

Achieving a Better Life Experience

The Achieving a Better Life Experience (ABLE) Act allows eligible individuals with disabilities the ability to establish tax-advantaged savings accounts to save for paying for disability related expenses while protecting eligibility for federal and other disability benefits. Assets in an ABLE account and distributions from that account for qualifying expenses would be disregarded when determining the beneficiary's eligibility for most federal benefits.

The proposed New Mexico legislation will direct the Office of the New Mexico Treasurer to create a tax advantaged savings program, for the purpose of meeting the qualifying disability expenses of a designated beneficiary who is disabled. Fees may be charged to beneficiaries for the establishment and maintenance of each account. Regulations for the operation of the program and the individual accounts are authorized. They could include:

- Documentation of eligibility for an ABLE account:
- Minimum contribution for the establishment of the account,
- Annual fees charged for the maintenance of the account, and
- Documentation necessary for a distribution from the account.

The bill includes the requirements for reporting to the US Secretary of the Treasury.

Key Characteristics of ABLE Accounts:

- An eligible individual may have only one ABLE account.
- Any person may contribute to an ABLE account.
- An ABLE account may not receive more than \$14,000 in annual contributions.
- An eligible individual is one who is: (1) entitled to benefits under the Supplemental Security Income (SSI) program, under the Social Security disability, retirement, or survivors program OR (2) who submits certification of eligible disability (to be defined in federal regulations).
- The disability occurred before the age 26.
- The beneficiary is the eligible person who established the ABLE account.
- Qualified disability expenses are any expenses made for the beneficiary and related to his/her disability, including: education, housing, transportation, assistive technology and personal support services, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses and other expenses which are approved by the Secretary of the Treasury under regulation.
- Earnings on an ABLE account and distributions from the account for qualified disability expenses do not count as taxable income of the contributor or the beneficiary.
- Contributions must be made in cash from the contributor's after tax income.
- Assets above \$100,000 will count as resources under SSI.
- A beneficiary will not lose eligibility for Medicaid.
- When a beneficiary dies, subject to certain rules and upon the state's filing a claim for payment, any assets remaining must be used to reimburse the state for Medicaid payments.

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