Maryland ABLE Program

“Achieving a Better Life Experience”

ABLE Act - Federal Law

Congress passed the Achieving a Better Life Experience Act (ABLE) and President Obama signed it into law in December 2014. The ABLE Act permits states to establish a new type of tax-advantaged savings program (ABLE program) whereby eligible individuals with disabilities and their families can open an account (ABLE account) to build savings to pay for qualified disability expenses, such as medical and dental care, education, housing, transportation, obtaining and maintaining employment, assistive technology and community based supports. Many people with disabilities and their families have expenses related to their disability that exceed the typical living expenses others face.

The ABLE Act, modeled after the college savings program (529 accounts), will help people with disabilities meet their needs in the community without losing essential benefits provided through private insurance, Medicaid, the Supplemental Security Income program, and other sources. People with disabilities receiving federal benefits cannot have more than $2,000 in assets and must have very low monthly income. The ABLE Act will give individuals with disabilities and their families the ability to save for their future by opening a Section 529a “ABLE” account, which will not count towards this $2,000 cap.

Some details:

- To be eligible to open an ABLE account an individual’s disability must have occurred before age 26;
- An individual is eligible if he/she is entitled to SSI benefits or benefits through the Social Security disability, retirement, and survivors program based on disability or blindness. If not eligible for these programs, a person may establish eligibility if they have a significant disability by submitting a disability certification;
- An eligible individual may have only one ABLE account;
- The eligible individual with a disability is considered the “designated beneficiary” and is the ABLE account owner;
- Multiple people can contribute to an ABLE account (e.g. the individual, family member, friends);
- Total annual contributions to an account from all sources combined is $14,000 (federal gift limit);
- Total amount that can be in an account is determined by each state but cannot exceed the state’s limit on college savings plan accounts.
- The earnings on an ABLE account and distributions are exempt from federal tax (state tax TBD). Contributions to an account are not tax exempt;
- When the funds in an account reach $100,000, the person’s SSI is suspended, but they retain Medicaid (important for health care and long-term Medicaid waiver services);
- Medicaid payback: funds that remain in an ABLE account upon the death of the beneficiary will be used to reimburse the state for Medicaid payments it made on behalf of the beneficiary since the account was opened.
Federal regulations expected in the summer of 2015 will provide more detail and guidance.

The federal ABLE Act provided the opportunity for States to develop ABLE programs – the federal government is not administering them. Read below about what Maryland is doing.

**ABLE Program – Maryland**

Legislation (SB 761/ HB 1105) passed in 2015 by the Maryland legislature and signed by Governor Hogan establishes a task force to develop a plan for implementing the Maryland ABLE program. The task force, supported by the Department of Disabilities, includes representatives from the Senate and House, the Treasurer’s office, Attorney General’s office, financial experts, the disability community and others. The Task Force is required to hold public hearings to inform its work and submit a report with recommendations and draft legislation by December 1, 2015. The Task Force will determine:

- What the structure of the program should be;
- Whether the program should be State-sponsored or privately run; and if State-sponsored, whether it should be operated by the College Savings Plans of Maryland or another State agency;
- Staffing and funding needs of the program;
- Potential sources of start-up funding (prior to the program becoming self-supporting);
- Membership and duties of the board that will oversee the program; and
- State tax benefits or treatment of contributions to and withdrawals from ABLE accounts.

If legislation is needed to enact the program developed by the task force, the General Assembly will consider it during the 2016 legislative session.

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