



ABLE Accounts: Opportunity to Build Financial Resilience

The [ABLE National Resource Center](#) (ABLE NRC) is the leading, comprehensive source of objective, independent information about ABLE programs and activities. This guidance has been prepared in an effort to provide information relevant to ABLE account owners as they take steps to maintain financial wellness and resiliency during the unprecedented COVID-19 pandemic. This document is meant to help you to explore your financial resilience and supplement the steps you may already have taken to maintain your personal health and safety.

The [Financial Resilience Center](#), managed by [National Disability Institute](#), understands the devastating impact COVID-19 will have on the financial and personal health of people with disabilities and those with chronic health conditions, as well as their families and communities. The Center offers resources and information to help those with disabilities and chronic health conditions navigate financially through the COVID-19 crisis.

This is a stressful time for many. In addition to health concerns, jobs have been lost, hours cut and investment performance is down. With finances strained by the coronavirus pandemic, it is important to take steps to manage money and ABLE savings.

What Is Financial Resilience?

Financial resilience is defined as the ability to withstand life events that impact income or savings. It means “bouncing back” through difficult times, emerging stronger on the other side and flourishing in the “new normal.”

What steps would help you to meet COVID-19 challenges and opportunities? Although planning ahead is key, it is never too late to begin to take small steps to manage your savings.

What Is an ABLE Account?

ABLE accounts, which are tax-advantaged savings accounts for individuals with disabilities and their families, were created as a result of the passage of the Stephen Beck Jr. Achieving a Better Life Experience Act of 2014, or ABLE Act. An ABLE account grows tax-free and is not counted as a resource by most means-tested federally-funded benefits programs. To learn more, visit: <https://www.ablenrc.org/what-is-able/what-are-able-accounts/#>.

ABLE Accounts and Allowable Deposits:

Recently, as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, the U.S. Federal Government began issuing Economic Impact Payments to eligible individuals. The

COVID-19 payments are for the recipient's direct use, to meet expenses now or in the future. The COVID-19 Economic Impact Payments can be used to open an ABLE account by eligible individuals, or they can be saved in an existing ABLE account for any length of time, unlike the 12-month rule for saving in a non-ABLE account. To learn more about the payments and benefits, visit: <https://www.nationaldisabilityinstitute.org/financial-resilience-center/benefits/> and <https://www.ssa.gov/coronavirus/>. To learn more about opening an ABLE account, visit: <https://www.ablenrc.org/get-started/how-do-i-enroll-in-a-program/>.

Anyone can make a contribution into an ABLE account: the individual with a disability, family members, friends, an employer or even a special needs or pooled trust. Although many individuals have become unemployed during this unprecedented time in our nation, there are some sources of income which may be used to fund an ABLE account.

- If you are not currently working and lost your job due to COVID-19, apply for Unemployment Insurance (UI). You may save some or all in your ABLE account. To apply for UI, visit: <https://www.dol.gov/general/topic/unemployment-insurance>.
- An income tax refund can be saved in your ABLE account. There are free tax preparation services that can help you file up to three years of past returns. They can help you to file for tax credits which may mean a refund or a larger refund. To find your local provider, visit: <https://www.unitedway.org/blog/options-for-free-tax-filing>.
- Do you receive public benefits from the Social Security Administration (SSA)? Consider signing up for "Social Security and COVID-19" updates related to the pandemic at: www.ssa.gov/coronavirus/.
- If you are still working, and do not participate in an employer-sponsored retirement plan, you may contribute up to an additional \$12,760 from your earnings into an ABLE account; \$15,950 for residents of Alaska and \$14,680 for residents of Hawaii, within a calendar year.

ABLE and Your Circle of Support:

A "Circle of Support" is a group of people committed to helping you achieve a better future and meet your financial goals. The circle may be small or large and include anyone you know well and can support you: a family member such as a parent or sibling, a representative payee, a friend, clergy, employer or others.

- Do you have a strong circle of support which can provide help and encouragement or advice in a time of crisis? Is your family aware that you have an ABLE account? A circle of support can help you to think through decisions you make. Learn more about building a circle of support: <https://www.ablenrc.org/manage-account/building-a-circle-of-support/>.
- An ABLE account may accept up to \$15,000 in direct contributions per year from friends and family. Many families are directing some inheritance into ABLE accounts, Special Needs and Pooled Trusts, as a form of estate planning. Visit: <https://www.specialneedsalliance.org/>.

- Other friends or families provide a “Gift of Independence” gift card to honor, celebrate, reward or support someone who has opened an ABLE account:
<https://www.ablenrc.org/thegiftofindependence/>.
- Have you named a beneficiary for your ABLE account through your ABLE plan or within your Last Will and Testament? Contact your State ABLE program and your attorney-at-law to update this information.

