



# UNDERSTANDING GOVERNMENT BENEFITS AND ABLE ACCOUNTS

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**PLANNING ACROSS THE SPECTRUM**

We specialize in helping any individual, family or employer of those with autism and other disabilities pursue financial independence. We are striving to enhance their quality of lives, and their future.



# WHAT WE ARE GOING TO COVER

- 1.) The rules surrounding government benefits.
- 2.) Opportunities and reasons to consider opening an ABLE account
  - Special Needs Trusts Vs. ABLE Accounts.
  - How an ABLE account can be utilized to plan for the future.
- 3.) Options for opening an ABLE account.



# GOVERNMENT BENEFITS

- Cash Benefits
  - Supplemental Security Income (SSI)
  - Social Security Disability Insurance (SSDI)
  - Disabled Adult Child (DAC)
- Medical Benefits
  - Medicaid
  - Medicare
- Housing / Food Benefits
  - Living with Parents/Family
  - Section 8 Housing /Group Homes/  
Supportive Living
  - Energy Assistance
  - SNAP (Food Stamps)



# SUPPLEMENTAL SECURITY INCOME

- Supplemental Security Income (SSI)
    - Monthly cash benefit for individuals who meet a two prong test:
      1. Disability limiting ability to work “full-time” (substantially gainfully employed);
- AND
2. \$2,000 or less (NOT including money in ABLE account or special needs trust)



# SUPPLEMENTAL SECURITY INCOME

- If eligible for SSI, you receive a maximum monthly benefit of \$794.00 (increases annually, to \$841).
- Maximum benefit may be reduced if someone else is paying for food/shelter (in-kind support & maintenance)
  - Rental Agreement + ABLE Account avoids benefit reduction



# SOCIAL SECURITY DISABILITY INSURANCE & DAC BENEFIT

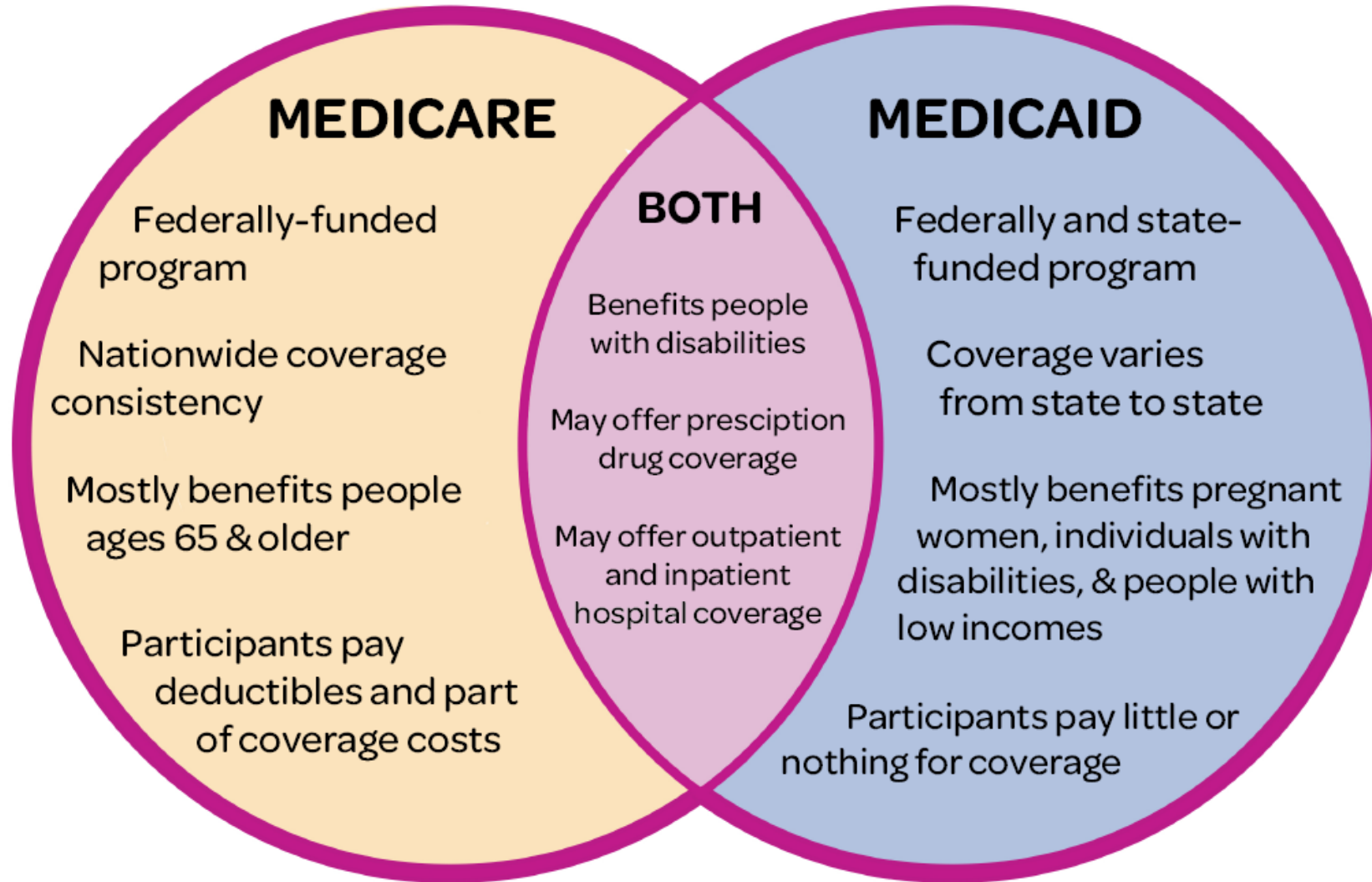
- Social Security Disability Insurance (SSDI)
  - Monthly cash benefit to individuals who have worked, but are no longer able to work due to disability.
- Disabled Adult Child Benefit (DAC)
  - Pays benefits to individuals who:
    1. Have a disability that started before age 22; and
    2. Have a parent who is retired, disabled, or deceased
      - 50% Retired/Disabled Parent
      - 75% Deceased Parent

