

UNDERSTANDING THE ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT

Disability Rights Louisiana (DRLA) is a statewide non-profit agency providing FREE legal services, advocacy, and other supports to people with disabilities of all ages.

What is an ABLE Account?

An ABLE account is a tax-free account that can be used to save for disability-related expenses for a person who became blind or significantly disabled before age 26*.

* ABLE Age Adjustment Act passed as part of the Omnibus Spending Bill. This bill will increase the age of ABLE eligibility from “before age 26” to “before age 46” effective 01/01/2026.

Why is there a need for an ABLE Account?

People with disabilities have many expenses that others do not have. Yet, to qualify for public benefits like SSI, individuals have to remain poor, having no more than \$2,000 in cash savings, retirement funds, and other items of significant value. This means that they cannot afford to pay for the extra expenses engendered by their disability. For the first time, eligible individuals will be allowed to establish ABLE savings accounts that will not affect their eligibility for SSI, Medicaid, and other public benefits.

Who can set up an ABLE account?

ABLE accounts can be created by individuals who became significantly disabled before the age of 26, or by families to support their dependents with disabilities.



How much can an individual put into an ABLE account?

The contribution limit in 2024 is \$18,000.

Employed individuals can also contribute earnings up to \$14,580 in addition to the \$18,000 annual contribution limit, as long as they do not have a retirement plan that they or their employer contributes.

Does an ABLE Account have an impact on other benefits a person with a disability might receive?

If the account grows to more than \$100,000, the beneficiary’s SSI benefits will be suspended, but not terminated. The beneficiary would continue to be eligible for Medicaid. It is unclear whether other benefits, such as those provided by the State, would be affected if the account grows to more than \$100,000.

Which expenses are allowed by ABLE accounts?

Any expense associated with disability-related expenses. These include: education, housing, transportation, employment training and support, health care expenses, financial management and administrative services, assistive technology, personal support services, and other expenses which will be further described in regulations to be promulgated by the U.S. Treasury Department.

Can a person with a disability set up more than one ABLE account?

No, but each person is limited to one ABLE account. However, you can “roll over” your ABLE account to another state’s program if you choose to.

Do I have to open an ABLE account in the state that I live in?

No, but some states restrict their ABLE accounts to residents only. You can visit the ABLE National Resource Center at www.ablenrc.org to compare ABLE accounts across states.

What are the tax consequences of setting up an ABLE account?

- There is no federal tax on funds held in an ABLE account
- There is no federal tax when funds from the account are used for qualified expenses such as those listed above
- There is no federal tax deduction for someone who contributed to an ABLE account.

What happens upon the death of the person for whom an account was set up?

Upon the death of an eligible individual, any amounts remaining in the account must first be paid to any state Medicaid agency that provided assistance from the day the ABLE account was established, not to exceed the cost of care provided. Any excess over the Medicaid reimbursement amount will go to the deceased’s estate or to a designated beneficiary, and will be subject to income tax—but will not be subject to a penalty.

How is an ABLE account different than a special needs or pooled trust?

An ABLE account will provide more choice and control for the beneficiary and family.

The cost of establishing an ABLE account will be significantly less than that of establishing a trust which requires hiring an attorney.

However, for some people, a trust may be preferable over an ABLE account. Determining which option is the most appropriate will depend upon individual circumstances.

If you would like more information about ABLE accounts, please visit the ABLE National Resource Center at www.ablenrc.org

If you need help or have questions about Disability Rights Louisiana, call or visit us online:

DisabilityRightsLA.org

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