

Achieving a Better Life Experience (ABLE): Savings Accounts for People with Disabilities

By Mary Buonfiglio

In 2014, the passage of the Stephen Beck Jr. “Achieving a Better Life Experience Act” or ABLE Act (Public Law 113-295) created the opportunity for people with disabilities to open tax-advantaged savings accounts. This national public policy recognized the significant costs and extra expenses associated with living with a disability and opened the door to saving **without impacting eligibility for means-tested benefits, such as SSI and Medicaid.**

Outside of the savings opportunities and ability to spend for qualified expenses, an ABLE account provides greater choice and control for the account holder, offering the opportunity for financial independence.

THE ABLE ACT

Many states have adopted the federal ABLE legislation creating 529A accounts, which in many ways are similar to 529 college savings plan. Individuals of any age are eligible to open an account if their disability occurred prior to the age of 46 and regardless of participation in a governmental benefit program.

With ABLE accounts, after-tax funds can be deposited into an account from a variety of sources and withdrawals are tax-free when used for qualified disability expenses (QDEs). The limits are subject to change (increase) year to year. Review the [current ABLE account contribution limits](#) for the most up to date information. This amount includes contributions made by all individuals – family, friends, trust, an employer, or a 529 qualified tuition plan (QTP) rollover combined. The total amount that the ABLE account can contain is the same limit as a 529 education plan in that state. It’s important to note that savings over \$100,000 will be included in the calculation of “countable resources” in determining eligibility for SSI.

The funds in the account can be used to pay for qualified disability expenses, today or in the future, so long as the expenses are related to the disability, and for the benefit, of an account owner. Qualified disability expenses may include items such as:

- Education, including postsecondary education
- Transportation
- Housing, including campus housing (housing funds must be spent in the month withdrawn)
- Health and Wellness
- Financial Management
- Legal Fees
- Assistive Technology and cellphones
- Basic living expenses and more

Needs vary by individual, so it’s important to evaluate whether an ABLE account is right for your individual circumstance. The ABLE Act limits the number of accounts to one per eligible individual. The cost of establishing an account may be considerably lower than other savings options, such as a Special Needs Trust. There is no prohibition of having both a Special Needs Trust and an ABLE account.

While many states administer an ABLE Program, not all states operate with the same fees, investment opportunities or features. For more information on ABLE Accounts, [visit SI 01130.740 Achieving a Better Life Experience \(ABLE\) Accounts](#)

For a full list of states that have enacted ABLE legislation, visit the [National ABLE Resource Center](#).

Additional information can be found about paying for college on the [Think College website](#).

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