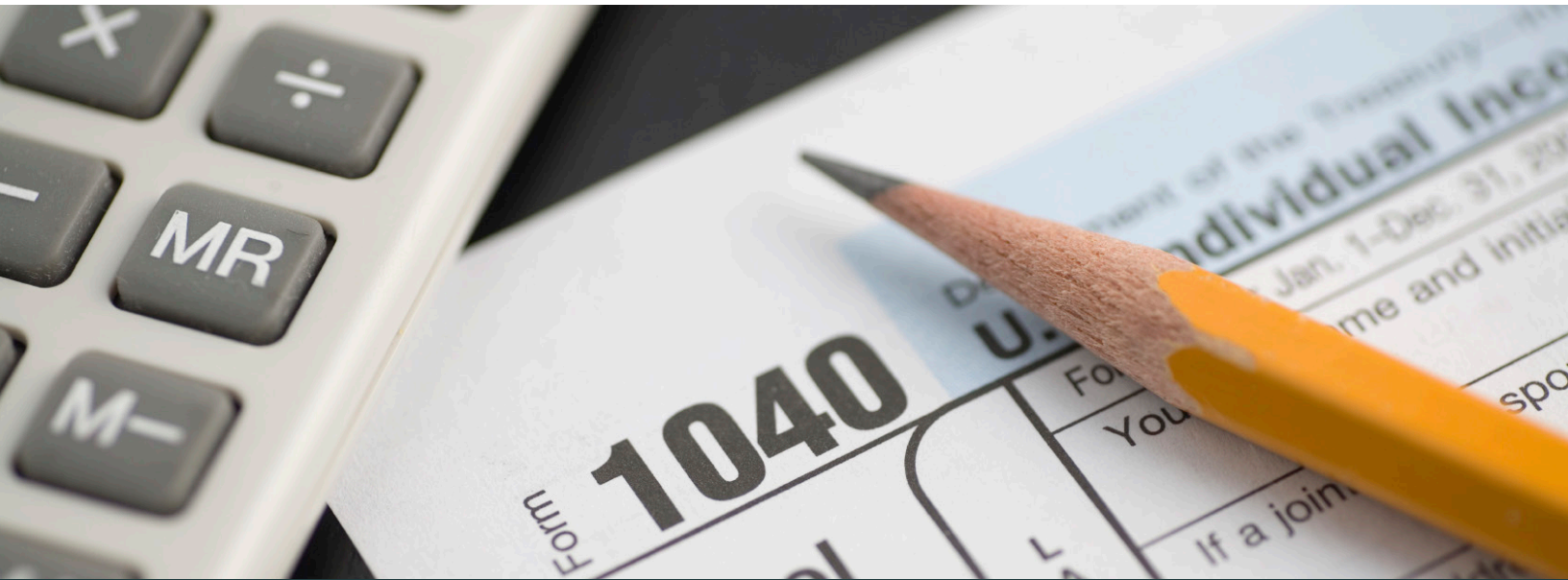


QUICK REFERENCE GUIDE

ABLE Accounts and Tax-Time Savings



Are you working on a Tax-time Savings Program? Incorporate ABLE accounts as an additional option for qualified individuals with disabilities!

Overview of ABLE Accounts

ABLE accounts are tax-advantaged savings accounts for individuals with disabilities and their families. Eligible individuals and their families may establish an ABLE savings account to save up to \$15,000 per year (2019). The savings are protected and will not affect eligibility for most means-tested benefits such as Supplemental Security Income (SSI), Medicaid and food stamps (SNAP). Working individuals may contribute even more! An eligible individual must meet certain qualifications to open an ABLE account. To learn about ABLE account eligibility, visit the ABLE National Resource Center: ablenrc.org/step-2-who-eligible.

To open an ABLE account, an individual may be any age. For example, a family member or guardian may open an ABLE account for an infant who has a significant disability; a person who is now over the age of 26 may open an account, at any age. To learn more about ABLE accounts go to: ablenrc.org/about/what-are-able-accounts.

