

ABLE Program Entity ALR Guide

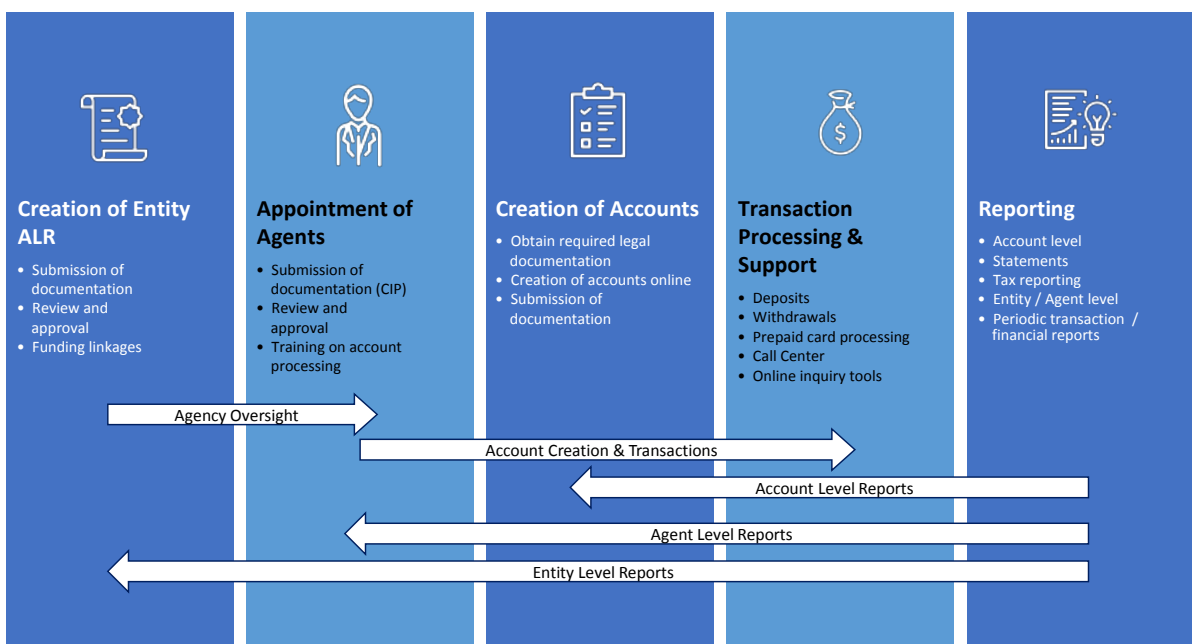


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Purpose

This Entity ALR Guide is designed to outline the simple step-by-step process required to designate an Entity as an Authorized Legal Representative for an ABLÉ account owner. The ABLÉ Entity ALR service offering is composed of five parts: 1) Entity Creation, 2) Appointment of Agents, 3) Creation of ABLÉ accounts, 4) Transaction processing and 5) Reporting. The relationship of the five core components is depicted in the diagram below.



Overview

In an effort to further improve the lives of individuals with a disability several ABLÉ plans are working together on the design and implementation of a process that will allow an Entity, such as a non-profit or for-profit business, agency, or organization, to serve as the Authorized Legal Representative (ALR) for ABLÉ account holders who agree to an ALR relationship with the Entity. These programs conducted a pilot program that allowed the creation of ABLÉ account Entity ALRs. The ABLÉ programs have used the pilot experience — and valuable feedback from pilot participants — to develop this Entity ALR Guide. The Guide will aid in the clarification and standardization of the process and procedures necessary to designate an Entity ALR, open new ABLÉ accounts and administer the ABLÉ accounts going



forward. The ABLE plans expect the Entity ALR process to evolve as new Entities open ABLE accounts and new services are provided to ABLE account owners. Accordingly, we expect this Guide to be a living document that will be continuously refined.

The Entity ALR process is initiated by the Entity working with the ABLE office. When the required forms are completed and associated documents compiled they are submitted to the ABLE Program Manager, Sumday¹. (Sumday acts as record keeper for many state ABLE programs.) Based on the paper form submissions, Sumday establishes the Entity as a valid ALR and opens the initial Entity ALR account for an ABLE account owner.