Managing Your ABLE Account:

Is there more you can learn about managing your money and investments? For many ABLE account owners, sheltering in place provides ample opportunity to learn more about ABLE accounts as a tool to becoming financially resilient. Do you have a financial plan with actionable steps which focus on regular savings to meet your goals?

- Have you completed a spending plan to set aside regular ABLE and emergency savings from your earnings? Emergency savings can be saved within an ABLE account; over time, it should grow enough to cover at least three months’ worth of expenses and be easy to access, when needed. Although it may be difficult to save now, it is never too late to learn more about spending plans and making smart financial decisions:
<https://www.ablenrc.org/manage-account/making-smart-financial-decisions/>.
- Once you prepare a spending plan, examine your income and expenses and compare your “wants” against “needs.” You can look for opportunities to reduce your spending and increase your savings goals. Learn more about setting financial goals:
<https://www.ablenrc.org/manage-account/setting-my-financial-goals/>.
- Reach out to your ABLE plan; do they offer an investment education or financial literacy course or materials to help you make informed investment choices that meet your needs? You can learn more about this ‘value added’ service by visiting:
<https://www.nationaldisabilityinstitute.org/press/video-released-of-advancing-financial-literacy-for-individuals-with-disabilities-event/>.
- Is your ABLE account FDIC insured? FDIC insured savings accounts insure your savings up to \$250,000, subject to certain restrictions. Visit: <https://www.ablenrc.org/state-plan-search/>.
- Are you monitoring and reviewing your investment performance periodically? Should you diversify your investments or make changes? Do you need help understanding your choices? Life, your goals, tax laws and your financial world may change, sometimes dramatically, and you may need to make adjustments. Depending on whether your goals are short-term or long-term, and where you are on the timeline, you may wish to consider safer options particularly when you are nearing retirement. While there is no “one size fits all” strategy, keeping perspective in light of your individual situation and goals allows you to better navigate the decision making process.

- Market fluctuations are normal, however, investments often rebound after market downturns. If you must make changes, are you aware that ABLE account owners can make investment portfolio changes up to two times per year? Visit: [MSRB Investor's Guide for ABLE Programs](#).
- If you need advice or assistance, or are searching for a financial broker, adviser or firm and want to access investment advisor information, visit: <https://brokercheck.finra.org/>.

Increasing Your Sources of Income:

As a result of the high rates of unemployment at this time, many individuals have more free time to begin to prepare for when things will return to a new “normal.” Now may be a good time to begin preparations for future work and earnings.

- One way to build financial resilience is to have more than one source of income whether it is benefits, a job, income from investments or turning a hobby into income. You can diversify your skillset by engaging in continuous learning and build skills toward your employment and career development.
- Social Security encourages Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI) beneficiaries to advance their education and employment while using work supports to maximize earnings and savings. To learn more, visit: <http://choosework.ssa.gov/>.

Qualified Disability Expenses and COVID-19:

As a result of COVID-19, many individuals have incurred additional expenses related to sheltering in place. These protective measures, in many cases, are especially important for people who have a disability and many may be purchased with funds, including economic impact payments, from an ABLE account as a “qualified disability expense (QDE).”

A QDE is any expense related to the account owner’s blindness or disability that assists them in increasing and/or maintaining their health, independence and/or quality of life. Examples of COVID-19-related items or services, which fall into some of the broad QDE categories, include:

- Assistive Technology: smartphones, communication devices, respirators, hearing and vision aids;
- Education: computer and internet for home schooling / working from home, occupational, physical and/or speech therapy;
- Employment: job coaches, personal support services, smartphone, computer and apps, internet service to work at home;
- Food: groceries, takeout food, grocery delivery services; prepared meal packages;
- Housing: expenses to stay in a hotel to shelter in place due to a home occupant COVID-19 diagnosis;

- Transportation: private transportation services to commute to work, appointments and grocery shopping;
- Health, Prevention and Wellness: thermometer, hand sanitizer, face masks, disinfectants and personal protective gear such as disposable gloves, over-the-counter medication or prescription medication, co-payments, deductibles, counseling services, private personal care, telemedicine costs not covered through insurance; smartphone apps for exercising or meditation; and
- Financial management and administration services: fees for financial planning/coaching and credit counseling.

Promising Practices to Increase Financial Resilience:

There are many steps that you can take now to increase your financial resilience. Review the categories below and identify those resources which can help you now and in the future.

Supplemental Security Income beneficiaries should continue to use SSI to pay for housing and food expenses before saving any excess in an ABLE account. ABLE savings can supplement those costs and cover other qualified disability expenses.

