

**From the desk of**  
**Peter S. Muffoletto, C.P.A.**

## **ABLE Accounts for Individuals with Disabilities**

Achieving a Better Life Experience accounts (**ABLE**) accounts are authorized tax-advantaged 529A accounts that were established to assist disabled people pay qualified disability-related expenses.

ABLE accounts are tax-advantaged savings accounts for people who have developed significant disabilities before their 26th birthday.

ABLE accounts are similar to 529 education accounts are administered state-by-state, not by the U.S. federal government.

By saving money in an ABLE account, individuals are able to maintain eligibility for government programs like SSI and Medicaid.

An ABLE account can be opened by a beneficiary, parent, guardian/conservator or agent designated through power of attorney.

Regardless of who is responsible for managing the account, it is advisable to consult a special needs attorney about establishing a power of attorney, of which we can easily recommend.

### **Contributing to an Able Account**

Once an account has been established for an eligible individual, anyone can contribute.

Contributions to the account made by any person (the account beneficiary, family, or friends) not tax deductible.

Total annual contributions to an Able account may be as much as \$15,000 annually.

If a designated beneficiary is employed, or has employment income, he or she may contribute an additional amount to his or her Attainable account up to the lesser of:

- (1) the designated beneficiary's compensation for the taxable year, or
- (2) an amount equal to the federal poverty level for a 1-person household which currently is \$12,490 for 2020.

## **Rollovers into Able Account**

Rollovers between qualified ABLE programs are permissible. You may also roll over assets from a 529 plan account to a qualified ABLE program account. For rollovers between ABLE accounts, the designated beneficiary of the receiving account must be the same as, or an eligible individual who is a member of the family of the designated beneficiary of the ABLE account from which the withdrawal was made.

For a rollover from a 529 plan account to an ABLE account, the designated beneficiary of the ABLE account must be the designated beneficiary of the 529 account or a member of the family as defined by IRC Section 529, of the designated beneficiary of the 529 Account.

Rollovers must be completed within 60 days of the date of withdrawal.

Any rollover for the same designated beneficiary can only be made once every 12 months.

## **Withdrawing from an Able Account**

Only the designated beneficiary or eligible individual, or a person with signature authority (PSA), if applicable) can make withdrawals from an Able account.

**Some key things people should know about these accounts.**

### **Annual contribution limit**