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The webinar will begin momentarily.

Please note: This webinar is being recorded and the materials, including a transcript, will be placed on the ABLE National Resource Center (ABLE NRC) website, along with our other

[ABLE NRC webinars](#)

WELCOME!





NATIONAL RESOURCE CENTER
ACHIEVING A BETTER LIFE EXPERIENCE ACT



ABLE Tax Time Tips

Date: February 9th, 2023, from 2pm - 3pm ET

ABLE National Resource Center is funded through grants from Prudential and Wells Fargo

The ABLE National Resource Center

The [ABLE National Resource Center](#) (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 529A (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.



WEBINAR LOGISTICS



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- You can use the Q&A box to submit questions during the webinar. Please do not use the chat box.
- We invite you to explore the [ABLE National Resource Center website](#) for answers to your questions and additional information within our On-Demand Webinars, resources and newsletters at ablenrc.org.



INTRODUCTIONS AND OVERVIEW



NATIONAL RESOURCE CENTER
ACHIEVING A BETTER LIFE EXPERIENCE ACT

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Overview

The Stephen Beck Jr. Achieving a Better Life Experience (ABLE) Act proposed regulations were passed by Congress in 2014 and the [current regulations](#) were published 11/19/2020. ABLE accounts fall under 529A of the Internal Revenue Service (IRS) tax code. In today's webinar you will hear how you can increase your ABLE savings through filing a federal tax return to qualify for tax incentives.

When this results in a refund you may choose to deposit directly your refund into your ABLE account! Hear how ABLE account owners like you have maximized their ABLE savings through tax deductions and credits, and how you can do the same!



Objectives

- Provide ABLE NRC Resources basics and beyond;
- Review current and upcoming IRS Tax info related to ABLE;
- Cover Who Should File Income Taxes;
- Share Tax Incentives, Credits, Deductions and Refunds;
- Spotlight ABLE and Tax Scenarios and Resources for Filing;
- Share Best Practices for ABLE Account Savings in 2023.



ABLE NRC RESOURCES



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ABLE Decision Guide Series



ABLE Decision Guide Series

- A series of step-by-step guides on key ABLE topics that provide multiple pathways to outcomes.
- Guides help increase ABLE understanding and assist in effective decision making.

ABLE Decision Guides:

- [Am I ABLE Eligible?](#)
- [Selecting and Opening an ABLE Account](#)
- [Understanding ABLE Account Savings and Public Benefits](#)
- [Managing an ABLE Account](#)
- [Finding Funds to Save in an ABLE Account](#)
- [Determining Whether Something Is a Qualified Disability Expense](#)
- [ABLE Accounts and Working People with Disabilities](#)
- [Ready and ABLE to Work and Save](#)
- [Understanding ABLE Accounts, Special Needs Trusts and Pooled Trusts](#)



**SECURE ACT 2.0
FISCAL YEAR 2023
OMNIBUS SPENDING
BILL AND IRS
CHANGES**



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New Legislation

The Omnibus legislative package enacted SECURE 2.0 with provisions that will take effect in future years, including:

- 529 plan rollovers to Roth IRAs when they meet certain rules. This would be an option if an individual has medical improvement and is no longer disabled and can no longer contribute to his/her ABLE account.
- ABLE Age Adjustment Act.



ABLE Age Adjustment Act of 2022

ABLE Age Adjustment was passed with bi-partisan support in the Omnibus Spending Bill on December 27, 2022:

- ABLE eligibility has been expanded to include people who have a disability that began before age 46;
- **This goes into effect on January 1, 2026**, allowing an estimated six million more people with disabilities, including one million veterans, the opportunity to open, save and invest funds for their future in an ABLE account.



New Credits for Employer Contributions

- Small businesses with 50 or fewer employees will receive a new tax credit based on a percentage of employer contributions, up to \$1,000 per employee (excluding employer contributions as elective deferrals under Code Sec. 402(g)(3) or to a defined benefit plan under Code Sec. 414(j)). This credit, which caps at \$1,000 per employee, phases down gradually over five (5) years and is subject to further reductions for employers with 51 to 100 employees.



Increased age for Required Minimum Distributions (RMDs)

Required Minimum Distributions (RMDs) generally are minimum amounts that a retirement plan account owner must withdraw annually starting with the year that he or she reaches 72 (70 ½ if you reach 70 ½ before January 1, 2020), if later, the year in which he or she retires.

- Beginning on January 1, 2023, the age for Required Minimum Distributions (RMD) increases to age 73.
- On January 1, 2033, for certain individuals, the age of RMD increases to age 75. In addition, it reduces or eliminates the excise tax imposed for not taking RMDs.



