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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!



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ACHIEVING A BETTER LIFE EXPERIENCE ACT



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# ABLE Tax Time Tips

Date: February 6, 2024, from 2pm - 3pm ET

*ABLE National Resource Center is funded through grants from Prudential*

# 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



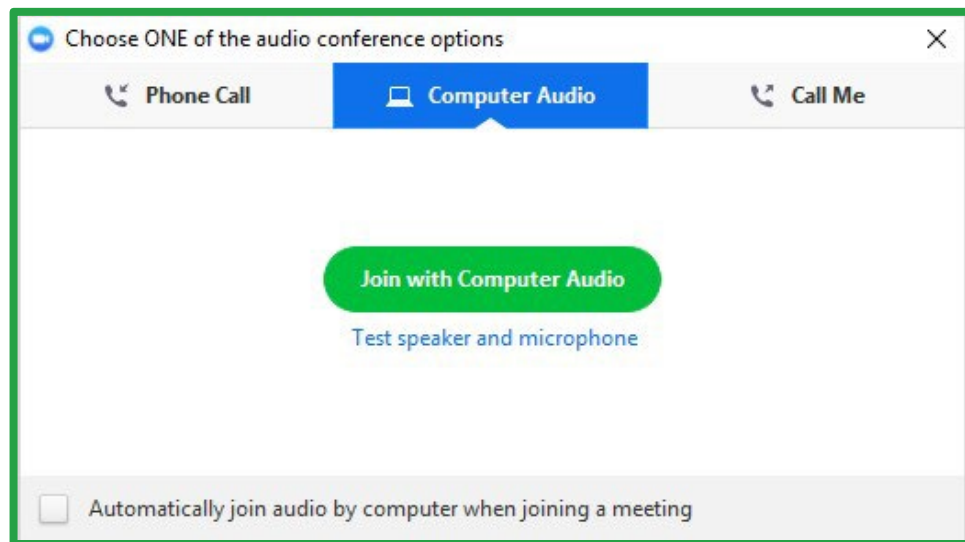
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# Submitting Questions

- We invite you to explore the [ABLE National Resource Center website](#) for answers to any questions in FAQs as well as reviewing our On-Demand Webinars, resources and newsletters at [ablenrc.org](#).





# INTRODUCTIONS AND OVERVIEW



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# Facilitator and Presenters

**Jody Ellis**

Director,  
ABLE National Resource  
Center  
National Disability  
Institute



**Don Dill,**

IRS Senior Tax Analyst,  
SPEC Headquarters



**Laurie Schaller,**  
Manager Financial  
Empowerment,  
National Disability  
Institute



# Supported By:

**Marlene Ulisky**  
ABLE Subject Matter  
Expert,  
ABLE National  
Resource Center,  
National Disability  
Institute



**Cheyenne Rivers**  
Project Coordinator,  
ABLE National  
Resource Center,  
National Disability  
Institute



# 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.



# Objectives

- Provide ABLE NRC Resources;
- 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 2024.



# 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 their 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 1.2 million more 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.
- Employer contributions to ABLE are treated as compensation and may impact benefits.
- Earned income that is deposited into an ABLE account is still countable earned income for ABLE account owners.



# Increased age for Required Minimum Distributions (RMDs)

Required Minimum Distributions (RMDs) generally are minimum amounts that a retirement plan account owner must withdraw annually.

- Beginning on January 1, 2023, the age for Required Minimum Distributions (RMD) increased 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.
- There is no RMD for ABLE accounts. Extra money from RMDs may be deposited into an ABLE account.



# CURRENT ABLE IRS GUIDELINES



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# What is an ABLE Account and Who is Eligible?

