

How does an ABLE Account compare to a Special Needs Trust?

The Arc of Texas

MASTER POOLED

trust

An ABLE Account is

another tool that can be used
alongside a trust or on its own.
(A trust isn't always the answer.)



Achieving a Better Life Experience

ABLE Accounts are NOT considered assets for Medicaid, SSI and other means-tested benefits.

Available to a person whose ONSET of disability was BEFORE the age of 26. (Individual does NOT have to be under 26 to start account.)



Change Notice



ABLE age adjustment passed as part of the FY2023 Omnibus Bill!
Effective 2026, any person whose onset of disability was before age 46
will qualify, increasing eligible individuals from 8 million to 14 million.

Starting an ABLER Account

- A person can have **one ABLER account**
- Can be established by an individual, parent, guardian or power of attorney holder for the individual
- Can be **funded by anyone** for a person with a disability



Qualified Disability Expenses

What can an **ABLE Account** pay for?

There is a 10% penalty tax on funds NOT used for qualified disability expenses.

Education

Housing

Transportation

Employment
training and
support

Assistive
technology and
related services

Personal support
services

Health

Prevention and
wellness

Financial
management and
administrative
services

Legal fees,
oversight and
monitoring

Funeral
and burial

And MORE!



Using the MPT and ABLE Together

In some cases, things that can't be paid for by a trust without penalty can be paid for using an ABLE Account.

For example, housing!



ABLE Account Contribution Limits

PER YEAR

In total, up to* the federal gift tax exemption amount (varies by year).

\$18,000 in 2024

** See next slide to learn how to save more.*

PER LIFETIME

In total, up to the amount allowed under 529 Educational Savings Accounts (varies by year and state).

\$500,000 in 2024 in Texas

Save Extra Money from Working

If the beneficiary works, it is possible* to save thousands more dollars from work-related earnings.

Earnings from working cannot be added if the employer contributed to a workplace retirement plan on the beneficiary's behalf that year.

Income from working IS considered income for SSI and Medicaid purposes.



*Effective through December 31, 2025



Means-Tested Benefits (SSI and Medicaid)

SSI and Medicaid are protected, BUT...

SSI cash benefits will be suspended if more than \$100,000 is held in the ABLÉ Account.
Medicaid is never suspended.

All ABLÉ Accounts have a Medicaid Payback Provision

When the account-holder passes away, the state can recover any Medicaid funds spent since the inception of the account.



**An ABLÉ Account
makes assets “invisible”
for Medicaid or SSI
purposes.**

Steps to Enroll



1. Determine which ABLE program is right for you at ablenrc.org
2. Complete an online application through the ABLE Program you choose.
3. Send in funds to start the account.

Things to Consider

- Accepts residents of your state
- Fees (annual, withdrawals, statements)
- Withdrawal options and limit (direct deposit, check, debit/pre-paid card)
- Lifetime deposit limit
- Minimum opening cost
- Minimum deposit amount
- Number of investment options
- Rollover options / cost

Special Needs Trust (SNT / MPT) vs. ABLE Account



SNT / MPT

- More than one account allowed
- Any amount can be contributed each year
- SSI benefits are not suspended because of account balance
- Does not grow tax free



ABLE ACCOUNT

- Disability onset before age 26 (will rise to 46 years old in 2026)
- Only one account allowed
- Amounts up to the federal gift tax exemption amount each year (\$18,000 in 2024)
- A lifetime total of \$500,000 may be in account (in Texas; varies by state)
- SSI benefits are suspended when account has a \$100,001+ balance
- Grows tax free

An ABLE Account is a great tool!

- ✓ Direct access to funds for beneficiaries
- ✓ Reduces requests to the trustee
- ✓ Broader spending power (housing)
- ✓ Spend using a debit card



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