



Frequently Asked Questions about ABLÉ Programs

What is ABLÉ?

To help support eligible individuals who are blind or disabled with maintaining health, independence and quality of life, the Stephen A. Beck, Jr., Achieving a Better Life Experience Act of 2014 (ABLE) created new tax-advantaged saving programs under Section 529A of the Internal Revenue Code modeled, in part, on 529 savings plans. ABLÉ allows eligible individuals and their families to save on a tax-deferred basis for qualified disability expenses, up to certain limits, while still maintaining their eligibility for Social Security Income (SSI) and other federal means-tested programs.¹ Amounts in an ABLÉ account over \$100,000 will suspend, but not terminate, the eligible individual's SSI benefits, but other benefits, such as Medicaid, will continue.

An investor should consult his or her tax advisor to learn more about the tax treatment of an investment in an ABLÉ program.

What is an ABLÉ Program?

An ABLÉ program is a program established by a state, or an agency or instrumentality of a state, that is designed to implement the ABLÉ Act.

Program manager/investment options.

In general, a state contracts with a third-party program manager to administer an ABLÉ program, and to help determine the investment options that are available under the ABLÉ program. There may be several investment options offered in an ABLÉ program, some of which may invest in mutual funds or in bank products that may offer insurance from the Federal Deposit Insurance Corporation up to certain limits.

Contributions. Contributions to an ABLÉ program are made on an after-tax basis. Investment gains, if any, grow on a federal

income tax-deferred basis. A withdrawal from an ABLÉ account may be free of federal income taxes, if the withdrawal is used for qualified disability expenses. An investor should consult his or her tax advisor to learn more about the tax treatment of an investment in an ABLÉ program.

Eligibility/account management. Only the designated beneficiary of the ABLÉ account can open an ABLÉ account. Once the owner opens an ABLÉ account, the owner selects the investment options in which his or her ABLÉ account invests. If the owner is unwilling or unable to manage the ABLÉ account, ABLÉ permits his or her legal guardian or individual or entity with powers of attorney to manage the ABLÉ account.

¹ A federal means-tested program generally is a program established under federal law that requires consideration of one or more financial circumstances of an individual, for the purpose of determining the eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to for the benefit of such individual. See, ABLÉ at §4(a) available at <https://www.congress.gov/congressional-report/113th-congress/house-report/614/1>.



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Medicaid recapture. When the designated beneficiary dies, ABLÉ authorizes a state Medicaid agency to become a creditor and to seek reimbursement for the Medicaid services that a designated beneficiary received since he or she opened the ABLÉ account. However, it is up to the state to seek reimbursement.

Who can open an ABLÉ account?

Only an individual who is an “eligible individual” can open an ABLÉ account and be the designated beneficiary for that ABLÉ account. To be an eligible individual, an individual must meet two requirements — an age requirement and a severity of disability determination. The age requirement is that the onset of an individual’s symptoms of disability or blindness must have occurred before age 26. The severity of disability determination requirement may be met automatically or will require a certification. An individual whose disability or blindness occurred before age 26 and who is currently receiving SSI and/or Social Security Disability Insurance (SSDI) when he or she applies for an ABLÉ Account is automatically eligible to open an ABLÉ account. An individual whose disability or blindness occurred before age 26, but who is not currently receiving SSI and/or SSDI benefits, must obtain a disability certification from his or her physician to open an ABLÉ account.

May an eligible individual open more than one ABLÉ account?

No, there can be only one ABLÉ account for each eligible individual.

Who may contribute to an ABLÉ account?

Anyone may contribute to an ABLÉ account. However, a contribution to an ABLÉ account may have tax consequences for the person making the contribution. Those tax consequences are described in the program disclosure booklet for the ABLÉ program.

What is a program disclosure booklet?

A program disclosure booklet is the issuer of an ABLÉ program’s description of the ABLÉ program. That description includes the fees and charges, risks and benefits, and investment options offered in the ABLÉ program. The issuer uses the program disclosure booklet as the offering document for the ABLÉ program. An investor should review the program disclosure booklet before he or she invests, and may compare ABLÉ programs by reviewing program disclosure booklets. An investor may obtain a program disclosure booklet from his or her municipal securities dealer, the program manager for the ABLÉ programs, and/or the ABLÉ program.

Is there a minimum contribution?

Yes, each ABLÉ program sets a minimum contribution amount that is required to open an ABLÉ account. Also, each ABLÉ program requires that each subsequent contribution at least equal a minimum amount.

