**Achieving a Better Life Experience (ABLE) Act**

The ABLE Act, signed into law on December 19, 2014, creates a new savings account for families with people with disabilities. These tax-preferred accounts allow families to save for future disability-related expenses without losing Medicaid and Social Security benefits.

An eligible individual may have one ABLE account, which must be established in the state in which he resides (or in a state that provides ABLE account services for his home state).

Any person, such as a family member, friend, or the person with a disability, may contribute to an ABLE account for an eligible beneficiary.

An ABLE account may not receive annual contributions exceeding the annual gift-tax exemption ($14,000 in 2015).

Money in the ABLE account can be used for any expenses made for the benefit of the designated beneficiary and related to his/her disability, including: education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses, which are approved by the Secretary of the Treasury under regulations.

Tax treatment – Earnings on an ABLE account and distributions from the account for qualified disability expenses do not count as taxable income of the contributor or the eligible beneficiary. Contributions to an ABLE account must be made in cash from the contributor's after-tax income.

Supplemental Security Income (SSI): For SSI, only the first $100,000 in an ABLE account will be disregarded. Assets above $100,000 will count as resources under SSI. In addition, if the designated beneficiary’s ABLE account balance exceeds $100,000, the individual's SSI benefits will not be terminated, but instead will be suspended until such time as the individual's resources fall below $100,000.

Medicaid Eligibility: A beneficiary will not lose eligibility for Medicaid based on the assets held in their ABLE account, even during the time that SSI benefits are suspended (as described above for an account with over $100,000).

Medicaid Payback Provision: Subject to certain limits and upon the state’s filing of a claim for payment, any assets remaining in an ABLE account upon the death of the qualified beneficiary must be used to reimburse the state for Medicaid payments it made on behalf of the beneficiary.

Wondering when can families create their ABLE accounts? The answer? Not so fast.  The Secretary of the Treasury must issue regulations or other guidance sometime between now and mid-June. Once the regulations have been approved, each state will then decide whether to offer an ABLE account, and if so, whether it will be state-run or managed by another entity, such as a financial services firm. A state could also opt to contract with another state and allow its residents to use an ABLE program from another state.  
  
To learn more about the ABLE Act and the next steps, check out the following resources:  
[ABLE Act Info Sheet - created by The Arc](http://tash.us8.list-manage.com/track/click?u=64aeaf77d0e851aff85ca2d4d&id=31ec891d34&e=4505e78833)  
[ABLE Act (expanded info) - created by The Arc](http://tash.us8.list-manage.com/track/click?u=64aeaf77d0e851aff85ca2d4d&id=770c41ae04&e=4505e78833)  
[ABLE Account Planning video - created by the National Disability Institute](http://tash.us8.list-manage1.com/track/click?u=64aeaf77d0e851aff85ca2d4d&id=0e410d6262&e=4505e78833)