



NATIONAL RESOURCE CENTER  
ACHIEVING A BETTER LIFE EXPERIENCE ACT



# ABLE: Myths vs. Facts

June 20, 2019

2:00 pm - 3:15 pm ET

*The ABLE National Resource Center is funded through a grant from Prudential.*

# The ABLE National Resource Center

The **ABLE National Resource Center (ABLE NRC)** is the leading, comprehensive source of objective, independent information about federal- and state-related ABLE programs and activities, including guidance on tax-advantaged ABLE savings accounts.

**Our mission** is to educate, promote and support the positive impact ABLE can make on the lives of millions of Americans with disabilities and their families.

Our pioneering work in this area and subject matter expertise makes us the foremost authority on topics related to the Achieving a Better Life Experience (ABLE) Act, ABLE accounts, state ABLE programs, ABLE-related policy developments, and comprehensive integration of ABLE and financial capability strategies for people with disabilities into public service delivery systems.

[www.ablenrc.org](http://www.ablenrc.org)

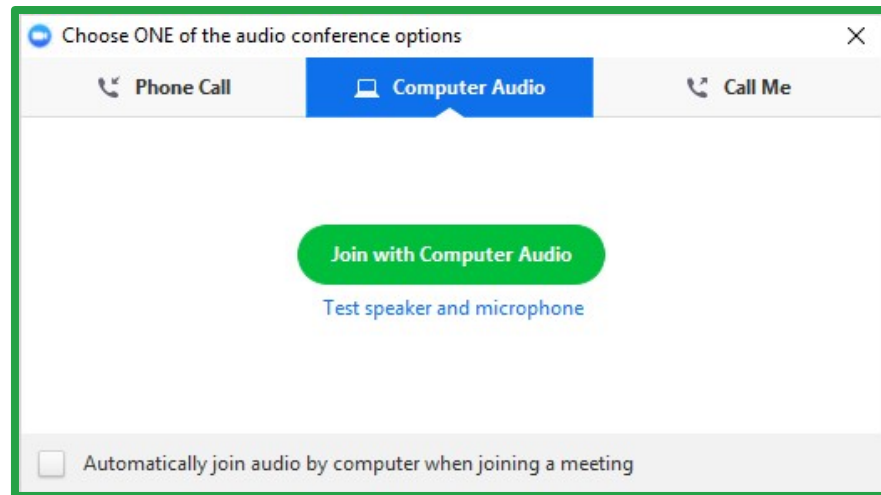
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
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**Please note:** This webinar is being recorded and the materials will be placed on the ABLE National Resource Center website, along with all of our other ABLE webinars, at [ablenrc.org/webinars](https://ablenrc.org/webinars).

# Facilitator and Presenters

## Facilitator

- Miranda Kennedy, Director, ABLE National Resource Center

## Presenters

- Laurie Schaller, Manager Financial Empowerment, National Disability Institute
- Marlene Ulisky, Disability Benefits Expert, ABLE National Resource Center



# Agenda

- ABLÉ Basics: The Road Map to Enrollment and Road Map to Independence
- ABLÉ Myths vs Facts
  - Eligibility
  - Enrollment
  - Contributions
  - Public Benefits
  - Other Financial Tools
- Next Steps
- Questions



## REVIEWING THE BASICS:

**ABLE Road Map to Enrollment**  
**ABLE Road Map to Independence**



# 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.
- Contributions to the account can be made by any person with post-tax dollars.
- An ABLE account will largely not affect eligibility for SSI, Medicaid and other public benefits.
  - This may be crucial to many individuals in the transition phase or awaiting services.



# Road Map to ABLE



## Roadmap to ABLE

#ABLEtoSave



For more information on the ABLE Act and ABLE accounts, visit [www.ablenrc.org](http://www.ablenrc.org). Managed by National Disability Institute.

