
COULD YOU OR YOUR FAMILY MEMBER BENEFIT FROM AN ABLE ACCOUNT?

Many Americans receive means-based benefits from the government, such as Supplemental Security Income [SSI] and/or Medi-Cal [Medicaid]. A person on such government benefits is not allowed to have more than \$2,000 in the bank without becoming disqualified from these important benefits. This is where the important tool of an ABLE account comes into play.

WHAT IS AN ABLE ACCOUNT?

The 2014 **Achieving a Better Life Experience Act** was passed to allow qualified individuals the ability to place earnings and gifts into a special bank account without becoming ineligible for means-based assistance. Now, persons receiving such aid can hold up to \$100,000 in an ABLE account without being disqualified from SSI and other public benefits. Earnings on an ABLE account are income-tax exempt. In California, ABLE accounts are protected from creditors, and Medi-Cal is prohibited from filing a claim against the account after the beneficiary's death.

WHO CAN HAVE AN ABLE ACCOUNT?

Any person of any age who was diagnosed with his or her disability before age 26 qualifies to have an ABLE account. If the individual does not receive SSI, he or she may still have an ABLE account if the disability would otherwise render him or her eligible for SSI and the disability onset was prior to the 26th birthday.

WHAT CAN AN ABLE ACCOUNT BE USED FOR?

An ABLE account can be used to pay for any "qualified disability expense" which is a broadly defined category. Examples of allowable expenses include housing, education, transportation, employment, training, assistive technology, personal support services, health care expenses, financial management, legal fees, and basic living expenses. It is further defined as any expenditure to improve health, independence, or quality of life of the person with a disability.

WHAT LIMITATIONS ARE THERE ON AN ABLE ACCOUNT?

An ABLE account cannot hold more than \$100,000 if the participant wishes to remain eligible for SSI benefits. Medicaid-only participants may have up to their state's 529 plan limit (\$475,000 in California) and still qualify for Medicaid benefits. No more than \$15,000 total per year may be deposited into the account, whether from the participant's own earnings or gifts from relatives or friends, or a combination of these.

HOW CAN I FIND OUT MORE?

ABLE programs are state-operated programs, and currently available in more than 30 states. The website for California's program, Cal-ABLE, may be accessed at www.calable.ca.gov. For general information and to find out which other states offer ABLE accounts, visit the ABLE National Resource Center website: www.ablenrc.org.

The content herein is for general information only and should not be construed as legal advice or legal opinion. You are urged to consult with your own attorney on any specific legal questions you may have.

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