



NATIONAL RESOURCE CENTER
ACHIEVING A BETTER LIFE EXPERIENCE ACT



Strategies for Funding an ABLE Account

Thursday, February 28, 2019



The ABLEResource Center

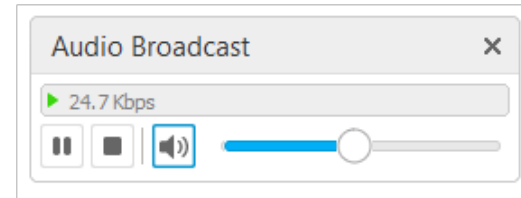
The **ABLE National Resource Center (ANRC)** is a collaborative whose supporters share the goal of accelerating the design and availability of ABLEResource accounts for the benefit of individuals with disabilities and their families. We bring together the investment, support and resources of the country's largest and most influential national disability organizations.

www.ablenrc.org



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Please note: This webinar is being recorded and the materials will be placed on the ABLE National Resource Center website, along with all of our other ABLE webinars, at <http://ablenrc.org/webinars>.



Facilitator and Presenters

Facilitator

- Miranda Kennedy, Director, ABLE National Resource Center

Presenters

- Marlene Ulisky, Disability Benefits Expert, ABLE National Resource Center
- Hector Ramirez, 2019 ABLE NRC Ambassador

Agenda

- ABLE Basics
- Identifying Potential Sources of Savings
 - First-Party Contributions
 - Third-Party Contributions
- Funding Strategies
- Examples from Real-Life ABLE Account Owners
- Questions



ABLE Accounts: The Basics



Roadmap to ABLE



Roadmap to ABLE

#ABLEtoSave



For more information on the ABLE Act and ABLE accounts, visit www.ablenrc.org. Managed by National Disability Institute.

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The Road Map to Enrollment

1. What Is ABLE?
2. Who Is Eligible?
3. How Can Funds Be Used?
4. How Do I Manage My Account?
5. How Do I Enroll?

Road Map to Independence

1. Setting My Financial Goals
2. Building a Circle of Support
3. Making Smart Financial Decisions
4. Monitoring My ABLE Account
5. Celebrating My Financial Independence

To Access our ABLE Fact Sheet and Road Map Handout click: [here](#)

*Note: This is also available in Spanish

What Is an ABLE Account?

- An ABLE account is a Section 529A tax-free savings account owned by a person who has a qualifying disability with an onset before age 26 **and**:
 - Receives Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI) benefits *or*
 - Does not receive SSI or SSDI benefits but has a disability certification from a licensed physician (MD or DO) that indicates a qualifying physical/mental disability or blindness which results in marked and severe functional limitations which has lasted, or can be expected to last, for at least 12 continuous months or results in death.
- Some state ABLE programs formed partnerships or alliances to improve access for eligible individuals to enroll and to lower program costs. You may see different types of arrangements between states administering the programs. Be aware of this.
- To compare state ABLE programs, visit http://www.ablenrc.org/plan_search



Why the Need for ABLE Accounts?

- Millions of individuals with disabilities and their families depend on a variety of public benefits for income, health care, food and housing assistance.
- For the first time in public policy:
 - The ABLE Act recognizes the extra and significant costs of living with a disability.
 - Eligible individuals and their families may establish ABLE savings accounts that will largely not affect their eligibility for federally-funded, means-tested benefits.
- The funds in an ABLE account will supplement, and are not meant to supplant, benefits provided by private insurance, Medicaid, SSI, the beneficiary's employment and other sources.

Why Save in an ABLER Account?

- There is a resource limit of \$2,000 for most means-tested benefits.
- You can maintain eligibility for SSI, Medicaid and other public benefits.
- Your savings can grow.
 - You choose from multiple investment options which may be conservative or aggressive.
- There are ABLER account tax advantages:
 - The account income grows tax free.
 - You may qualify for tax credits for saving.
- It can provide for a more secure future.



ABLE Account Owners are Diverse... As Are Their Saving Goals



**Meet our 2019
ABLE NRC Ambassadors**

Click here to learn how these individuals from across the country are using ABLE accounts as a down payment on independence and freedom. [MORE](#)



Identifying Potential Sources of Savings



Identify Your Need for Savings

- Start with a goal! Identify your short and long term goals when setting money aside in an ABLE account.
- Know the difference between a need and a want:
 - A “need” is something that is required for basic survival.
 - A “want” is something that is not essential for survival, but is desired for comfort, convenience or status.
- Consider whether any other public benefit program can cover the needs.
- Investigate costs to meet these needs and/or wants and develop a short term and long term budget and a spending and savings plan.
- Know that goals will change based on time, situations and/or events.



