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Congress Passes the “Achieve a Better Life Experience” (ABLE) Act to Assist Disabled Individuals

As part of the Tax Prevention Act of 2014, Congress has passed the Stephen Beck, Jr. Achieving a Better Life Experience (529A ABLE Act) to encourage individuals and families to provide private funding to assist disabled individuals in maintaining their health and independence. The money saved may be used to pay for education, housing, health care, transportation, and other needs. President Obama signed it into law in December 2014.

This legislation is a tax-favored savings account program, modeled on the qualified tuition programs known as 529 college savings plans. Plan participants must be disabled or blind and the onset of the disability must have occurred prior to the age of 26. Participants must either be entitled to Social Security Disability benefits under Title II or have a disability certificate on file with the IRS for the tax year.

Under the new law, those who meet the Program’s criteria will be able to open one account where they can save up to \$14,000 per year without risking their eligibility for Social Security, Medicare and other government programs.

The Program will be available beginning in 2015 depending on your state of residence. There may be some delays as each state must develop their own regulations to meet the federal guidelines. The financial institutions who will administer the plans must then make them available to qualified individuals.

While the new law alters federal rules to allow for ABLE accounts, each state must now put regulations in place — much as they have done for other types of 529 plans — so that financial institutions can make the new offering available.

For more information please go to:

<http://www.ndss.org/Advocacy/Legislative-Agenda/Creating-an-Economic-Future-for-Individuals-with-Down-Syndrome/Achieving-a-Better-of-Life-Experience-ABLE-Act/>

<http://www.disabilityscoop.com/2014/12/22/obama-signs-able-act/19935/We-Can-Help>

If you or your family has questions about this or any other financial topic, be sure to consult with us. We can offer the insights and advice you need to make the best decisions.

Please call the Shapiro Financial Security Group at 732-739-8991 for more information on this topic or for assistance with any of your financial concerns.

DISCLAIMER: Pursuant to requirements related to practice before the Internal Revenue Service in accordance with IRS Circular 230; any tax advice contained in this communication (including any attachments) is not intended to be used, and cannot be used, for purposes of (i) avoiding penalties imposed under the United States Internal Revenue Code or (ii) promoting, marketing or recommending to another person any tax-related matter.