



State of Wisconsin
Department of Financial Institutions

Tony Evers, **Governor**

Kathy Blumenfeld, **Secretary**

Frequently Asked Questions related to ABLE Savings Accounts (7/2020)

(Refer to your ABLE plan documents for the most current investments, account features, and legal information.)

Q-1: What are ABLE Savings Accounts?

A-1: Passed in 2014, the Stephen Beck Jr. Achieving a Better Life Experience Act (ABLE Act) created this tax-advantaged savings account for individuals with disabilities and their families. ABLE Savings Accounts allow eligible individuals a way to save. as monies deposited into an ABLE Account are not counted when determining eligibility for certain means-tested benefit programs like Medicaid and Supplemental Security Income (SSI). Additionally, funds in an ABLE Savings Account can be used to pay for qualified disability expenses such as education, food, housing, transportation, employment training & supports, assistive technology, personal support services, health care expenses, and financial management and administrative services.

Q-2: How do I open an ABLE Savings Account?

A-2: ABLE Savings Accounts are now offered by many states, individually or in partnerships. Wisconsin does not offer an ABLE Account at this time, but residents may enroll in any state's program provided that the program is accepting out-of-state residents. To determine which states are accepting out-of-state residents, please view the list and additional resources on the Wisconsin Department of Revenue's website [here](#). The same federal rules apply to all ABLE plans. Eligibility and tax benefits vary from state to state. Consider consulting with a professional counsel to see how this may affect your situation.

Q-3: Who is eligible for a 529A ABLE Savings Account?

A-3: If the individual meets one of the following criteria, they will be able to open an ABLE Account:

- Age requirement: individual must be disabled **before age 26**
- Severity of disability:
 - a. Determined to meet Social Security Admin's **disability requirements** for Supplemental Security Income (SSI) or Social Security Disability Insurance benefits (SSDI) and are receiving those benefits,

- OR -

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- b. Submit a “**disability certification**” assuring that the individual holds documentation of a physician’s diagnosis and signature, and confirming that the individual meets the functional disability criteria in the ABLE Act (related to the severity of disability described in Title XVI or Title II of the Social Security Act).

Q-4: What are some things I should consider when selecting an ABLE plan?

A-4: Most plans offer a range of investment portfolios, including longer-term stock and bond funds as well as cash accounts. Find one that meets your needs.

Fees vary among the ABLE plans, whether for transactions, paper or electronic statements, and account maintenance fees. Shop and compare.

Ask the plan administrator if they provide any additional services to out-of-state participants or have clear materials about different rules that apply to participants from Wisconsin.

Each plan has a Program Disclosure or Description document, with important information you should read before investing.

Note: Links to available plans along with other resources to help you are listed below.

Q-5: Who can be the owner or open an ABLE Savings Account?

A-5: The individual with a disability is always the owner of the Account (it is in his/her name), but the Account may be opened by a (1) person who meets the eligibility criteria or a parent if the individual is under age 18, (2) a legal guardian, or (3) someone who holds a Power of Attorney. Family members and friends can deposit money in an ABLE Account for the use of the individual.

Many state ABLE Programs have forms you can download to establish Power of Attorney.

Q-6: What kind of expenses can I pay from my ABLE Savings Account?

A-6: Generally, items and services to help improve the ABLE account owner’s health, independence, and quality of life. They include assistive technology, education, employment and training, housing, transportation, medical needs not covered by insurance, financial management, legal and death expenses. Special rules apply for monthly housing withdrawals and payments.

Q-7: What are some features and advantages of a 529A ABLE Savings Account?

A-7: Contributions are made with after tax dollars, the earnings grow tax-free and are federal income tax-exempt.

A Wisconsin subtraction from federal AGI may be allowed for a Wisconsin resident's 529A ABLER Account contributions – this is according to the ABLER Technical Fix AB 731. Beneficiaries can hold more than \$2000 in these accounts and not be disqualified from SSI and Medicaid

Some state programs offer debit cards for account distributions, as well as automatic payments directly from the 529A ABLER Savings Account to a vendor, provider, etc.

Family members, friends, and trusts can make contributions to the beneficiaries 529A ABLER Savings Account.

