



ABLE Program

Frequently Asked Questions

What is an ABLE account?

An ABLE account is a tax-advantaged savings account that qualified individuals with disabilities will be able to open as a result of the passage of the ABLE Act of 2014 and subsequent enactment of state ABLE laws. Contributions to ABLE accounts are made on an after-tax basis. Earnings from ABLE funds grow tax-deferred and are tax-free if used for qualified disability expenses. Contributions to the account may be made by any person (the account beneficiary, family and friends) and may or may not be tax deductible depending on the specifics of the state ABLE law. Funds in the account may be used for many different types of expenses. The beneficiary is the owner of the account.

Why the need for ABLE accounts?

Individuals with disabilities can only have \$2,000 in assets at any given time in order to remain eligible for many federal means-tested benefits programs which provide much-needed supports. Under ABLE, eligible individuals and families will be allowed to establish ABLE savings accounts that will not affect their eligibility for SSI (up to \$100,000), Medicaid and other public benefits. The legislation explains that an ABLE account will, with private savings, "secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, Medicaid, SSI, the beneficiary's employment and other sources." ABLE accounts provide a mechanism to essentially increase this \$2,000 asset limitation.

Who is eligible to open an ABLE account?

An individual must meet two requirements to be eligible for an ABLE account: an age requirement and a severity of disability determination. The onset of symptoms of the person's disability must have occurred before age 26. Additionally, the disabled individual must have "marked and severe functional limitations" (essentially, a Social Security definition of disability). An individual whose disability occurred prior to age 26 and is already receiving SSI and/or SSDI is automatically eligible to establish an ABLE account. Those who are not recipients of SSI and/or SSDI but still meet the age of onset disability requirement will be eligible to open an ABLE account upon obtaining a disability certification from their physician.

What is a disability certification and how do you get one?

Depending upon the state ABLE program's procedures, the disability certification may be a form that a physician fills out or the ABLE program may simply require a letter from the physician providing certain information (such as the nature of the disability and date of onset). The potential ABLE beneficiary will then need to certify (under penalty of perjury) that she has obtained this certification prior to opening the ABLE account. The US Treasury has issued guidance clarifying that this

certification may be kept privately by the beneficiary and will only need to be produced if requested (it will not need to be submitted to the ABLÉ program).

Are there limits to how much money can be put in an ABLÉ account?

Yes. The total annual contributions by all participating individuals, including the beneficiary himself, family and friends, is \$14,000 (the federal gift tax exclusion – this will be adjusted annually for inflation). The total limit of contributions that could be made to an ABLÉ account over time is tied to the individual state's maximum amount for regular 529 accounts (typically around \$350,000). The first \$100,000 in ABLÉ accounts will be exempted from the SSI \$2,000 individual resource limit. After \$100,000, the beneficiary's SSI will be suspended (but not terminated).

How do assets in ABLÉ accounts affect eligibility for SSI/SSDI and Medicaid?

Up to \$100,000 in ABLÉ account funds, these benefits are not affected. When an ABLÉ account exceeds \$100,000, the beneficiary will be suspended from eligibility for SSI benefits and no longer receive that monthly income. This suspension will be indefinite and the SSI benefits will be reactivated after the beneficiary spends down the account to under \$100,000. Medicaid eligibility will remain intact, even if the ABLÉ account exceeds \$100,000.

What happens to funds in an ABLÉ account when the beneficiary dies?

The federal law authorizes state Medicaid agencies to become a creditor and seek reimbursement for the Medicaid services a beneficiary has received since he opened the ABLÉ account. All outstanding qualified disability expenses (e.g., burial costs) will be given priority over the Medicaid claims. The remainder of assets in an ABLÉ account will go to the beneficiary's estate.

What can money in an ABLÉ account be used for?

Funds in ABLÉ accounts must be used for "qualified disability expenses". A qualified disability expense means any expense related to the designated beneficiary as a result of living a life with a disability. These include education, housing, transportation, employment training and support, assistive technology, personal support services, health care expenses, financial management and administrative services and other expenses to enhance the beneficiary's quality of life.

Will ABLÉ account beneficiaries need approval before spending the money in their accounts?

No. However, beneficiaries will be required to maintain documentation to prove that their expenses are qualified.

How will ABLÉ account beneficiaries access the funds in their ABLÉ accounts?

This will vary from program to program. Options will likely include using debit cards, setting up direct pay to service providers and/or having ABLÉ funds direct deposited into another bank account.

Do individuals have to open ABLÉ accounts in their state of residence?

No, an individual will be able to open an ABLÉ account in any state.

When will ABLÉ accounts become available?

Illinois is not expected to launch their ABLÉ program until early in 2017

Where do I get information about various state ABLÉ programs?

You can visit the Illinois State Treasurer's website:

<http://illinoistreasurer.gov/Individuals/ABLE>

Where do you go to open an ABLÉ account?

Illinois will most likely provide an online applications for ABLÉ accounts

Can an individual have more than one ABLÉ account?

No. The ABLÉ Act limits the opportunity to one ABLÉ account per eligible individual.

Will Illinois offer options to invest the savings contributed to an ABLÉ account?

Like state 529 college savings plans, Illinois is likely to offer qualified individuals and families multiple options to establish ABLÉ accounts with varied investment strategies. Each individual and family will need to project possible future needs and costs over time, and to assess their risk tolerance for possible future investment strategies to grow their savings. According to the ABLÉ Act, account contributors or designated beneficiaries may change the way their money is invested in the account up to two times per year.

How is an ABLÉ account different than a special needs or pooled trust?

An ABLÉ Account will provide more choice and control for the beneficiary and family. The cost of establishing an account will be considerably less than either a Special Needs Trust (SNT) or Pooled Income Trust. With an ABLÉ account, account owners will have the ability to control their funds and, if circumstances change, still have other options available to them. Determining which option is the most appropriate will depend upon individual circumstances. For many families, the ABLÉ account will be a significant and viable option in addition to, rather than instead of, establishing a trust.

How is an ABLÉ account different than a 529 savings account?

ABLE accounts and 529 savings accounts both provide a tax-advantaged way to save for future expenses, but the funds in the accounts are for different purposes. ABLÉ accounts must be used for qualified disability expenses. Funds in regular 529 accounts must be used for qualified higher education expenses. Unlike funds in 529 accounts, funds in ABLÉ accounts up to \$100,000 do not affect an individual's eligibility for SSI, Medicaid and other public benefits programs.