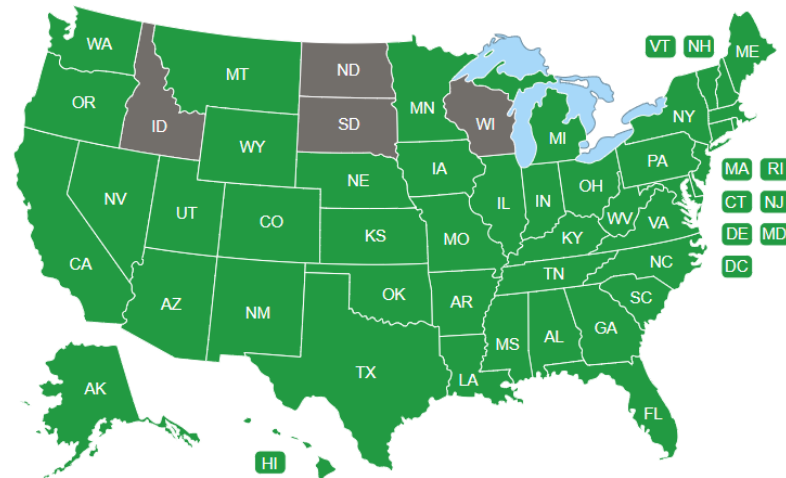
An ABLE account is a Section 529A savings and investment account. ABLE investment earnings are **not taxable or countable income**. An ABLE account is owned by a person who has a Social Security number or tax filing I.D. and has a disability or blindness:

- 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 46 state ABLE programs plus D.C. 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 ABLE Program Comparison

## Tools Information Includes:

- Availability of debit cards to help manage access to ABLE funds;
- Proper titling of ABLE Account for 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 and reduced maintenance fees.



# New! ABLE 2024 Contribution Limits

- \$18,000 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 up to:
  - \$14,580 if you live in the continental U.S.
  - \$18,210 if you live Alaska
  - \$16,770 if you live in Hawaii.
- $\$18,000 + \$14,580 = \$32,580$

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 \$18,000 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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# Minimum Income Filing Requirements May Not be Helpful to Low Income Households or to People Who Have a Disability

- **Best Practice:** A person who has a disability and works, should file income taxes regardless of the earned income amount;
- Some people who have a disability and work may receive W2s others may receive 1099s – even though they may not consider themselves to be self-employed;
- A person who has a disability who receives SSI and files income taxes and pays FICA, may eventually become eligible for SSDI and qualify for SSA Retirement and Medicare based upon their work history. For 2024, each time a person earns \$1,730 they have earned a quarter of coverage towards their SSDI/Retirement.



# Tax Filing is Critical

- Filing a tax return is the only way to claim a tax credit or receive a tax refund for taxes already paid.
- You could get future economic impact (stimulus) payments faster.
- If you file and are due a refund, you could use that money to pay any back taxes and/or SSA overpayments 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.
- Tax filing reduces the risk of identity theft should someone else use your information to file a fraudulent return.



# ABLE TAX DEDUCTIONS, INCENTIVES AND REFUNDS



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# 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.*



# Recovery Rebate Credit and Economic Impact Payments

People who are still missing a stimulus payment for 2021 may go to [Recovery Rebate Credit](#) to see if they are eligible.

A person who is eligible would need to file an amended income tax return for 2021 to receive this payment.



# Child Tax Credit

- The Child Tax Credit helps families with qualifying children get a tax break.
- Those who did not work in 2021, or who had worked in 2022 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 or 2022](#) due to special Child Tax Credit law applicable to Tax Year 2022.
- Note: This may be up to \$3,600 per child; depending on the age of the child(ren) and the filing year.





# 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!*



# Earned Income Tax Credit (EITC)

(Slide 1 of 2)

- The Earned Income Tax Credit (EITC) helps low- to moderate-income workers and families get a tax break. If you qualify, you can use the credit to reduce the taxes you owe and maybe increase your refund.
- A person needs to have earned income from employment to be eligible and needs to file income taxes to get the credit or refund.



