

TRUSTS & BENEFICIARIES

ABLE Accounts: A Savings Option for Disabled Children and Young Adults

In 2014, Congress passed legislation creating ABLE accounts— tax-advantaged savings accounts meant for Americans diagnosed with a disability before the age of 26.

For the millions of Americans who have been diagnosed with significant disabilities as children or young adults, public benefits are crucial. Public programs provide health-care services, housing, even food. However, these benefits are typically subject to a means or resource test: Disabled individuals who have cash savings, retirement funds, or other assets worth more than \$2,000 are not eligible for such essential assistance.

As such, a disabled person can be disconnected from crucial resources if they have even a small amount of savings. What's more, disabilities usually come with higher basic costs of living—things that insurance, Medicaid, and Medicare don't cover. That can include the costs of raising a child or working-age adult with significant disabilities, handicap-accessible housing and transportation, personal-assistance services, and assistive technology.

All About ABLE Accounts

An ABLE account is a special account type, like an IRA or HSA, where income earned from investments is not subject to income tax – and crucially, assets in an ABLE account do not count towards the means tests for public benefits. Only one ABLE account per eligible individual is permitted. Anyone can contribute to the account (the account beneficiary, family, friends, etc.), though contributions are not deductible from a federal-income-tax perspective. Depending on where you live, your state may allow state income-tax deductions for contributions made to the account. Most importantly, savings in ABLE accounts do not affect eligibility for Medicaid, SSI, and other public benefits that young people with disabilities often rely on.



Robert J. Tyler, Jr.
Chief Fiduciary Officer

Who Is Eligible for ABLE Accounts

Eligibility for ABLE accounts is limited to individuals who were diagnosed with significant disabilities before reaching 26 years of age. You can apply for an account after you have surpassed the age of 26 as long as the diagnosis was made prior to your turning 26 years old. You are automatically eligible to enroll if you are already receiving benefits under SSI and/or SSDI. If you meet the diagnosis-age requirement but do not receive SSI and/or SSDI, you may still be eligible if you meet the criteria regarding significant functional limitations as defined by Social Security. In all cases, you also need to receive a letter of certification from a licensed physician. As of 2015, your state does not need to have an established ABLE program in order to enroll. Many programs accept out-of-state residents.

How to Open an ABLE Account

If you or a loved one might qualify for an ABLE account, we can help. Reach out to one of our knowledgeable advisors to explore your options and get an ABLE account set up today.

ABLE ACCOUNTS BY THE NUMBERS*:



45

States that have launched ABLE accounts¹



\$15K

Maximum annual contribution



35K

Number of active ABLE accounts

¹If your state doesn't offer an ABLE account, you can enroll in any state's program that accepts out-of-state residents.

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