Q-8: What are some rules unique to ABLER I need to know?

A-8: Contributions are one-way gifts, generally for the benefit of the named beneficiary.

Monthly withdrawals for housing expenses require careful planning to avoid disqualification.

Medicaid recipient accounts may be subject to recovery after death.

Only one account is allowed per beneficiary, unlike IRAs or college savings plans.

A 529 college savings account balance in limited amounts can be rolled over to an ABLER Account for the same beneficiary.

Beneficiaries can rollover their ABLER Accounts to a sibling with a disability.

Q-9: How much can I save in an ABLER Savings Account?

A-9: The maximum contributions from all sources in a calendar year is capped at \$15,000. However, if the beneficiary is working without making any contributions to an employer retirement plan, then up to \$12,940 of earnings may also be contributed to the ABLER account. Total permitted account balances for a beneficiary vary from \$200,000 to \$500,000, depending on the state.

Q-10: Do I have to report ABLER Account withdrawals on my tax returns?

A-10: No, if used for qualified ABLER expenses. Withdrawals for non-qualified uses may be subject to income tax and penalty. It is a good idea to keep a personal file of expenses and withdrawals if needed later.

Q-11: Can I get an ABLER Savings Account at my credit union, bank or insurance company?

A-11: No. ABLER Savings Accounts are available directly from the issuing state or a registered investment professional.

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Q-12: Is an ABLE Savings Account like a special needs trust?

A-12: ABLE Savings Accounts are not special needs trusts but can work in conjunction with them. As with all complex legal matters, consult the professionals to see how this applies to your situation.

Q-13: Can I move my ABLE Savings Account from one provider to another?

A-13: Yes, as long as you only have one ABLE Savings Account at the end of the transaction. Check to see if there are exit fees to leave the original account.

Q-14: What happens when the ABLE Savings Account beneficiary dies?

A-14: The Account may be used for funeral and burial expenses and the balance becomes part of the deceased person's estate. Assets of Medicaid recipients may be subject to recovery.

Q-15: Will there be changes to ABLE Savings Accounts in the future?

A-15: The \$15,000 annual contribution limit is based on a federal tax formula and may increase in future years.

Currently, ABLE Savings Accounts are available when the onset of the disability is before age 26.

Proposals have been presented to Congress to extend the eligibility age to 45, but nothing is pending currently.

Proposals for a Wisconsin-based ABLE plan, or for a partnership plan with another state have been discussed, but nothing is pending currently.

Q-16: Where can I go for more ABLE information?**A-16: Tax and investing information**

Wisconsin Department of Revenue's ABLE account tax information:

<https://www.revenue.wi.gov/Pages/FAQS/ise-ABLEAccounts.aspx>

IRS Tax Information (ABLE accounts are covered under Section 529A of the federal tax code):

<https://www.irs.gov/government-entities/federal-state-local-governments/able-accounts-tax-benefit-for-people-with-disabilities>

FINRA information for U.S. investors in ABLE plans:

[ABLE Accounts \(529 A Savings Plans\)](#)

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Additional information and nationwide listing of ABLE plans:

- The ABLE National Resource Center (www.ablenrc.org) is maintained by the National Disability Institute and is an impartial resource for the public to learn more about ABLE plans and news. Click on the ‘Get Started’ link on their site to see available state ABLE plans and a comparison tool.
- National Disability Institute’s (NDI) ABLE Guide: [Download PDF](#)
- Videos about and other materials about ABLE accounts are at:
<https://www.nationaldisabilityinstitute.org/financial-wellness/able-accounts/>
- Educational materials from The Arc Wisconsin:
[The Arc Wisconsin Webinar Series: All you Need to Know about Opening an ABLE Account or Special Needs Trust in Wisconsin](#)
[6 Steps to setting up an ABLE account in Wisconsin](#)
[Learn if an ABLE account is right for you](#)
- Other websites with available resources:
<https://specialneedsanswers.com/>
[The Pros and Cons of ABLE Accounts](#)
[Five Practical Uses for an ABLE Account](#)
[A Look at Three New ABLE Programs Available Nationwide](#)
[New Tax Law Makes Changes to ABLE Accounts](#)

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