ABLE Accounts

The Basics

A tax-free Achieving a Better Life Experience (ABLE) account lets people with disabilities save for their future without affecting their benefits. It also lets family and friends give them money.

If you have a qualifying disability that began before you turned 26, you may be able to save up to $27,760 each year in an ABLE account without affecting Medical Assistance, Supplemental Security Income (SSI), and most other benefits, as long as you meet all the other benefits rules.

Of that $27,760 per year, up to $15,000 can come from any source, including your family, friends, benefits, or other unearned income. If you have a job, you can save up to another $12,760, which can only come from your own earned income.

An ABLE account lets you:

- Build up savings without affecting your benefits: Up to $100,000 in your ABLE account won't affect your SSI benefits. And no matter how much you have in your ABLE account, the money in it won't affect MA, Medical Assistance for Employed Persons with Disabilities (MA-EPD), MFIP, Minnesota Supplemental Aid (MSA), and most other programs with an asset limit.
- Get money from family and friends without affecting your benefits: Whether you earn the money yourself or it's a gift from others, up to $15,000 each year can be added to your ABLE account without any changes in your SSI or other benefits.
- Have a job, and save some or all of your earned income in your ABLE account.
- Spend the money saved in your ABLE account on many types of daily expenses, not just medical costs: There are rules about how to spend the money, but there's also a lot of flexibility.
- Enjoy tax advantages: The growth of the investments in an ABLE account isn't taxed, so your wealth will grow faster. However, when you take money out of the account, you have to spend it on qualified disability-related expenses, or it will be taxed as income.

ABLE programs are set up by each state. Minnesota ABLE Plan is Minnesota's ABLE account program.

When did ABLE start?

The federal Achieving a Better Life Experience Act was signed into law in December 2014. The first ABLE programs opened to the public in 2016.

If you qualify, you can open an ABLE account in any state that has an ABLE program open to customers nationwide (you do not have to live in the state where you open an ABLE account). However, you can only open one ABLE account, so you need to decide which state offers the ABLE program that works best for you. The good news is that you can switch your ABLE account from one state program to another. You do not have to stick with the first state program you choose.

An ABLE account can be set up in addition to a Special Needs Trust, but an ABLE account costs less to set up and gives you more choice and control. Individuals with disabilities and their families may choose to have both an ABLE account and a trust.

Note: After you die, money in your ABLE account will be used to pay back the MA program for any benefits you received. If that could be an issue for your family, look into a third-party Special Needs Trust.

If you have an ABLE account and work:

- You can put up to an extra $12,760 of your earnings into your account (on top of the regular $15,000 that is allowed). The $12,760 must be from your own earnings – it cannot be contributions from others or money you get from benefits or other unearned income.
  - **Note:** This means that if you earn $12,760 or more, you could have a total of up to $27,760 go into your ABLE account in a year. If you earn less than $12,760, the amount you could contribute would be lower.
- You may qualify for the Saver's Credit when you file your federal taxes.
- *You* have to make sure that too much money isn't contributed into your account (even if it is other people making the deposits). Check with your ABLE program if you have questions about this.

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Why an ABLE Account?

There are two basic reasons for opening an ABLE account:

1. To save money without worrying about the asset limits for Supplemental Security Income (SSI) and other benefits; and
2. To take advantage of tax benefits.

Asset Limits

To get benefits from SSI, Medical Assistance (MA), and many other programs, you must have limited assets (cash savings, retirement funds, etc.).

Some people avoid building assets and saving up money, because they are afraid they'll lose their benefits. Now, people with disabilities and their families can save money in an ABLE savings account without affecting SSI and other benefits, including:

- Minnesota Supplemental Aid (MSA)
- Medicare Savings Programs
- The Medicare Part D Extra Help/Low Income Subsidy (LIS)
- Housing Support (formerly Group Residential Housing)
- General Assistance (GA), and
- MFIP.

The goal of an ABLE account is to give people with disabilities more independence and financial security.