CURRENT ABLE IRS GUIDELINES



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What is an ABLE Account and Who is Eligible?

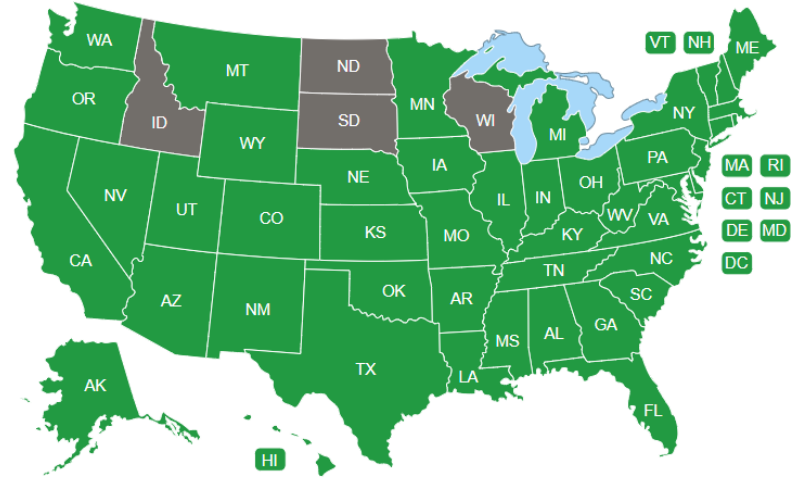
An ABLE account is a Section 529A tax-advantaged savings and investment account owned by a person who has a Social Security number or tax filing I.D. and has a disability or blindness;

- With an onset of disability *before age 26*, AND
- Receives Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI) benefits, OR
- Self-certifies that they have a written and signed disability certification from a qualifying physician.



State ABLE Programs

- There are over 45 state ABLE programs from which to choose.
- If you are ABLE eligible, you can open one ABLE account in any state that has an ABLE program that accepts outside residents.
- The [ABLE Program Comparison Tool](#) is available on ABLE NRC's website.



Updated ABLÉ Program Comparison

Tools Information Includes:

- Availability of sub accounts and/or debit cards to help manage access to ABLÉ funds;
- Proper titling of ABLÉ Account Owner and Representative Payee;
- How funds can be used to pay for Qualified Disability Expenses (QDEs) upon the death of the account owner;
- Increased contribution limits;
- Some plans have increased their balance limits.



New! ABLE 2023 Contribution Limits

- \$17,000 from all sources within a calendar year;
- ABLE account owners who work and do not have contributions made to a retirement plan for the tax year may make additional contributions from their **earnings**. The amount is limited to **whichever is less**: ABLE account owner's **employment earnings** for that tax year OR:
 - \$13,590 if you live in the continental U.S.A.
 - \$16,990 if you live Alaska
 - \$15,630 if you live in Hawaii.

ABLE Decision Guide [Finding the Funds to Save in an ABLE Account](#)



529 College Savings Rollover to ABLE

(slide 1 of 2)

- Before January 1, 2026, families may roll over funds from a 529-qualified tuition plan without tax impact if the ABLE account owner is the designated beneficiary of the tuition account or is an eligible member of the family.
- The rollover must occur within 60 days of the distribution.
- These rollovers are subject to the annual contribution limit of \$17,000 from all ABLE deposit sources.



529 College Savings Rollover to ABLE

(slide 2 of 2)

What this means to you:

If you have both an ABLE account and a 529 College Savings account, you may wish to consider a rollover. ABLE qualified disability expenses allow for more expansive expenses than permitted by 529-qualified tuition programs.



WHO SHOULD FILE INCOME TAXES



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Tax Filing is Critical (slide 1 of 2)

Filing a tax return is the only way to claim a tax credit or receive a tax refund for taxes already paid. Check out IRS's online ["Who Should File Taxes" tool](#) to help you decide.

Filing is important even if your total income for the 2022 tax year does not exceed the [IRS limits](#) because:

- SSI beneficiaries who work and file income taxes with FICA withholdings, may qualify for disability, retirement and Medicare benefits in the future, based upon their work record.
- SSDI and childhood disability beneficiaries may qualify for an increased monthly payment amount.



Tax Filing is Critical (slide 2 of 2)

- You could get future economic impact (stimulus) payments faster.
- *You can build your ABLER savings by depositing all or a portion of the refund into your ABLER account.*
- If you file and are due a refund, you could use that money to pay any back taxes that you might owe. This is a way to make sure your credit is the best it can be so that you can qualify for affordable credit when needed.



