

## THE ACHIEVING A BETTER LIFE EXPERIENCE ACT OF 2014: SECURING THE FUTURE OF INDIVIDUALS WITH DISABILITIES.

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The Achieving a Better Life Experience (ABLE) Act of 2014 (Public Law 113-295) encourages individuals with disabilities and their families to save personal funds for the future by altering the tax code to make it easier for them to do so. Specifically, the law authorizes the creation of tax-free savings accounts for individuals with disabilities. ABLE accounts are designed with the intention that the funds may be used to cover an array of disability-related expenses that are critical to quality of life, including education, healthcare, transportation, employment training, and community-based supports.

The ABLE Act recognizes that many individuals with disabilities and their families have a desire to achieve economic self-sufficiency, but find it difficult to do so without jeopardizing access to benefits such as Medicaid, Supplemental Security Income (SSI), and Social Security Disability Insurance (SSDI). Under the terms of the ABLE Act, funds held within ABLE accounts will not count toward the \$2,000 federal cap on assets, permitting account holders to save for the future while continuing to be eligible for benefits.

ABLE thus supplements, rather than supplants, the supports that designated beneficiaries receive. If the account exceeds \$100,000, cash benefits are suspended. However, the individual will remain eligible for Medicare.<sup>1</sup>

Additionally, the ABLE Act helps account holders pay for "qualified disability expenses" directly. These expenses may include medical care, housing, education, transportation, employment training, and assistive technology. ABLE accounts may be opened by an individual with a significant disability with an age of onset under 26, and may receive total contributions of up to \$14,000 yearly.<sup>2</sup>

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Although the ABLE Act is a federal law, it is the responsibility of the states to authorize the creation of ABLE programs within their domain and select the authorities that will implement them. Over 45 states have enacted legislation authorizing the establishment of accounts. A full list of states that have passed legislation is available on The Arc's national website.

In December 2015, the Internal Revenue Service (IRS) issued regulations that allow states to determine if only a state resident can establish an ABLE account, or if the state will allow non-residents to establish an account. As of October 2016, four states had established ABLE savings programs: Florida, Nebraska, Ohio, and Tennessee. Only Florida requires an account holder to be a state resident.

To keep up to date on states establishing ABLE programs and other ABLE Act-related news, visit the ABLE National Resource Center: <http://ablenrc.org>

<sup>1</sup> "Achieving a Better Life Experience (ABLE) Act: ABLE Act Overview." National Down Syndrome Society (NDSS), February 9, 2016. <http://www.ndss.org/Advocacy/Legislative-Agenda/Creating-an-Economic-Future-for-Individuals-with-Down-Syndrome/Achieving-a-Better-of-Life-Experience-ABLE-Act/>

<sup>2</sup> Ibid.