



# ABLE SAVINGS PLANS NETWORK

A Network of the National Association of State Treasurers

By Electronic Delivery

November 7, 2023

Andres Garcia  
Internal Revenue Service  
Room 6526  
1111 Constitution Avenue NW  
Washington, DC 20224  
[pra.comments@irs.gov](mailto:pra.comments@irs.gov)

Re: Comments Concerning IRS Notice 2023-19352  
Paperwork Reduction Act and Section 529A ABLE Programs  
OMB Control No. 1545-2293

Dear Mr. Garcia:

The ABLE Savings Plans Network (“ASPN”) is pleased to have this opportunity to comment on IRS Notice 2023-19352, *Proposed Collection; Requesting Comments on TD 9923, Guidance Under Section 529A: Qualified ABLE Programs*, issued September 8, 2023 (the “Notice”). We appreciate the Internal Revenue Service’s commitment to reducing the paperwork and reporting burden on Section 529A ABLE programs.

**Background and Summary.** ASPN is an affiliate network of the National Association of State Treasurers, and advocates on behalf of State administrators and private-sector partners of Section 529A ABLE programs. ABLE programs provide a critical tool to one of American’s most financially vulnerable populations. ABLE accounts allow people with disabilities and their families to save for the future, while protecting eligibility for certain means-tested public benefits. These programs improve the way individuals with disabilities save and invest, participate in the workforce, and build independence.

But ABLE programs are still in relative infancy. The first state programs launched only seven years ago, and the industry is still building the scale required to be sustainable. Reducing the paperwork burden (and therefore the administrative cost) on these programs will be a critical part of their future success.

**To that end, ASPN respectfully requests that the IRS modernize its method of information collection and allow ABLE programs to electronically submit 5498-QA tax forms to the IRS.** Doing so (1) will reduce an enormous, unnecessary cost and labor burden for ABLE programs in a young industry, (2) will eliminate the considerable paper waste generated by the printing and mailing of hundreds of thousands of tax forms, and (3) will bring ABLE tax reporting in-line with how all other industries submit 5498 forms. Electronic submission is a better, more efficient means of fulfilling the IRS's reporting requirements.

***Detailed Comment on Reporting Requirements.*** Section 529A Treasury Regulations require ABLE programs to file two tax forms per ABLE account annually. Programs file both a 1099-QA form (reporting account distributions), and a 5498-QA form (reporting account establishment, contributions, and other demographic information). These forms must also be submitted to the taxpayer.

For the past seven years, ABLE programs have had to physically print and mail paper versions of 1099-QA and 5498-QA forms to the IRS, rather than e-file. The cost and waste associated with this paper submission has been enormous. To date, paper submission of ABLE tax forms has resulted in:

- Over \$180,000 in additional expenses<sup>1</sup>
- Over 400,000 physical ABLE tax forms mailed to the IRS since 2017<sup>1</sup>
- Hundreds upon hundreds of labor hours<sup>2</sup> (the volume of forms is so great that programs typically must bundle the tax forms and load them onto large pallets in order to ship them)

Thankfully, the IRS recently agreed to accept 1099-QA forms electronically, via the IRIS service.<sup>3</sup> This will help relieve some of the unnecessary paperwork ABLE programs face. The majority of the paperwork burden, however, comes from the physical filing of 5498-QA forms, an outdated requirement that still remains under current IRS rules.

In the Notice, the IRS specifically asked commenters to address “ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques *or other forms of information technology*.” A clear way to minimize respondents’ burden is to make 5498-QA filing available online, just as 1099-QA filing now is. Electronic filing is a more efficient, less wasteful, and less expensive way of providing the IRS

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<sup>1</sup> ABLE plans typically contract with recordkeeping firms to provide plan services, including tax reporting. There are only a small number of firms nationwide that provide such services. To arrive at the estimates provided here, ASPN surveyed the four largest ABLE recordkeeping firms and asked them to estimate costs they have incurred and the number of forms they have generated since 2017 due to paper-based IRS filing requirements. The figures included here are believed to be conservative estimates; actual numbers are likely higher.

<sup>2</sup> ABLE recordkeeping firms (which vary in size) estimate spending anywhere from 50 to 100 hours each year on the generation and submission of paper tax forms. This adds up to hundreds of labor hours since the inception of ABLE plans in 2016. And it does not even account for additional labor hours spent by IRS employees to then receive and process hundreds of thousands of paper forms.

<sup>3</sup> See <https://www.irs.gov/filing/e-file-forms-1099-with-iris>.



with the same information. The data that programs report to the IRS will not change – our request is focused solely on updating the method of submission.

Indeed, ABLE’s sister plans in the Section 529 College Savings Plans industry (which ABLE plans were modeled after) have been able to submit tax forms electronically to the IRS for *nearly two decades*. Moreover, the IRS already allows electronic 5498 filing in other industries that use 5498 forms. IRA programs, Coverdell ESAs, and HSAs can all file their 5498 forms online.<sup>4</sup> ASPN requests that the IRS update ABLE filing in the same way.

Continued paper filing will be enormously (and unnecessarily) burdensome for ABLE plans. ASPN members estimate that over the next five years, paper submission of 5498-QA forms will result, at minimum, in the following burdens<sup>5</sup>:

- Over \$200,000 in additional industry operational expenses
- Printing and mailing of over 540,000 5498-QA forms, which then must be processed by IRS, generating over 13,000 pounds of waste
- 1,500 lost labor hours

As more and more ABLE accounts are opened, these burdens will only continue to grow. In 2022 alone, the number of ABLE accounts increased by over 22%. The recent passage of the ABLE Age Adjustment Act promises to further spur ABLE growth; the Act makes an estimated 6 million more Americans ABLE-eligible beginning in 2026.

These are significant costs for ABLE programs (and the IRS) to bear. The ABLE industry is still maturing, and revenues have not yet scaled to cover the costs of operation. Every additional expense, work hour, and form is a setback for the industry – and for account holders, who ultimately pay higher account fees as a result.

ASPN does not object to the general collection and reporting of 5498-QA information. ASPN’s request is only for the IRS to modernize the *method* by which ABLE programs can file. Electronic filing is a clear way to “minimize the burden” on ABLE programs and on individuals with disabilities, who invest in these life-changing accounts. Paper filing is wasteful, costly, and outdated, it complicates the corrections process, and all other 5498 industries are already exempt from it. ABLE programs respectfully request the same treatment.

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<sup>4</sup> See IRS Publication 1220, pg. 8.

<sup>5</sup> These estimates are provided in direct response to the Notice’s request for “estimates of . . . costs of operation, maintenance, and purchase of services to provide information.” To arrive at these figures, ASPN again surveyed the four largest ABLE recordkeeping firms and asked for their projections. These estimates are conservative, as they do not account for growth generated by the ABLE Age Adjustment Act after 2026, or for inflation. Thus, if anything, these figures likely significantly underestimate the actual amount of effort and cost that ABLE plans will incur if paper filing continues.

Thank you again for providing an opportunity to comment on the Notice. We hope these observations are helpful as the IRS and OMB consider the burden of printed and mailed paper tax forms, and work towards the modernization of ABLE tax reporting. Please do not hesitate to contact us with any questions or for more information. You may reach ASPN by calling Chris Hunter, NAST Deputy Executive Director, at (859) 244-8177.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stacy Garrity", with a stylized, cursive script.

Stacy Garrity  
Pennsylvania State Treasurer  
Chair, ABLE Savings Plans Network