Is there a maximum annual contribution limit and a lifetime contribution limit?

Currently, up to \$15,000 (the federal gift tax exclusion) can be contributed to an ABLÉ account each calendar year by all

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participating individuals (including the designated beneficiary and his or her family members or friends).

However, before January 1, 2026, a designated beneficiary can contribute the lesser of: 1) his or her compensation for the taxable year or 2) an amount equal to the poverty line for a one-person household, as determined for the calendar year preceding the calendar year in which the taxable year begins. In addition, each ABLE program limits the maximum amount that can be contributed to an ABLE account. Those limits are tied to the state's 529 savings plan's maximum limits (generally, \$350,000).

An investment in an ABLE program is not guaranteed. The value of an ABLE account may increase or decrease.

What are the fees and charges associated with an ABLE program?

Each ABLE program assesses various fees and charges. Those fees and charges may include account maintenance fees and fees assessed by the investment options offered in the ABLE program. Certain ABLE programs may offer lower fees and charges to state residents.

Fees and charges will affect the investment performance of an ABLE account. Each ABLE program describes its program, including the fees and charges associated with the ABLE program, in a program disclosure booklet. Investors should request, receive and consult the program disclosure booklet for the ABLE program to obtain more information.

Are there investment risks associated with ABLE programs?

Yes, there are investment risks associated with investing in an ABLE program. An investment in an ABLE program is not

guaranteed. The value of an ABLE account may increase or decrease. An owner could lose money, including the principal he or she invested.

Also, there are other investment risks. These risks include:

- **Inadequate returns.** The investment options the owner selects may not provide enough return to cover all qualified disability expenses;
- **Investment option changes.** The investment options the owner selects may be modified or terminated;
- **Limited ability to reallocate account value.** The owner may not be able to readily respond to market conditions given the limitation on reallocating account value among investment options more than twice per year; and
- **Management turnover.** Potential for termination of an ABLE account program manager, which may result in changes to the ABLE program, including the investment options offered by the ABLE program.

Should an eligible individual invest in an ABLE program offered by his or her state?

An eligible individual's state of residence may offer state residents certain benefits that the eligible individual may or may not obtain if he or she invests in an ABLE program offered by another state. These benefits may include lower fees and charges.

An eligible individual should compare the features and costs of ABLE programs, and consult a financial or tax advisor before he or she invests in an ABLE program.



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Are there limits on transferring ABLE account value between investment options?

Yes, only the owner may transfer ABLE account value between investment options twice a calendar year.

Can I roll over my funds from my 529 plan account to my ABLE account without a federal tax penalty?

Yes, before January 1, 2026, provided that the ABLE account is owned by the designated beneficiary of the 529 savings plan account or a member of such designated beneficiary's family.

Note that such rollover amounts count toward the overall limitation on amounts that can be contributed to an ABLE account within a taxable year. Currently, up to \$15,000 (the federal gift tax exclusion) can be contributed to an ABLE account by all participating individuals (including the designated beneficiary and his or her family members or friends). However, before January 1, 2026, a designated beneficiary can contribute the lessor of: 1) his or her compensation for the taxable year or 2) an amount equal to the poverty line for a one-person household, as determined for the calendar year preceding the calendar year in which the taxable year begins.

What are other sources of information about ABLE programs?

- Autism Speaks — available at autismspeaks.org
- National Downs Syndrome Society — available at ndss.org

- The ARC — available at thearc.org
- Internal Revenue Service — available at <https://www.irs.gov/government-entities/federal-state-local-governments/tax-benefit-for-disability-irc-section-529a>
- Office of Municipal Securities at the U.S. Securities and Exchange Commission — available at <https://www.sec.gov/info/municipal/msrb-letter-033116-interests-in-able-accounts.pdf>

What should an individual do if he or she has a complaint about a financial professional relating to an ABLE account?

Complaints about these financial professionals may be directed to the Municipal Securities Rulemaking Board (MSRB), which will direct the complaint to the appropriate authority. Call or email the MSRB at 202-838-1330 or complaints@msrb.org. To expedite the handling of your complaint, please be as specific as possible as to the nature of your complaint, including detail about the individual and/or firm involved. Please provide your contact information including:

- Name
- Home, business, and/or cell phone number
- Email address
- Mailing address

Read the [MSRB Investor Brochure](#) to learn more about rules protecting investors and resolving disputes with dealers.



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