

ABLE Accounts

Quick Look: An ABLE Account is a special savings account that allows individuals with disabilities to save up to \$20,000 per year while keeping their Medicaid and other benefits. If you are working, you may be able to keep more of the money you earn by saving it in an ABLE account.

In 2014 Congress passed the Achieving a Better Life Experience (ABLE) Act, which allows states to set up new, tax-advantaged saving programs for some individuals with disabilities. The person's disability onset must have occurred before age 46 to be eligible. ABLE accounts are designed to help people with disabilities and their families save and pay for disability-related expenses. If you have an ABLE account, you may save up to \$20,000 each year from the money you may be earning from a job or from income you may be receiving from another source. Family and friends can also donate money to your account.

The advantage to having an ABLE account is that your savings can grow but that won't cause you to lose your Medicaid or Supplemental Security Income (SSI). (Note that your SSI could be affected, however, if your ABLE account balance exceeds \$100,000.) Normally, you would need to limit your assets (savings are one form of assets) to \$2,000 for an individual or \$3,000 for a couple, but with an ABLE account, you'll be able to keep more of the money you earn.

You can use the money in your ABLE account for transportation, new technology, rent or other housing, college tuition or a training program, personal services, and other expenses that can improve health, independence, and/or quality of life. Rules about spending money from an ABLE account vary from state to state.

In 2018, the IRS made several positive changes to ABLE accounts:

- If you are working, you can also contribute part or all your income to your ABLE account. Currently, this amount is \$13,590 in Indiana. Added to the \$20,000 annual contribution, that means eligible working individuals can save \$33,590 every year in their ABLE account. You are not, however, eligible to make this additional contribution if your employer contributes to a workplace retirement plan on your behalf.
- Beginning the taxable year of 2024, State Tax Credit: 20% of total contributions, worth up to \$500.

As an ABLE account beneficiary, you can qualify for the Saver's Credit, based on contributions you make to your ABLE account. Up to \$2,000 of these contributions may qualify for this special

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tax break designed to help low- and moderate-income workers who are saving for retirement.

- You may now roll over some funds into an ABLE account from your own 529 educational savings plan or the 529 plan of certain family members.

How Do I Set Up an ABLE Account?

Several states around the country have now established ABLE account programs. While some states limit enrollees to residents within their borders, many states are welcoming residents from around the country to set up an ABLE account in their state. The options and benefits of these programs are very different.

Indiana's ABLE program is known as INvestABLE. Find information about INvestABLE fees, investment options, and benefits at savewithable.com/in/home.html.

To read more about eligibility, which states are now offering ABLE accounts and the benefits of having an account, go to the ABLE National Resource Center at ablenrc.org and read "ABLE Accounts: 10 Things You Should Know."

Source: www.ssa.gov. Reviewed by the Center on Community Living and Careers.

**For more information, contact the
Indiana Benefits Information Network
812-855-6508 | www.iidc.indiana.edu/cclc**

**Indiana's Work Incentive Planning and Assistance Program
North/Central: 855-641-8382 | Southern: 502-548-4492**