Explore Community and Government Alternative Funding Support. Always explore no-cost sources of funding for needed items or services such as [Supplemental Nutrition Assistance Program \(SNAP\)](#) benefits for food and [Low Income Heating and Energy Assistance Program \(LIHEAP\)](#) benefits for utilities. Vocational Rehabilitation or [American Job Centers](#) provide resources for employment supports. FEMA or other emergency funding sources may pay for some expenses during this crisis. For local support for items or services related to the coronavirus, call “211” or see notifications: <http://211.org/>.

Apply for Unemployment Insurance If You Qualify. If you have lost a job due to COVID-19, you may be eligible for unemployment even though you may be receiving SSA disability benefits. Many states have temporarily waived work search requirements and the one-week waiting week period for UI. Find your state:

<https://www.careeronestop.org/LocalHelp/UnemploymentBenefits/Find-Unemployment-Benefits.aspx?newsearch=true> or <https://www.usa.gov/unemployment>.

Economic Impact Payments. The distribution of economic impact payments has begun, with no action required for most people. If you filed a 2018 or 2019 U.S. income tax return, the IRS will use this information to calculate your payment. If you received Social Security retirement, SSDI, survivor’s benefits, SSI or Railroad Retirement benefits in 2019, you will receive a payment. The IRS will use the information from your 2019 benefits to generate a payment to you, either by direct deposit or by mail, just as you would normally receive your benefit. Visit [the IRS Economic Impact Payment Information Center](#) for more information.

If you have not filed a return for 2018 or 2019, and don’t receive Social Security or other federal benefits, you can use the [Non-Filers: Enter Payment Info Here](#) tool to provide simple

information to the IRS so you can get your payment. You will need your bank account information available when you use the tool. Otherwise, the IRS will mail your payment to the address you provide.

Sign Up for Online or Mobile Banking with your financial service provider. Learn more: <https://www.fdic.gov/consumers/consumer/news/cnwin18/mobilebanking.html>.

Track Spending and Cut Costs. One of the most useful and essential steps to take during this time is to create a budget. Prepare a budget/spending plan and explore opportunities to reduce your monthly expenses: https://catalog.fdic.gov/system/files/4_PG.pdf. Understanding where your money is being spent is the first step to building a spending and savings plan. Use your ABLE account to save towards future qualified disability expenses.

Maintain Records of Qualified Disability Expenses. When ABLE funds are used for QDEs, maintain receipts for four years with a separate file for each calendar year. Mark the receipt or file under the appropriate QDE category.

Pay Bills on Time. Delaying or postponing bill payments can provide temporary relief, but at a cost. It can lower credit scores, push up interest rates, add to fees and penalties and affect access to credit in the future. Protect yourself financially from the impact of COVID-19: <https://www.consumerfinance.gov/about-us/blog/protect-yourself-financially-from-impact-of-coronavirus/>.

Debt Management. A high debt to income ratio can make it difficult if there is a financial crisis. Start now with paying down credit card debt or debt with the highest interest rate.

Predatory Lending. Avoid lenders who market payday loans and other unfair loan terms on borrowers with bad credit as a quick and easy solution to a financial emergency. These can take the form of payday loans, car loans, tax refund loans or any type of consumer debt and can come with huge fees and interest rates. They are not a viable alternative to mainstream financial institutions for accessing credit and building wealth. As an alternative, begin to raise emergency funds through odd jobs or employment or through a second job. Cut back on items which are “wants” and not “needs.” The FTC’s [Money & Credit page](#) offers educational articles on topics such as debt, credit and loans and the [Ask CFPB page](#) offers answers to hundreds of personal finance questions.

Ability to Raise Emergency Funds. If you are getting a tax refund this season, perhaps due to ABLE tax advantages, it is a great time to start an emergency fund. You can save all, or part, of your refund in an ABLE account. Use IRS Form 8888 to split your refund for deposit into more than one account, if needed: <https://www.irs.gov/forms-pubs/about-form-8888>.

Increase Your Financial Knowledge and ABLE Know-how. In this time of social distancing, and with many people spending more time at home, it may be a great opportunity to build money management skills and ABLE knowledge to help you make smarter financial decisions. Your best investment may be to enhance your financial “know-how.” Along with the [ABLE National](#)

[Resource Center website](#), the [MSRB Investor's Guide for ABLE Programs](#) is a great place to build your knowledge about ABLE accounts before you begin to review disclosure booklets prior to opening an account, making an investment or building your savings. Remember, as we ride out the wave of the COVID-19 pandemic, one thing you can control is your actions.

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This guide focuses on practical steps you can take now to plan ahead as an effort to mitigate the impact of COVID-19 on your finances. Begin now by slowly building momentum toward achieving financial resilience.