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The ABLE Act:

Signed by President Obama on December 19, 2014

Individual must be determined to be disabled prior to age 26 ("entitled to benefit based on blindness or disability under title II or XVI of the Social Security Act…")

Upon the death of the beneficiary, the state Medicaid department may file a claim against the account.

Payback includes contributions from family and friends.

Only one ABLE account per beneficiary.

Can be created in any State that has passed legislation that has approved ABLE accounts.

Total contributions to the account are limited to the annual gift tax exclusion (currently $14,000).

Total contributions are limited by the State's 529 limit, but if the account is more than $100,000 SSI benefits will be impacted, although Medicaid might not be impacted.

The growth of the account is untaxed.

Only withdrawals for "qualified disability expenses" are tax free. These include, but are not limited to: education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expense and others approved by IRS regulations.

Contributions must be cash only.

10% surtax on distributions other than for qualified disability expenses.

For more information on which States have ABLE accounts, investment options and fees go to:

http://www.thearc.org/what-we-do/public-policy/issues/able-program-implementation

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