



NATIONAL RESOURCE CENTER

ACHIEVING A BETTER LIFE EXPERIENCE ACT

Changes to ABLE in 2018

2018 promises to be another exciting year for ABLE. In addition to the expected launch of several more ABLE programs across the country, there will also be other significant changes to ABLE that have either already taken place as of January 1, 2018, or that will be implemented over the course of this year.

Below is a brief summary of some of the more significant changes that you can expect in 2018.

Annual Contribution Limit: The annual contribution limit is periodically adjusted for inflation. As a result, for the 2018 tax year, **the annual contribution is set at \$15,000** (previously \$14,000).

Saver's Tax Credit: ABLE account owners who choose to contribute into their own ABLE account, as opposed to just contributions made by outside contributors, such as friends and family, may now be eligible to take advantage of the Retirement Savings Contributions Tax Credit (otherwise known as the Saver's Credit).

- There are additional requirements that must be met in order to qualify for the Saver's Credit.
- This is a non-refundable credit.

ABLE Financial Planning Act: Provided that the beneficiary is the same individual on both accounts (or a family member of the 529 College Savings account beneficiary as defined in the law), it is now allowable to transfer funds in a 529 college savings account to an ABLE account without incurring any tax or penalty.

- The funds rolled over from the 529 college savings account to an ABLE account are subject to the annual contribution limit and thus capped at \$15,000 for any given tax year (provided that no other contributions into the account have been made during that tax year).

ABLE to Work Act: ABLE account owners who have employment may be eligible to contribute above the \$15,000 annual contribution limit (possibly up to an additional \$12,060 depending on the gross income of the account owner). The contributions above the \$15,000 annual contribution limit would be limited to contributions made specifically by the account owner into their ABLE account.

- Questions remain about aspects of the provision relating to these increased contributions and may require guidance from the U.S. Department of the Treasury.

The ABLE National Resource Center (ANRC) will be closely monitoring these changes to ensure that they are implemented in a manner that provides maximum benefit to individuals with disabilities and their families. We encourage you to visit the ANRC website (www.ablenrc.org) for further information and updates related to these changes.