If you have a job, you can save money in your ABLE account without any changes in your benefits. An ABLE account also lets family and friends give you money without affecting your benefits. And any interest or other growth in the account is tax-free, as long as you spend the money from your ABLE account on disability-related expenses.

If you get SSI and get help with food and shelter

Generally, if you get SSI benefits, the help you get to pay for food and shelter (housing) may cause you to get lower monthly benefits. For example, if you are single, the most you can usually get in SSI benefits is $794 per month, but if your parents are helping you with your rent and your food, your maximum SSI benefits might go down to $529.33. However, if your parents put money into your ABLE account, you can use the money from your ABLE account for food and shelter and your SSI benefits won't be affected. That could make a big difference in your monthly benefits!

Note: If you want to use money from your ABLE account for housing-related expenses, make sure you take out and spend the money in the same month. Learn more about ABLE account spending rules.

Tax Benefits

ABLE accounts can have two tax benefits:

1. The growth of your investments isn't taxed, and
2. If you work and save earned income in your ABLE account, you may qualify for the federal Saver's Credit.

1. Untaxed Growth of Investments

ABLE programs typically offer multiple investment options, letting you choose from various mutual fund plans (which offer greater rewards but can go up or down, depending on the market), or savings accounts (which pay low interest, but are guaranteed by the federal government). You pay no income taxes on any growth in the value of your investments or any interest earned on your savings — so your wealth may grow faster.

However, any money taken out of an ABLE account must be spent on qualified disability-related expenses. If you take money out of your ABLE account and don't spend it on qualified disability-related expenses, you may have to pay income tax plus a 10% penalty.

2. Saver's Credit

If you work and save some of your earned income in an ABLE account, when you file your federal taxes you may get the Saver's Credit (also called the Retirement Savings Contributions Credit). The Saver's Credit cuts the amount you pay in taxes.

Deposits to an ABLE account will only qualify you for the Saver's Credit if you:

- Owe taxes
- Put money from your earned income into the ABLE account money (money from other sources, like family or friends, doesn't count), and
- Are not also making contributions to a retirement plan. (Though you may separately qualify for the Saver's Credit based on your retirement contributions.)

There are other requirements to get this credit. Learn more about the Saver's Credit.

ABLE accounts and Special Needs Trusts

If you already have a Special Needs Trust, you may want to think about opening an ABLE account.

An ABLE account:

- Provides tax benefits (as long as an money withdrawn is spent on qualified disability-related expenses)
- Is easier (and cheaper) to open and easier to manage than a trust
- Gives you more control and more choices with your money
- Lets you use the money for housing expenses without making your SSI benefits go down

However, there are limits on how much money can be deposited in an ABLE account each calendar year. If you get SSI benefits, your SSI stops any time you have more than $100,000 in the account. Plus, each state stops letting you deposit money into your ABLE account after your account balance goes over a certain level ($200,000 – $400,000 or more, depending on the state).

And any money that's in your ABLE account when you die is used to pay back any MA benefits you got after you opened the ABLE account. After that, the money that's left goes through probate (a long process) before your heirs get it.

A Special Needs Trust:

- Has no limits on contributions
- Can benefit you but can be in the name of another person, which means any money in the trust when you die isn't used to repay MA and doesn't have to go through probate
- May offer tax benefits

The bottom line: Because there are limits on how much you can put into your ABLE account each year, you cannot replace a trust with an ABLE account. Instead, use them both as part of your overall financial strategy.

ABLE Accounts

Do I Qualify for an ABLE Account?

To open an ABLE account, you must have a disability that began before you turned 26 and that meets the Social Security Administration's (SSA) disability standards. (SSA has different standards for children, for adults, and for blindness.

You definitely qualify for an ABLE account if your condition began before age 26 and you get benefits from programs that use SSA's disability standards. This includes Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), Disabled Adult Child (DAC), Medical Assistance (MA) if it is based on your disability, or Medical Assistance for Employed Persons with Disabilities (MA-EPD).

Example

Karen is first hospitalized with schizophrenia at 16. She starts getting SSI at 24 when her illness makes it impossible for her to keep working full-time. At age 30, Karen is able to work part-time for a few hours a week while keeping her health benefits under MA-EPD.

