



ABLE Act

The ABLE Act, signed into law in 2014, supports tax-free savings accounts for people living with disabilities.

Q: What is the ABLE Act?

The Achieving a Better Life Experience (ABLE) Act is a federal law that allows eligible people with disabilities to open tax-free savings accounts. Funds from the account may be used for disability-related expenses such as education, housing and transportation to help ease financial burdens. The account's assets do not count against the individual's eligibility for federal benefits programs.

Q: Who qualifies for an ABLE account?

An ABLE account may be opened at any time by people who acquired their disabilities before the age of 26 and who meet the requirements to receive Supplemental Security Income or Social Security Disability Insurance. Please note that in 2026 the age of onset of disability will be increased to age 46.

The individual with the disability is the account's designated beneficiary and owner. If that person is not able to open the account, or make decisions regarding spending on their own, an agent with power of attorney may do so on their behalf; if there is no agent with power of attorney, a parent or legal guardian can make spending decisions.

Q: What are the tax advantages of an ABLE account?

The goal of the ABLE Act is to help individuals with disabilities maintain and improve health, quality of life and independence by easing some of the financial burdens associated with disability.

ABLE account assets and earnings are not taxed so long as spending is limited to qualified disability-related expenses. (Any funds used on non-disability related expenses will be subject to income tax and a federal tax penalty.)

Q: How can I open an ABLE account?

ABLE programs are currently administered in 46 states; an individual may open an account in any state, not only in their state of residence. All ABLE accounts can be opened online through state program websites.

Depending on the program, ABLE accounts will offer different investment options, including mutual funds and money market funds. Individuals may also be able to place funds in checking or savings options. Investment selections can be changed twice a year.

The ABLE National Resource Center website (<https://www.ablenrc.org/compare-states/>), founded and managed by the National Disability Institute, includes a search feature that helps people identify and compare different ABLE account options.

Q: What questions should I consider when choosing a program?

- Is there a benefit to opening an in-state account?
- What potential service and maintenance fees are associated with the account?
- Is there a minimum amount needed to open an account?
- Will fees be waived if a certain account balance is maintained?

Q: Are there limits on ABLE accounts?

Eligible individuals may only open one ABLE account.

In 2023, the total annual contribution limit to an ABLE account, including donations made by family and friends, is \$17,000; until 2026, ABLE account holders who are employed can also contribute income to their account that exceeds the annual contribution limit as long as they do not also participate in their employer's retirement plan. (Income-related contributions cannot be higher than the previous year's designated federal poverty line for a one-person household: in 2022, this amount was \$13,590 in the continental U.S., \$16,990 in Alaska, and \$15,630 in Hawaii.)

Q: Will opening an ABLE account impact my government benefits?

ABLE accounts are meant to supplement —not replace—government benefits.

Unless the amount in an ABLE account is more than \$100,000, government benefits are not affected. If the account exceeds \$100,000, payments of supplemental security income benefits are suspended, but Medicaid eligibility is not.

Q: How can ABLE funds be spent without tax penalty?

ABLE funds may be used for any qualified services that support the independence, health and quality of life for people living with paralysis, including education, housing, transportation, employment training and support, assistive technology, financial management, basic living expenses, health prevention and wellness programs, and

funeral and burial expenses.

Q: What happens to funds in an ABLE account if the beneficiary dies?

If the account owner dies, a surviving beneficiary may be designated to direct account spending for funeral and burial expenses, and any outstanding bills related to qualified disability expenses. Some states may make a claim against any remaining funds in the account to collect back payment on Medicaid benefits received by the beneficiary.

Sources: Internal Revenue Service, ABLE National Resource Center, U.S. Securities and Exchange Commission, U.S. Social Security Administration.

Need to talk to someone?

Our Information Specialists are available to answer your questions. Call toll-free 1-800-539-7309 Mon-Fri, 9am-5pm ET. Or schedule a call or ask a question online at <https://www.ChristopherReeve.org/Ask>.

Resources for ABLE Act:

ABLE National Resource Center

<http://www.ablenrc.org/>

1667 K St. NW, Suite 640

Washington, DC 20006

Phone: 202-296-2040

Email: info@ablenrc.org

The ABLE National Resource Center (ANRC) is a collaborative whose supporters share the goal of accelerating the design and availability of ABLE accounts for the benefit of individuals with disabilities and their families. They bring together the investment, support and resources of the country's largest and most influential national disability organizations. Founded and managed by National Disability Institute (NDI)(<http://www.realeconomicimpact.org/>), the ANRC's goal is to provide consistent, reliable information concerning the benefits of an ABLE account. This website offers tools to compare each state's ABLE program. At this time, not all states have activated the program, but you can open an ABLE account in a state that is active even though you do not live there.

ABLE National Resource Center: Comparing State Programs

<https://www.ablenrc.org/compare-states/>

ABLE today

<https://www.abletoday.org/>

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ABLE today's mission is to advance financial empowerment for people with disabilities by increasing the awareness of ABLE accounts. This is an initiative of the State Treasurers Foundation.

Internal Revenue Service: ABLE Accounts for People with Disabilities

<https://www.irs.gov/government-entities/federal-state-local-governments/able-accounts-tax-benefit-for-people-with-disabilities>

National ABLE Alliance

www.savewithable.com

Phone: 888-627-7519

The National ABLE Alliance is a partnership of states dedicated to providing the disability community an ABLE investment product that offers multiple financial options at low cost.

National Disability Institute: ABLE Act of 2014

<https://www.nationaldisabilityinstitute.org/financial-wellness/able-accounts>

On December 19, 2014, President Barack Obama signed into law the Achieving Better Life Experience (ABLE) Act. First introduced in 2006, and subsequent sessions of Congress, the ABLE Act will allow people with disabilities (with an age of onset up to 26 years old) and their families the opportunity to create a tax-exempt savings account that can be used for maintaining health, independence and quality of life.

Social Security Administration: Spotlight on ABLE Accounts

<https://www.ssa.gov/ssi/spotlights/spot-able.html>

Social Security Administration: Payee and ABLE Accounts

https://www.ssa.gov/payee/able_accounts.htm

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