Why Tax-time is Ideal for Sharing ABLE Account Information

Tax-time is an ideal opportunity to introduce ABLE accounts for qualified individuals with disabilities. Oftentimes, individuals with disabilities are hesitant to claim certain tax credits or maximize their tax refund for fear of resource limits attached to some public benefit programs. An individual has 12 months to spend down their refund without the refund impacting their eligibility for needs-based benefits. If a refund is deposited within an ABLE account, the refund will not impact eligibility for most federally-funded, means-tested benefits while saved within the account or when those funds are spent on Qualified Disability Expenses (QDEs). The savings may also serve as a means to save for retirement for many who have a disability, but do not receive public benefits and do not have an employer-sponsored retirement fund.

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An ABLE account allows for contributions up to \$15,000 per year (2019). Working individuals, who do not have an employer-sponsored retirement account, may contribute up to \$12,140 more, in tax year 2019. This provision is part of the “ABLE to Work” provision of the “Tax Cuts and Jobs Act of 2017.” This effectively increased the total for annual allowable savings for 2018 to \$27,060, and to \$27,140 for 2019! The savings also grow tax-free within the investment options available through ABLE.

Informing people who have a disability that they may be eligible for tax deductions, credits and an ABLE account for protected savings can support individuals who need a safe place to save their refunds for long-term goals, while retaining eligibility for SSI and Medicaid. Many VITA programs support tax-time savings initiatives. Sharing information about ABLE can help individuals learn of a tax-advantaged, protected savings account, further boosting the value of your tax preparation services and an individual’s ability to boost their income, tax refunds and tax-time savings.



Partners in Action

In North Carolina during the 2017 tax season, The Arc of High Point and the City of High Point partnered together to host a VITA site at The Arc of High Point where persons with developmental disabilities and their families receive services. In addition to providing VITA services, the site assisted interested individuals with opening ABLE accounts and directing their refunds directly into their ABLE accounts.

➔ Opportunities to Incorporate ABLE Account Information During Tax-Time:

- 1. Train VITA volunteers on ABLE accounts:**
Training VITA volunteers on ABLE accounts will provide volunteers with an additional resource to encourage individuals to save their tax refund without impacting eligibility for most federal mean-tested programs.
- 2. Distribute ABLE account information at VITA sites:**
Include ABLE account resources in the waiting room of the VITA sites. Materials can be downloaded from the ABLE National Resource Center website at ablenrc.org or contact the program administrator in your state for state-specific materials. A listing of state administrators can be found on the ABLE National Resource Center website at ablenrc.org/state-review.
Quick Tip: If an individual already has an ABLE account, they can have their tax refund direct deposited into their ABLE account or they can use Form 8888 to have a portion of their tax refund deposited directly into their ABLE account.
- 3. Open ABLE accounts at tax sites:**
A final option could be to assist individuals to open ABLE accounts at the tax site. ABLE accounts can only be opened online and enrollment time averages less than 10 minutes. To view and compare ABLE programs by state, visit: ablenrc.org/plan_search.

Resources

- ➔ **State Income Tax Deduction:** In states that have a state income tax deduction, depositors may be able to deduct contributions into an ABLE account for the current tax year. In addition, ABLE owners who work may qualify for the Saver’s Credit. To learn more about state tax deductions, visit the ABLE National Resource Center website at ablenrc.org/state-review or contact the ABLE program state administrator to learn more.
- ➔ **Saver’s Credit:** Beginning in 2018, a designated beneficiary may be eligible for a credit for contributions to their Achieving a Better Life Experience (ABLE) account: <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit>
- ➔ **ABLE Accounts – Tax Benefit for People with Disabilities:** <https://www.irs.gov/government-entities/federal-state-local-governments/able-accounts-tax-benefit-for-people-with-disabilities>