



# Achieving a Better Life Experience (ABLE) in Ohio

## Frequently Asked Questions

### BASICS

**Q: What is an ABLE account?**

A: An ABLE account is a financial account available to individuals with a disability who meet certain criteria. An ABLE account allows individuals with a disability to save and invest money without losing certain benefits. Income from the account is not federally taxed.

**Q: Is opening an ABLE account mandatory?**

A: No. Opening an ABLE account is not mandatory. It is a completely voluntary account to open and maintain.

### ELIGIBILITY

**Q: Who is an “eligible individual” for an ABLE account**

A: An eligible individual is someone who became blind or disabled before age 26. Age of diagnosis is not a factor as long as the disability began before age 26.

***An individual must also do one of the following:***

- Be entitled to Supplemental Security Income (SSI);
- Be entitled to Social Security Disability Income (SSDI); or
- File a disability certification with the IRS

**Q: Is serious mental illness considered a disability?**

A: Under the federal ABLE regulations, some individuals with serious mental illnesses may qualify to open an ABLE account.

## SETTING UP AN ACCOUNT

**Q: Who can open an ABLE account?**

A: An eligible individual (the “designated beneficiary”), the parent or legal guardian of an eligible individual, or the holder of the power of attorney of an eligible individual can set up an ABLE account.

**Q: Can I have more than one ABLE account?**

A: No. An eligible individual can have only one ABLE account. The eligible individual must be a resident of the state where they open an account.

**Q: Where and how can I set up an ABLE account?**

A: The Treasurer’s Office is currently working on designing this part of Ohio ABLE. Check back soon for more information or visit our website for updates.

**Q: When can I set up an ABLE account?**

A: The goal is early 2016. Check back soon for more information or visit our website for updates.

**Q: Who controls the funds in an ABLE account?**

A: The designated beneficiary is considered the account owner. However, the account owner, the parent or legal guardian, or the designated power of attorney can control the funds in the account, depending on who has been authorized.

**Q: What are the administrative fees for opening and maintaining an ABLE account?**

A: The Treasurer’s Office is currently working on designing this part of Ohio ABLE. Check back soon for more information or visit our website for updates.

# QUALIFIED EXPENSES

**Q: How are my expenses determined to be “qualified expenses”?**

**A:** The Treasurer’s Office is currently working on designing this part of Ohio ABLE. Check back soon for more information or visit our website for updates.

**Q: What if I use ABLE funds for something that isn’t considered a qualified expense?**

**A:** There is a 10% additional tax on funds withdrawn from an ABLE account for non-qualified expenses.

**Q: Can I use ABLE account funds for housing?**

**A:** Yes. However, SSI benefits can be affected if you use ABLE funds for any housing expenses. Designated beneficiaries will need to check if their SSI benefit will be impacted.

**Q: What types of expenses are allowed with an ABLE account?**

**A:** Under the federal ABLE regulations, a “qualified expense” can be an expense that is a result from living with a disability. Below are some examples of qualified expenses. (This is not a complete list.)

- Education
  - Tuition for preschool through post-secondary education
  - Books
  - Supplies and education material
- Housing: (SSI benefits may be impacted)
  - Expenses for a primary residence
  - Rent
  - Purchase of primary residence
  - Mortgage payments
  - Real property taxes
  - Utility charges
- Transportation
  - Expenses for transportation
  - Use of mass transit
  - Purchases or modification of vehicles
  - Moving expenses
- Employment Support
  - Expenses related to obtaining and maintaining employment
  - Job-related training
  - Assistive technology and personal assistance supports
- Health Prevention and Wellness
  - Expenses for health & wellness
  - Premiums for health insurance
  - Mental health, medical, vision, and dental expenses
  - Habilitation and rehabilitation services
  - Durable medical equipment
  - Therapy
  - Respite care
  - Long term services and supports
  - Nutrition management
- Communication services and devices
- Adaptive equipment
- Assistive technology
- Personal assistance
- Assistive Technology and Personal Support:
  - Expenses for assistive technology and personal support
- Miscellaneous Expenses
  - Financial management and administrative services
  - Legal fees
  - Expenses for oversight
  - Monitoring
  - Home improvement, modification, maintenance, and repairs
  - Funeral and burial expenses
- Other Approved Expenses: Any other expenses approved by the Secretary under the regulations

## TAX QUESTIONS

**Q: Will I still be able to claim my dependents for tax purposes?**

A: Please check with your tax professional in the preparation of your tax filing.