**For SSDI and DAC, there is no asset limit.**

- Do not need ABLÉ Account to qualify.
- Automatically enrolled in Medicare after 2 years.



# Medicare vs. Medicaid: Which Coverage Option is Best for You?





# MEDICARE VS. MEDICAID

## Medicare

- Source of health insurance (doctors/hospitals/prescriptions) for people age 65+ or individuals enrolled in SSDI/DAC for 2 years.

## Medicaid

- Source of health insurance for
  1. Parents/Caregivers & pregnant women who meet low income limits (Husky A)
  2. Adults ages 19-64 who meet low income limits **Individuals with disabilities and over age 65 who meet low income AND asset limits– ABL Account**



# MEDICARE VS. MEDICAID

Medicaid – Source of services and supports

- Examples of Services & Supports
  - People who are Medically Fragile, Technology Dependent
  - Adults with DD Waivers
  - Persons with Brain Injuries (BI)
  - Children and Young Adults with Developmental Disabilities Waivers
  - Supported Living Program
- Can use an ABLÉ Account meet Medicaid asset limits





# **WHAT IS AN ABLE ACCOUNT?**

# ABLE ACCOUNT OVERVIEW

- Achieving a **Better Life Experience**
- Tax advantaged savings accounts for those with disabilities
  - Makes money invisible for the purpose of meeting low asset limits for public benefits.
- Also called 529-A Account
- Accounts operated by States



# WHY CREATE AN ABLE ACCOUNT?

- To meet low asset limits for public benefits, such as:
  - Medicaid (\$2,000 limit for Illinois)
  - SSI (\$2,000 limit)
- To pay rent (SSI recipients)
- To directly access and manage one's own *funds* (unlike First Party SNT)
- To save and grow funds tax-free, if benefits may be needed in the future



# ABLE ACCOUNT ELIGIBILITY & MAINTENANCE

## Who is eligible for an ABLE Account?

- Individual with a disability that onset before the age of 26
  - Automatically eligible if receiving SSI and/or SSDI & disability onset
    - If not receiving SSI and/or SSDI, may still be eligible with Physician letter.
  - Can be over the age of 26 currently, but onset of disability must have been prior

