



## ABLE ACCOUNTS AND SELF-EMPLOYMENT: WHAT SERVICE PROVIDERS NEED TO KNOW

Self-employment is an option that can help people who have a disability meet professional and financial goals by overcoming challenges that they may face with traditional employment. Self-employment offers people the choice to customize their work and to design a work environment that optimizes flexibility, offers accommodations and builds upon strengths and interests.

Once the decision has been made to pursue self-employment, one of the largest challenges includes access to savings or capital for start-up and ongoing expenses until the business is profitable. Often, individuals rely upon a patchwork of resources including: financial assistance from family, vocational rehabilitation and government loans and grants; personal and business supports and services from agencies; and work supports from Social Security. On average, it takes two or three years for a business to become profitable; an ABLE account can meet unmet needs or supplement other funding until the business is financially stable.

### ABLE ACCOUNT SAVINGS

As a service provider, one of the best ways to support the pursuit of self-employment by your customers is by informing eligible customers about the benefits of opening, saving and investing in a tax-free ABLE account to plan for the future and whatever it brings. ABLE funds supplement, but do not replace, benefits provided by private health insurance, Medicaid, Medicare, Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), food stamps (SNAP), housing assistance, vocational rehabilitation services or financial aid. Integrating ABLE into discussions and service plan development can heighten services, increase your visibility as a service provider, demonstrate your commitment to supporting financial independence and an enhanced quality of life and strengthen partnerships. ABLE accounts can serve as an anchor for these activities.

An ABLE account can serve as a foundation and financial cushion during lean times or it can be used as a personal or business emergency fund. Learn about community resources so that your customer can surround themselves with professionals who have expertise in benefits, small business development, accounting, marketing, legal matters, tax preparation and more. Participate in interagency councils and collaborate with other services providers to uncover additional resources to help your customers reach their income and savings goals. The assistance you provide can ultimately support your customers' success in work and in life and enhance agency outcomes towards increased employment and greater financial stability.

## QUALIFIED DISABILITY EXPENSES AND FUNDING A BUSINESS

When free services are not available, ABLE account funds may be used for employment related “qualified disability expenses” (QDEs). QDEs are any expenses related to the beneficiary as a result of living a life with a disability. A QDE enhances the health, independence or quality of life of a person with a disability and includes expenses which fall into areas so broad that they even include daily living expenses. QDEs are meant to include the diverse needs of each ABLE account owner’s individual circumstances and therefore there is no comprehensive listing.

Depending upon the type of business established, self-employment may be performed within the home or outside of the home. Examples of QDEs could include the purchase of computers, printers, office supplies, communication devices, furniture and equipment, rent, utilities, transportation, personnel or attendant costs or making a home office accessible indoors or to the outdoors to conduct business outside of the home. Business expenses, such as the development of a business plan, a business feasibility study, filing state and local taxes, continuing education expenses to further job knowledge, legal expenses, tax and accounting expenses, marketing expenses, insurance or state and local business licenses that are needed to operate a business, are also ABLE QDEs.

A business plan is useful in identifying start-up expenses and other costs when approaching potential funders for the business. The business plan will identify a strategy for the business, future growth and will include new and existing expenses which are necessary to achieve short-term and long-term objectives. Delaying disbursements from an ABLE account or finding alternative funds to fill in gaps allows the account to grow tax-free for a longer period of time. A “braided” funding strategy from multiple sources demonstrates a team effort and shared risk taking and combines resources which could include [government loan programs](#), the state Office of Vocational Rehabilitation, the local Workforce (one-stop) system, [Department of Defense](#) small business programs (veterans), Social Security Administration under a [Plan to Achieve Self-Support](#) and other [financing opportunities in each state](#) as an alternative or supplement to using ABLE funds.

## BENEFITS AND BUSINESS COUNSELING SUPPORTS AND SERVICES

There are several sources of free, non-monetary support available to potential business owners and these include benefits counselors and small business counselors. Individuals who receive a disability-based benefit from the Social Security Administration (SSA) are encouraged to seek guidance from a benefits counselor called a [Work Incentive Planning Associate \(WIPA\)](#) or a [Community Partner Work Incentives Coordinator \(CPWIC\)](#) prior to establishing a business. Benefits counselors provide information on how self-employment may affect any benefit received so that the person can make an informed decision about working.

A benefits counselor can help a beneficiary maximize their income by using work supports to start or grow their business. Examples of work supports that may support self-employment are impairment-related work expenses, provided the expenses were not used to compute net earnings from self-

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employment, unincurred business expenses, [Property Essential to Self-Support \(PESS\)](#) and the Plan to Achieve Self-Support (PASS). ABLE savings may be used in combination with work supports, particularly during the early stages of self-employment, when there may be a need for extra funds to purchase costly items such as equipment, a vehicle or rental space for the business. Work supports such as the extended period of Medicare coverage, or 1619(b) extended Medicaid coverage, can also be used to maintain continued health benefits which could overstretch limited financial resources.