Karen opens an ABLE account, which lets her save some of her earnings each month without affecting her benefits. Her parents deposit another $200 a month into Karen's ABLE account, also without affecting Karen's benefits. At the end of 12 months, Karen has $4,000 in her ABLE account. Karen can keep that money in her ABLE account and let it continue to grow or spend it on disability-related expenses, like housing, training, or transportation.

If you don't get disability-based benefits, you can still qualify for an ABLE account by "self-certifying" that your disability meets SSA's standards. To do this, a doctor must document the fact that your disability meets SSA's standards, but with one major difference. Instead of saying that your disability limits your earnings, for self-certification for an ABLE account, the doctor must verify that your disability causes "marked and severe functional limitations."

Generally, this means that your disability must be on Social Security's List of Impairments or be at least as severe as an impairment that is on that list. Conditions on Social Security's list of Compassionate Allowances Conditions also usually qualify.

Example

At 25, Carlos is hit by a car and becomes quadriplegic. He has some savings in the bank, so he doesn't qualify for SSI benefits. Carlos wants to invest some of his money in an ABLE account to take advantage of the tax benefits, so his doctor documents the fact that Carlos meets the SSA adult disability guidelines.

ABLE Accounts

Opening an ABLE Account

You can only open an ABLE account if you have a disability that began before you turned 26 and meets the Social Security Administration's disability standards. (The SSA has different disability standards for children, for adults, and for blindness.

If you meet these rules, an ABLE account is easy and inexpensive to set up, and you don't have to use a lawyer or other advisor.

The ABLE account will be in your name, with you listed as the owner of the account (also called the designated beneficiary). You can open your own ABLE account or, if needed, a parent, a legal guardian, or someone with a valid power of attorney can open it for you.

ABLE programs are set up by each state. States post their ABLE program details online, which generally includes how to apply or enroll online. Usually, you do not need to live in a particular state to open an ABLE account there.

You will need to deposit a minimum amount to open an account, typically $25 – $50 (but it varies by state). You may also have to pay fees for maintaining an account or other services.

Each state offers several different investment strategies, including mutual fund accounts and federally insured savings accounts. An ABLE program might offer anywhere from 4 – 15 or more different options. It might help to get financial advice from an accountant, financial planner, or other professional as you compare different state ABLE programs, so you can pick the one that works best for you.

How Do I Choose an ABLE Program?

If you qualify for an ABLE account, you can open one in any state that offers accounts nationwide — it's your choice. Each state has the option to offer its ABLE program nationwide or only to state residents, so you need to check which states let you open an ABLE account.

You are only allowed one ABLE account, so you need to compare the different programs and decide which state offers the account that is best for you.

But don't worry; you don't have to stay with the first state program you choose. You can switch your ABLE account from one state to another. You may have to pay minor fees to transfer your money. And you can change your investment strategy within the same state program up to two times each year.

Minnesota ABLE Plan is Minnesota's ABLE account program. The ABLE National Resource Center lists details about each state's ABLE legislation progress and programs.

Here are some things to think about when comparing state ABLE programs:

- What is the minimum amount needed to open an ABLE account, and is there a fee for opening an account? Are there any monthly or annual fees?
- How easy is it to put money into the account and take money out for qualifying expenses? For example, can you get money by electronic transfer or do you get a paper check? How long does this take? Does the account come with a prepaid debit card that you can use anywhere, at any time? Are there any extra fees for having a debit card?
- How good is the customer support? Try calling or emailing the program to see whether it's easy to get someone to respond, and if that person seems helpful.
- Do the investment options meet your needs? Each state offers multiple investment choices, like mutual funds or savings accounts. Some investments may offer better returns than others, but may come with a greater risk, and the amount in your account can drop when the stock market drops. (Under the federal ABLE rules, you can change your investment options twice in a calendar year.)
- Are there any extra benefits for people living in your state? Some state programs give extra tax benefits for residents of that state.
- What is the most you can have in the account and still make deposits? Each state has a level at which they stop letting you make deposits if your account balance goes too high. This limit ranges from $200,000 – $400,000 or more, depending on the state. Most people do not need to worry about this.

