ABLE ACCOUNTS AND SUPPLEMENTAL SECURITY INCOME (SSI)

Supplemental Security Income (SSI) is a program which provides financial assistance for people who are aged, blind or disabled and have limited income and limited savings and assets. An ABLE account offers the opportunity for people who have a disability to save or invest without effecting SSI or other needs-based benefits such as Medicaid.

An ABLE account can be opened at any age in the name of a person who has a disability or blindness that began before age 26. If a person has not received Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) since before age 26, they may ask their doctor to sign a disability certification stating that the disability began before age 26. That signed disability certification is held on file should the ABLE plan or IRS request a copy.

CONTRIBUTING TO AN ABLE ACCOUNT

Any person, including the ABLE account owner, family, friends, a pooled or special needs trust may deposit up to a total of $17,000 directly into an ABLE account per calendar year. A 529 college savings account may be rolled into and ABLE account too. A person can save and invest money in an ABLE account and the investment growth is not taxable and does not count as income for SSI. Usually when a SSI beneficiary receives help from others to pay for housing and food, this is considered In-Kind Support and Maintenance (ISM), which is counted as unearned income and reduces a person’s SSI payment.

When an ABLE account owner receives contributions that are deposited directly into their ABLE account, the person may use those ABLE funds to help pay for housing and food and this is not counted as ISM and their SSI payment is not reduced. This can help a person afford housing or food, that SSI alone would not be enough to cover. This, for example, may greatly improve an ABLE account owner’s quality of life and health.

SSI RESOURCE LIMIT

The first $100,000 saved in an ABLE account is not counted by the SSI program as a resource/asset. If more than $100,000 is saved in an ABLE account, the extra amount is then counted as a resource for SSI beneficiaries. ABLE savings above this amount are counted along with non-ABLE savings and may result in a suspension of SSI payments. If this occurs, Medicaid and other means-tested benefits are never affected. SSI payments are reinstated once the
resources are below allowed limits. A person receives ABLE statements each month and should plan to spend down if they are about to go over $100,000. If non-ABLE savings alone is more than $2,000 for an individual or $3,000 for a couple, the SSI and Medicaid eligibility will be affected.

ABLE QUALIFIED DISABILITY EXPENSES (QDES)

ABLE funds may be used to pay for items or services that relate to the ABLE account owner’s blindness or disability, are for the benefit of the ABLE account owner and help to maintain or improve their health, independence, or quality of life. ABLE qualified disability expense categories, include:

- Education
- Basic living expenses including food and housing expenses.
- Transportation
- Employment training and support
- Assistive technology
- Personal support services
- Health and wellness
- Legal fees including expenses for oversight and financial management.
- Funeral and burial expenses

ABLE funds which are withdrawn to pay for housing or housing-related expenses must be paid in the same month the funds are withdrawn or the funds count towards the resource limit in the following month(s). If ABLE funds are withdrawn for a non-QDE, they are also counted as a resource when spent in the following month(s). ABLE funds are never counted as income for these expenses or for non-QDEs, however, non-QDEs are subject to a 10% penalty and the interest is taxable which could affect needs-based benefits.

ABLE ACCOUNT OWNERS WHO WORK

The ABLE To Work Act allows an ABLE account owner who works, to deposit additional money into their ABLE account, from their income. This is up to $13,590 for residents of the continental U.S.; $16,990 for residents of Alaska and $15,630 for residents of Hawaii.

To be eligible, the ABLE account holder, or their employer, cannot deposit funds into a retirement or a defined contribution plan such as 401(a), 401(k), 403(a), 403(b) or a Section 457(b) plan, in the calendar year.

EMPLOYMENT AND SSI WORK SUPPORTS

A person who receives SSI is allowed to work to their fullest ability. SSA offers SSI work supports that may help a person to earn more and keep their SSI and Medicaid. Eventually a person who works and receives SSI may become eligible for SSDI, Medicare and retirement benefits in the future.
ABLE AND MEDICAID

A person who has more than their Medicaid resource limit may deposit up to $17,000 into their ABLE account. There is no “look-back”. This can be done to meet Medicaid eligibility. Each state has a balance limit, and a person may save up to the ABLE plan’s balance limit in the state where they opened their account, without impacting eligibility for any type of Medicaid or Medicare of Social Security Disability Insurance (SSDI). This also includes Medicaid Waiver and Medicare savings programs.

Some ABLE plans have taken steps to limit Medicaid payback for residents who select the ABLE plan offered by the state that a person lives in. Medicaid may otherwise decide to request Medicaid payback for any costs for the ABLE account owner who used services that were paid for by Medicaid, since opening their ABLE account.

First, all outstanding qualified disability expenses are paid from the ABLE account, including funeral and burial expenses for the ABLE account owner. Then Medicaid may request payback for an ABLE account owner who has died. Any premiums paid for Medicaid Buy-In Program is deducted from the Medicaid balance due as payback. Remaining funds may then be paid to a beneficiary named with the ABLE plan or in a Last Will and Testament.

ABLE BEST PRACTICES

Deposit benefits into a checking account to pay for housing, food and monthly expenses. Deposit remaining funds into the ABLE account each month. Meet with trusted family, friends and case managers (circle of support) to find ways to make regular deposits into the ABLE account. For example, a portion of earned income and income tax refunds can be directly deposited into an ABLE account.

A parent or guardian can open an ABLE account for a child who has a disability that began before age 26. The parent of the minor child may use the ABLE account savings to purchase a home that the child will be raised in or a vehicle that the child, as well as other household members will be transported in.

ABLE NATIONAL RESOURCE CENTER

Visit the ABLE National Resource Center website for information including ABLE FAQs, resources and tools including ABLE Decision Guides, events including ABLE webinars and to sign up for the bi-monthly AchievABLE newsletter to open and make the most out of the ABLE account.

For questions about your ABLE plan once it is opened contact your ABLE plan directly.