

Top 10 Questions And Answers From February's Webinar Strategies For Funding An Able Account

1. What happens to an ABLÉ account if a person dies Intestate?

Intestate means that someone died without a will. Although an ABLÉ account owner may not have a will, they can name a beneficiary for ABLÉ funds that remain after their death. ABLÉ funds can be used to pay for outstanding qualified disability expenses along with burial and funeral expenses. Some states have decided not to implement Medicaid pay back for their residents. These states to date are: California, Kansas, Illinois, Maryland, Pennsylvania, and Oregon.

2. How do you become an ABLÉ Ambassador?

All ABLÉ account owners and their family members are invited to apply for the **Ambassador** position in November. Please subscribe to the [AchievABLE newsletter](#) to receive the invitation notification.

3. Where is the best information for Social Security Annual Representative Payee accounting related to how to document ABLÉ accounts?

You can find information about the Representative Payee program and required accounting on the Social Security website at [when people need help managing their money](#).

As a best practice, it is recommended that you continue to deposit SSI into a checking account and use SSI to pay housing and food expenses. Extra SSI may be saved within ABLÉ. You can use the Representative Payee reporting forms you always have.

4. Can a back payment from SSA be put into an ABLÉ account, as long as it is not more than \$15,000 in the year?

Yes. Please review our webinar "[Strategies for Funding an ABLÉ Account](#)" for more details.

5. I thought SSI checks had to go into a different account. From one of the slides, it sounds as if you can put your SSI checks into an ABLÉ account. Is this right?

You would not want to directly deposit your entire SSI payment into your ABLÉ account because ABLÉ accounts may only be used for "qualified disability expenses." As a best practice, you may want to continue your direct deposit into a regular checking account and then pay for food and housing with SSI. Extra SSI may then be deposited into ABLÉ. Please review our webinar "[Strategies for Funding an ABLÉ Account](#)" for more details.

6. Does an ABLÉ account have any effect on the Medicaid Waiver?

All ABLÉ savings do not impact Medicaid eligibility, including Medicaid Waiver plans.

7. Can I invest my ABLÉ funds with a banker/fiduciary I trust or am I required to use certain investments?

Each plan outlines specific investment opportunities. You can find details by visiting the state website where you have established your ABLÉ account. If you cannot find your state program website:

1. Visit ABLÉ NRC [State Review](#).
2. Click on the state where you established your account.
3. Click on the Account Disclosure Document link.
4. Review the disclosure document to find the investment options, risks, performance and any associated fees.

5. If an employer deposits into either a First Party or Third Party ABLE Account, how would taxes work?

There is only one type of ABLE account. Earnings deposited into an ABLE account for the account owner are 1st party contributions and are subject to income taxes and SSI and/or SSDI income work supports.

Contributions made by an employer into an ABLE account are 3rd party contributions. An employer's contributions do not qualify as [ERISA](#) (Employee Retirement Income Security Act of 1974) for the employer.

Investments within ABLE grow tax free.

6. Are workers over 65 years of age eligible for the Earned Income Tax Credit?

No. You must be under age 65 and meet [basic rules](#) to be eligible for the Earned Income Tax Credit.

7. Is the maximum contribution limit set by your home state or by the state in whose program you are enrolled (if different)?

The ABLE savings limits are the same for every state: \$15,000. The ABLE Work ACT allows for additional savings for ABLE owners who work and do not have an employer sponsored retirement account. For most states that is \$12,140, from earnings, for 2019. The amount is established by the IRS, based upon the federal poverty rate from the previous year. More is allowed for Alaska and Hawaii residents.

8. Can an inheritance or settlements can be deposited in a ABLE and not be counted as income?

If an inheritance or settlement is deposited directly into an ABLE account, it would not count as a resource. Worker's compensation settlements are subject to SSDI and SSI income rules.

9. I'm confused by the \$100,000 limit versus the 529A and college savings account limit. Please explain.

The \$100,000 limit is for individuals who receive SSI and want to continue to receive SSI payments each month. The first \$100,000 in an ABLE account is disregarded as a resource. When an ABLE account exceeds \$100,000 **plus** exceeds an additional \$2,000 in ABLE resources, their SSI is suspended but Medicaid continues. SSA will count resources over \$100,000 and include both ABLE funds and non-ABLE funds when determining if the special rule applies. If at any time non-ABLE resources exceed \$2,000, the special rule would not apply and you would not be eligible for the SSI monthly payment or Medicaid.

Each state allows ABLE account owners who have an account in that state to save, over time, up to the state 529 limit in an ABLE account in that state. For example, Pennsylvania's limit is: \$511,758; New York's limit is \$100,000. You can compare state plans by visiting the [ABLE National Resource Center](#).

10. If we deposit 1st party contributions in our ABLE account, does that amount count towards the \$2000 limit for SSI?

No. ABLE savings, up to \$100,000, are protected and do not count as a resource for SSI. Any amount of ABLE savings does not impact Medicaid.