

ABLE

ACHIEVING A BETTER
LIFE EXPERIENCE

PLAN | SAVE | INVEST

NATIONAL GUIDE TO ABLE ACCOUNTS

A savings and investment program providing
independence to people with disabilities



NATIONAL ASSOCIATION OF
STATE TREASURERS

Most states and the District of Columbia have ABLE Plans. Many states allow you to open an account even if you are a resident of another state. ABLE accounts are easy to open and can provide people with disabilities the ability to save for their futures, without jeopardizing eligibility for government benefits.



ARE YOU OR SOMEONE YOU KNOW ONE OF THE ESTIMATED 8 MILLION PEOPLE WHO ARE ELIGIBLE TO OPEN AN ABLE ACCOUNT?

An ABLE account may be opened at **any age**, as long as the onset of disability occurred before age 26.

An ABLE account can be opened by the individual or someone authorized to act on their behalf.

ABLE basics

Achieving a Better Life Experience

ELIGIBILITY

Individuals must meet two requirements

1

AGE REQUIREMENT

People of any age may be eligible if the disability occurred before age 26.

2

SEVERITY OF DISABILITY

The person must:

Have been determined to meet the disability requirements for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits (Title XVI or Title II of the Social Security Act).

OR:

Certify that the following are true:

- Have been diagnosed with a physical or mental impairment that causes "marked and severe functional limitation."
- Have a condition that has lasted or is expected to last for at least 1 year (essentially equal to Social Security level of disability).

Saving and Maintaining Government Benefits Eligibility

The first \$100,000 in an ABLÉ account does not count against Social Security resource limits.

Eligibility for means-tested government benefits relies on an individual having a limited amount of assets (typically \$2,000 or less). With an ABLÉ account, an individual can have \$100,000 in an ABLÉ account in combination with the \$2,000 in additional assets before SSA benefits would be impacted. If the ABLÉ account balance exceeds \$100,000, SSI payments will be suspended, but SSI benefits eligibility will not be terminated and Medicaid benefits will not be terminated.

ABLÉ assets are not counted as an asset when determining Medicaid eligibility but may be subject to claims from Medicaid upon the death of the account owner. Check with the state you are interested in joining for specific information related to how your home state addresses Medicaid recapture.



Contributions

The annual contribution limit is currently \$16,000 for an ABLÉ account unless the account owner qualifies for ABLÉ to Work contributions.

Regular contributions can be made by anyone. That includes family, friends, and even employers. Social Security payments can be deposited into an ABLÉ account by the individual their Rep Payee.

The ABLÉ to Work Act permits ABLÉ beneficiaries who do not participate in their employer-based or certain other retirement plans to save more in their ABLÉ accounts. ABLÉ account owners who are employed and qualify may contribute the lesser amount equal to their current year gross income, or the annual ABLÉ to Work limit each year to their ABLÉ accounts..



Tax advantages

Earnings on contributions accumulate taxfree and are not taxed if used for eligible expenses.

Additionally, some states may allow for state income tax deductions or credits for their own plans, or, in some cases, all plans. ABLÉ contributions may also qualify for the federal Saver's Tax Credit.

Eligible expenses

ABLE account funds can be used for all qualified disability-related expenses. Some examples of qualified expenses include, but are not limited to:



BASIC LIVING EXPENSES

ABLE accounts can help with daily living expenses for people with disabilities, including food-related costs associated with specialized diets, water and sewer costs and garbage removal. Any expenses that help improve independence or quality of life are eligible.



EDUCATION

Like 529 college savings accounts, ABLE accounts can be used for qualified education expenses like tuition, books, supplies. Expenses related to attendants and other educational supports are allowable as well.



HOUSING

A unique benefit of ABLE accounts is that, unlike a special needs trust, housing expenses are allowable without adverse effects on benefits eligibility. This may include rent, mortgage, property taxes, utilities and even the purchase of a home.



EMPLOYMENT

Expenses related to finding a job and maintaining employment are eligible, including valuable supports and coaching that can make employment accessible.



ASSISTIVE TECHNOLOGY AND ADAPTIVE EQUIPMENT

Many people living with disabilities use equipment and devices that can be expensive to assist with day-to-day living. ABLE accounts provide a tax-advantaged way to purchase or repair equipment that may not be covered by medical insurance.



HEALTH, PREVENTION & WELLNESS

ABLE accounts can help fill the gap in Medicaid, Medicare and private health coverage. Covered expenses include premiums, medications, copays, supplements, therapy, respite and long-term care.



LEGAL AND FINANCIAL SERVICES

ABLE account funds can also be used to help cover the fees charged by legal and financial professionals who help develop and execute financial and legal plans.



FUNERAL AND BURIAL

ABLE account funds may be used for pre-planning burial costs, funeral and burial expenses and pre-paid cemetery plots. Final expenses can be paid by the estate from an ABLE account, prior to any Medicaid payback.



TRANSPORTATION

ABLE accounts can help pay for the purchase of or to modify the vehicles needed to get around, and/or help with expenses related to public transportation.



OTHER

Other expenses approved by the Secretary of the Treasury under regulations consistent with the purpose of the program and/or published in future guidance in Internal Revenue Bulletins.

Common Questions

I have a special needs trust; do I still need an ABLÉ account?

Determining which option is the most appropriate will depend upon individual circumstances. For many families, the ABLÉ account will be a significant and viable option in addition to, rather than instead of, a trust. For more information on ABLÉ accounts, trusts and other topics related to special needs planning, talk to your financial advisor or attorney.

Can I roll over my child's 529 college savings plan to an ABLÉ account?

Yes, up to the \$16,000 annual contribution limit. The funds in an ABLÉ account can be used for a broader range of qualified disability-related expenses as well as education expenses. An individual can also have both a 529 college savings plan and an ABLÉ account if they wish to cover expenses not covered by a 529 college savings plan.

Who would benefit from opening an ABLÉ account?

Individuals with a disability who want to save for their own financial goals.

Parents who want to save for their child's future disability-related expenses.

An individual with a disability who anticipates a gift, settlement, or bequest, but does not want to interrupt his or her government benefits.


Individuals with disabilities who are employed or who want to manage their own money, with or without help.



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Check with your employer for possible direct deposit, payroll deduction, or matching contributions to an ABLE account.



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