

## **FAST FACTS**

### **ABLE Act of 2014 & ABLE Accounts**

*Prepared by Jana Burke, Ph.D., President, Mariposa Professional Services*

President Barack Obama signed the Achieving a Better Life Experience (ABLE) Act into law on December 19, 2014. The ABLE Act will allow some people with disabilities and their families the opportunity to create a tax-exempt savings account that can be used for disability-related expenses that will not affect eligibility for SSI, Medicaid, and other public benefits. Here are a few facts to know right now about the ABLE Act and ABLE accounts:

#### *Who is eligible for an ABLE account?*

In order to be eligible to open an ABLE account, you must:

- Have a significant disability that meets SSI criteria regarding significant functional limitations
- Have a condition that occurred before age 26.

If you are receiving SSI and/or SSDI, you are automatically eligible to open an ABLE account. If you don't receive SSI and/or SSDI, but still had your disability before you turned 26, you are eligible to open an ABLE account if you provide documentation of your disability that indicates age of onset before the age of 26.

#### *Who can open an ABLE account?*

Accounts can be opened by an eligible person with a disability, family members, friends, or anyone else for the benefit of the person with a disability. Each eligible person with a disability is allowed one ABLE account that needs to be set up in the state where s/he resides.

#### *How much can I deposit in my ABLE account?*

At this time, you can deposit up to \$14,000 per year into your ABLE account. This is the current annual gift-tax exemption. This amount will be adjusted each year for inflation.

#### *Who can make deposits into my ABLE account?*

Anyone can contribute to your account. Contributions are not tax deductible or tax free, but donors are exempt from the gift tax. Plus, any earnings on your ABLE account and withdrawals from your account for qualified disability expenses will be tax free.

*Will my ABLÉ account savings impact my eligibility for SSI, SSDI, or Medicaid?*

No. You can save up to \$100,000 without risking eligibility for SSI, SSDI, and other government programs. You can keep your Medicaid coverage no matter how much money is in your account. However, if and when your ABLÉ account balance exceeds \$100,000, you will be suspended from eligibility for SSI benefits and will no longer receive that monthly income.

*What are qualified disability expenses?*

You can pay for any disability-related expenses related to education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention, and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and any other expenses approved by the IRS.

*When can I open my ABLÉ account?*

You should be able to open your account by the end of 2015. Before banks and other institutions can offer ABLÉ accounts to eligible people with disabilities and their families, the IRS needs to publish rules for implementing the ABLÉ Act. The program will be managed by the states, so each state will also need to put rules in place.

*What can I do until I can open my ABLÉ account?*

ABLÉ accounts may offer a new financial planning option for you and your family. Here are a few things to do as you gear up to open your ABLÉ account:

- Learn more about the ABLÉ Act and ABLÉ accounts. Get online and do some research!
- Make a list of your short and longer term needs to set aside funds into an ABLÉ account. Do you need to put away money for renovations to make your house more accessible? Do you need new hearing aids? Do you want to save up to buy an accessible vehicle? Come up with a budget for disability-related expenses you want to start saving for.
- Make sure your state is moving forward to establish an ABLÉ account program. Contact the Governor's office and your state legislators to let them know the importance of the ABLÉ account program to people with disabilities. Ask them to keep you informed on the progress of getting the program set up.
- Start saving now! Invite family and friends to contribute to your savings account too. Any money you save in 2015 can be moved into your ABLÉ account when the state gets the program going later this year.