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Rules for Making ABLE Deposits

Here are some important rules to think about related to putting money in an ABLE account:

1. There are limits on how much you can deposit each year.
2. You can't make deposits if your total account value goes over a certain level.
3. You can move money from a 529 education account into an ABLE account.

These rules are explained in more detail below.

1. Yearly Deposit Limits

There are two limits on how much money can be put in your ABLE account each calendar year:

- Up to $15,000 in total deposits can come from any source — you, your family and friends, your benefits, and other unearned income, and
- If you have a job, you can deposit another $12,760 of your own earned income.

Combined, this means that if you work, you could save as much as $27,760 in your ABLE account in 2021.

Keep good records

You must make sure too much money isn't put into your account each year, even if other people are making deposits. Keep good records, or else you could have problems later.

Important: Taking money out of your account doesn't mean you can put more in. The deposit limits are on how much total money is put into the account each year. Taking some out doesn't change that.

Example

Sam gets Supplemental Security Income (SSI) and Medical Assistance benefits. He doesn't work, so he has no earned income.

Sam's mother helps him by putting $500 a month into Sam's ABLE account. Sam's done the math and knows that by the end of the year, his mother will have deposited a total of $6,000. Sam's brother also helps out, by making a big $5,000 deposit into Sam's ABLE account in February. Combined, his mother and brother will put $11,000 into Sam's ABLE account over the course of the year.

For the rest of the year, the most Sam or anyone else deposits can only add up to $15,000. Even if Sam spends $10,000 on qualified expenses by November and the balance in his ABLE account drops, only $4,000 can be added to the account until the end of the year.

2. Deposit Limit if Your ABLE Account Has a Lot of Money

Each state sets a maximum amount that can be in an ABLE account, which might be $200,000 – $500,000 or more. If your ABLE account reaches the maximum amount, you cannot make any more deposits until the account balance drops back down. **Note:** This limit doesn't affect many people.

Example

Evelyn has an ABLE account in a state that doesn't let her make deposits if the total value of her account is $400,000 or more.

Right now, Evelyn only has $5,000 in her ABLE account. Even if she deposits as much as she can for many years, she still won't be close to the $400,000 limit where she isn't allowed to make any deposits anymore.

3. Moving Money from 529 Accounts to ABLE Accounts

529 accounts are a type of account that lets people save money for college or other educational expenses. They work very similarly to ABLE accounts. In fact, they are so similar that ABLE accounts are officially called "529A accounts."

Money from a 529 account can be rolled over tax-free into an ABLE account. That means money can be moved from a 529 account and into an ABLE account with no penalties. In this way, money that hasn't been or won't be used for educational expenses can instead be used for any qualified disability-related expenses from an ABLE account.

Here are a couple of important things to understand about rolling money over from a 529 account to an ABLE account:

- The 529 account must be in the name of the ABLE account owner or a family member, and
- The rollover counts toward the ABLE account annual deposit limit for all sources other than your own earned income ($15,000 in 2021).

Example

Maria has $10,000 in a 529 educational savings account her parents set up when she was younger. Now 25, Maria isn't in school anymore and doesn't plan to return to school. If she just takes the money out of the 529 account and spends it on other things, she'll have to pay taxes and a penalty.

But instead, Maria rolls over the $10,000 tax-free from the 529 account into an ABLE account, which she can open because she's legally blind. Now, she can use the money on disability-related expenses without paying taxes or penalties.

Maria remembers to write down that she has already deposited $10,000 for 2021 into her account, so that she can make sure not to go over the $15,000 annual limit on contributions from sources other than her own earnings.

Since she has a job, Maria knows that she can separately deposit up to $12,760 from her earnings into her ABLE account.