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PHONE: (202) 296.2040 | FAX: (202) 296.2047 | [WWW.ABLENRC.ORG](http://WWW.ABLENRC.ORG)

### 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

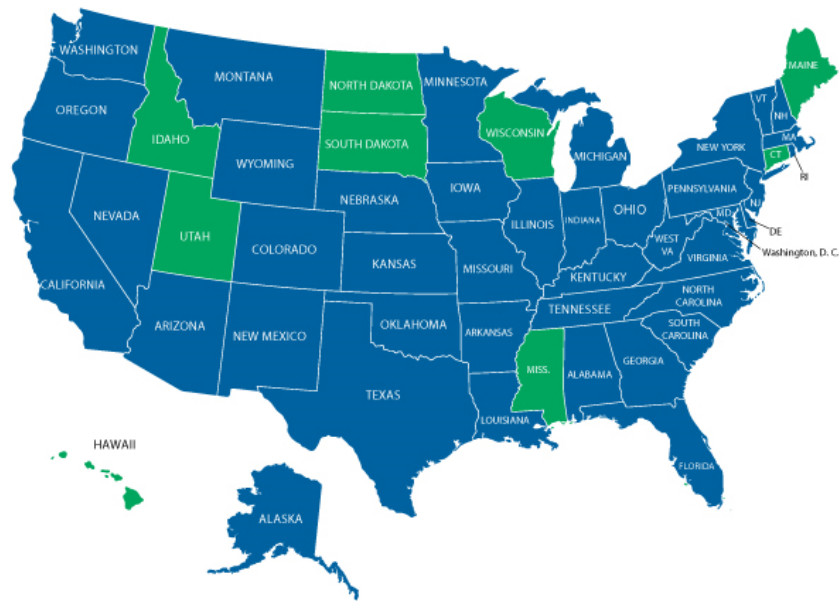
1. Setting My Financial Goals
2. Building a Circle of Support
3. Making Smart Financial Decisions
4. Monitoring My ABLE Account
5. Celebrating My Financial Independence

**Note:** Resources also available in Spanish

# ABLE Programs

## Choose the ABLE program that's right for you!

Click on one of these states to get their program details. You can also use our [tool that compares state programs](#)



# Disability and Poverty

In the U.S., people with disabilities are very low on the economic ladder.

- More than a quarter of Americans with disabilities live in poverty
- Half of all people with disabilities have annual household incomes of \$35k or less

**People with disabilities are:**

- 3x more likely to have extreme difficulty paying bills as peers without disabilities
- Almost 2x as likely to overdraw on checking accounts as peers without disabilities
- More likely than peers without disabilities to report that they couldn't come up with \$2k in an emergency
- 2.5x times more likely than peers without disabilities to skip medical treatment because of cost
- 2x as likely to be unbanked compared to their peers without disabilities (12% versus 6%)
- 2x as likely to use predatory lenders or pawn shops as their peers without disabilities (42% versus 25%).

# Why the Need for ABLE Accounts?

Millions of individuals with disabilities and their families are living in poverty or in low to moderate income status. These individuals 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, which passed with historic bi-partisan support in December of 2014, 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.



## Why the Need for ABLE Accounts? *(continued)*

- The funds in an ABLE account do not replace benefits provided by private insurance, Medicaid, Supplemental Security Income, the beneficiary's employment, SSA work supports, Vocational Rehabilitation, financial aid, employment training and other sources.
- ABLE savings can be used to supplement funding from those sources.



# Why Save in an ABLÉ Account?

- There is a resource limit of \$2,000 for most means-tested benefits. But with an ABLÉ account, you can maintain eligibility for SSI, Medicaid and other public benefits.
  - ABLÉ savings of up to \$100,000 does not impact SSI eligibility or monthly payments.
  - ABLÉ savings of any amount does not affect any type of Medicaid eligibility.





# Why Save in an ABLER Account? *(continued)*

- There are ABLER account tax advantages:
  - The account income can be invested through a variety of options offered by your chosen state ABLER program and grow tax-free.
  - Contributions from family and friends do not count as income by federally funded means-tested benefit programs.
  - The account owner, family, friends and others can contribute up to \$15,000 per year. A working account owner may be able to contribute more.
- ABLER promotes health, independence and a better quality of life for you and your family.



# Myths vs. Facts: Eligibility



# Definition of Myth

A widely held but false belief or idea

- Misinformation repeated in endless loops until it is accepted as truth



# #1 Myth or Fact?

An individual must be receiving SSI or SSDI benefits to be eligible to open an ABLE account.