**Who can establish and/or manage an ABLE Account?** There is a *hierarchy* of who can establish/manage an ABLE Account:

1. Individual with disability (Beneficiary)
2. Agent under Power of Attorney; Guardian; Conservator
3. Spouse
4. Parent
5. Sibling
6. Grandparent
7. Representative Payee



# HOW DO I USE AN ABLE ACCOUNT?

529 plans  
college savings  
plan school

**How to use an ABLE Account?** Secures funds for disability-related expenses that public services do not cover

- Education
- Housing
- Transportation
- Employment training
- Personal support services
- Assistive Technology
- Medical expenses
- Financial management



# TAX ADVANTAGES OF ABLE ACCOUNTS



- Contributions are made post-tax by any person
- Contributions are NOT tax deductible for federal income taxes
- May be income tax deductible in some states
- Investments grow tax free for qualified expenses





# WHAT IS UGMA/UTMA?

- **U**niform **G**ift to **M**inors **A**ct or **U**niform **T**ransfer to **M**inors **A**ct
  - Child can use gift for any purpose
  - No tax advantages
  - In child's name
  - No protection
  - Easy and simple to open anywhere



# ABLE ACCOUNTS (529A)

- Contributions are Income Tax Deferred
- Payments for Qualified Disability Expenses
  - Not subject to income taxation
- Payments for non-qualified disability expenses
  - Subject to income taxation and a 10% tax penalty
  - SSI Suspension Rule \$100,000
  - Medicaid Payback



# ABLE OPPORTUNITIES AND PLANNING



- How much can I put in an ABLE account?
  - \$15,000 per year cap
  - If beneficiary is working, the cap is \$26,000 per year





# **OPTIONS FOR OPENING AN ABLE ACCOUNT**

# OPENING AN ABLE ACCOUNT

- What do I need to open an ABLE account?
  - Your social security number and basic information
  - Social security and basic information of the beneficiary
  - Confirmation of a diagnosis or proof of disability (if possible)



# FUNDING AN ABLE ACCOUNT

- Funding an ABLE account
  - Check, or direct deposit
  - Automatic ongoing contributions
  - Roll over from traditional 529 college savings plan or another states ABLE/529A account