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Rules for Spending ABLE Money

You can spend the money in your ABLE account on any "qualified disability expense." This can include:

- Housing (which can be mortgage payments, real property taxes, rent, furniture, heating fuel, gas, electricity, water, sewer, or garbage removal)
- Transportation (including gasoline and car repairs, public transportation, paratransit, and taxis)
- Medical expenses, prevention, and wellness (including insurance premiums and copays)
- Education
- Employment training and support
- Assistive technology and personal assistance services
- Financial management and administrative services
- Legal fees
- Basic living expenses

It's your job to make sure an expense qualifies, and to keep records of how you use your ABLE account money. If you are audited by the Internal Revenue Service (IRS), you will need to show them how you've used any money from your ABLE account. Keep all of your receipts. You can put your receipts for ABLE into a binder, or scan them and save them on your smartphone, tablet, laptop, or computer.

If you take money out of your ABLE account but do not use it for qualified disability expenses, you might have to pay federal income tax on that amount, plus a 10% penalty, and it could affect Supplemental Security Income (SSI) and other benefits.

Example

In June, Eric takes $7,000 out of his ABLE account to pay his college tuition, which is due in September. He puts the money in his checking account, so he can pay the tuition in September. In August, Eric gets a job offer and decides not to return to school. He has to spend the $7,000 on qualified disability expenses. If Eric keeps the money but can't show that he spent it on qualified expenses, his SSI and other benefits may be affected. He may also have to pay income tax and a 10% penalty on the amount.

The rules are stricter for housing-related expenses. If you take money out of your ABLE account for housing-related expenses, you *must* spend that money in the same month you took it out of the account.

Example

On May 26, Amy takes $500 out of her ABLE account and puts it into her regular checking account so she can pay her June rent. On May 31, she takes out $500 in cash from her checking account and pays her landlord, who gives her a receipt dated May 31. Everything is fine, because she used the money for housing expenses during the same month she took it out of her ABLE account.

But if Amy doesn't pay her landlord until June, the $500 housing-related ABLE money that is in her checking account on June 1 will be a countable resource and may affect her benefits.

Some states require you (or your parent, guardian, or agent) to prepare a withdrawal request saying how the money will be used for qualified disability expenses, and it can take 5 – 10 business days for you to get the money.

Other state ABLE programs offer a prepaid debit card that lets you (or your parent, guardian, or agent) load specific amounts from your ABLE account onto the card. You can then use the card to pay for qualified disability-related expenses up to the amount loaded on the card (but you still need to keep your receipts to document how you spent the money). You need to spend the amount loaded on the card on qualified expenses by the end of each year. If you don't, it may affect your SSI benefits, and you may have to pay income tax and a 10% penalty.

Example

Jordan transfers money out of his ABLE account in August and loads it onto the prepaid debit card that came with his account. He uses the card to buy gasoline, pay for car maintenance and repairs, and other transportation-related expenses. But in October, Jordan's schedule changes, and he uses his car a lot less. By December, he still has quite a bit of ABLE money loaded on his debit card. Before the end of the year, Jordan must spend the ABLE money on a qualified disability expense or he may have to pay the income tax and 10% penalty, and his SSI and other benefits may be affected.

ABLE Accounts

Example

Brittany's Story

Brittany becomes paraplegic at age 22 after a rock climbing accident. Now 31, she lives with a roommate in an accessible apartment, works a part-time job as an office clerk, and gets Supplemental Security Income (SSI) benefits, as well as SNAP and Medical Assistance.

She has a van that has been adapted so she can use it, but she knows it's aging and won't last forever. Brittany wants to be able to start saving up for a better vehicle, but she worries that if she saves more than $2,000, she'll lose her SSI benefits.

Her parents are willing to help her with the cost, but Brittany worries that their gift will also count against her benefits.

Sometimes Brittany's supervisor asks her to work a few extra hours, which would mean a little extra money — but Brittany usually says no because she worries she'll have too much money in her checking account at the end of the month, putting her over SSI's resource limit.

Brittany feels like she can never get ahead, and that she's always one step away from a minor disaster, like a car repair she can't afford.