The Senior Corp of Retired Executives (SCORE) offers free and confidential small business advice to entrepreneurs. SCORE mentors are available to work remotely via phone, email and video. [SCORE](#) has expanded and now includes divisions for [Black entrepreneurs](#) and [women entrepreneurs](#) who face unique barriers to business success. They can help individuals overcome obstacles which may include bias and racism, a lack of capital and difficulty accessing government programs. They match all entrepreneurs with an experienced business expert.

### SELF-EMPLOYMENT: A SUCCESS STORY

Robert is an individual with a traumatic brain injury (TBI) and a vision impairment. He always dreamed of owning his own business. He asked Vocational Rehabilitation (VR) to help him through a discovery process to identify the perfect business, create a business plan and to launch his business. His VR counselor referred him to a benefits counselor to identify the supports for which he would be eligible and to inform him about how working would affect his benefits. The benefits counselor recommended that Robert apply for a Plan to Achieve Self Support (PASS) and save a portion of his childhood disability benefits in it because he could then qualify for Supplemental Security Income (SSI). This strategy helped him to continue to pay his day-to-day living expenses and to save for start-up business expenses. Robert pays his father for food and shelter expenses to live in his father's home and Robert's father, in turn, contributes a portion of the monthly payment into Robert's ABLE account as another strategy to increase his savings. ABLE contributions do not count as income to Robert.

Robert's work goal is to own and operate a vending machine business off the interstate highway and eventually earn enough income to transition off public benefits. VR felt this self-employment goal was feasible and viable and they purchased six vending machines needed to start the business. VR also paid for four hours of business consulting per month and arranged for no-cost rent and utilities, all considered un-incurred business expenses, which reduces his countable income, helping Robert to retain his disability benefits until he gets established and transitions off benefits.

Robert's PASS savings go towards the purchase of additional machines and operating expenses. At this time, the largest expense for the business is the cost of goods to sell but, even with that consideration, the business makes a small profit. His operating expenses include a growing salary for himself, mileage for his vehicle, minimal equipment repairs, a computer and printer, banking charges, office supplies, taxes and insurance. Although all of the expenses are employment related, and are ABLE QDEs, Robert pays for these out of the business income so that he can allow the funds in his ABLE account to grow for as long as possible. If an emergency arises – either personal or business related – he will have the ABLE funds as a “cushion” if needed.

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Robert's countable income is reduced by SSA due to his father's "unpaid help," a work incentive he is able to use because his father assists him with business operations. Robert was also matched up with an experienced business expert through SCORE for ongoing support and advice in growing his business. In time, he expects to be able to operate the business without these supports.

Robert's profit increases as machines are added and as travel on the interstate highway resumes to pre-pandemic levels. He will continue to purchase additional machines and he anticipates having enough additional income within the next 24 months to transition off benefits and to begin paying his father, or other employees he hires, a competitive wage for part-time assistance. Robert, with the help of his father and service provider, seeks out no-cost sources of funding for optional items before using Robert's ABLE savings which continue to grow. All of these strategies work together to allow Robert to meet his expenses and progress towards meeting his goal of becoming independent through his hard work and business ownership while regularly saving in his ABLE account. When Robert achieves his long-term goal and retires, he plans to begin using his ABLE funds as his retirement account to supplement his SSA monthly benefit.

### RESOURCES

[ABLE National Resource Center \(ABLE NRC\)](#) is the leading, comprehensive source of objective, independent information about federal and state-related ABLE programs and activities. The content-rich website provides a wide array of comparison tools, webinars, podcasts, fact sheets and guides.

[Independent Living Centers \(ILC\)](#) may be able to recommend or provide disability-related accommodations to operate a business in addition to providing other support services.

[Office of Vocational Rehabilitation \(VR\) and Division for the Blind](#), in addition to [Department of Labor \(DOL\)](#), helps eligible individuals refine their goal or ideas or determine the feasibility and viability of their self-employment goal. VR and DOL may offer a braided funding strategy that combines resources from VR or others such as the local workforce system, local Community Rehabilitation Providers (CRP), school transition program or through a Social Security work support.

[Office of Small & Disadvantaged Business Utilization](#) operates a portal to connect veteran entrepreneurs to best practices and information including financing a business.

[SCORE](#) is a national network of expert [business mentors](#) who help small businesses get off the ground, grow and achieve their financial goals.

[Small Business Administration \(SBA\)](#) provides many tools for business planning and access to small business loans through their program.

[Small Business Development Centers \(SBDC\)](#) may be able to assist with business planning and resource identification.

[Social Security Administration Plan to Achieve Self Support](#) may be able to provide support to qualified individuals to help them to save and set aside funds for business-related costs. SSA work supports can be found in [The Red Book](#).