

# 10 Things to Know About the ABLE Act

Last December, the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (ABLE Act) won final congressional approval and was signed into law by President Obama. The enactment of the ABLE Act culminated an eight-year campaign to gain approval for tax-free savings accounts to help individuals and families finance disability needs.

The ABLE Act is built on the foundation of the current 529 education savings plans that help families save for college. In the case of ABLE, families now have a tax-deferred savings vehicle to save for the care of people with disabilities. The National Disability Institute estimates there are 58 million individuals with disabilities in the United States. Many of these individuals will qualify for ABLE accounts.

By Stuart Spielman, Senior Policy Advisor at Autism Speaks

## **1. Briefly explain the ABLE Act and why it is so important?**

The ABLE Act allows people with disabilities and their families to set up a special savings account for disability-related expenses. Earnings on an ABLE account would not be taxed, and account funds would generally not be considered for the supplemental security income (SSI) program, Medicaid, and other federal means-tested benefits.

## **2. How does this differ from current law?**

Current law makes savings for disability-related expenses difficult. Individuals and families can face the loss of federal benefits if savings exceed certain limits.

## **3. Once signed into law by President Obama, how soon would people be able to set-up ABLE accounts?**

Possibly in 2015. Before accounts can be set up, regulations will have to be written and ABLE programs established in states.

## **4. Who is eligible for an ABLE account?**

An eligible individual is someone who becomes disabled before age 26 and (1) receives Social Security Disability Insurance (SSDI) or SSI; or (2) files a disability certification under rules that the IRS will write.

## **5. What are the disability expenses covered under ABLE?**

Expenses made for the benefit of a disabled individual for education; housing; transportation; employment training and support; assistive technology and personal support services; health, prevention, and wellness; financial management and administrative services; legal fees; expenses for oversight and monitoring; funeral and burial expenses; and any other expenses approved under regulations.

## **6. Does having an ABLE account affect Supplemental Security Income (SSI) benefits?**

Only if the ABLE account exceeds \$100,000. SSI benefits would be suspended but not terminated. In other words, the beneficiary of the account would not receive a check but would retain eligibility for the SSI program.

## **7. Does it impact Medicaid eligibility?**

No.

## **8. Would ABLE regulations differ in each state?**

Maybe. Although federal law applies uniformly to all states, individual states may regulate ABLE accounts differently. Under current law, states provide different tax benefits for college savings accounts, which are similar to ABLE accounts.

## **9. Are there age requirements for an individual to open an ABLE account?**

No, except that an eligible individual is someone who becomes disabled before age 26.

## **10. Where can people go to learn more?**

Read more about the legislation at <https://www.autismspeaks.org/site-wide/able>