This Guide identifies the three (3) required documents and their associated attachments:

1. Entity Authorized Legal Representative Establishment Form
 - a. Establishes the ability for an Entity to act as an ALR
 - i. Confirms the Entity's operating structure
 - ii. Confirms the authority of the Controlling Officer
 - b. Assigns a Primary and Secondary Agent to act on behalf of the Entity
2. ABLE New Account Form for Entity Authorized Legal Representative
 - a. Creates a new ABLE account for a new account owner with the Entity as the ALR

It is important to note that if an Entity has accounts on file they do not need to submit an Entity ALR Establishment Form for a new account. Paper enrollment forms are only required once for each Unique-Agent Pair assigned by the Entity to submit for CIP. (If the Entity has multiple pairs of Agents they will need to complete the paper form process for each unique pair of Agents.) **All subsequent accounts for the Entity and associated Unique Pair of Agents can be created via the Program's online platform by the Primary Agent.**

¹ Vestwell State Savings, LLC, dba Sumday Administration, is the plan manager for the CalABLE Program



Key Terms

Account Owner: The ABLE account owner and individual with a qualifying disability. Also known as the Beneficiary.

Agent: An individual who is designated by the Director/Controlling Officer of an Entity to act on behalf of the Entity in the administration of an ABLE account on behalf of the ABLE account owner.

Authorized Legal Representative (ALR) – Entity: An Entity, such as an organization or agency, legally designated to act on behalf of the ABLE account owner in the administration of an ABLE account.

Authorized Legal Representative (ALR) – Individual: An individual legally designated to act on behalf of the ABLE account owner in the administration of an ABLE account.

Beneficiary: The ABLE account owner and individual with a qualifying disability.

Customer Due Diligence (CDD) Rule: The CDD Rule, a FinCEN rule which amends Bank Secrecy Act regulations, aims to improve financial transparency and prevent criminals and terrorists from misusing companies to disguise their illicit activities and launder their ill-gotten gains. The new rules require financial institutions to identify the beneficial owner(s) of a legal Entity for any new account opened on or after May 11, 2018.

Customer Identification Program (CIP): Under FinCEN CIP regulations, Sumday is required to collect, retain, and verify information about an Entity and an Agent. This requirement is discussed in greater detail later in this Guide.

Controlling Officer - Entity Director/CEO: The decision-making individual who executes all final decisions on behalf of the Entity and is responsible for the decisions of the Entity.

Know Your Customer (KYC) Due Diligence Requirements: Under the Program Manager's KYC procedures, Sumday is required to complete due diligence requirements that include a source of wealth, occupation and employment information for the Agent since the Agent submits transactions.

Primary Agent: The individual designated to act on behalf of the Entity to open an ABLE account and the sole individual granted online access to transact on an Account Owner's ABLE account.

Secondary Agent: The individual designated to act on behalf of the Entity as a back-up to the Primary Agent. The Secondary Agent can access an individual's ABLE account by direct contact with a Sumday representative via phone.



Sunday: The ABLE Program Manager that acts as record keeper and processor for the ABLE plan. Sunday is a service mark of Vestwell Holdings, Inc. Vestwell State Savings, LLC, dba Sunday Administration, is a wholly owned subsidiary of Vestwell Holdings, Inc.

Unique-Agent Pair: A combination of a Primary Agent and a Secondary Agent. If an Entity is large there may be a desire to have multiple Unique-Agent Pairs. An Agent may be associated with multiple pairs. (e.g. a person could be the Secondary Agent for multiple Primary Agents.)

Form Descriptions

1. Entity Authorized Legal Representative Establishment Form

This form establishes the ability for an Entity to act as an ALR. The key sections of the form are:

- a. Provides the formal Entity name, locations and contact details.
- b. Controlling Officer Information
 - Note the requirement of a government-issued ID for the Controlling Officer. This requirement is more fully explained in the Customer Identification Program (CIP) section of this Guide.
- c. Beneficial Owner Information - typically required only if the Entity is a for-profit business.
- d. Assigns a Primary and Secondary Agent to act on behalf of the Entity and provides instructions for the administration of the ABLE accounts.
 - Again, note the requirement for the copy of a government-issued ID.
 - If the Entity has multiple pairs of Agents they will need to complete the paper form process for each Unique Pair of Agents.
- e. Verify identities - details the documents acceptable for CIP purposes.
- f. Reporting - provides delivery instructions for Agent and Entity Level reports.
- g. Signature of Controlling Officer.

This Form can also be used to change an Entity's Director/Controlling Officer or Agent(s).

