



ABLE Accounts: What Families Should Know

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Saving money for a family member with a disability can feel like a balancing act: set aside too much, and you risk losing the government benefits they depend on. ABLE accounts were created to break that cycle. Here are a few common questions about ABLE accounts, and what the answers could mean for you and your loved ones.

What Is an ABLE Account?

An Achieving a Better Life Experience (ABLE) account is a tax-advantaged savings account designed specifically for people with disabilities. Think of it as a tool that lets individuals and their families build real savings without fear of losing critical government benefits such as Supplemental Security Income (SSI) or Medicaid.

To qualify, the account holder's disability must have begun before age 46. Eligibility may be shown through a Social Security Administration determination or certification from a treating physician. The account may be opened by the account holder or someone acting on their behalf, such as a parent, guardian, or authorized representative.

Will an ABLE Account Affect Government Benefits?

This is usually the first question families ask, and for good reasons. SSI has a strict asset limit: generally, having more than \$2,000 in countable resources (assets such as cash, bank accounts, stocks, etc.) can disqualify someone from benefits. Saving anything meaningful under that ceiling is nearly impossible.

ABLE accounts change that. The first \$100,000 in an ABLE account is not counted toward the SSI resource limit, giving families room to save for real needs without jeopardizing monthly benefits.

If the balance exceeds \$100,000, the SSI benefit will be suspended for up to 12 months. If the account is not reduced below that threshold within that window, the benefit will be terminated. This makes it important to monitor the balance and spend down if needed — but it's not an irreversible situation if caught in time.

Medicaid is a different story. Coverage should continue uninterrupted unless the account exceeds the limit set by your state's ABLE plan, which may mirror the state's 529 education savings limit or reach as high as \$500,000. An attorney can help you understand where your state's threshold falls.

Who Can Put Money In, and How Much?

One of the most family-friendly features of ABLE accounts is their flexibility. Money can come from almost anyone — a parent, grandparent, sibling, friend, a trust, or an estate. The account holder can also deposit their own Social Security or SSI payments directly.

The annual contribution cap for 2026 is \$20,000 (adjusted annually in line with the IRS gift tax exclusion). This is a combined limit across all contributors, so if multiple family members are giving, those amounts count toward the same ceiling.

There is a meaningful exception for those who are working: employed account holders may be able to contribute additional funds above that cap, up to the Federal Poverty Level for a one-person household or their actual earnings for the year, whichever is less. This provision recognizes that employment income shouldn't work against someone who is trying to save. For 2026, the earnings limit is \$15,960.

What Can the Money Be Used For?

ABLE account funds are meant to be spent, and the list of qualifying expenses is broad. When money goes toward what the IRS calls "qualified disability expenses" (QDEs), expenses related to the account holder's disability and that support their health, independence, or quality of life, it doesn't count as income for benefit purposes.

Qualifying expenses include:

- Education (tuition, books, tutoring)
- Housing (rent, utilities, home modifications)
- Transportation (car payments, public transit, ride services)
- Employment training and support
- Assistive technology (wheelchairs, communication devices, hearing aids)
- Health and wellness (medical equipment, therapy, and health-related services)
- Funeral and burial expenses
- Legal fees
- Costs related to managing the ABLE account itself

In practice, this covers a wide range of everyday needs. A bus pass, a therapy co-pay, or an adaptive piece of equipment can all qualify.

A word of caution about non-qualifying expenses: if money is withdrawn for something that doesn't meet the QDE standard, the earnings portion of that withdrawal may be subject to income tax and a 10% IRS penalty. If the funds are held past the month they are withdrawn, they may be counted as a resource for SSI purposes. Spending non-QDE withdrawals in the same month they are taken out avoids the resource-counting issue, but the tax consequences are separate. An attorney or tax advisor can help you think through this carefully.

What Happens to the Account After the Account Holder Dies?

This is an important planning consideration. When an ABLE account holder passes away, any remaining funds may be subject to Medicaid estate recovery — meaning the state may seek reimbursement for Medicaid benefits paid during the account holder's lifetime. Many states waive the Medicaid recovery provisions and do not seek recovery. The specific rules vary by state. A special needs attorney can help families understand what to expect and plan accordingly.

Does It Matter Which State's Plan You Choose?

Yes, and this surprises many families. Even though ABLE accounts are a federal program, they are administered at the state level, and you can choose another state's plan.

Here's what to look for:

- **State tax benefits:** Nearly every state that has an income tax allows a deduction or credit for ABLE account contributions, but the amount differs from state to state. Depending on where you live, choosing your home state's plan could mean extra savings at tax time.
- **FDIC insurance:** All state ABLE plans carry Federal Deposit Insurance Corporation (FDIC) protection — with the exception of Louisiana and Massachusetts, where deposits are not federally insured.
- **Plan availability:** Not every state runs its own ABLE plan. North Dakota, South Dakota, and Wisconsin currently do not have state plans. If you live in one of those states, you can still enroll in another state's plan.

You don't have to do this research on your own. The [ABLE National Resource Center](#) maintains an up-to-date, side-by-side comparison of every state's plan, including contribution limits, investment options, and tax benefits.

ABLE accounts are a powerful tool, but they work best as part of a broader financial and legal plan. An attorney member of the Special Needs Alliance can help you evaluate whether an ABLE account makes sense for your family, which state's plan fits your needs, and how it coordinates with other benefits and planning documents. [Find an SNA attorney near you.](#)

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