

ABLE Act Accounts (CalABLE)

New Benefit for Disabled Beneficiaries

Recently, legislation has been enacted on both the federal and state levels that is aimed at helping people with disabilities to build some financial security without losing their means-based benefits, such as Supplemental Security Income, Medi-Cal, and Social Security Disability.

Following the adoption and signing of federal enabling legislation in 2015, California adopted its version of the law (CalABLE) in January 2016.

ABLE accounts are authorized under section 529A of the Internal Revenue Code, similar to 529 education savings accounts that we have been using for a number of years.

The California program will establish a board to administer the CalABLE savings program through the State Controller's office, which is estimated to be in place by the **summer of 2017**. You have this present opportunity to anticipate your participation in this program by learning what it can and cannot do and how CalABLE accounts will be set up and administered for the disabled beneficiary.

Benefits: A beneficiary can save up to \$100,000 in this type of account (only one per beneficiary) without losing eligibility for public benefit programs. Contributions cannot exceed a total \$14,000 per year (expect this amount to be indexed). Contributions toward this limit may be made by any combination of the account holder, family and friends. The account's earnings may accumulate tax-free, and withdrawals will be tax-free if used for disability expenses.

Means-based benefits like SSI and Medi-Cal and, to some extent, SSD (or SSDI) that limit the beneficiary's countable resources will not be lost or denied on the basis of a beneficiary's resources held in his or her CalABLE account.

Eligibility Criteria. You are eligible to open and maintain a 529A account you are if your disability was diagnosed before age 26 and you are receiving benefits based on disability or blindness under the SSI or SSD programs. Alternatively, you are eligible if you meet the definition of disability that closely approximates the definition for Social Security Disability benefits: *Any individual who has been diagnosed with a disability before the age of 26 years old, who has a medically determined physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 month or is blind, and provides a copy of their diagnosis signed by a physician.*

Disability expenses are those made for the benefit of the eligible beneficiary that relate to his or her disability, including; education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, funeral expenses. We expect that federal and state regulations yet to be adopted may bring other similar expenses within the umbrella.