Then, at a monthly support group that Brittany attends, someone mentions how ABLE accounts let people with disabilities save some money without losing SSI and other benefits. The person doesn't know a lot of details, but thinks you have to be younger than 26 to open an account. Brittany's heart sinks when she hears that, but she decides to check it out anyway.

Learning More

Realizing she needs to get expert advice, Brittany decides to Chat with a Hub expert. She's connected by chat with Pam, who asks how she can help.

Brittany explains her situation, and says she heard there might be a new savings program for people with disabilities, but isn't sure she qualifies. Pam says yes, the ABLE program is new, and helps people with disabilities be more independent and financially secure.

"But don't I have to be younger than 26 to open an ABLE account?" Brittany asks.

"It doesn't matter how old you are now, as long as your disability began before you turned 26," Pam explains. "Because you were 22 when your disability began, and you get SSI benefits now, you definitely qualify for an ABLE account. And the money you save in your ABLE account won't affect your benefits from MA either."

Brittany asks if there are any limits on ABLE accounts, and Pam explains that there are two limits on how much can be put into an ABLE account in a single calendar year — up to $15,000 from any source (including your family and friends, your benefits, and other unearned income) and, if you have a job, another $12,760 from your own earned income. As long as the account balance is less than $100,000, the money saved won't affect SSI benefits. Pam adds, "Even if you have more than $100,000 in the account and your SSI benefits are suspended, your MA coverage will continue."

Brittany laughs, "I can't imagine being able to save $27,760 in a single year, or ever having $100,000 in an account! Still, this is good stuff to know."

Pam explains that any growth in an ABLE account is tax-free and, if Brittany is saving money from her earned income, she might qualify for the federal Saver's Credit when she files her income taxes. Pam adds that it's important to remember that any money taken out of the account must be used to pay for disability-related expenses.

"Oh, does that only mean medical expenses?" Brittany asks. "I really want to save up for a new van."

"You can do that," Pam says. "Qualified ABLE expenses include transportation, housing, health and wellness, education, employment training and support, assistive technology, personal assistance services, and basic living expenses."

Getting Started

Brittany asks what she has to do to open an ABLE account. Pam explains that each state can set up an ABLE program.

"Oh, do I have to open my account in Minnesota's program?" Brittany asks.

"No, you can open an account in any state that offers ABLE accounts nationwide. But you can only have one ABLE account at a time, so you need to choose the state program that works best for you," Pam says.

Pam directs Brittany to the ABLE National Resource Center website, where Brittany can find states that already offer ABLE accounts nationwide, and compare their programs. She mentions that Minnesota ABLE Plan is Minnesota's ABLE account program.

Brittany asks Pam a few more questions before ending the conversation, and then starts researching state ABLE programs.

When she has the details she needs, Brittany meets with her parents to go over what she has learned, and to discuss possible investment strategies. They ask their family financial planner a few questions, then Brittany picks an ABLE account program, and enrolls online.

Her parents set things up to automatically put $200 a month into Brittany's account, to help her save up for a new van. And Brittany now says yes whenever her supervisor offers her a little extra work, because she can put the extra money into her ABLE account. Brittany keeps track of both her own contributions and the money from her parents. At the end of the year, Brittany has about $6,000 in her ABLE account.

Brittany now has an ABLE plan in place that will let her save money to buy her next van and other things she might need, and she worries less about her future.

ABLE Accounts

Frequently Asked Questions

What is an ABLE account?

If you have a disability that meets Social Security adult standards and began before you were 26, you can save money in a tax-free ABLE account without affecting your Supplemental Security Income (SSI), Medical Assistance, and most other benefits (as long as you meet all other benefit criteria). The growth of the investments in an ABLE account is tax-free, and you can spend the money on disability-related expenses, like housing, transportation, or education.

However, there are limits on how much can be deposited into your ABLE account in a single calendar year. Also, if the total amount in your ABLE account goes over $100,000, your SSI benefits stop until the balance falls below $100,000.

How do I qualify for an ABLE account?