ABLE TAX DEDUCTIONS, INCENTIVES AND REFUNDS



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Recovery Rebate Credit and Economic Impact Payments

- People who are missing a stimulus payment or who got less than the full amount or who may have qualified for the 2021 [Expanded Child Tax Credit](#) and [Earned Income Tax Credit](#) may be eligible to a claim by filing amended income taxes.
 - Go to [Recovery Rebate Credit](#) to see if you are eligible.
- Those who did not work in 2022, or who had worked in 2021 and had a child in their household under the age of 18, may be eligible for [Child Tax Credits, by filing amended income taxes for 2021](#).
- Note: This may be up to \$3,500 per child; depending on age of child(ren).



Child and Dependent Care Tax Credit

- The child and dependent care credit is a tax credit that may help you pay for the care of eligible children and other dependents (qualifying persons). **KEY - Age exception** – if a person (spouse, dependent) is incapable of self care and lives with the taxpayer for more than ½ the year – there is no age limit.
- The credit is calculated based on your income and a percentage of expenses that you incur for the care of qualifying persons to enable you to go to work, look for work or attend school.
- *You may claim this credit even if you paid for these work-related expenses as a qualified disability expense from your ABLE account!*



People with Disabilities and Taxes

The IRS has [Information for People with Disabilities](#) qualifying for certain, federal tax deductions, income exclusions and tax credits.

- Tax credits may be state or federal. They reduce the income tax owed dollar-for-dollar, and some may result in a refund. *All or a portion of the refund may be saved in the ABLER account.*
- Tax credits are meant to bring relief to some taxpayers who earn low to moderate income and take care of children, invest in education or save for retirement or other goals.



USING FREE TAX FILING SERVICES AND FILING OPTIONS



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Important Federal Income Tax Filing Dates

- Tax filing season began January 23, 2023! IRS is accepting and processing 2022 returns.
- You may also file amended returns for 2019, 2020, and 2021 to capture missed stimulus payments, tax credits and deductions and to record earned income from employment or self-employment.
- 2022 Income tax filing due by April 18th, 2023.
 - [Automatic due date](#) for taxpayers who requested an extension to file their 2022 tax is October 16th, 2023.



Free Help Preparing Your Federal Tax Return

Two programs are available to provide assistance to people who generally make less than **\$58,000** or have a disability:

1. The [Volunteer Income Tax Assistance \(VITA\)](#). To locate the nearest VITA or TCE site, use the [VITA Locator Tool](#) or call [800-906-9887](#)
2. [Tax Counseling for the Elderly \(TCE\) Programs](#) are available for people age 60 and older. Most TCE sites are operated by the AARP Tax Aide Program. To locate the nearest AARP TCE Tax-Aide site between January and April use the [AARP Site Locator Tool](#) or call [888-227-7669](#).

[My Free Taxes](#) is available to taxpayers with an Adjusted Gross Income (AGI) of less than **\$73,000**. Call My free Taxes at 866-698-9435 or visit their website.



Free Tax Preparation Services for Self-Prepared Tax Returns

[IRS Free File](#) allows eligible taxpayers to self-prepare and file their federal income tax online for free, in one of two ways:

- Guided, online tax preparation and filing at an IRS [partner site](#) is at no cost to qualifying taxpayers. Only taxpayers whose [Adjustable Gross Income \(AGI\)](#) is \$73,000 or less qualify for a free Federal tax return using this service.
- [Free File Fillable Forms](#) are electronic federal tax forms you fill out online. It is the only IRS free file option available for taxpayers whose [income \(AGI\)](#) is greater than **\$73,000**. If you choose this option, you should know how to prepare your own tax return.
- Some state-level tax filing options are also available for free, while other state tax filing options are fee-based.



ABLE Tax Time Tips for Tax Preparation

- ✓ Money saved using free tax preparation services, along with all or a portion of any refund, can be saved in your ABLE account!
- ✓ Tax refunds do not count as income. If they are saved after they are received in a non-ABLE account, they **count towards the resource limit by** means-tested benefit programs after 12 months.
- ✓ Best Practice: Directly Deposit tax refunds into an ABLE account to speed up receipt of the refund and increase your ABLE savings!
- ✓ ABLE Decision Guide: [Understanding ABLE Account Savings and Public Benefits](#)



ABLE AND INCOME TAX SCENARIOS



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Case Scenario 1 (slide 1 of 3)

Juan, a 30-year-old ABLE account owner, is not currently working.

QUESTION: Does Juan need to file taxes because he has an ABLE account?



