



11711 N. Solar Avenue, Mequon, WI, 53097
phone: (480) 428-8640

ABLE Accounts in 2024: Save Up to \$18,000 Annually

For nearly a decade, people with disabilities have had the option to accumulate savings in a special tax-free account – without risking their means-tested public benefits. In 2024, the annual limit on how much money one can deposit into these savings vehicles, known as ABLE accounts, will rise, allowing individuals to add up to \$18,000 per year.

What Is an ABLE Account?

Many people across the disability community rely on such government assistance as Medicaid, Supplemental Nutrition Assistance Program (SNAP) benefits, or Supplemental Security Income (SSI). Yet having too many assets to their name can disqualify them from receiving these often critical benefits. For example, in most states, the resource limit to qualify for Medicaid is just \$2,000. In 2014, Congress signed the Achieving a Better Life Experience (ABLE) Act into law to help address this issue.

Individuals with an ABLE account can save up to a total of \$100,000, tax-free, while remaining eligible for public assistance programs. Family members, friends, and others can make contributions to the account, too. The disabled person can then use these funds to help maintain their independence by spending them on disability-related expenses, including assistive technologies, education, transportation needs, vacations, legal fees, and health care.

Unlike a special needs trust (SNT), an ABLE account can be opened by the individual with the disability. This offers them considerably more control over the account funds compared with an SNT.

Starting in 2024, the annual limit on contributions to ABLE accounts will be \$18,000, up from \$17,000 in 2023. Through the end of 2025, ABLE account owners who work can contribute their employment income to these savings vehicles even beyond the per-year deposit limit.

The idea for these accounts derived from the concept of a 529 college savings plan. Similar to a 529 plan, funds in an ABLE account grow tax-deferred over time. In addition, each state administers its own ABLE account program.

To qualify, you must meet the Social Security Administration's strict definition of "disabled." You also must have incurred your disability before age 26. (Note that the age cutoff will shift to age 46 come 2026. According to estimates, this age adjustment will result in roughly 6 million more individuals becoming eligible to open these types of savings accounts.)

Why Open an ABLE Account?

People with disabilities are among those most at risk for financial disaster. According to research, just 10 percent of people of working age who are living with a disability are financially healthy.

ABLE Accounts, or 529A accounts, can serve as a form of future financial support for these individuals. Yet the vast majority of those who could benefit from these accounts remain unaware of them. As of 2022, 8 million people were eligible for this type of account, yet a mere 120,000 had one in place.

Get Support With ABLE Accounts

To learn more about setting up this type of savings account, consult your special needs planning attorney.