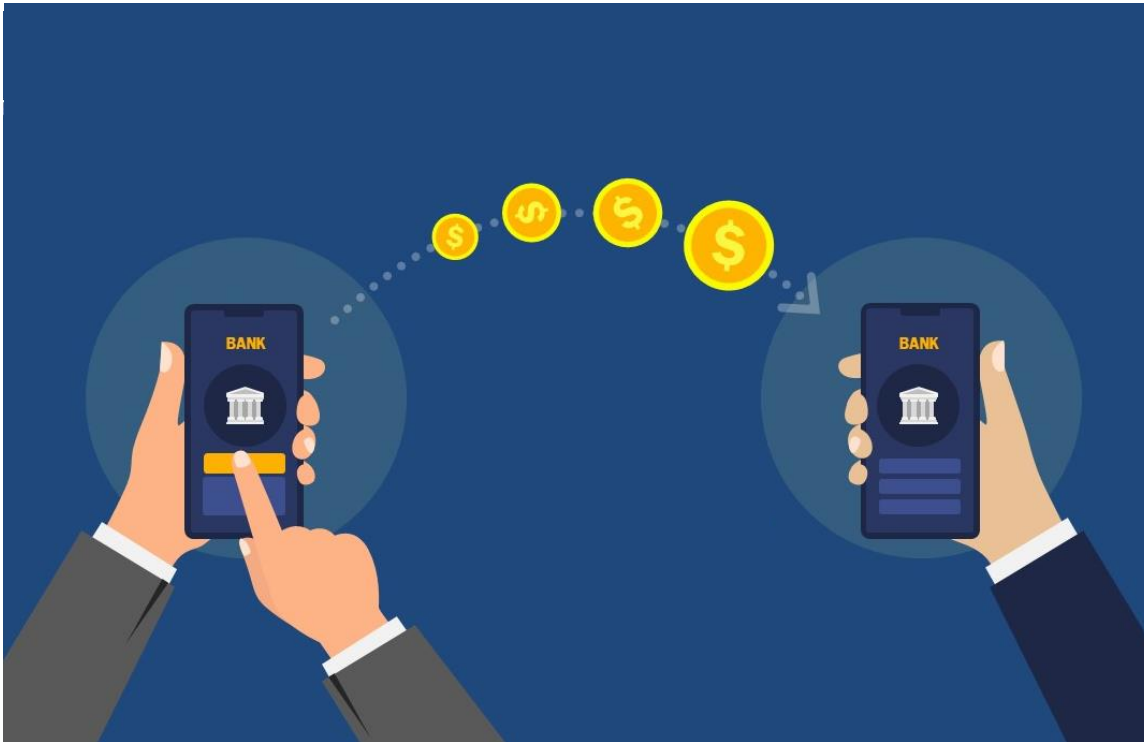


# FUNDING AN ABLE ACCOUNT

- Funding an ABLE account with cash
  - Check, or direct deposit.
  - Automatic ongoing contributions.



# TRANSFERRING FUNDS TO AN ABLE ACCOUNT



- Will need a current statement of where you are transferring from
- There is a separate form to fill out and send to the company you just opened account with
- There are no taxes for transferring, similar to if anyone as rolled over a 401 (k) or IRA to another retirement plan





# MASS / FIDELITY ABLE ACCOUNT



- Pros:
  - No fee to open
  - No fee to maintain or use
  - Convenience if you have Fidelity
- Cons:
  - Higher investment expenses (active)
  - Must transfer money from ABLE to Checking account (at Fidelity) in order to spend.
  - No state deductibility of contributions



# OHIO / STABLE ACCOUNT



- Pros:
  - First state to offer ABLE accounts
  - Great system for keeping track of expenses with debit card
- Cons:
  - Potential Maintenance Fee
  - Does not allow for dual guardianship and debit card
  - No state deductibility of contributions





FIDELITY.COM/ABLE  
STABLEACCOUNT.COM



# **SPECIAL NEEDS TRUSTS**

# SPECIAL NEEDS TRUSTS BASICS

A Special Needs Trust makes money *invisible* in order to meet low income/asset limits of public benefits, like SSI and Medicaid.

## 3 Types of Special Needs Trusts:

- First Party SNT (d4a/OBRA '93)
- Third Party SNT
- Pooled Trust\*(usually if over age 65)



# FIRST PARTY SNT / THIRD PARTY SNT

	First Party SNT	Third Party SNT
<b>Created by</b>	individual with disability, parent, grandparent, guardian/conservator, court	anyone <i>other than</i> person with a disability
<b>Funded with</b>	money of individual with disability	money of anyone <i>other than</i> person with a disability
<b>Used for</b>	primary ("sole") benefit of person with disability	benefit of person with a disability
<b>Managed by</b>	Trustee	Trustee
<b>Remaining funds go to</b>	state(s) that provided Medicaid supports, and then named beneficiaries (payback)	named beneficiaries (no payback)



# ABLE VS SPECIAL NEEDS TRUSTS

	ABLE Account	1 <sup>st</sup> Party SNT	Third Party SNT
Individual can contribute his/her own funds	Yes	Yes	No
Annual Total Contribution Limit	\$15,000	None	None
Age Limit	Disability before age 26	None	None
Max Account Size	Varies by State	None	None
Payback to State at Death	Benefits received after account is opened	Yes	No



# ESTATE PLANNING

- Wills
- Powers of Attorney
- Advance Directives
- Reviewing beneficiaries





# PUTTING IT TOGETHER

- The key to success:
  - You can only do what you are comfortable with
  - None of these options are in a vacuum, you have to work with professionals to determine which of the options works best for you and your situation
  - Everybody Needs A Plan!



**Failing to plan is planning  
to fail.**

Alan Lakein