FACT: Even if an individual is not receiving SSI or SSDI, they may be eligible to open an ABLE account if disability began before the age of 26 and they have a “disability certificate” signed by a licensed physician (M.D. or D.O.) confirming that they meet a certain degree of severity with respect to their disability.



## #2 Myth or Fact?

An individual must be under the age of 26 to be eligible to open an ABLÉ account.

FACT: An individual does not need to be under the age of 26 to open an ABLÉ account. However, they must have an ***onset of disability prior to their 26<sup>th</sup> birthday***. This means that even if a diagnosis is not received until after age 26, so long as disability began before age 26, the individual may be eligible.



# Myths vs. Facts: Enrollment



## #3 Myth or Fact?

You have to open an ABLE account in your state of residence.

FACT: You do not need to wait until your state launches an ABLE program.

You are not limited to the ABLE program in your own state.

- You can open an ABLE account in a state other than where you live, if the State ABLE plan allows out of state residents to open an account.
- You can use the comparison tool on the ABLE NRC website to find the program best suited to meet your needs.

## #4 Myth or Fact?

An individual may only open an ABLE account through a bank.

FACT: ABLE programs are developed and managed at the state level, allowing that state flexibility to determine the process in which a person enrolls. To date, in an effort to keep costs low and ensure an affordable program, enrollment and maintenance of the account is done through the individual state ABLE program website. Some states also offer the option to enroll via mail or fax.





# Myths vs. Facts: Contributions



## #5 Myth or Fact?

Only the individual with a disability can contribute to an ABLE account.

FACT: Anyone can contribute into an ABLE account, including family, friends, the individual with a disability, an employer or even a Special Needs Trust. Funds may also be rolled over from a 529 college savings account into an ABLE account.

Third party contributions do not count as income.



## #6 Myth or Fact? *(slide 1 of 3)*

An unlimited amount of money can be deposited into an ABLE account.

**FACT:** The total annual contribution by all contributors, including those identified on the previous slide, is currently \$15,000.

- The amount may be adjusted periodically for inflation.
- An individual with a disability who is employed may be able to contribute even more, from their earnings.



## #6 Myth or Fact? *(slide 2 of 3)*

An unlimited amount of money can be deposited into an ABLE account.

**FACT:** The total combined account limit is subject to the individual state regulations and their specific limit for education-related 529 savings accounts.

- States have set this limit between \$100,000 to up to \$529,000.



## #6 Myth or Fact? *(slide 3 of 3)*

An unlimited amount of money can be deposited into an ABLE account.

FACT: For individuals with disabilities who receive SSI, this benefit will be suspended when the ABLE account balance over \$100,000 plus other resources exceed the SSI resource limit.

- Medicaid will not be suspended



## #7 Myth or Fact?

Earnings or other income contributed by a beneficiary are not counted by means-tested benefit programs.

**FACT:** There are no changes in the way means-tested benefit programs count earned or unearned income deposited into an ABLE account by the beneficiary. An ABLE account is not a way to exclude beneficiary income\*. It is a way to increase assets/resources.

- Direct deposit does not avoid income counting rules.

\*This includes income such as earned income, child support, pensions, retirement benefits, veteran's benefits, alimony and worker's compensation.

# Myths vs. Facts: Public Benefits



## #8 Myth or Fact?

If my ABLE account exceeds \$2,000, I will lose my eligibility for SSI benefits and Medicaid.

**FACT:** The ABLE Act specifically states that funds in an ABLE account will not affect eligibility for federally-funded, means-tested benefits such as SSI and Medicaid.

When the ABLE account balance over \$100,000 is combined with other resources and exceeds the SSI resource limit, SSI payments are suspended but Medicaid continues.





## #9 Myth or Fact?

If a beneficiary passes away, the Medicaid program always receives the balance in the ABLE account.

**FACT:** When a beneficiary passes away, all outstanding qualified disability expenses, including funeral and burial expenses, are paid from the ABLE account first. Then, if an individual received Medicaid services since opening the account, the state has the option to file a claim for those services **but is not required to do so.**

- Several states have passed laws that prohibit this Medicaid payback provision. When enrolling, ask about these laws.



