What is the ABLE Act?
The Achieving a Better Life Experience (ABLE) Act, legislation signed into law in 2014, allows states to create tax-advantaged savings programs for people who have disabilities to use on expenses related to their medical condition. The goal is to relieve the financial stress often caused by the cost of disability-related services. Eligible individuals (see “Who is eligible?” below) may set up their own account. Parents or guardians may set up an account on their eligible child’s behalf.

Who is eligible?
Eligible individuals must have acquired their complex condition or disability before age 26. They must also meet the disability requirements for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI). Alternatively, eligibility can be determined through a “disability certification,” based on a physician’s diagnosis verifying a disability equal to the SSI or SSDI criteria.

Does an ABLE account affect Medicaid and SSI eligibility?
ABLE accounts are intended to supplement an individual’s current benefit plans, and therefore do not disqualify eligibility to receive federal benefits such as Medicaid and SSI. SSI benefits are suspended when an account reaches $100,000 but will be reinstated when the account drops below this limit. Medicaid benefits remain regardless of how much is in an ABLE account.

How can funds be used?
ABLE account funds can be used for a broad array of needs, including expenses related to housing, education, transportation, employment training, assistive technology, personal support services, health and wellness, financial management services, legal fees, basic living expenses, and funeral and burial expenses. ABLE account funds are not taxed.

Are there any restrictions?
Annual contributions to an ABLE account may not exceed the gift tax exclusion amount, which is currently $14,000 per year.

How can families establish an ABLE account?
Families may establish an ABLE account through existing programs in most states, regardless of their state of residency. The fees and accounts may vary by program so families should decide what program is best for them. Minnesota launched its ABLE program in January 2017.

How do ABLE accounts relate to a Special Needs Trust or Supplemental Needs Trust?
ABLE accounts do not replace a Special Needs Trust or Supplemental Needs Trust. They are one more tool that individuals and families can use as part of a comprehensive financial planning strategy for people who have disabilities. An ABLE account may provide more choice, a lower cost of management than trusts, and tax benefit; while a trust may be used to receive an inheritance, settlements, or amounts over the ABLE account’s $14,000 annual contribution limit or $100,000 cap that suspends SSI benefits.

Where can I learn more?
The ABLE National Resource Center (ANRC) website, www.ablenrc.org, allows families to research investment options and compare the cost of accounts by state. A direct link to Minnesota’s ABLE program is available at https://savewithable.com.