

# ABLE Accounts - Tax Benefit for People with Disabilities

The Achieving a Better Life Experience (ABLE) Act of 2014 allows states to create tax-advantaged savings programs for eligible people with disabilities (designated beneficiaries). Funds from these 529A ABLE accounts can help designated beneficiaries pay for qualified disability expenses. Distributions are tax-free if used for qualified disability expenses.

### The Tax Cuts and Jobs Act of 2017

- Increases the amount of contributions allowed to an ABLE account and adds special rules for the increased contribution limit.
- Allows an ABLE account's designated beneficiary to claim the saver's credit for contributions to the account.
- Allows rollovers in limited amounts from a 529 qualified tuition program account of the designated beneficiary to the ABLE account of the designated beneficiary or his or her family member.

#### More about the increased contribution limit

In addition to the annual limit of \$15,000 (the gift tax exclusion amount for 2018), a designated beneficiary who works may also contribute his or her compensation up to the poverty line amount for a one-person household. A designated beneficiary can't contribute this additional amount if his or her employer made a contribution for him or her to a:

- 401(a) defined contribution plan or 403(a) annuity contract
- 403(b) annuity contract
- 457(b) eligible deferred compensation plan

## More about rollovers from qualified tuition programs

Funds from a designated beneficiary's qualified tuition program (also known as a 529 plan) may be rolled into an ABLE account of the designated beneficiary or of his/her family member. The permissible rollover is limited in amount.

## **More information**

For more information on ABLE accounts, see Publication 907, Tax Highlights for Persons With Disabilities (PDF).

## **Guidance**