



The Achieving a Better Life Experience (ABLE) program was created to encourage and assist individuals and families in saving funds for the purpose of supporting individuals with disabilities to maintain health, independence and quality of life; and to provide secure funding for qualified disability expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, the Supplemental Security Income (SSI) program, the Medicaid program, the beneficiary's employment and other sources.

The federal ABLE Act was signed into law in December 2014. The Michigan ABLE Program was signed into law in October 2015. The Michigan Department of Treasury will administer the Michigan ABLE Program (MiABLE).

## **ABLE FAQs**

### **What does the ABLE Act do?**

The law allows people with disabilities to have special savings accounts (ABLE accounts) for disability-related expenses without losing eligibility under Supplemental Security Income (SSI), Medicaid and certain other public benefits.

### **Who is eligible for an ABLE account?**

The account beneficiary must meet the definition of an "eligible individual." The beneficiary can be any age, but his or her disability must have begun before age 26. In addition, to be eligible, the beneficiary must be entitled to Social Security Disability Insurance (SSDI) benefits or SSI benefits, or obtain a disability certification that meets IRS rules. Contributions may be made by the beneficiary, parents, grandparents, friends or others.

### **Can an eligible individual have more than one ABLE account?**

No. Only one ABLE account can be opened for each beneficiary. The beneficiary may use the plan offered by his or her state of residence or by any other state.

### **How can an ABLE account be used?**

An ABLE account must be used for "qualified disability expenses" that relate to the designated beneficiary's blindness or disability and are for the benefit of that beneficiary in maintaining or improving his or her health, independence or quality of life. Internal Revenue Code, Section 529(e)(5), lists the following as qualified disability expenses:

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

expenses; and any other expenses that may be identified from time to time in future guidance published in the Internal Revenue Bulletin.

### **How much money can be deposited in an ABLE account?**

Annual contributions to an ABLE account cannot exceed the individual gift tax exclusion in effect for the calendar year in which the contribution is made (in 2016, the amount is \$14,000).

For Michigan, the maximum aggregate contribution limit for a designated beneficiary is \$500,000 – this includes the combined balances in an ABLE account, prepaid tuition (e.g. MET), or Educational Savings Accounts (e.g. MESP) in the beneficiary's name.

### **How does an ABLE account impact SSI payments?**

The first \$100,000 in an ABLE account would not be considered a resource when determining eligibility for Supplemental Security Income (SSI). If the account exceeds \$100,000, the designated beneficiary could lose their monthly SSI cash payment but would continue to receive Medicaid benefits.

### **Is a distribution for housing expenses considered a resource by the Social Security Administration?**

A distribution for housing expenses from an ABLE account would be considered a resource when determining eligibility for Supplemental Security Income (SSI). Contact your local Social Security Office for details.

### **What is the MiABLE tax advantage?**

Distributions from an ABLE account, including any earnings, are not taxed if used for qualified disability expenses. If a distribution is not used for a qualified disability expense, that amount could be subject to income tax and imposed a 10% penalty.

Distributions not used for qualified disability expenses could also affect other benefits. For federal income tax purposes, the ABLE owner should keep careful records when funds are withdrawn.

Furthermore, contributions to Michigan's 529 ABLE accounts are deductible up to \$5,000.00 for a taxpayer filing a single Michigan Income Tax return and \$10,000.00 for a married taxpayer filing a joint Michigan Income Tax return.

### **When can I open a MiABLE account?**

MiABLE opens for enrollment November 1, 2016.

### **Where can I learn more?**

Go to [www.michigan.gov/miabile](http://www.michigan.gov/miabile) for more details.