

The Law Office of
Brown & Brown, P.C.

*Estate, Trust, Tax and
Long Term Care Planning*



www.browncandbrownpc.com

1250 E. Sherwood Drive

Grand Junction, Colorado 81501

Phone: (970) 243-8250 ♦ Fax: (970) 241-1144

Baird B. Brown

Clara Brown Shaffer

Shauna C. Clemmer

Daniel F. Fitzgerald

**"Accumulating wealth is one thing. Preserving it is another.
Let our family help yours."**

Special Report

Introduction to the Achieving a Better Life Experience (ABLE) Act of 2014

The federal ABLE Act was signed into law on December 19, 2014. It marked the end of a campaign that began in 2006 to approve the use of tax-free savings accounts for individuals with disabilities to cover expenses not covered by government sponsored programs. It is important because it shines a light on the extra and significant costs of living for a person with disabilities and shows the need to have sustainable options for people with disabilities.

Goal: Allow those with disabilities to have a supplemental source of income beyond those provided by governmental programs, such as Medicaid and Social Security.

What does the Act do?

Allows individuals who have been diagnosed with a disability before age 26 to open an ABLE account (limit 1 per person), which can accept up to the annual gift-tax exemption amount (\$16,000 for 2022, which is to be increased to \$17,000 for 2023) per year, similar to a 529 college savings account. The account balance limit is \$400,000. For detailed information regarding the Able Act go to the [coloradoABLE](http://coloradoABLE.com) website where you can actually enroll and sign up to create such an ABLE account.

How can ABLE account funds be used?

The account funds can be used for what are considered "qualified disability expenses" or QDEs which include the following: Education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses, which are approved by the U.S. Secretary of the Treasury under regulations and consistent with the purpose of the Act. If funds are used for expenditures that are not considered QDEs, then the earning portion would be subject to regular income tax and a 10% penalty.

Who Qualifies to Get an ABLER Account?

◆ Qualify in 2 ways:

1. Anyone diagnosed as disabled before age 26 and receiving Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI).
2. Anyone diagnosed as disabled before the age of 26 and *certified* as meeting the conditions similar to that required by SSI or SSDI.
 - ◆ 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 months or is blind, and provides a copy of their diagnosis by a physician.

Developmental disabilities probably will not be difficult to get certified for before the age of 26. More difficult will be mental health issues – when did they start and how to show?