

ACHIEVING A BETTER LIFE EXPERIENCE (ABLE): SAVINGS ACCOUNTS FOR PEOPLE WITH DISABILITIES

By Mary Buonfiglio

In 2014, the passage of the Stephen Beck Jr. "Achieving a Better Life Experience Act" or ABLÉ Act (Public Law 113-295) created the opportunity for people with disabilities to open tax-advantaged savings accounts. This national public policy recognized the significant costs and extra expenses associated with living with a disability and opened the door to saving **without impacting eligibility for means-tested benefits, such as SSI and Medicaid.**

Outside of the savings opportunities and ability to spend for qualified expenses, an ABLÉ account provides greater choice and control for the account holder, offering the opportunity for financial independence.

THE ABLE ACT

Many states have adopted the federal ABLÉ legislation creating 529A accounts, which in many ways are similar to 529 college savings plan. Individuals of any age are eligible to open an account if their disability occurred prior to the age of 26 and regardless of participation in a governmental benefit program.

With ABLÉ accounts, after-tax funds can be deposited into an account from a variety of sources and withdrawals are tax-free when used for qualified disability expenses (QDEs). Contributions can be made up to \$15,000 per year, and for employed account owners, this limit is increased by the lesser of earned income and the amount of the one-person poverty limit for the prior year. In 2020 this increased limit for employed account holders is approximately \$12,000. It's important to note that savings over \$100,000 will be included in the calculation of "countable resources" in determining eligibility for SSI.

The funds in the account can be used to pay for qualified disability expenses, today or in the future, so long as the expenses are related to the disability, and for the benefit, of an account owner. Qualified disability expenses may include items such as:

- Education, including postsecondary education
- Transportation
- Housing, including campus housing (housing funds must be spent in the month withdrawn)
- Health and Wellness
- Financial Management
- Legal Fees
- Assistive Technology and cellphones
- Basic living expenses and more

Needs vary by individual, so it's important to evaluate whether an ABLÉ account is right for your individual circumstance. Currently (as of June 2020), the ABLÉ Act limits the number of accounts to one per eligible individual. The cost of establishing an account may be considerably lower than other savings options, such as a Special Needs Trust. There is no prohibition of having both a Special Needs Trust and an ABLÉ account.

While many states administer an ABLÉ Program, not all states operate with the same fees, investment opportunities or features. For more information on ABLÉ Accounts, [visit SI 01130.740 Achieving a Better Life Experience \(ABLE\) Accounts](#)

For a full list of states that have enacted ABLÉ legislation, visit the [National ABLÉ Resource Center](#).

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