# Myths: Other Financial Tools



# #10 Myth or Fact?

## ABLE accounts **replace** Special Needs Trusts (SNT).

FACT: ABLE accounts are another tool in the financial planning toolbox that can be used by individuals with disabilities. They do not replace or compete with SNTs. An ABLE account and a SNT can compliment one another.

# #11 Myth or Fact?

ABLE accounts are the same as 529 accounts.

**FACT:** Although ABLE law is in Section 529A of the federal tax code and most state 529 programs run the state ABLE programs, these accounts are very different:

- A person can have an unlimited number of 529 accounts but only one ABLE account.
- 529 accounts can only be used for qualified education-related expenses; ABLE accounts can be used for “qualified disability expenses.”
- Anyone can open a 529 account for a beneficiary and control the funds; only a beneficiary may open the ABLE account and control the funds (subject to legal guardianship and power of attorney rules).



# Next Steps



# Financial Independence and ABLE

- Open an ABLE account early and learn the rules of the program!
- Know and learn about all public benefits that **YOU** receive!
- Make contributions and encourage contributions from family, friends and others.
- Make wise decisions about QDEs and maintain good records and receipts. Your situation, needs and goals are unique.



# Financial Independence and ABLE *(continued)*

- If you are working or planning to work, learn all you can about your benefits and the Social Security work incentives which can maximize your potential savings.
- Know that you can work at which ever level you choose and maintain benefits or transition off benefits!
- Always let SSA know that you are working to avoid overpayments.
- Visit: [choosework.ssa.gov/findhelp/result?option=directSearch](https://choosework.ssa.gov/findhelp/result?option=directSearch) to seek benefits counseling so that you have all the facts to make the best decisions for yourself.



# Connect to Resources

- ABLE Accounts: A Tool to Enhance Financial Stability:  
[ablenrc.org/news/able-accounts-tool-enhance-financial-stability](https://ablenrc.org/news/able-accounts-tool-enhance-financial-stability)
- What are ABLE Accounts? [ablenrc.org/about/what-are-able-accounts](https://ablenrc.org/about/what-are-able-accounts)
- Becoming ABLE Ready: [ablenrc.org/about/becoming-able-ready](https://ablenrc.org/about/becoming-able-ready)
- Debunking ABLE Myths: [ablenrc.org/about/debunking-able-myths](https://ablenrc.org/about/debunking-able-myths)
- ABLE, Special Needs and Pooled Trust Comparison Chart:  
<http://ablenrc.org/sites/default/files/docs/resource/ABLEAccountSpecialNeedsandPooledTrustComparisonChartFINAL.pdf>



# Connect to Resources: Federal Guidance

- Supplemental Security Income:  
[secure.ssa.gov/apps10/poms.nsf/Inx/0501130740](https://secure.ssa.gov/apps10/poms.nsf/Inx/0501130740)
- Centers for Medicare and Medicaid Services (CMS):  
[medicaid.gov/federal-policy-guidance/downloads/smd17002.pdf](https://www.medicaid.gov/federal-policy-guidance/downloads/smd17002.pdf)
- Supplemental Nutrition Assistance Program (SNAP) benefits:  
[fns.usda.gov/snap/treatment-able-accounts-determining-snap-eligibility](https://www.fns.usda.gov/snap/treatment-able-accounts-determining-snap-eligibility).
- Housing and Urban Development (HUD):  
[hud.gov/sites/dfiles/OCHCO/documents/2019-09pihn.pdf](https://www.hud.gov/sites/dfiles/OCHCO/documents/2019-09pihn.pdf)



# Help Spread the Word!

- Help spread the word! Please share information about ABLE accounts with friends, family and community groups!
- To receive up-to-date information on ABLE, 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.



# #ABLEtoSave Video Contest

Leading up to #ABLEtoSave Month in August, the ABLE NRC will be running an #ABLEtoSave Video Contest throughout July!

Sign-up to receive ABLE NRC emails about the video contest, #ABLEtoSave, upcoming webinars, success stories, policy development and more!



More details coming soon!

[bit.ly/receive-ablenrc-news](https://bit.ly/receive-ablenrc-news)



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