Headed by Persons Without Disabilities

- Fully Banked
 - 66.8 percent without disabilities
 - 49 percent with disabilities
- Underbanked
 - 21.1 percent without disabilities
 - 28.1 percent with disabilities
- Unbanked
 - 7.2 percent without disabilities
 - 18.4 percent with disabilities

Banking Status

- More likely to be unbanked or underbanked
- More likely to be longer term unbanked
- More likely to open an account to receive direct deposit paychecks or other income, such as Social Security benefits
- Less likely to report future plans to join or rejoin the banking system when unbanked

Checking and Savings Account Ownership, and Automatic Transfers

- Less likely to have both checking and savings accounts
- Less likely to have a savings account
- More likely to use direct deposit/automatic transfer

Prepaid Debit Cards

- More likely to have ever used a prepaid card
- More likely to use prepaid cards for receiving direct deposit of paycheck or other income, such as Social Security benefits
- Less likely to acquire and reload prepaid cards at banks

Using Prepaid Cards

1. To pay for everyday purchases or pay bills
2. To receive payments
3. To control spending

Banking History of Unbanked Households Using Prepaid Cards

1. Never had bank account

46 percent

2. Had Bank Account more than year ago

45 percent

3. Had Bank Account within last year

6.2 percent

Reasons for Being Unbanked Among Households Using Prepaid Cards in Last 12 Months

1. Don't have enough money
55 percent
2. Don't trust banks
35 percent
3. Privacy issues
26.1 percent
4. Fees are too high
30.8 percent
5. Credit and/or banking history problem
16.9 percent

Alternative Financial Services

- More likely to have ever used alternative financial services
- More likely to use transaction and credit alternative financial services
- More likely to use more than one alternative financial service

Access to Mobile Phones and the Internet

- Less likely to have access to mobiles phones, including smartphones
- Less likely to use mobile banking
- Less likely to have Internet access

Estimated Number of ABLE Eligible Individuals

- SSI and DI Beneficiaries with age of onset prior to age 24
 - 4.1 million
- Future SSI Beneficiaries with parents who are not poor
 - 1.5 million
- Veterans age of onset prior to 26 with at least 60 percent service related disabilities
 - 1 million
- Children receiving services under the Individuals with Disabilities Education Act (IDEA)
 - 2.6-4 million, likely meet ABLE disability criteria

Research Questions

1. Who opens ABLE accounts and why?
2. What are the average annual contribution levels and number of contributors per account?
3. What are trends in investment choices selected?
4. What are average number of distributions quarterly and annually and median amount?

5. What are the most frequent cited purposes for withdrawing funds from an account:
 - a. one time withdrawal
 - b. repeat withdrawals
6. What impact or measures to evaluate quality of life improvements:
 - a. independence
 - b. productivity
 - c. community participation
7. What is impact of opening and managing an ABLE account on improving financial capability and well being?