



Senate of Pennsylvania

TO: All Senators
FROM: Senator Edwin B. Erickson *EBE*
DATE: December 6, 2010
SUBJECT: Cosponsorship of Legislation

I plan to reintroduce Senate Bill 131 of 2009, legislation that will create Qualified Disability Savings Accounts to benefit mentally retarded persons. The accounts, which could be created by an individual, or by an employer or family member for the benefit of a mentally retarded person, could be used to assist the beneficiary to achieve and maintain financial independence.

Deposits to accounts would not be exempt from Pennsylvania personal income tax, but earnings on, and increases in value of, the account would be tax-free if spent for qualified disability expenses (education, training, assistive technology and other activities for which special needs trusts may be used). Annual contributions to accounts would be limited to IRS-set limits on gifts exempt from Federal gift tax (currently \$13,000).

Amounts deposited to accounts, earnings, and withdrawals used for qualified disability expenses would not be considered available assets or income for the purpose of assessing liability for care and maintenance of the beneficiary, and would not be required to be expended for care and maintenance, as such terms are used in the Mental Health and Mental Retardation Act of 1966, and in the Public Welfare Code.

If you would like to cosponsor this legislation, please contact Linda Kauffman at 7-1350 or lkauffman@pasen.gov.