## LIMITATIONS

**Q: Are there limitations to the account?**

A: Yes. There are limitations to the account including, but not limited to, the following:

- The maximum *yearly* contribution limit is currently \$14,000.
- The maximum *account value* is currently \$414,000.
- There is a 10% additional tax on funds withdrawn from an ABLE account for non-qualified expenses.
- SSI benefits may be suspended if the account total exceeds \$100,000.
- States may file claims for Medicaid reimbursement from the ABLE account upon death of the designated beneficiary.

## FEDERAL BENEFITS DETERMINATION

**Q: Will I lose my Medicaid benefits if I open an ABLE account?**

A: No. Medicaid benefits will not be affected by ABLE accounts.

**Q: Will I lose my SSI benefits if I open an ABLE account?**

A: SSI benefits won't be lost. SSI benefits are suspended if the account balance is over the limit of \$100,000. Suspended SSI benefits are restored when the ABLE account balance goes back to below the limit of \$100,000.

**Q: Can an individual with a disability work and maintain an ABLE account?**

A: Yes, as long as the individual meets the eligibility requirements for an account.

## FEDERAL BENEFITS DETERMINATION Continued....

**Q: Can an employed individual contribute to an ABLÉ account with wages he/she has earned?**

**A:** Yes. After required taxes are paid, wages earned can be contributed to the ABLÉ account but only up to the maximum \$14,000 yearly contribution limit.

## ABLE ACCOUNTS COMPARED TO OTHER SAVINGS VEHICLES

**Q: How does an ABLÉ account compare to a special needs trust?**

- A:**
- Special needs trusts are regulated at the state level. They must be reviewed and updated if a family moves to another state.
  - Special needs trusts are taxed at the highest individual tax rate. They can be expensive to set up and maintain.
  - Special needs trusts do not have contribution limits. The allowed expenditures are not limited as ABLÉ accounts.
  - If a special needs trust is set up as a third party trust, then a Medicaid payback is not required.

**Q: How does an ABLÉ account differ from a pooled trust?**

- A:**
- Pooled trusts are regulated at the state level. They are fully taxable and require set up and maintenance costs.
  - A portion of the money left in the account after the beneficiary's death stays in the account for other participants before the Medicaid payback applies.
  - There are no contribution limits for pooled trusts.
  - The allowed expenditures from a pooled trust are broader than with an ABLÉ account.
  - Setup and maintenance of pooled trust are generally done by disability organizations.
  - The set up fees can be less expensive than special needs trusts.
  - The organizations that maintain pooled trusts are familiar with how funds can be used on behalf of the beneficiary.

## ABLE ACCOUNTS COMPARED TO OTHER SAVINGS VEHICLES Continued...

**Q: Can I have an ABLE account AND a Special Needs Trust Fund, a Wholly Discretionary Trust Fund, or a Supplemental Services Trust Fund?**

**A:** Yes. All are tools for disability-related support and established for the same beneficiary.

## TRANSFERS & ROLL-OVERS

**Q: Can I make a tax-free transfer of funds from an existing 529 college savings account to an ABLE account?**

**A:** Not at this time. Under the federal ABLE regulations, this type of transfer is not considered a qualified higher education expense.

## QUESTIONS FROM YOU

**Q: I work at a law firm. Should our firm start preparing documents or forms to certify an individual's disability status?**

**A:** The Treasurer's Office is currently working on designing this part of Ohio ABLE. We envision that Ohio ABLE will provide these forms for the individual. Check back soon for more information or visit our website for updates.

# QUESTIONS FROM YOU Continued...

**Q: What is the difference between an ABLE account, a Miller Trust Fund, a Special Needs Trust Fund, and the Medicaid buy-in?**

<i>Resource</i>	<i>Beneficiary</i>	<i>How Is It Used?</i>	<i>Cost</i>	<i>Medicaid Payback?</i>
<b>Ohio ABLE Accounts</b>	Eligible individuals with disabilities who meet certain criteria	Tax-advantaged accounts allow for eligible individuals to make contributions without the loss of certain federally funded benefits	Undetermined at this time	Yes
<b>Miller Trust (a.k.a. Qualifying Income Trusts)</b>	Medicaid recipients with incomes above the Special Income Limit (SIL). Currently about \$2,200 monthly.	Any income placed in the trust will not count against the Medicaid recipient's eligibility	One-time cost to set up. No annual fees to maintain	Yes
<b>Special Needs Trust Fund</b>	Eligible individuals with disabilities who meet certain criteria	Trust that allows beneficiary to maintain Medicaid eligibility while having assets and funds to save for future needs	One-time cost to set up. Annual fees to maintain	Possible
<b>Medicaid Buy In for Workers with Disabilities</b>	Working Ohioans with disabilities who meet certain criteria	Enables Ohioans with disabilities to work and still keep health care coverage	Monthly premiums for eligible beneficiary with an annual gross income greater than \$17,235	n/a