Create Your Savings Plan

- Know that “one size may not fit all” and that you may want your ABLE account savings to supplement other tools you already have in place such as a special needs trust (SNT).
- Once you have established your budget, gained control of your day-to-day expenses and defined your goals, it is a good time to begin saving in your ABLE account.
 - Here are some tips:
 - Save a little at a time
 - Bargain with yourself
 - Hold on to unexpected windfalls
 - Save through employer payroll deductions to your ABLE account



Identify Potential Sources of Income for an ABLER Account

- Anyone can make a contribution into an ABLER account:
 - Individual with a disability
 - Family
 - Friends
 - Employer
 - A special needs trust, estate or others
- The total annual contribution limit, which may not exceed the federal gift tax contribution limit, is currently \$15,000.
- An employed individual with a disability may contribute more.
- Total lifetime contributions may not exceed the state limit for 529 college savings accounts.
- Start saving now!



Beneficiary Contributions (Slide 1 of 2)

- A contribution of earnings, or other income received by the beneficiary and deposited into the ABLE account, is still counted as income to that beneficiary.
 - Examples of payments that might be deposited into an ABLE account, but still count as income may include:
 - Earnings
 - Other income due to the beneficiary such as:
 - Alimony
 - Child support payments
 - Pensions and annuities
 - Veterans Administration (VA) compensation, etc.
 - Direct deposit cannot be used to avoid income counting rules.

Beneficiary Contributions (Slide 2 of 2)

- The first \$100,000 in ABLÉ account savings is disregarded when determining eligibility for most means-tested benefits like SSI, Medicaid and food stamps.
 - When the account balance exceeds \$100,000, either alone or in combination with other resources, the SSI payment is temporarily suspended but Medicaid continues.
 - If non-ABLE resources alone are over the SSI limit, the special suspension rule does not apply.
- There is no resource limit if you receive benefits under SSDI.



ABLE to Work (Slide 1 of 2)

- The “ABLE Work” provision was passed as part of the “Tax Cuts and Jobs Act of 2017” and allows *ABLE account holders who work and earn income* to contribute above the \$15,000 annual contribution limit.
- The beneficiary is not eligible to make the additional contributions if their employer contributes to a workplace retirement plan on their behalf.

Examples are:

- 401(a) defined contribution plan or 403(a) annuity contract
- 403(b) annuity contract
- 457(b) eligible deferred compensation plan



ABLE to Work (Slide 2 of 2)

- The ABLE account owner may contribute an additional amount from whichever is less:
 - Their gross income for that taxable year, or
 - The amount equal to the federal poverty level for the 48 contiguous states for a one-person household for the year prior to when the contributions are made.
 - 48 contiguous states: \$12,140
 - Alaska: \$15,180
 - Hawaii: \$13,960
- Earnings that are the result of employment are still counted in terms of earned income or substantial gainful activity (SGA) and taken into consideration when determining eligibility for certain public benefits.
- Guidance from the U.S. Department of Treasury is expected.



Identifying First-Party Contributions

- Earnings, self employment income and bonuses
- Social Security or lump sum retroactive payments
- VA benefits
- Pensions
- Alimony
- Disability Insurance Benefits
- SSI Benefits
- Income tax refunds including refunds due to tax credits



Earned Income Tax Credit

- The Earned Income Tax Credit (EITC) is a tax credit for low to moderate income workers who are:
 - Age 25 to 64 without children; or
 - Age 18 to 64 with one or more children
- If you have earnings from work and file and qualify for the EITC, you can receive up to:
 - Tax year 2018 - \$6,431
 - Tax year 2017 - \$6,318
 - Tax year 2016 - \$6,269
- If you qualify for the EITC and you have at least one child, you may also be able to claim other child-related tax credits.



Saver's Credit (Slide 1 of 2)

- The formal name is the “Retirement Savings Contributions Credit.”
- This tax credit acts as an incentive for low and moderate income taxpayers to make contributions to retirement accounts (IRA, Roth IRA, 401k, 403b, 457(b), SEP or SIMPLE plan and others) by allowing them a tax credit which can be deducted from the taxes they owe.
- The new tax law extends this credit to those ABLE account owners who contribute to their own ABLE account and who meet the other criteria related to being eligible for the Saver's credit:
 - Age 18 or older
 - Not a full-time student
 - Not claimed as a dependent on another person's return

The adjusted gross income limit to qualify for the Savers' Credit in tax year 2018 was \$31,500 for a single filer and \$63,000 for married couples filing jointly.



Saver's Credit (Slide 2 of 2)

- Amount of credit is 50%, 20% or 10% of retirement plan, IRA or ABLE contributions depending on adjusted gross income (AGI).
- The percent of your contribution you are allowed to take is reduced as your AGI increases.
- The maximum credit you can receive is \$2,000 (\$4,000 if filing jointly).
- Rollover contributions do not qualify.
- Eligible contributions may be reduced by any recent distribution received from an ABLE account.
- It is a nonrefundable credit, which means you must owe taxes to use the credit, and the maximum value would reduce the taxes you owe down to zero.
- This provision will expire on January 1, 2026.



Third-Party Contributions

- Third-party contributions are contributions made by persons other than the designated beneficiary with funds that do not belong, or are not otherwise due, to the designated beneficiary.
- A special needs trust is defined as a “person” under IRS policy.
 - A transfer of funds from a trust to an ABLE account is:
 - Where the SSI recipient is the designated beneficiary and
 - The trust is not considered a resource to him or her
 - A transfer of trust funds will generally be considered a third-party contribution because the contribution is made by a person or entity other than the designated beneficiary (namely, the trustee) and because the designated beneficiary does not legally own the trust.



