Special Needs Alliance®

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ABLE ACCOUNTS, HOUSING AND SSI

The "ABLE" account is a relatively new planning tool that offers an individual with eligible disabilities a tax-free savings option that does not interfere with their eligibility for means-tested government benefits.

One significant advantage of an ABLE account is the ability to use funds contributed by a third party to pay for shelter and household operating expenses without affecting Supplemental Security Income (SSI).

Because SSI is intended to pay for food and housing, money from third parties, such as the trustee of a special needs trust, is considered "In-Kind Support and Maintenance," or "ISM," and will lower the individual's monthly SSI payments. Examples of ISM include:

- mortgage payments,
- home insurance (if required by mortgage terms),
- rent,
- real property taxes,
- heating fuel,
- gas,
- electricity,
- water,
- sewer,
- garbage removal.

If, for example, someone pays directly for an SSI recipient's rent, it could reduce their monthly SSI by up to $265, or $3,180 annually. On the other hand, if they contribute the same funds to the individual's ABLE account, the money could be used to pay for housing with no reduction to SSI.

These issues are often complex, and if the benefit recipient is receiving benefits other than SSI, other rules might apply.

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