# Earned Income Tax Credit (EITC)

(Slide 2 of 2)

- Eligibility for the [Earned Income Tax Credit](#) was expanded in 2021 and 2022 only.
- A person may be eligible to a claim by filing amended income taxes for 2021 and/or 2022 if they had not previously claimed their EITC.
- The IRS offers a [EITC Assistant](#) to help people see if they are eligible for years 2021, 2022 and/or 2023.
- **Please note**, a person does not need to have a child to qualify for EITC.
- An adult child who has a disability may qualify as a dependent child for EITC regardless of their age if permanently and totally disabled.



# EITC 2023

- **Maximum Credit Amounts:**
- No qualifying children: \$600
- 1 qualifying child: \$3,995
- 2 qualifying children: \$6,604
- 3 or more qualifying children: \$7,430



# Medicaid Wavier or Qualified Foster Care Programs

- A person who receives SSI and/or SSDI or early retirement who is paid as a caregiver through a [Medicaid Waiver Program or Qualified Foster Care program, may need to file income taxes](#) to receive EITC and Child Tax Credit even though the payments may not be considered earned income by the IRS.
- The earnings **do** need to be reported to the Social Security Administration and may impact SSI, SSDI or early-retirement benefits.



# USING FREE TAX FILING SERVICES AND FILING OPTIONS



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# Important Federal Income Tax Filing Dates

- Tax filing season began January 29th, 2024! IRS is accepting and processing 2023 returns.
- You may also file amended returns for 2020, 2021 and 2022 to capture missed stimulus payments, tax credits and deductions and to record earned income from employment or self-employment.
- 2023 Income tax filing due by April 15th, 2024.
  - [Automatic due date](#) for taxpayers who requested an extension to file their 2023 tax is October 15th, 2024.



# Free Help Preparing Your Federal Tax Return

Two programs are available to provide assistance to people who generally make less than **\$60,000** 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 **\$79,000**. 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 \$79,000 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 **\$79,000**. 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 AND INCOME TAX SCENARIOS



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# Case Scenario 1 (Slide 1 of 3)

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

**QUESTION:** Does Juanita need to file taxes because they have an ABLE account?



# Case Scenario 1 (Slide 2 of 3)

## ANSWER:

Juanita does not need to file taxes simply because they have an ABLE account. If a person hasn't worked, but receives disability payments from Social Security Administration, or has retirement income, investment earnings, and/or dividends from non-ABLE accounts, 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 2023 even if you did not have “enough” earned income from employment to have to file.

This may help those who receive SSI or no disability benefit now, to eventually qualify for SSDI and retirement benefits in the future.



## Case Scenario 2 (Slide 1 of 3)

Bob receives Supplemental Security Income (SSI). They have a job coach and have received 1099s at the end of each year for the last 5 years that they worked.

**QUESTION:** Does Bob need to file income taxes?



# Case Scenario 2 (Slide 2 of 3)

## ANSWER:

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

If Bob missed filing, they may file income taxes now for 2023, 2022, 2021 and 2020. The same rule applies to a right to claim tax credits.

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

Bob should also contact SSA and report their earnings for each month. SSA can then record earnings for Bob 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 Bob owes the IRS or SSA money, they may use ABLE funds to repay the IRS and SSA, or they 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](#)





# Case Scenario 3 (Slide 1 of 3)

Manuel works part time and now qualifies for SSDI instead of SSI.

**QUESTION:** Manuel is wondering if they need to be claimed as a dependent on their parent's income taxes?



# Case Scenario 3 (Slide 2 of 3)

- Answer: It depends, families make this decision together, based upon several factors.
- If Manuel is not a dependent, they may qualify for tax credits now that they work and deposit some of their employment earnings into their ABLE account.



# Case Scenario 3 (Slide 3 of 3)

Possible Tax Credits / Deductions:

- [Disability Filing Credit](#)
- [Earned Income Tax Credit](#) (Federal and State)
- [Retirement Savings Contributions / Saver's Credit](#)
- [Student Loan Repayment Interest Deduction](#)



# 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: ABLE 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).
- The IRS supports employment for people who have disabilities with the ABLE to Work Act Provision, allow more money to be deposited into an ABLE account.



