Information from Service Coordination

THE ABLE ACT FAQs

What is the ABLE Act?
The Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act (P.L. 113-295) added Section 529A to the federal tax code to enable eligible individuals with disabilities to save money in a tax-exempt account that may be used for qualified disability expenses while still keeping their eligibility for federal public benefits.

Why the need for ABLE accounts?
Individuals with disabilities can only have $2,000 in assets at any given time in order to remain eligible for many federal benefits programs. Under ABLE, eligible individuals and families will be allowed to establish ABLE savings accounts that will not affect their eligibility for SSI (up to $100,000), Medicaid and other public benefits.

What is an ABLE account?
An ABLE account is a tax -advantaged savings account that qualified individuals with disabilities will be able to open as a result of the passage of the ABLE Act of 2014 and subsequent enactment of state ABLE laws. Contributions to ABLE accounts are made on an after-tax basis. Earnings from ABLE funds grow tax-deferred and are tax-free if used for qualified disability expenses. Contributions to the account may be made by any person (the account beneficiary, family and friends) and may or may not be tax deductible depending on the specifics of the state ABLE law. Funds in the account may be used for many different types of expenses. The beneficiary is the owner of the account.

Who is eligible to open an ABLE account?
An individual must meet two requirements to be eligible for an ABLE account: an age requirement and a severity of disability determination. The onset of symptoms of the person’s disability must have occurred before age 26. Additionally, the individual must have “marked and severe functional limitations” (essentially, a Social Security definition of disability). An individual whose disability occurred prior to age 26 and is already receiving SSI and/or SSDI is automatically eligible to establish an ABLE account. Those who are not recipients of SSI and/or SSDI but still meet the age of onset disability requirement will be eligible to open an ABLE account upon obtaining a disability certification from their physician.

What is a disability certification and how do you get one?
Depending upon Maryland’s ABLE program’s procedures, the disability certification may be a form that a physician fills out or the ABLE program may simply require a letter from the physician providing certain information (such as the nature of the disability and date of onset). The potential ABLE beneficiary will then need to certify (“under penalty of perjury”) that she has obtained this certification prior to opening the ABLE account. The U.S. Treasury has issued guidance clarifying that this certification may be kept privately by the beneficiary and will only need to be produced if requested (it will not need to be submitted to the ABLE program). Please note: These fact sheets are designed to provide general information only and are not a substitute for the assistance of a Service Coordinator.