



Another Planning Tool: ABLE Accounts

In addition to creating a special needs trust, there's another potential option to save and/or invest funds for a person with a disability without triggering the \$2,000 asset cap on federal means-tested programs. This can be important for many low-income clients, as any assets over the \$2,000 cap could put at risk several necessary programs such as Medicaid, housing, food assistance, and SSI (Supplemental Security Income).

ABLE accounts permit contributions up to \$15,000 a year (this amount is equal to the current IRS gift tax limit) that can be withdrawn for qualified disability expenses. While the beneficiary must be the person with the disability or an Authorized Legal Representative (ALR), anyone can contribute to the account.

To be eligible to open an ABLE account, account holders must have developed a qualifying disability based on Social Security's definition of disability, before the age of 26, or have filed a valid disability certification with the Secretary of Treasurer for the current tax year.

Qualified Disability Expenses (QDE's) include costs associated with basic living and medical expenses, education, housing, transportation, employment related costs, assistive technology, financial management, legal fees, funeral and burial costs and other expenses that support the person with the disability and enhance their health, independence, or quality of life. Money can be withdrawn from a Maryland ABLE account by transferring the money back to the account holder's personal bank account,

requesting a paper check, or transferring the money to a linked Maryland ABLE pre-loaded MasterCard that is accepted in stores and online anywhere MasterCard is accepted.

The ABLE accounts can be set up for savings and/or investment. A \$25 minimum deposit is required to open an account. There is a \$35 pro-rated account fee per year as well as underlying asset based fees on investments. For a Maryland resident who pays income tax, there is also a tax benefit. Each contributor to an ABLE account may deduct up to \$2,500 of their contributions each year for each account they contribute to.

Maryland ABLE, created through the Maryland ABLE Act and signed into law by Governor Hogan in 2016, launched on November 28, 2017. It was derived from the federal legislation passed in 2014 known as the Stephen Beck Jr. Achieving a Better Life Experience Act (ABLE). Maryland also passed legislation (HB 782/SB550) during the last legislative session that states unless required by federal law, an agency or instrumentality of the state may not seek payment from an ABLE account or its proceeds for any amount of medical assistance paid for the designated beneficiary.

When working with clients and their families, you might want to consider having them look into establishing an ABLE account, a special trust account or both when looking for a program that will protect their assets and assist them with their savings goals. An ABLE account provides the person with a disability the opportunity to set up their own account and to be the beneficiary for the funds in the account. A special needs trust has a trustee that administers the funds on behalf of the person. Setting up an ABLE fund is less complex and funds are more easily accessible to the person with a disability. Maryland ABLE has both a paper and an online enrollment process available for prospective account holders. With the online feature, a new account can be set up in minutes.

For more information about this alternative, please see the full Maryland ABLE Plan Disclosure Booklet on the website [here](#). For additional assistance in setting up an account contact the Maryland ABLE Customer Support line at 1.855.563.2253 or email at questions@marylandable.org.

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