

**Michigan
Department of
Treasury**

529(A) ABLE
Saving Accounts

Content accurate for
Summer 2019



MI ABLE

Disability Savings Program

The Stephen E. Beck, Jr. Achieving a Better Life Experience (ABLE) Act

- ABLE passed December 2014 with overwhelming Congressional support
- ADA Not Only “Accessibility” but also to allow “Economic Self Sufficiency”
- Created new 529A section of IRS code and authorized tax advantaged saving programs for individuals with disabilities
- Enables saving for future, while protecting eligibility for public benefits
- Earnings grow TAX FREE if funds used for Qualified Disability Expenses (QDE)

ABLE Account Features

- Limit one ABLE account per “eligible individual”
- Account owner is the designated beneficiary
- Total annual contributions cannot exceed federal gift tax limit
 - (2019 = \$15,000) (Subject to IRS changes)
 - (Additional contributions allowed for disabled workers without retirement programs)

ABLE Account Features

- ABLE Assets excluded for Medicaid Eligibility
- Medicaid “Claw-back” provisions
- ABLE Assets over \$100,000 count as a Resource for SSI
 - Eligibility does not change but
 - Payments are suspended once \$100,000 is reached

Who is Eligible to Open an ABLE 529?

- Anyone who became disabled prior to age 26 *
- No ABLE account in any other State
- 3 methods to prove eligibility:
 - Eligible for SSI or SSDI due to disability
 - Have a Condition listed on SSA Compassionate Allowances List
 - Self Certification

* SB 651/HR 1814 Proposed to raise onset age to 46

What can ABLE Assets/Funds be used for?

Distributions from ABLE accounts must be made for “Qualified Disability Expenses” (QDE)

- QDE are costs related to the beneficiary’s blindness or disability
- Are for the benefit of the beneficiary
- Tracking QDE is the responsibility of the designated beneficiary or authorized representative
- Disability Expenses are subject to audit by the IRS &/or SSA

ABLE Fund usage

QDE is meant to be as broad as possible & includes the expenses of everyday living

- Educational Expenses
- Housing
- Transportation
- Health Care/Medical Costs
- Employment Training Programs
- Assistive Technology
- Personal Support Services
- Legal, Financial Management, and Administrative services
- End of Life Expenses

Distributions for non-qualified expenses will be subject to tax consequences and may impact eligibility for federal means tested benefits.

Tax Implications/Michigan Features

- State of Michigan: Michigan ABLE contributors can claim up to a \$5,000 (single filer) or \$10,000 (joint filers) deduction on their Michigan income tax returns
- Michigan has one of the highest allowable 529 limit (\$500,000.00)
- 5 Investment Options (100% Stock to 20% stock) Varies in Risk and Cost
 - Investment costs under 1.0%
 - Program Management Fee 0.5%
 - Annual Fee \$45 annually
- 1 FDIC insured Money Market Account Option w/Optional Debit Card
- Advisor Option

MiABLE VISA Card

- **Customer Service:**
(844) 656-7225
- www.miable.org
- for more information or
to Enroll



ABLE or Special Needs Trust

“Another Tool in the Tool Belt”

Some benefits specific to MiABLE Accounts:

- Cost-Effective
- Broader spending power (i.e. housing)
- Easy online account access
- State tax deduction for MiABLE contribution
- No federal income tax on earnings or returns to file
- Can be established, administered, and owned by individual with disability

Outreach and Education

MiABLE Outreach is continuing and ongoing

Please send requests for presentations to
MiABLE@michigan.gov

Contact Us

Enrollment:

www.miable.org

Customer Service:

844-656-7225



MIABLE

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