

Achieving a Better Life Experience (ABLE) Act



Why the need for an ABLE Account?

The ABLE Act allows individuals with intellectual and developmental disabilities to set up tax-deferred savings accounts to save for any expenses including but not limited to:

- Education, housing, transportation, employment training and support, assistive technology, personal support services, health, prevention and wellness, financial management and administrative services, legal fees, funeral and burial expenses and basic living expenses. *Distribution for non-qualified expenditures will be subject to tax consequences and may affect eligibility for federal means tested benefits.

Important Updates

The ABLE Age Adjustment Act, which increases the age of disability onset to access an ABLE account from **age 26 to age 46**, was included in the FY2023 Omnibus Appropriations Bill. The change becomes effective in 2026. ABLE accounts are generally exempt from counting as a resource for public benefits but are capped at \$100,000 for purposes of Supplemental Security Income (SSI).

Who is eligible?

- ABLE accounts are available to individuals with disabilities with an age onset of disability before turning 26 years of age.
- If an individual meets this age criteria and also receives benefits under SSI and/or SSDI the individual is automatically eligible to establish an ABLE account.
- If an individual meets the age criteria but is not a recipient of SSI and/or SSDI, the individual can still open an ABLE account if they meet social security's definition and criteria regarding functional limitation and if they receive a letter of certification from a licensed physician.

Note: An individual can be over 26 and open an account, but must have had the age of onset of disability before the individual's 26th birthday.

What are the benefits?

ABLE accounts are beneficial because they financially empower an individual with intellectual and developmental disabilities. They provide more choice and control for an individual and family. Accounts do this by:

- Offering tax-deferred growth potential that is tax free as long as withdrawals are used for qualified disability related expenses (<https://bit.ly/33M8pBC>)
- Not affecting eligibility for SSI Medicaid, and other public benefits as long as certain conditions are met.

Note: 529 College Savings Account Rollover Provision allows funds in a 529 college savings account to be rolled over into a 529A account (ABLE Account). This is capped at \$19,000 a year.

Account Information

- Total annual contribution is \$20,000
- Maximum account balance is \$305,000 in NJ (varies by state)
*This could change over time
- If there is more than \$100,000 in the ABLE account, an individual's SSI payments will be suspended (not terminated). Medicaid benefits are NOT suspended.

Note: Medicaid Payback-Any assets remaining in the ABLE account when a beneficiary dies can be used to reimburse a state for Medicaid payments made on behalf of the beneficiary after the creation of the ABLE account.

Choosing the Best ABLE program

It's important to find a program that best fits your needs. ABLE accounts can be opened in any state that accepts outside residents in their program. Many ABLE Programs are similar, but they may differ in important ways. There is no "one size fits all" when it come to choosing an ABLE program.

Resources

- The Arc of New Jersey Family Institute ABLE Act Go Bag (<https://bit.ly/3fRMYCh>)
- New Jersey ABLE Account Information Page (<https://bit.ly/3tLElkU>)
- Social Security and ABLE Accounts (<https://bit.ly/3rsThS2>)
- ABLE Now (<https://bit.ly/3AgaUbs>)
- How to Enroll (<https://bit.ly/3rr596v>)
- ABLE Accounts for People with Disabilities (<https://bit.ly/3tBxKJo>)
- Roadmap to Enrollment (<https://www.ablenrc.org/get-started/>)

The Achieving a Better Life Experience (ABLE) Act was enacted on December 19, 2014.