ABLE accounts are available to anyone who has a disability that began before they were 26 and meets the Social Security Administration's (SSA) disability standards. (SSA has different standards for children, for adults, and for blindness.) Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI) , Medical Assistance (MA), and other programs use the SSA standards, so if you are receiving benefits from those or similar programs, you definitely qualify for an ABLE account. If you don't get those benefits, you can still qualify for an ABLE account by having a doctor verify that your disability meets the SSA standard, and causes "marked and functional limitations."

Learn more about whether your disability qualifies.

Why should I open an ABLE account?

ABLE accounts offer tax advantages that help your wealth grow faster. And ABLE accounts let people who get benefits from programs with an asset limit, like Supplemental Security Income (SSI), Medical Assistance (MA), and MFIP, build up a savings safety net and plan for the future without having to worry that their savings will cause them to lose their benefits. The goal of the ABLE accounts program is to give people with disabilities more financial independence.

How do I open an ABLE account?

An ABLE account is fairly easy and inexpensive to set up. You can set up the account yourself or your parent, legal guardian, or an agent with a valid power of attorney can set up the account for you. Each state is allowed to set up an ABLE account program, but ABLE is fairly new, so not all states have a program yet. Minnesota ABLE Plan is Minnesota's ABLE account program.

You can open an ABLE account in any state you choose — you do not have to open an account in the state where you live. States with ABLE programs list their program details and explain their application process online. The ABLE National Resource Center lists details about each state's ABLE legislation progress and programs, with links to the websites for states that have their ABLE programs up and running.

How do I choose an ABLE account program?

Use the ABLE National Resource Center to find out which states have opened ABLE account programs. States with ABLE programs post account details online, including how to enroll online.

When comparing programs, check:

- The minimum amount you need to open an ABLE account, and the cost of any fees
- How you can deposit and withdraw money from the account — electronic transfer, paper check, debit card, etc. — and how long it takes to get your money when you need it
- The investment choices you have (each state offers multiple options, but some offer more than others)
- The level at which the program stops letting you make more deposits (usually somewhere between $200,000 and $400,000)

Can I have more than one ABLE account?

No. You can only have one ABLE account, but you can transfer your account from one state to another if the first state program you choose doesn’t meet your needs (there may be minor fees to make the transfer).

How much money can I have in an ABLE account?

There are two limits on how much can be put into your ABLE account in a single calendar year:

- Up to $15,000 from any source (including your family and friends, your benefits, and other unearned income)
- Another $12,760 from your own earned income (if you have a job)

If you get Supplemental Security Income (SSI) benefits and the total amount in your ABLE account goes over $100,000, your SSI benefits stop until the balance drops below $100,000. Plus, each state sets the maximum amount that can be in its ABLE accounts; that maximum can be $200,000 – $500,000 or more.

Learn more about depositing money into your ABLE account.

Who can deposit money in my ABLE account?

Anyone — you, your family, your friends — can put money into your ABLE account, but there are two limits on how much can be deposited in a calendar year, depending on where the money comes from:

- Up to $15,000 from any source (including your family and friends, your benefits, and other unearned income)
- Up to another $12,760 from your own earned income (if you have a job)

Learn more about depositing money into your ABLE account.

How do I deposit money in an ABLE account?

Rules vary by state, but you can typically use a paper check, electronic fund transfer, payroll deduction, or an automatic investment plan to deposit money in your ABLE account. After you deposit the money, you may have to wait 5 – 10 business days before you can use it. You as the account beneficiary or your family or friends can deposit money into your ABLE account.

How can I take money out of an ABLE account?

Rules vary by state. Some accounts ask for a signed withdrawal request stating how you'll use the money on a qualified disability expense, and it can take 5 – 10 business days to get the money. Some accounts include a prepaid debit card. You can load money from your ABLE account onto the card and then use the card to pay for qualified expenses. You need to spend the amount loaded on the card on qualified expenses by the end of the calendar year, or you will have to pay income tax and a 10% penalty on the leftover amount, and it might affect Supplemental Security Income (SSI) or other benefits.

What can I spend ABLE account money on?