2. Entity Authorized Legal Representative New Account Opening Form

This form opens a new ABLÉ account for the Account Owner. This paper form must be completed for the first account opened by each unique pair of Primary and Secondary Agents. Subsequent accounts that will be administered by the same Primary and Secondary Agent pair can be opened online by the Primary Agent. The key sections of the form are:

- a. Identify if the new account is a rollover from another ABLÉ program.
 - If this is a rollover from another ABLÉ program an ABLÉ to ABLÉ Rollover Form is also required.
- b. Beneficiary Information - Identify the beneficiary / account owner
- c. Entity ALR Information - Identify the Entity and the source of their authority to act as ALR (e.g. Power of Attorney, Representative Payee, Guardianship, etc.)
- d. Agents - Identify the Primary and Secondary Agents administering the ABLÉ account on behalf of the Entity.
- e. Provide communication preferences.
 - Note: we suggest creating a group mailbox accessible by multiple parties at the Entity.
- f. Diagnosis Information - provide Account Owner's diagnosis code.
 - Note: this is for reporting purposes only. Select the code that best describes the Account Owner's situation.
- g. Investment Option – select investment allocations which will direct what amount(s) to invest and what amount to place in the FDIC-insured cash option.
- h. Bank Account Information - link a bank account that can be used to fund the ABLÉ account and / or receive distributions. This is optional but greatly simplifies transaction processing. Additional bank accounts can be added online after the account is opened.
 - Note: The name on the bank account must match either the Beneficiary's or the Entity's legal name.
- i. Select the initial contribution amount. This will be drawn from the linked bank account or can be made via check.



What is a Customer Identification Program?

Section 326 of the U.S. Patriot Act requires financial institutions to maintain a Customer Identification Program (CIP). The ABLÉ program's CIP is a required identification verification process utilizing various data elements to confirm an Entity's and related individual's idEntity. Accordingly, the individuals associated with the Entity ALR duties for ABLÉ account holders (e.g. Director/Controlling Officer, Primary Agent and Secondary Agent) are required to provide personal information and documentation for idEntity verification in order to process an Entity ALR application.

This information is included in the Entity Authorized Legal Representative Establishment Form and the ABLÉ New Account Form for Entity Authorized Legal Representative.

Customer Identification Program (CIP) – Individual

Required Information: Name, Date of Birth, Address of Primary Residence (and mailing address if different), Government-Issued Identification Number (Individuals *must provide* Social Security number or ITIN)

Required Verification: Unexpired Government-Issued Photo IDs such as: Passport, Driver's License, Non-Driver Photo ID Card, Armed Forces ID Card, National ID Card, or Alien Identification Card

Customer Identification Program (CIP) – Entity

Required Information: Legal Name of Entity, Street Address of the Principal Place of Business, Government-Issued Identification Number (U.S. entities *must provide* Taxpayer Identification Number/Employer Identification Number)

Required Verification: Audited Financial Statements or U.S. Internal Revenue Code Sec. 501(c)(3) letter (non-profits)

What is a Due Diligence Requirement?

The Know-Your-Customer Due Diligence rules require Sunday to retain information detailing both ownership of for-profit entities and the individuals recognized to make decisions on behalf of any Entity seeking and/or obtaining fiduciary responsibility. Non-profit entities are subject to higher levels of oversight by virtue of their status and are only required to provide information for the individual(s) recognized to make decisions on behalf of the Entity (Controlling Officer). This information is included in the Entity Authorized Legal Representative Establishment Form.

Beneficial Ownership

This is a federal requirement of financial institutions to identify beneficial owner(s) of legal Entity customers upon opening any new account on or after May 11, 2018. U.S. Exempt and non-exempt non-profit entities are subject to identifying the Controlling Person only. For-Profit Entities are subject to both Controlling Person and Ownership Person disclosure.

1. Controlling Person

Refers to a single individual with significant responsibility to control, manage, or direct a legal Entity including but not limited to: Chief Executive Officer, Chief Financial Officer, General Partner, President and applies to both non-profit and for-profit entities.

2. Ownership Person

Refers to the ownership of an Entity. Any Entity with at least one individual holding 25% or more ownership must disclose the ownership of all parties who own 25% or more of the Entity and must disclose the structure of the Entity.

What are an Agent's Responsibilities?

An Agent is an individual who is designated by the Director/Controlling Officer of an Entity to act on behalf of the Entity in transacting on ABLÉ accounts. In all matters, an Agent is acting on behalf of the Entity, not as an individual. Agents are required to be United States citizens or properly naturalized.

- Two (2) Agents must be designated for the Entity
- There is no role/title requirement to act as an Agent
- Agents are determined solely at the discretion of the Director/Controlling Officer of the Entity
- The Director/Controlling Officer of the Entity may act as an Agent but is not required to do so*

*A Director/Controlling Officer of a small Entity with few employees will often act as an Agent while the Director/Controlling Officer of a larger Entity will often delegate the role of Agent.

Primary Agent

The Primary Agent is designated by the Director/Controlling Officer of an Entity to act on behalf of the Entity to open and administer a qualifying individual's ABLÉ account. The Primary Agent is the ONLY individual granted online access to manage an individual's ABLÉ account. The email address of the Agent is used to access an ABLÉ account online.

