



Achieving A Better Life Experience (ABLE) Account Information

Purpose

The following guide is meant to be used as a reference only. It is not meant to replace advice from a financial planner or advisor.

Background and Eligibility Requirements

What is it?

The Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act (PL 113-295) amends the federal tax code to add Section 529A in order to:

- Create a new option for eligible people with disabilities, to save money in a tax-exempt account, that may be used for qualified disability expenses, while still keeping their eligibility for federal public benefits.

Eligibility Requirements:

Individuals must meet two requirements—

1. Age requirement—the individual must have been determined disabled before the age of 26; AND
2. Severity of disability--
 - Have been determined to meet the disability requirements for Supplemental Security Income (SSI) or Social Security Disability benefits (Title XVI or Title II of the Social Security Act) and are receiving those benefits, **OR**
 - Submit a “disability certification” assuring that the individual holds documentation of a physician’s diagnosis and signature, and confirming that the individual meets the functional disability criteria in the ABLE Act (related to the severity of disability described in Title XI or Title II of the Social Security Act).

Basic Characteristics

- An eligible individual is not obligated to enroll in their state of residence.
- The ABLE Account is known as the 529A account. It is mirrored after the 529 College Savings Account.
- The money in a 529 College Savings Account can be directly rolled into an ABLE account. The funds rolled over from the 529 college savings account to an ABLE account are subject to the annual contribution limit and thus capped at \$15,000 for any given tax year (provided that no other contributions into the account have been made during that tax year).
- You can only have one ABLE account.
- Each state has its own maximum account limit. The limit in Colorado is \$400,000.
- The “Designated Beneficiary” is the account owner (although another person such as a parent, guardian, or person with power of attorney may be allowed signature authority over the account).
- Funds in the account may be used for “qualified disability related expenses”
- Multiple individuals may contribute to an individual’s ABLE account.
- The maximum contribution amount to an ABLE account each year is \$15,000.
- For SSI recipients only--Once the ABLE account exceeds \$100,000, the SSI will be “suspended” until the balance is back below \$100,000. **This WILL NOT affect Medicaid if SSI is suspended for this reason.**
- There is a Medicaid pay-back amendment that must be understood. If there is money left in the ABLE account upon the death of the beneficiary, after expenses are paid (burial & funeral, outstanding qualified disability expenses), Medicaid can ask for the remaining money. The state must create a claim to get the money back. Medicaid is only able to recover money going back to when the ABLE Account was set up.



Qualified Disability Related Expenses

An expense is “qualified” if:

1. You incurred the expense at a time you were considered an “Eligible Individual;”
2. The expense relates to your blindness or disability; and
3. The expense helps you maintain or improve your health, independence or quality of life.

Each person is unique and the needs of individuals can vary depending on the disability, circumstances and specific treatment. ABLE accounts can help pay for expenses related to maintaining the health, independence and quality of life for people with disabilities.

Some examples:

Basic Living Expenses	Health and Wellness
Housing	Financial Management
Transportation	Education and Training
Assistive Technology and related services	Employment training and support
Funeral and burial	Other expenses approved by the Secretary of the U.S. Treasury

Working Individuals

- Annual contributions to ABLE accounts are currently capped at \$15,000. However, people with disabilities who work can now accrue at least some of their wages as well.
- For 2018, those living in the continental United States can deposit an additional \$12,140 in income, the IRS said in a notice this month. That means that workers with disabilities can potentially save \$27,140 in an ABLE account this year.
- In addition, the IRS indicated that workers with disabilities who have ABLE accounts can now qualify for a Saver’s Credit, which can reduce their federal tax bill.

Important Links/Contacts

- **Colorado ABLE** (the “Member Plan”): (888) 609-3468; <http://www.coloradoable.org/>; co.clientservice@savewithable.com
- **ABLE National Resource Center:** <http://www.ablenrc.org/>
- **Basic Information about ABLE accounts:** <http://www.ablenrc.org/about/what-are-able-accounts>
- **Becoming ABLE ready:** <http://ablenrc.org/about/becoming-able-ready>
- **Debunking ABLE Myths:** <http://www.ablenrc.org/about/debunking-able-myths>
- **Special Needs Alliance:** <http://www.specialneedsalliance.org/>
- **Shop the states to choose the BEST ABLE Program for you:** http://www.ablenrc.org/state_compare/
- **Webinars:** <http://www.ablenrc.org/webinars>

Related Articles

- **IRS Reminding People with Disabilities about New ABLE Account Rules** by Michelle Diamant, December 13, 2018
Read more here: <https://www.disabilityscoop.com/2018/12/13/irs-reminding-able-account-rules/25812/>
- **Tax Law Brings ABLE Changes, Future Worries** by Michelle Diamant, January 9, 2018
Read more here: <https://www.disabilityscoop.com/2018/01/09/tax-law-able-future-worries/24560/>



- **ABLE Accounts Growing in Popularity** by Michelle Diament, December 5, 2017
Read more here: <https://www.disabilityscoop.com/2017/12/05/able-accounts-growing/24492/>
- **Congress Weighs Expanding ABLE Act** by Michelle Diament, April 10, 2017
Read more here: <https://www.disabilityscoop.com/2017/04/10/congress-weighs-expanding-able-act/23557/>
- **Congress Eyes Changes To ABLE Act, Special Needs Trusts** by Michelle Diament, September 27, 2016
Read more here: <http://www.disabilityscoop.com/2016/09/27/congress-eyes-changes-able-trusts/22806/?pgnc=1>