Identifying Contributions from Third Parties

- Contributions from family or friends
- Contribution from an employer
- 529 rollover from a family member's ABLE account
- 529 rollover from a college savings account
- Distribution from a special needs trust or pooled trust
- Bequest from a will
- Gift of Independence
- Gifts from others for birthdays, holidays or milestones



Other Savings Strategies



Reach Out to a Circle of Support or Others

- Be sure to reach out to a “circle of support” or people who want to support you in building a better financial future and meeting your financial goals. Your circle of support may include family, friends, a supports coordinator, clergy, an employer or others.
- If you do not have a circle of support and have a difficult time managing your money despite efforts to track and regulate spending, consider asking a family member, friend or professional to help you with your finances. Know when to get help!
- Always be cautious when sharing financial information with individuals you do not know well or those you have only known for a short time.

Simplify Contributions

- Make systematic deposits into your ABLE account
- Use automated methods to contribute
 - Electronic funds transfer
 - Payroll deductions
- Ask family or friends to make a gift contribution online, by mail or through the Gift of Independence
 - The Gift of Independence allows family, friends or others to contribute \$25-\$200 to an ABLE account through the purchase of a gift card at: <http://ablenrc.org/thegiftofindependence>
 - To redeem the card for deposit into the ABLE account, visit: <https://www.giftofcollege.com>



Other Things to Consider, Learn and Explore

- Compare state ABLE programs, along with costs, to find the program best suited to help you enhance your savings opportunities while still meeting your goals.
- Your situation, needs and goals are unique. Talk with people you trust to gather information and ask questions. Do not be afraid to ask for help when needed.
- Learn the ABLE account rules for contributions and disbursements!
- Explore the free, professional tax help through the [VITA/TCE or AARP Tax Aide Locator Tools](#).
- Explore National Disability Institute's Financial Education Toolkit (Budgeting, Spending Diary, Benefits Counseling) or the Quick Reference Guides for financial education at <https://www.nationaldisabilityinstitute.org/downloads/>.



Real-Life Examples from ABLE Account Owners



Meet ABLE NRC Ambassador Hector Ramirez

Hector Ramirez, a CalABLE account owner, is saving his ABLE funds to maintain a safety net while working to be self-sufficient.

Strategies used to fund his ABLE account:

- Employment earnings
- SSA/SSI back payments
- Circle of support and Gift of Independence
- Other



Other Examples from ABLE Account Owners



Resources



- ABLE National Resource Center: <http://ablenrc.org/>
- ABLE Case Summary Series “A Range of Strategies for Funding an ABLE Account”:
<http://ablenrc.org/resources/able-case-summary-series>
- Making Smart Financial Decisions: <http://ablenrc.org/step-3-making-smart-financial-decisions> (Focus on Tip #3 – Maximizing Savings Opportunities)
- Building a Circle of Support: <http://ablenrc.org/step-2-building-circle-support>
- Find a Certified Benefits Counselor called a “Community Work Incentives Coordinator” (CWIC) by visiting: <https://choosework.ssa.gov/findhelp/result?option=directSearch>
- Purchase The Gift of Independence gift card: <http://ablenrc.org/thegiftofindependence>

IRS Resources

- To learn about free tax preparation services, visit or call:
 - [Volunteer Income Tax Assistance \(VITA\)](#) or 1-800-906-9887
 - Myfreetaxes.com
 - American Association of Retired Persons (AARP) [Tax Aide Site Locator](#) or 1-888-227-7669
- Information from the IRS:
 - [Earned Income Tax Credit](#)
 - [ABLE Accounts - Tax Benefit for People with Disabilities](#)
 - [Tax reform allows people with disabilities to put more money into ABLE accounts, expands eligibility for Saver's Credit](#)
 - [Publication 907](#), Tax Highlights for Persons with Disabilities



Help Spread the Word!

- Help spread the word! Please share information about ABLÉ accounts with friends, family and community groups!
- To receive up-to-date information on ABLÉ, please subscribe to our [AchievABLE](#) newsletter.
- Connect with us on social media: [Facebook](#) and [Twitter](#).
- Participate in our [ABLE National Resource Center webinars](#) to stay informed.



Join Us on Wednesday, March 20th at 2pm ET

Throughout 2019, the ABLE National Resource Center will be showcasing various ABLE programs.

In March, we will be showcasing the National ABLE Alliance, a 16-state and D.C. consortium that offers a high-quality, low-cost ABLE savings and investment program, which is available to eligible individuals nationwide.

This presentation will include:

- The structure and features of the National ABLE Alliance and the ABLE programs of its member states
- The options and details of the National ABLE Alliance's investment portfolio
- Best practices to get the most out of your National ABLE Alliance account
- Testimony from National ABLE Alliance account owners

To register for this webinar, please visit <http://bit.ly/ABLE-Webinar-March20>



Contact Us!

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