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# Have You Ever Heard Someone Reference an ABLE Account?

*An ABLE account can give an eligible person with a disability a way to save and invest for disability-related needs without automatically sacrificing important means-tested public benefits.*

**ABLE stands for *Achieving a Better Life Experience*. It is a tax-advantaged account created under Section 529A of the Internal Revenue Code.**

## Why were ABLE accounts created?

Many needs-based benefit programs have strict resource limits. Historically, that could make it difficult for a person with a disability to build meaningful savings without jeopardizing benefits. Congress created ABLE accounts in 2014 to provide eligible individuals with a special savings and investment vehicle. Money can grow tax-free, and withdrawals are federally tax-free when used for qualified disability expenses.

## Who can qualify?

Beginning in 2026, the disability or blindness generally must have begun **before age 46**. Eligibility can be established through qualifying SSI or SSDI entitlement, or through disability certification meeting the applicable federal standard. The account can be opened later in life; the key is the age when the disability began. The individual with the disability is the account owner, although an authorized person may establish and manage the account when appropriate.

## How much can be contributed?

For **2026**, the general aggregate annual ABLE contribution limit is **$20,000**. Certain employed ABLE beneficiaries may be able to contribute additional compensation above that amount, subject to statutory limits and retirement-plan rules. Contributions can come from the beneficiary, family members, friends and other permitted contributors. Contributions are generally not federally income-tax deductible, although state tax treatment varies.

## What can the money pay for?

The definition of a **qualified disability expense (QDE)** is intentionally broad. It can include education, housing, food, transportation, employment training and support, assistive technology, personal support services, health care, prevention and wellness, financial management, legal fees, funeral and burial expenses, and other expenses that help improve the beneficiary's health, independence or quality of life.

## Why can an ABLE account be so valuable?

For Supplemental Security Income (SSI), the first **$100,000** held in an ABLE account is generally disregarded as a resource. If the ABLE balance above $100,000 causes the beneficiary to exceed the SSI resource limit, SSI cash payments may be suspended; Social Security states that Medicaid can continue as long as the person otherwise remains eligible. This special treatment can make an ABLE account very different from simply putting money into an ordinary savings or investment account in the beneficiary's name.

## A few important details

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| **Only one ABLE account.** | An eligible beneficiary generally may have one ABLE account at a time. |
| **Housing requires care.** | For SSI recipients, an ABLE distribution for housing should generally be spent in the same month; retained housing distributions can affect resource treatment. |
| **Investment choices and fees vary.** | State-sponsored ABLE programs can differ in investment options, checking/debit features, fees and state tax benefits; many programs accept out-of-state residents. |

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| **Keep records.** | Good documentation of qualified disability expenses is important for tax and benefit purposes. |
| **Medicaid estate recovery may apply.** | After the beneficiary's death, a state may in some circumstances seek reimbursement for certain Medicaid benefits paid after the ABLE account was established, after permitted expenses are paid. |

## ABLE account or special needs trust?

They are not necessarily substitutes. An ABLE account can provide day-to-day flexibility and tax-advantaged growth, while a properly designed special needs trust may be appropriate for larger inheritances or more complex planning. Families dealing with significant assets, estate planning or public-benefit eligibility should coordinate their financial, legal and tax advice before moving money.

## The takeaway

An ABLE account can be an exceptionally useful planning tool for the right person: it can create a place to save, invest and pay qualified expenses while preserving important benefit protections. The rules are detailed, however, so eligibility, contributions, distributions and coordination with SSI, Medicaid and estate planning should all be reviewed carefully.

## Trusted sources & more information

- Internal Revenue Service — 2026 ABLE contribution limit and inflation adjustments
- Internal Revenue Service — Tax Highlights for Persons With Disabilities / ABLE rules
- Social Security Administration — ABLE Accounts and SSI
- ABLE National Resource Center — What Are ABLE Accounts?
- ABLE National Resource Center — Eligibility and Opening an Account

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