# Ticket To Work

- NDI's [American Dream Employment Network](#) (ADEN) can help SSI/SSDI beneficiaries to work to their fullest abilities and use the SSA work supports that help a person earn and save more and keep benefits, including Medicaid and Medicare, sometimes indefinitely.



# Best Practice: Spending ABLE 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 ABLE account.
- A portion of earned income may be directly deposited into an ABLE account. Try to leave your deposits in your ABLE account to qualify for the maximum [Saver's Tax Credit](#).





# Keep In Mind

- For a person who receives a needs-based benefit like Supplemental Security Income (SSI) or Medicaid, federal tax refunds do not count as earned income. As a result, it does not impact eligibility for SSI or other federally funded benefits like Medicaid.
- Federal tax refunds do not count as a resource for a period of **12 months** after the month of receipt, for SSI or any federally-funded public benefit.
- State tax refunds are not countable income the month received, but if held over to the next month, the funds are a countable resource.
- A person who relies on means-tested benefits either needs to spend down state tax refunds, deposit them into a qualified [1st time home buyer program](#), a SSA approved [PASS plan](#) or deposit the funds into an [ABLE account](#).



# ABLE NRC RESOURCES



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# Learn More

This one-page flyer offers a quick overview on ABE accounts and the resources provided by the ABE National Resource Center (ABLE NRC)

Scan this QR code to download the flyer to your device.





**Discover the life-changing power of an ABE account**

An ABE account can help improve the health, independence and quality of life for millions of eligible individuals with disabilities.



**All the ABE information you need, in one place.**

The ABE National Resource Center (ABLE NRC) is the leading source of objective, independent information about ABE savings accounts and federal and state-related ABE programs.

Founded in 2015 and managed by National Disability Institute (NDI), the ABE NRC's website is the go-to source for ABE information for people with disabilities and their families, as well as service providers, financial professionals and more.

ABLE accounts allow eligible individuals to save and invest money, largely without affecting eligibility for public benefits.

- **Learn about ABE Accounts**  
ABLE accounts are tax-free savings and investment accounts for individuals with disabilities so they can save for qualified disability expenses like transportation, healthcare, food, housing, education, retirement and more.
- **Explore Decision Guides**  
Our ABE Decision Guide Series can help you make informed choices when selecting, opening and using an ABE account.
- **Access Upcoming and On-Demand Webinars**  
Register for upcoming webinars or watch our collection of On-Demand webinars any time.
- **Hear from ABE Experts**  
The ABE to Save Podcast Series interviews ABE account holders and family members, and leaders in the public and private sectors, about how ABE accounts can be an effective savings tool.



“ Having an ABE account gives me a lot of breathing room and a way to save for the long-term, in a life-changing way.”  
— Simon Cantos, ABE Account Owner & ABE NRC Ambassador

EXPLORE THE POWER OF ABE ACCOUNTS  
[ablenrc.org](https://ablenrc.org)



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[ablenrc.org](https://ablenrc.org)

# ABLE National Resource Center

Visit ABLE NRC's website at [www.ablenrc.org](http://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 NRC Flier and Toolkits

- [Employer Toolkit](#)
- [Service Provider Toolkit](#)
- [Youth Transition Toolkit](#)
- [ABLE NRC Media Toolkit](#)



# NATIONAL DISABILITY INSTITUTE (NDI) RESOURCES



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# NDI Resources

- [National Disability Institute](#)
- [NDI Assistive Technology Loan Program and AFP List](#)
- [Financial Resilience Center](#)
- [NDI Small Business HUB](#)
- [NDI Tax Preparation and Filing Information for People with Disabilities](#)
- [ABLE and Tax Time FAQs](#)



The End  
**THANK YOU!**



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