Secondary Agent

The Secondary Agent is designated by the Director/Controlling Officer of an Entity to act on behalf of the Entity to administer a qualifying individual's ABLÉ account. The Secondary Agent is granted access to manage an individual's ABLÉ account by directly communicating with a Sunday representative via phone. If an Entity has multiple pairs of Agents then the Agents can back each other up (e.g. Primary Agent John and Secondary Agent Susie; Primary Agent Susie and Secondary Agent John.) **Note: The Secondary Agent does NOT have online access to ABLÉ accounts.**

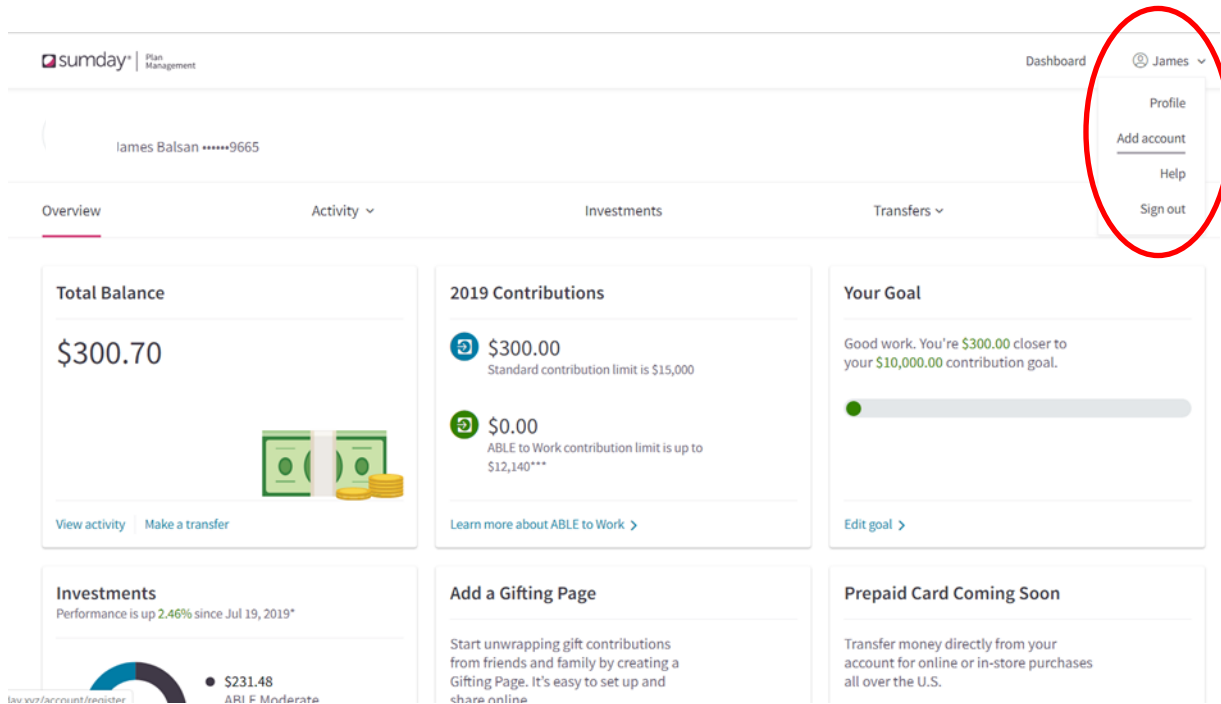
Removal, Addition, and Change of Agent(s)

The Entity Director/Controlling Officer is responsible for the designation of all Agents and any subsequent changes. The role(s) of *Primary Agent*, *Secondary Agent*, or *Both Agents* may be reassigned to another individual at the sole discretion of the Entity Director/Controlling Officer. There is no absolute rule on the number of times an Agent may be changed, however Sunday closely monitors all changes and may follow up at any time to ensure no account is compromised. To affect a change in Agents the Entity Director/Controlling Officer a new Entity Authorized Legal Representative Establishment Form will be required.

Adding Subsequent Accounts

After the Entity ALR is created and the first ABLE account for the Unique-Agent pair has been created via the paper forms all subsequent accounts for the Unique-Agent pair can be added online. To add subsequent accounts, the Primary Agent should:

1. Log on to the ABLE website and navigate to an account dashboard
2. At the account dashboard the Primary Agent should click on their name at the upper right corner of the screen. (See image below.)
3. A drop down will appear and the Agent should click on “Add account.”
4. The Agent will then be taken to the add-new-account page. Simply follow the prompts to add a new ABLE account for a new Beneficiary.



