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Five practical uses for an ABLÉ account

October is National Special Needs Law month and Special Needs Answers contributors have come up with five practical uses for an ABLÉ account (<http://specialneedsanswers.com/five-practical-uses-for-an-able-account-16157>). ABLÉ Accounts (Achieving a Better Life Experience Act of 2014) are a way for those who are disabled before age 26 to establish tax free savings accounts that will likely not affect their ability to remain on government assistance as long as the balance does not exceed \$100,000. While this was an important step to give a disabled adult the ability to manage some of their own funds, in addition, there are creative and practical uses for ABLÉ accounts that can have a significant impact on a beneficiary's quality of life. See www.paable.gov for more information on Pennsylvania ABLÉ accounts.

Generally, a disabled person who is receiving government benefits in the form of Supplemental Security Income (SSI) and Medicaid cannot have more than \$2,000 in countable assets without becoming ineligible for such programs. ABLÉ accounts provide an opportunity for planning in order to prevent the loss of government benefits as a result of gifts, wages, small inheritances and other sources of funds. Some practical ways to consider using ABLÉ accounts in special needs planning include:

- **Substituting for a special needs trust:** If the disabled beneficiary is scheduled to receive a small inheritance or a small settlement or even a gift, using an ABLÉ account may allow the ability to avoid the time, expense, and restrictions on use of the funds that a special needs trust entails. If a disabled individual who is eligible to set up an ABLÉ account receives \$150,000, \$14,000 can be deposited into the account (maximum amount permitted each year) and a structured annuity can be set up to disburse the rest for an amount each month that would not exceed the \$14,000 limit each year.
- **Shielding income:** A practical use for an ABLÉ account is to protect child support, alimony or even earned wages can be deposited in this type of account. Furthermore, ABLÉ accounts are flexible enough to pay for expenses that an account holder might have that may not be permitted under a trust.
- **Protecting UTMA/UGMA account funds:** A Uniform Gift (or Transfer) to Minors Act account will be turned over to a child when he or she comes of age, possibly preventing the child from qualifying for public benefits. Use of an ABLÉ account may preserve the funds for the child's continued use.
- **Gives the account owner financial control:** A supplemental needs trust, although the best option in some circumstances requires oversight by the trustee on every distribution and careful consideration of the restrictions to avoid loss of government benefits. An ABLÉ account gives the owner access to the money that the owner can then decide to spend or save, giving a boost to self-esteem because he or she can make these decisions for themselves.
- **Paying household expenses:** Money in the ABLÉ account can be used to pay utilities and other household expenses without triggering SSI's "in-kind support and maintenance" penalty that third parties, even a special needs trust would incur if such expenditures are made on behalf of the disabled person. The Social Security Administration considers money in an ABLÉ account as belonging to the beneficiary so there is no penalty if this money is used for housing expenses.

ABLÉ accounts can just be one piece of a much larger puzzle. Consider contacting an attorney versed in special needs planning for more information.