

At a Glance: The Top Five Things Service Providers Need to Know About ABLE Accounts

1

What is an ABLE account?

ABLE accounts are tax-advantaged savings and investment accounts that grow tax-free to help qualified individuals with disabilities and their families save for qualified disability expenses, or QDEs. Anyone can contribute to an individual's ABLE account. However, all contributions combined are not to exceed \$16,000 in any given calendar year, though a working individual may be able to contribute more. Medicaid and other means-tested, federally-funded benefits are not affected by any amount of ABLE savings. An ABLE account can help the ABLE account owner save \$100,000 or more without affecting monthly Supplemental Security Income (SSI) benefits. Please remember that earnings from employment are still subject to income counting rules for SSDI (Social Security Disability Insurance) benefits and other means-tested benefits such as SSI, SNAP (Food Stamps) or HUD housing. Interest on ABLE savings grows tax-free. It is also important to note that a person can only own one ABLE account.

2

Why the need for ABLE accounts?

Millions of individuals with disabilities and their families depend on a wide variety of public benefits for income, health care, food and housing assistance. Eligibility for many of these public benefits (FAFSA, HUD, SSI, SNAP, Medicaid) require meeting a means or resource test. Individuals have to report more than \$2,000 in cash savings, retirement funds and other items of significant value. To remain eligible for these public benefits, often an individual must remain poor. The ABLE Act recognizes the extra and significant costs of living with a disability and allows an ABLE account owner to save and pay for those extra expenses. An ABLE account can eliminate the need to spend down funds to maintain eligibility for means-tested benefits and there is no look-back period regarding the timing of ABLE deposits and Medicaid eligibility.

3

Who is eligible to open an ABLE account?

The ABLE Act limits eligibility to individuals with disabilities with an age of onset of disability before turning 26. If the person meets this age criterion and is already receiving benefits under SSI and/or SSDI, they are automatically eligible to establish an ABLE account. If they are not a recipient of SSI and/or SSDI, but still meet the age of disability onset requirement, they could still be eligible to open an ABLE account if they meet Social Security's definition and criteria regarding significant functional limitations and receive a letter of disability certification signed by a doctor of medicine or osteopathy, a doctor of dental surgery or dental medicine and, for some

purposes, a doctor of podiatric medicine, a doctor of optometry or a chiropractor. They may **not** be signed by a licensed psychologist, clinical therapist or certified vocational rehabilitation (VR) counselor.

A person can be over the age of 26 and be eligible to open an ABLE account, but must have had a disability onset before their 26th birthday. ABLE accounts are opened and managed online. The priority for who may open an account is as follows in this order:

- a. eligible individual with a disability
- b. individual selected by the eligible individual (note: An eligible individual with legal capacity may delegate responsibility for another person to establish, or to serve as the person with signature authority over the account)
- c. individual's agent under a power of attorney, conservator or legal guardian
- d. a spouse, parent, sibling or grandparent
- e. representative payee (individual or organization).

A person who meets ABLE eligibility may have one ABLE account opened in their name at any age. ABLE account owners are encouraged to build a circle of support to help fund and manage their ABLE account.

4 How can funds in an ABLE account be used?

Funds in the account can be used for qualified disability expenses (QDEs). A QDE is any expense related to the ABLE account owner's blindness or disability that assists them in increasing and/or maintaining their health, independence and/or quality of life. These may include expenses related to education, housing, transportation, employment training and support, assistive technology, personal support services, health care expenses, financial management and administrative services and other expenses. Basic living expenses, including food and shelter, are QDEs.

5 What happens to the funds in an ABLE account when the ABLE account owner passes away?

Upon the death of the beneficiary, the states in which they lived may file a claim to all or a portion of the funds in the account equal to the amount the state spent on the beneficiary through their state Medicaid program since opening the ABLE account. Medicaid payback is subject to the payment of outstanding qualified disability expenses, including funeral and burial expenses, and the reimbursement for any Medicaid Buy-in payments made. This is commonly known as the Medicaid payback provision and



Medicaid may choose to recoup Medicaid-related expenses only from the time the account was opened. Please note that if the ABLE account owner did not receive Medicaid services during the period of time in which they had an ABLE account, they would not be subject to the payback rule. Remaining ABLE funds then become part of the ABLE account owner's estate. Please note, several ABLE plans are taking steps to limit Medicaid payback for their state's residents.

For more information related to ABLE and various ABLE plans, please visit the ABLE National Resource Center (ABLE NRC) website at ablenrc.org. 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. ABLE NRC is a collaborative that brings together the investment, support and resources of some of the country's largest and most influential national disability organizations in an effort to accelerate the design and availability of ABLE accounts to meet the needs of individuals with disabilities and their families.