The screenshot displays the Sunday Plan Management dashboard for James Balsan. The user's name 'James Balsan' is visible in the top right corner, next to a dropdown menu. The dropdown menu is circled in red and contains the following options: Profile, Add account, Help, and Sign out. The dashboard also shows a Total Balance of \$300.70, 2019 Contributions of \$300.00 (Standard contribution limit is \$15,000) and \$0.00 (ABLE to Work contribution limit is up to \$12,140***), and a Your Goal section indicating the user is \$300.00 closer to a \$10,000.00 contribution goal. Other sections include Investments, Add a Gifting Page, and Prepaid Card Coming Soon.



Reporting

Reporting is broken into three separate categories: 1) Account level, 2) Agent level and 3) Entity level. Each level of reporting is described more fully below.

Account Level Reporting

Account level reporting is provided in four major forms: 1) transaction emails to the Primary Agent at time of initiation and completion, 2) ad hoc reporting available online to the Primary Agent and 3) quarterly statements and 4) annual tax forms.

1. Transaction Emails

Emails are generated and sent to the Primary Agent each time a transaction is triggered on the account and when the subsequent trade is settled. For security purposes these e-mails do not contain specific trade information but do alert the Agent that a transaction took place and provides a convenient link to log into the platform to view the transaction specifics.

2. Ad hoc Reporting

The Primary Agent can generate ad hoc account level reports by date range or transaction type. These reports are available from the account Dashboard by clicking on the “Activity” tab at the top of the page and selecting “Transactions” from the drop down. Ad hoc reports can be downloaded in Excel .CSV format or screen shots can be printed.

3. Quarterly Statements

Quarterly statements recapping all transactions during the quarter, including starting and ending balances, are delivered to the Primary Agent via the communication preference selected when the account is opened. The statements are also archived with the account and images can be downloaded and printed at any time.

4. Tax Forms

Similar to the quarterly statements, tax forms are delivered to the Primary Agent via the communication preference selected when the account is opened. The forms (Form 1099-QA for distributions from ABLE accounts and Form 5498-QA for contributions to ABLE accounts) are archived at the account level.

Agent Level Reporting

Agent level reporting will be generated on a monthly basis. Agent level reporting will be delivered via secure e-mail to the Primary Agent’s email address. The Primary Agent will be required to register on the secure e-mail provider website to receive and decrypt the reports. The report will include: 1) Account number, 2) Beneficiary Name, 3) Current balance, 4) Transactions for month.

Entity Level Reporting

Entity level reporting will be generated on a monthly basis. Entity level reporting will be delivered via secure e-mail to the Controlling Officer's e-mail address. The Controlling Officer will be required to register on the secure e-mail provider website to receive and decrypt the reports. The report will include: 1) Account number, 2) Beneficiary Name, 3) Current balance, Transactions for month.

Special Circumstances

The preceding pages of this Guide should address the vast majority of transactions and questions from Entities and Agents. However, we recognize that unique situations will arise that are not addressed by the forms previously described in this guide. We have identified and addressed several rarely-occurring transactions below and will continue to add to this list as we expand the availability of Entity ALR services.

Lack of internet access for contributions, withdrawals and account maintenance requests.

While the ABLE program website accommodates most transactions, the need may arise to submit paper requests. Paper Contribution / Withdrawal and other forms can be requested from the ABLE plan call center or downloaded from the participating program's website.

Change of Authorized Legal Representative (Individual to Entity)

There is a separate process to convert the type of ALR for an existing ABLE account from an individual (typically an employee of an Entity) to an Entity. A "Change of Authorized Legal Representative Form for Entity ALR" must be completed and submitted to the Program Manager in addition to the other forms required to establish an Entity ALR. This form can be found on the participating ABLE program website. After conversion, the employee of the Entity will typically act as the Primary Agent for the Entity ALR.

Ownership of a for-profit Entity by another Entity

In the event an Entity is a beneficial owner of a for-profit ALR, the owning Entity will need to disclose its owners down to the individual owner level. This complex ownership structure cannot be accommodated on the Entity Authorized Legal Representative Establishment Form. This will need to be done via a separate letter disclosing the ownership structure.

Multiple Unique Pairs of Agents for an Entity ALR

If an Entity is large there may be a desire to have multiple Unique-Agent Pairs. An Agent may be



associated with multiple pairs. (e.g. a person could be the Secondary Agent for multiple Primary Agents.) If the Entity has multiple pairs of Agents they will need to complete the paper form process for each unique pair of Agents.

Contacts

The ABLÉ program websites contain the telephone, email, mail and overnight contact information for the ABLÉ program.