You can spend money you take out of your ABLE account on any "qualified disability expense," which means anything that helps you increase or maintain your health, independence, or quality of life. This includes housing, transportation, medical expenses, prevention, wellness, education, employment training and support, assistive technology, personal assistance services, financial management, administrative services, legal fees, and basic living expenses. You will need to keep all receipts to prove you spent the money on qualified expenses.

Learn more about spending the money in your ABLE account.

What are the tax benefits of an ABLE account?

ABLE accounts can have two tax benefits:

1. The growth of your investments isn't taxed, and
2. If you work and save earned income in your ABLE account, you may qualify for the federal Saver's Credit.

However, to get these tax benefits any money taken out of your ABLE account must be spent on qualified disability-related expenses. If you take money out of your ABLE account and don't spend it on disability-related expenses, you may have to pay income tax plus a 10% penalty.

ABLE Accounts

Common Pitfalls

You take money out of your ABLE account but don't spend it on "qualified disability expenses"

You must spend any money you take out of your ABLE account on qualified disability expenses. If you spend it on expenses that don't qualify, or if you just put the money in a different account, you may have to pay income tax on that amount, plus a 10% penalty, and this might affect Supplemental Security Income (SSI), Medical Assistance (MA), or other benefits.

You (or others) deposit too much in your account in a single calendar year

There are two limits on how much can be put into your account each year, based on where the money comes from:

- Up to $15,000 from any source (including your family and friends, your benefits, and other unearned income
- Another $12,760 from your own earned income (if you have a job).

Learn more about depositing money into your ABLE account.

You don't keep track of the deposits that others make in your ABLE account

It's important to keep good records. Even if other people make deposits, *you* are the one who has to make sure that too much money isn't put into your ABLE account.

Learn more about depositing money into your ABLE account.

You get SSI and let the balance on your ABLE account go over $100,000

If the amount in your ABLE account goes over $100,000, your SSI benefits stop. The suspension has no time limit, and your SSI benefits can start again if the balance drops below $100,000.

Even if SSI benefits stop because you have too much money in your ABLE account, you keep your MA coverage as long as you meet all other eligibility rules.

You want the money in your ABLE account to go to your family if you die

Because the ABLE account has to be in your name, any money left in the account after you die is used to pay back the MA program for any benefits you received since you first opened your ABLE account. Any remaining money has to go through probate (a long process) before it goes to your heirs.

If this could cause problems, look into setting up a third-party (meaning it is in someone else's name) Special Needs Trust, which has no limit on contributions. Also, if you die, the money in the trust isn't used to repay MA benefits, and it doesn't go through probate before your heirs get it. You can have both an ABLE account and a Special Needs Trust.

ABLE Accounts

Next Steps

Learn More About ABLE Accounts

The ABLE National Resource Center has an overview of ABLE accounts and recorded webinars about different aspects of ABLE accounts. It also tracks the progress each state is making in preparing ABLE programs.

The Internal Revenue Service (IRS) provides an overview of ABLE accounts and a pamphlet on Tax Highlights for Persons with Disabilities.

Learn About Work and Benefits - Chat with a Hub expert!

When you have questions or need help, use **Chat with a Hub expert**. This feature connects you to a DB101 Expert using live chat, phone, or secure email. Anything you talk about is private.

Chat with a Hub expert to:

- Understand your current benefits
- Get help using DB101.org
- Connect to resources
- Plan next steps

Free Legal Help

The **Minnesota Disability Law Center (MDLC)** provides free assistance to people with civil legal issues related to their disability. Call the MDLC Intake Line at 612-334-5970 (Twin Cities metro area), 1-800-292-4150 (Greater Minnesota), or 612-332-4668 (TTY).

Hours: Monday – Thursday, 9:30 – 11:30 a.m. and 1:30 – 3:30 p.m.; Friday, 9:30 – 11:30 a.m.

Find Local Services

You can use **MinnesotaHelp.info** to find social services near you, from benefits applications to job counseling.
Try these searches:

- Supplemental Security Income (SSI)
- Social Security Disability Insurance (SSDI)
- MFIP
- Credit/Budget Counseling
- Representative Payee