



Should I Use a Special Needs Trust or an ABLER Account?

[Special needs trusts](#) and [ABLE accounts](#) can be helpful tools to use to save money.

They do not affect a person's [public benefits](#) when used correctly. You may want to use both tools, one of them, or neither. It depends on your family's situation. Below, we have listed some questions to help you decide what tools may work for your family.

While you can make these decisions on your own, we highly recommend that you talk with a special needs attorney or financial planner about how to use these tools to best support you or your family member with intellectual and developmental disabilities (IDD). You can find a list of financial professionals in our [Resource Directory](#).



WHAT DO YOU WANT TO PAY FOR?

While special needs trusts and ABLER accounts can pay for some of the same things, there are important differences.

People with disabilities who receive public benefits are supposed to use those benefits to pay for basic costs of living like food and housing. Special needs trusts are supposed to pay for "extra" things that make life more comfortable like vacations, pets, entertainment, home furnishings, assistive technology and therapies not covered by Medicaid, and more. These are things that public benefits cannot pay for. If money in a special needs trust is used to pay for basic costs of living, a person's public benefits might be decreased.

ABLE accounts can be used to pay for “qualified disability expenses” (QDE), which includes anything that helps a person with a disability improve their health, independence, or quality of life. QDEs can include basic costs of living, as well as costs for education, food, employment, transportation, technology, support services, and more.

If you only want to help pay basic living expenses, then you may want to use an ABLE account. If you only want to help pay for “extra” expenses, then you may want to use a special needs trust. If you want to be able to help pay for both basic living expenses and “extra” expenses, then you may want to have both an ABLE account and special needs trust.



HOW MUCH MONEY DO YOU EXPECT TO PUT IN THE ACCOUNT?

You cannot put more than \$15,000 per year into an ABLE account. If you want or need to put in more than \$15,000, it may make sense to use a special needs trust.

ABLE accounts have a maximum limit to how much money can be in the account. This is determined by each state but is often about \$300,000. In addition, Supplemental Security Income (SSI) payments are suspended if you have more than \$100,000 total in an ABLE account. There is no limit on how much money you can put into a special needs trust. So, if you want or need to have more than \$100,000, it may make sense to use a special needs trust.

Special needs trusts usually have higher annual fees than ABLE accounts. So, if you plan to use the account for smaller amounts of money, then an ABLE account may make more sense. For example, people on SSI will have their benefits decreased if they have more than \$2,000 per month in a bank account. Being able to move any amount over \$2,000 in a bank account to an ABLE account to avoid losing benefits can be very helpful.



HOW FREQUENTLY DO YOU WANT TO USE THE ACCOUNT?

Requests for money from special needs trusts require trustee approval. So, getting money from a trust can take more time and be more complicated. You may want to use trusts for less frequent requests.

People with IDD manage their own ABLÉ accounts. So, they can use this money much more frequently and without review of a trustee. While you would still want to keep a record of the purchase and make sure the expense is a qualified disability expense, ABLÉ accounts can be helpful for purchases that are frequent or must be made quickly. Examples may include daily accessible public transportation or co-pays for frequent doctor visits.



WHO CAN OR WANTS TO MANAGE THE MONEY?

People with disabilities own their own ABLÉ accounts. They are responsible for keeping track of how they spend the money and making sure they only use the money for allowed expenses. However, people can ask for support from people they trust to use their ABLÉ account, including through a power of attorney. Legal guardians can also help a person manage the money in their ABLÉ account.

Special needs trusts are managed by trustees who are responsible for knowing the rules about how money should be spent. Trustees must approve all requests to use money from the trust. Trustees are also responsible for documenting how money is spent, investing the money in the trust, and paying taxes each year.





DOES TAX STATUS MATTER TO YOU?

Both ABLE accounts and special needs trusts invest the money you put into it.

Money you earn in an ABLE account is tax-free, but money you earn in a special needs trust is taxable each year.



DO YOU CARE ABOUT WHAT HAPPENS TO THE MONEY AFTER A PERSON PASSES AWAY?

Money left in a person's ABLE account after they die must be used to reimburse the state Medicaid agency for services Medicaid paid for after the ABLE account was created. There is often no money left after Medicaid is paid back. The same Medicaid repayment also applies to special needs trusts that were created with the person's own money (known as a first-party trust).

Special needs trusts that were created with a parent, grandparent, or other person's money (known as a third-party trust) do not have to pay Medicaid anything after a person dies. The person who set up the trust can name who they want to receive any money that is left in the trust after the person dies.