Case Scenario 1 (slide 2 of 3)

ANSWER:

Juan does not need to file taxes simply because he has an ABLE account. If a person hasn't worked, but receives disability payments from Social Security Administration, retirement income, investment earnings, and/or dividends, or if their income is over [IRS limits](#), they may need to file income taxes.

Even if a person is not required to file by law, they may choose to file a Federal income tax return to claim deductions or tax credits, and that may result in a refund. If a person decides to become employed to meet their goals and to save more money in an ABLE account, they should consider filing even if they are not required to file.



Case Scenario 1 (slide 3 of 3)

ABLE Tax Time Tip:

File income taxes for 2022 even if you did not have earned income from employment. This can help you to receive stimulus and child tax credit for 2022 for which you may be eligible!



Case Scenario 2 (slide 1 of 3)

Susan receives Supplemental Security Income (SSI). She has a job coach and has received a 1099 at the end of each year for the last 5 years that she has worked.

QUESTION: Does Susan need to file income taxes?



Case Scenario 2 (slide 2 of 3)

ANSWER:

Yes, Susan should file income taxes and pay FICA taxes each year worked.

If Susan missed filing, she may file income taxes now for 2022, 2021, 2020 and 2019. The same rule applies to a right to claim tax credits.

Susan may either owe income taxes or receive a refund due to tax credits she may be eligible for. Sometimes a tax refund can offset taxes that had been owed to the IRS.

Susan should also contact SSA and report her earnings for each month. SSA can then record earnings for Susan for up to the last 3 years. Filing income taxes for employment earnings, paying FICA and reporting earned income to SSA may qualify a person for SSDI, retirement and Medicare based upon their earned income.



Case Scenario 2 (slide 3 of 3)

- If Susan owes the IRS or SSA money, she may use ABLE funds to repay the IRS and SSA, or she could negotiate a repayment plan and use her earnings to repay the IRS and SSA.
- IRS taxes and SSA overpayments may be repaid with ABLE account funds; these are examples of qualified disability expenses.
- Best practice: use income to repay the IRS, SSA and creditors to allow ABLE account investment funds to continue to grow tax-free.

ABLE Decision Guide: [Determining whether something is a Qualified Disability Expense](#)



BEST PRACTICES FOR ABLE AND TAX FILING NEXT STEPS AND RESOURCES



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Best Practice: ABLE Contributions

- ✓ Hold a meeting with those you choose from your family, friends, case managers and service providers (a.k.a. “your circle of support”) to discuss a plan for maximizing your ABLE deposits each year.



Best Practice: ABLER Account Owner's Employment

The Social Security Administration (SSA) encourages SSI and SSDI recipients to work to their fullest ability.

There are SSI and SSDI work supports that can help a person to work and earn more while keeping their SSI, SSDI, Medicaid and/or Medicare. Learn more at [ChooseWork.SSA.gov](https://www.choosework.ssa.gov).

Best Practice: Spending ABLÉ funds on Qualified Disability Expenses (QDEs)

- Deposit benefits into your checking account to pay for food, housing and monthly bills. Then deposit any extra funds into your ABLÉ account.
- A portion of earned income may be directly deposited into an ABLÉ account. Try to leave your deposits in your ABLÉ account to qualify for the maximum [Saver's Tax Credit](#).



Best Practice: Increase Your Employment Earnings

When working, you may be eligible for the [maximum amount of the EITC](#) for federal taxes and some states offer additional EITC.

You may qualify for retirement and Medicare by filing income taxes and reporting your earned income to SSA.

ABLE Decision Guides:

- [ABLE Accounts and Working People with Disabilities](#)
- [Ready and ABLE to Work and Save](#)



MORE ABLE NRC RESOURCES



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ABLE National Resource Center

Visit ABLE NRC's website at www.ABLENrc.org for:

- [ABLE Decision Guides](#)
- [ABLE Program Comparison Tools](#)
- [ABLE FAQs](#)
- [ABLE Account Owners](#)
- [ABLE Family Members](#)
- [#ABLEtoSave Podcasts](#)
- [ABLE Webinars](#)
- [AchievABLE Newsletter](#)
- [ABLE Toolkits \(including \[Service Provider Toolkit\]\(#\), \[Employer Toolkit\]\(#\), and \[Outreach to Communities of Color Toolkit\]\(#\)\)](#)



NEW RESOURCES *to
help support taxpayers
with disabilities*



NationalDisabilityInstitute.org/Financial-Wellness/Taxes

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INSTITUTE

*Online Resource Center for
People with Disabilities and
Chronic Health Conditions*

[Financial Resilience Center](#)



The End

THANK YOU!



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