

WEALTH PLANNING BLOG

Achieving a Better Life Experience

ABLE Accounts

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What is an ABLE account?

An ABLE account is a tax advantaged savings account for individuals with disabilities, which can be used for disability-related expenses on behalf of the designated beneficiary. Although contributions are not tax-deductible, these accounts have several benefits, including:

- Non-taxed income
- One account per beneficiary
- Investment strategy can be changed twice yearly
- ABLE accounts do not affect SSI, Medicaid or other public benefits

Regulations on these accounts will be written by the Treasury Department in 2015.

How do you know if you are eligible?

The following people are eligible for ABLE accounts:

- Individuals with disabilities with onset prior to age 26
 - If you currently receive SSI and/or SSDI, you are automatically eligible
 - If you are not receiving SSI and/or SSDI, but meet the age of onset, you are then eligible to open an account if the SSI criteria of disability is met
 - You do not have to be under the age of 26, to establish an account

What you need to know about contributions?

While the total limit of contributions over time will be determined by each state, annual contributions can currently be made up to \$14,000, inclusive of individual, family and friends. This amount will adjust annually for inflation. Additional details about contributions are below:

- First \$100,000 in an ABLE account is exempted from the SSI \$2,000 resource limit
- If \$100,00 limit is exceeded,
 - SSI income will no longer be received, but Medicaid eligibility is unaffected
 - States can recoup some expenses through Medicaid at the death of beneficiary