

Updated 3/6/17

**Q: What is an ABLE Account?**

A: An ABLE Account is an investment account available to eligible individuals with disabilities. ABLE Accounts are made possible by the federal Achieving a Better Life Experience (“ABLE”) Act. ABLE Accounts allow individuals with disabilities to save and invest money without losing eligibility for certain public benefits programs, like Medicaid, SSI, or SSDI. Earnings in your ABLE Account are not subject to federal income tax, so long as you spend them on “Qualified Disability Expenses” (see below).

**Q: Are ABLE Accounts like bank checking or savings accounts?**

A: Many ABLE Account programs have some similar features. We anticipate California’s ABLE Accounts will function like a checking and savings to a large degree; however they will be set up as primarily longer term investment accounts. You will have the ability to invest your money in a way the suits the varying levels of risk appetites our diverse population will likely have.

**Q: Who is eligible to open an ABLE Account?**

A: An “Eligible Individual” is someone who developed their disability before the age of 26. The individual must have been living with their disability for at least one year, or they must expect their disability to last for at least a year.

In addition, the individual must meet at least one of the following criteria:

- Be entitled to Supplemental Security Income (SSI) because of their disability;
- Be entitled to Social Security Disability Insurance (SSDI) because of their disability;
- Have a condition listed on the Social Security Administration’s [List of Compassionate Allowances Conditions](#); or
- Be able to provide "self-certification" of their disability and diagnosis (see details below) when opening an ABLE Account.

"Self-certification" simply requires an individual to agree to the following statements during enrollment:

- The individual has a written, signed diagnosis from a licensed physician (*note*: individuals do not have to provide us with a copy of the diagnosis during enrollment, but a copy of the diagnosis must be available upon request); **and**
- The individual is either:
  - (1) blind, within the [meaning of section 1614\(a\)\(2\) of the Social Security Act](#), or
  - (2) has a medically determinable physical or mental impairment that results in "marked and severe functional limitations, and which can be expected to result in death or has lasted or expected to last for a continuous period of not less than 12 months"

Examples of conditions that result in "marked and severe functional limitations" can be found in the Social Security Administration's disability Blue Book. See [Part A](#) for adults and [Part B](#) for children. A condition will also qualify if it is equal in severity to one of the conditions found in the Blue Book.

**Q: How do I prove my eligibility?**

A: For many if not all, currently available ABLE programs, you can prove eligibility online. We anticipate the California plan will be just as easy. Through an online portal, you may be asked a series of questions when you open your account. If you are self-certifying your disability, you will need to provide your doctor's name and address and the date of your diagnosis or onset of disability. Although you will not need to produce a copy of your diagnosis in order to open an account, you must have a record of the diagnosis readily available.

**Q: Do I have to be a resident of any particular state to open one of the available ABLER Accounts now?**

A: No! Most states offer national plans, meaning the plan is open to residents outside of their state. Two exceptions are Florida and Kentucky. For a current list of ABLER plans operating nationally, and to compare plans/features, you may visit the ABLER National Resource Center at <http://ablenrc.org/state-review>, or the ABLER Alliance for Financial Empowerment at <http://www.theablealliance.org/compare-able-programs>.

**Q: How can I use the money in my ABLER Account?**

A: Money in your ABLER Account can be used to pay for Qualified Disability Expenses. An expense is “qualified” if:

- (1) You incurred the expense at a time when you were considered an Eligible Individual (see “Eligibility” above);
- (2) The expense relates to your disability; and
- (3) The expense helps you to maintain or improve your health, independence, or quality of life.

**Q: What are some examples of Qualified Disability Expenses?**

A: Qualified Disability Expenses do not have to be merely medical expenses. They can include basic living expenditures. While the following list is not exhaustive, some examples of Qualified Disability Expenses are:

**Education**

- Tuition for preschool through post-secondary education
- Books
- Supplies and educational materials

## **Housing**

- Expenses for a primary residence
- Rent
- Purchase of a primary residence
- Mortgage payments
- Real property taxes
- Utility charges

*NOTE: SSI benefits can be affected if you use ABLE funds for any housing expenses and don't spend the money right away. To avoid any impact to your SSI benefits, be sure to spend housing money within the same calendar month that you withdraw the money. For example, if you withdraw \$800 from your account on June 3rd for rent, you must pay that money to your landlord by June 30th. As long as you do not hold housing funds over from one calendar month to the next, the funds will not affect your SSI benefits.*

## **Transportation**

- Use of mass transit
- Purchase or modification of vehicles
- Moving expenses

## **Employment Support**

- Expenses related to obtaining and maintaining employment
- Job-related training

## **Health, Prevention and Wellness**

- Premiums for health insurance
- Mental health, medical, vision, and dental expenses
- Habilitation and rehabilitation services
- Durable medical equipment

- Therapy
- Respite care
- Long term services and supports
- Nutritional management
- Communication services and devices
- Adaptive equipment
- Personal assistance

### **Assistive Technology and Personal Support**

- Expenses for assistive technology and personal support (e.g., a smart phone for a child with autism)

### **Miscellaneous Expenses**

- Financial management and administrative services
- Legal fees
- Oversight and monitoring
- Home improvement, modifications, maintenance and repairs
- Funeral and burial expenses

### **Q: How do I prove that I am spending my money on Qualified Disability Expenses?**

A: It is up to you to track how you spend the money in your ABLE Account. We will not ask you how you plan to spend your money. However, the IRS may ask you to verify your expenditures. You should keep good records on how you are spending your ABLE funds.

