

# 6 Things You Need to Know About the A.B.L.E. Act

The law was designed to encourage and assist individuals and families in saving private funds for the purpose of supporting individuals with disabilities to maintain health, independence, and a better quality of life. It is now known as Internal Revenue Code Section 529A.

1. **ELIGIBILITY:** To be eligible to open an A.B.L.E. Account, the beneficiary must be disabled, the disability must have occurred prior to their 26th birthday, and they must meet the Social Security Administration's standard for disability.
2. **A.B.L.E. ACCOUNT:** A.B.L.E. Accounts are tax free savings accounts that can be used by the beneficiary for Disability-Related Expenses only. The Account must be opened in the State of residence of the beneficiary and although anyone can set up the account, ownership of the account must be in the name of the beneficiary.
3. **DISABILITY-RELATED EXPENSES:** A.B.L.E. Accounts can be used to supplement not supplant those things that government benefits provide for including but not limited to education, housing, transportation, assistive technology, health and wellness services, financial management, legal services, and funeral and burial expenses.
4. **LIMIT OF CONTRIBUTIONS:** An A.B.L.E. Account holder may only contribute up to the federal gift-tax exemption for a given year (\$14,000 in 2015) and the maximum amount that the Account may hold is equal to the State's limit on their current 529 plans (\$452,210 in PA in 2014).
5. **EFFECT ON PUBLIC BENEFITS:** Funds in an A.B.L.E. Account up to \$100,000 will be disregarded when determining eligibility for Supplemental Security Income (SSI). Any amount over the \$100,000 limit in the account will cause a suspension of the SSI benefits until the overage is spent down below the \$100,000 limit. Medicaid eligibility is unaffected by any amount in an A.B.L.E. Account.
6. **MEDICAID PAYBACK:** Upon the death of the beneficiary, all amounts remaining in the Account shall be distributed back to any State(s) in an amount equal to the total amount of medical assistance (Medicaid) provided for the beneficiary after the establishment of the Account. For example: if the beneficiary dies with \$100,000 left in the account and at the time of death had received \$90,000 in medical assistance; then the State takes the \$90,000 back and the remaining \$10,000 is passed to the beneficiary's descendants.



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