

# **ABLE 101 Part 3: Savings and Benefits**

## **How do ABLE accounts affect my benefits?**

The main goal of ABLE accounts is to allow people with disabilities to save money without losing vital benefits. Normally, people with disabilities are limited to having \$2,000 in assets if they are to receive benefits including SSI and Medicaid (the limit is \$3,000 for eligible couples). However, ABLE accounts transform this rule. The first \$100,000 in an ABLE account is not considered countable assets for means of determining eligibility for SSI. ABLE accounts have higher levels for Medicaid and other federally means-tested benefits, such as the Supplemental Nutrition Assistance Program (SNAP). All state programs allow savings of up to \$300,000 before affecting these benefits, and some programs allow \$450,000 or more.

## **How do the ABLE account limits work?**

Social Security and other federal benefits look at your “countable assets” to determine if you are eligible. Funds in an ABLE account up to \$100,000 are not considered countable assets for SSI. This means you can have up to \$100,000 without losing SSI; once you go over \$100,000, your SSI income benefit will cease, but it will immediately resume when the account drops back below \$100,000. The rest of funds in an ABLE account are exempt when counting assets for Medicaid and other federal benefits. However, accounts themselves have maximum savings limits, so once you reach the limit, you cannot deposit any more money into your ABLE account.

## **Are there different limits in different states?**

Different state programs have different maximum account limits, which are related to the state’s 529 account rules. The smallest account limit (as of January 2018) is \$300,000, which essentially means that you can save up to \$300,000 and keep your benefits; once you reach \$300,000, though, you cannot deposit any more money in your ABLE account. Other states have higher limits, and some allow accounts of \$450,000 or more. To find out limits for different states, check out the ABLE [National Resource Center’s state comparison guide](#).

## **Is there a limit to how much I can deposit per year?**

Yes. ABLE accounts can only receive a certain amount of money per calendar year from all contributions combined (from the account-holder, his/her family, etc.). This amount is tied to the federal gift tax and is \$15,000/year (January 2018). Because the amount is per calendar year, though, it is even possible to deposit \$15,000 in December of one year and start over in January.

Account-holders that earn money from work can also deposit an additional amount up to the lesser of 1) the amount of their annual gross income or 2) the Federal Poverty Level for a single individual. FPL in 2018 is \$12,060 in the contiguous United States and Washington D.C., \$13,860 in Hawaii, and \$15,060 in Alaska – which means an individual could deposit \$27,060, \$28,860, or \$30,060, depending on his/her state of residence.

**I have a 529(a) educational savings account and would like to deposit it into my ABLE account. Is that possible?**

Yes. As of 2018, it is possible to transfer funds from a 529(a) account to the same individual's ABLE account. However, the transfer amount is still limited to the annual contribution limit (\$15,000 in 2018), so the transfer must happen over time if the 529 account is over \$15,000.

**Are there limits on what I can spend money on?**

Yes. All ABLE funds must be spent on “qualified disability expenses” (QDEs). According to the ABLE National Resource Center, a QDE means an expense “related to the designated beneficiary as a result of living a life with disabilities. These may include education, housing, transportation, employment training and support, assistive technology, personal support services, health care expenses, financial management and administrative services, and other expenses that help improve health, independence, and/or quality of life.”

**With a regular bank account, I can use cash, checks, or a debit card to purchase items and pay bills. How do I spend money out of my ABLE Account?**

There are a few ways to spend money from an ABLE account. All ABLE programs allow account-holders to transfer money from the ABLE account into their conventional bank account through an electronic funds transfer (EFT). When money is transferred, the account-holder must keep track of expenses and use the funds on QDEs before the end of the month that it is transferred. For example, if a person has a \$2,500 rent check, they can transfer \$2,500 to their bank account even though it puts them over the \$2,000 asset limit – but they must withdraw the \$2,500 for rent before the end of the month. If it is difficult to time transfers and withdrawals (say, when rent is due on the 1<sup>st</sup> of the month), account-holders can consider using cashier's checks since the money is officially withdrawn at the bank rather than when the check is cashed.

Some ABLE programs have linked debit cards that an individual can use at a store or online; a few programs now feature checking options, which can be useful for writing rent checks or similar payments. When using a debit card or check, it is important to spend money only on “qualified disability expenses” (QDEs); otherwise, account-holders may face tax penalties.

To find out spending options for different states, check out the [ABLE National Resource Center](#).

**What happens with the funds in my account when I pass away?**

Most states feature what is called a “Medicaid claw-back” tied to ABLE accounts. With the claw-back, Medicaid will look at the amount of money that it spent on an account-holder's health care during the time they had the account. When the individual passes away, Medicaid will recoup up to that amount from the ABLE account. An account-holder can then choose who will receive the remainder of the savings when they pass away. However, some states are looking to remove the Medicaid claw-back, which means that all the funds in an ABLE account can return to the individual's family or other legally designated people when they pass away.