**Q: What if I use my ABLE funds for something that isn't a Qualified Disability Expense?**

A: You may have to pay income taxes, plus a 10% additional tax, on those funds. Additionally, the non-Qualified funds you withdraw could be counted against you for purposes of determining your eligibility for means-tested public benefits programs, like Medicaid or SSI.

**Q: Can I use ABLE Account funds for housing and rent?**

A: Yes! But if you receive SSI benefits, be sure to immediately spend any money you withdraw for housing expenses, to avoid any negative impact to your SSI. As long as you spend the housing funds within the same calendar month that you withdraw the money, the housing payments will not affect your SSI benefits.

**Q: Who can set up an ABLE Account?**

A: An Eligible Individual, the parent or legal guardian of an Eligible Individual, or the holder of a power of attorney for an Eligible Individual can set up an ABLE Account.

**Q: How much does it cost to open an ABLE Account? Is there a minimum amount I have to contribute in order to open an ABLE Account?**

A: Online enrollment is free in most states. However, each program has different fees and costs associated with it. We encourage California residents to shop each state's program to determine which best fits their needs; a tool comparing programs can be found at this site: [http://ablenrc.org/state\\_compare/](http://ablenrc.org/state_compare/). There will likely be advantages to California residents opening a CalABLE Account, as we will be able to utilize economies of scale and offer lower fees. More to come as we design the program this year.

**Q: Can I have more than one ABLE Account?**

A: No. Individuals can have only one ABLE Account.

**Q: Do I have to pay taxes on the money in my ABLE Account?**

A: You do not have to pay taxes on any money while it is in your ABLE Account. You also do not have to pay taxes on any money you withdraw from your ABLE Account, as long as you use the money to pay for Qualified Disability Expenses.

**Q: Are there limits on how much I can contribute to an ABLE Account?**

A: Yes.

- The maximum yearly contribution limit is currently \$14,000.
- The maximum lifetime limit is currently \$100,000 before SSI benefits are suspended (however, in California, beneficiaries are able to save up to \$475,000 and still participate in Medi-Cal and other federal means-tested public benefits programs). Once your balance drops below the lifetime limit, you may resume making contributions. In California we plan to develop regulations that will outline exactly how participants are notified when these balances are close to being reached and ensure a mechanism is in place to help safeguard not only assets, but participants' benefits as well.

**Q: Who can contribute money into an ABLE Account?**

A: Anyone

**Q: How can I take money out of my ABLE Account?**

A: The CalABLE Board is currently designing the program. We would love feedback on how you would like to be able to make withdrawals.

**Q: Will the money I save in an ABLE Account affect my Medicaid eligibility?**

A: No. The money in an ABLE Account will not affect your eligibility for Medicaid benefits.

**Q: Will I lose my SSI eligibility if I open an ABLE Account?**

A: No, but your SSI benefits may be suspended if your ABLE Account balance is over \$100,000. Any money in your ABLE Account *over* \$100,000 will be treated as a countable resource when determining your SSI benefits. You will begin receiving your benefits again once your ABLE Account balance drops to or below \$100,000.

**Q: Can an individual with a disability work and maintain an ABLE Account?**

A: Yes, as long as the individual meets the eligibility requirements for an ABLE Account.

**Q: Can I have an ABLE Account and a Special Needs Trust or other type of Trust?**

A: Yes, you can maintain your ABLE Account in addition to trusts. Please consult a licensed financial planner or trust attorney for more information on how to concurrently utilize both of these resources.

**Q: Can I make a tax-exempt transfer of funds from an existing 529 college savings account to an ABLE Account?**

A: There are efforts in Congress to not only allow for such transfers, but increase age eligibility and increase the amount of money earned through employment to be saved in an ABLE account:



- S. 817 and H.R. 1874 would increase age eligibility for the ABLE program from 26 to 46.
- H.R. 1897 and S. 816 would allow tax-free rollovers between 529 programs and ABLE accounts.
- H.R. 1896 and S. 818 would allow individuals with disabilities to save more in their ABLE accounts if they work and earn income. H.R. 1896 would allow an ABLE account holder to save up to the Federal Poverty Level if they are working. The bill would also allow ABLE account holders to qualify for an existing savings tax credit.

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