



ABLE and Idaho: How to Get Started

Welcome to the Living Independence Network Corporation's guide to ABLE savings accounts. Making financial decisions that could impact public benefits can be stressful. The purpose of this guide is to help you be confident that you have all the information you need to make the right decision and that you understand the steps necessary to successfully choosing, and opening, an ABLE account. This guide will take you through the six steps to go from no understanding of the ABLE program, to opening and managing your ABLE account.

There are six (6) steps to opening an ABLE account:

1. Learn what an ABLE account is.
2. Determine if you are eligible.
3. Understand what funds can be used for.
4. Choose the right program.
5. Open an account.
6. Manage your account.

STEP 1: What is an ABLE account?

In 2014, Congress passed the Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act, which added Section 529A to the federal tax code. The ABLE Act allows qualified individuals with disabilities to save money in a tax-exempt account that may be used for qualified disability expenses while keeping their eligibility for federally-funded, means-tested public benefits.

In 2017, the Idaho Legislature passed a law affirming that Idahoans that open an ABLE account in another state, will not have those assets counted against federal or state means-tested public benefits.

STEP 2: Who is eligible?

It is important to understand that not all individuals with disabilities will be eligible to open an ABLE account. The ABLE Act limits eligibility to individuals with significant disabilities with an age of onset of disability before turning 26 years of age. If you meet this age criterion and are also already receiving benefits under SSI and/or SSDI, you are automatically eligible to establish an ABLE account. If you are not a recipient of SSI and/or SSDI, but still meet the age of onset disability requirement, you could still be eligible to open an ABLE account if you meet Social Security's definition and criteria regarding significant functional limitations and receive a letter of certification from a licensed physician (MD or DO). You do not have to be under the age of 26 to be eligible for an ABLE account. You can be over the age of 26, but the disabling condition must have occurred before your 26th birthday.

STEP 3: How can funds be used?

What can funds in an ABLE account be used for?

Funds in an ABLE account can be used to purchase qualified disability-related expenses (QDE). A QDE is any expense related to the account owner's blindness or disability that assists them in increasing and/or maintaining their health, independence, and/or quality of life. These may include expenses related to education, housing, transportation, employment training and support, assistive technology, personal support services, health care expenses, financial management and administrative services, and other expenses.

How much can you save in an account?

The total annual contributions into an ABLE account by all contributors combined, including family, friends, and the ABLE account owner themselves, for any given tax year is \$17,000 (more for working individuals). The amount may be adjusted periodically to account for inflation. The total limit over time is subject to the individual state and their limit for education-related 529 savings accounts. Many states have set this limit at more than \$300,000 per plan.

There are no spending limits.

How many accounts can a person have?

The law prohibits any person from having more than one ABLE account at any given time.

Who can contribute to the account?

Anyone can contribute into an ABLE account including friends, family and the account holder.

What is the impact on benefits: SSI, SSDI, Medicaid, or other public benefits?

An ABLE account allows eligible individuals to accumulate more than \$2,000 in assets without losing federally-funded, means-tested benefits. This includes Supplemental Security Income (SSI) and Medicaid. Funds in an ABLE account are not taken into consideration when determining eligibility for these types of programs.

ABLE account holders who receive SSI benefits will continue to get their SSI check until their ABLE account goes over \$100,000. Once an ABLE account exceeds \$100,000, SSI will be suspended until the account balance falls back below the \$100,000. Although SSI benefits may be suspended, Medicaid benefits remain intact.

Who makes sure that ABLE funds are being used appropriately?

The Internal Revenue Service (IRS) makes sure that funds in an ABLE account are being used correctly. They may do this by audits.

Should I keep records of the qualified disability expenses paid for by my ABLE account?

We recommend that you save the receipts of your purchases in case you are ever questioned by the IRS. Some ABLE programs even have ways to track your spending online. We also recommend that you consider keeping a record of how each expense is related to your disability

and how it helped you increase or maintain your health, independence, and/or quality of life. This may come in handy if you're ever audited by the IRS.

What happens if I spend ABLE funds on a non-qualified expense?

It is important to keep in mind that misuse of the funds in an ABLE account may result in penalties and may affect the account owner's eligibility for public benefits.

STEP 4: How do I choose a program?

Many ABLE Programs are similar, but they may differ in important ways. There is no "one size fits all" when it comes to choosing an ABLE program, and with over 40 options to choose from it is important to know how to find a program that best meets your needs.

Idaho does not currently offer an ABLE program, but Idahoans can open an account in certain other states. When deciding which program to choose, we suggest you consider the following:

- Do you have a connection with a state open to Idaho residents, such as family, friends, or through work?
- Is there a program in a state close to Idaho?
- How do you want to access your ABLE funds (bank card, checks, etc.)?

You can also use the following tools at the ABLE National Resource Center:

- State by State Comparison Tool: <https://www.ablenrc.org/compare-states/>
- Search by ABLE Program Feature: <https://www.ablenrc.org/state-plan-search/>

STEP 5: How do I open an account?

Do I need to visit my local bank in order to open an ABLE account?

No, you don't need to visit your local bank. Once you choose the ABLE program you feel is right for you, visit the program's website to open an account online. ABLE accounts are generally managed by a state agency, like a Treasurer's office, not by banks or credit unions.

You will need some basic information to open an account online, which usually includes:

- Beneficiary contact information, social security number, and date of birth.
- Physician's name, address, and date of diagnosis, for those certifying eligibility through a written diagnosis.
- Authorized legal representative contact information, social security number, and date of birth, if applicable.
- Banking information, such as account number and routing number to make the initial contribution and to set up future reoccurring contributions, if necessary.

Can I open an account in multiple ABLE programs?

No, a person is only allowed to have one ABLE account at a time.

Will I be asked to choose an investment option when I open my ABLE account?

Most ABLÉ programs will ask you to choose an investment option (or combination of investment options) when opening your ABLÉ account. ABLÉ programs offer a range of different investment options that vary in terms of risk. Additionally, different ABLÉ programs may offer a different number of investment options. However, most offer less than 10. An ABLÉ account owner may change investment options up to two times per tax year. If you not feel comfortable investing your ABLÉ funds, many programs offer an FDIC insured option. This option shields the funds from any potential losses (or gains) that may be associated with the other options.

STEP 6: How do I manage my account?

How can I access my account?

You can access your account information, balance, and transfer options by logging into to your program's online portal, like a standard banking account with online account access.

Who will help me if I have problems with my account?

If you run into problems, or have questions pertaining to your ABLÉ account or online account portal, you should contact technical support through your specific ABLÉ program. You can find contact information for technical support on your program's website, usually under the Contact menu option.

Am I allowed to change ABLÉ programs?

Yes. Although you cannot have more than one ABLÉ account at a time, you can transfer to another ABLÉ program if you choose.

Are ABLÉ programs required to offer a debit card feature and/or an FDIC insured checking account option?

No, however many do offer those benefits. It is important to look at what benefits a program offers when choosing the right ABLÉ program for you.

More Information?

If you have questions or need additional information, feel free to contact LINC:

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