



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