Attainable: The ABLE Savings Plan
Offered by MEFA and managed by Fidelity Investments

MEFA and Fidelity Partnership
MEFA is a not-for-profit state authority, not reliant on state or federal appropriations, established under Massachusetts General Laws, Chapter 15C. MEFA’s mission since its founding in 1982 has been to help Massachusetts students and families access and afford higher education and reach financial goals through education programs, tax-advantaged savings plans, low cost loans, and expert guidance.

In May 2017, MEFA and Fidelity launched the Attainable Savings Plan to help disabled individuals and their families save for disability-related expenses. MEFA is the state sponsor, and Fidelity is the program manager.

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What Is ABLE?
The Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act amends the federal tax code to add Section 529A in order to:

Create a new option for eligible people with disabilities
To save money in a tax-exempt account
That may be used for qualified disability expenses
While still keeping their eligibility for federal public benefits.
What is an ABLE Account?

The Achieving a Better Life Experience (ABLE) Act, enacted on December 19, 2014, permits the establishment of ABLE Savings Accounts under Section 529A of the Internal Revenue Code.

The ABLE Act allows those with disabilities to set up tax-free savings accounts (now known as 529-A accounts) to save for qualified expenses. The legislation recognizes the extra and significant costs of living with a disability. It allows savings in an ABLE account to supplement benefits provided through private insurance, Medicaid, SSI, the beneficiary’s employment and other sources.

Historical Nine Year Journey

The idea started around a kitchen table in northern Virginia by several parents of The Down Syndrome Association of Northern Virginia.

The legislative concept took four U.S. Congresses and almost a decade to enact into federal law.

ABLE’s Journey

85% of the entire U.S. Congress supported the ABLE Act
- 381 out of 435 in the U.S. House of Representatives
- 78 out of 100 in the U.S. Senate

ABLE is one of the most significant pieces of disability legislation since the Americans with Disabilities Act (ADA) was passed 25 years ago.
Benefits of an Attainable Account

ABLE Savings Accounts are advantageous because they:
• Foster and support the health, independence, and quality of life of individuals with disabilities
• Provide federal and state tax benefits
• Will largely not affect eligibility for SSI, Medicaid, and other public benefits
  • Savings up to $100,000 will not affect SSI. When account reaches $100,000, Supplemental Security Income (SSI) is suspended but not terminated
  • Prior to the Able Act, eligibility for these public benefits required meeting a means or resource test that limited eligibility to individuals having under $2,000 in assets
• Provides an easy and accessible way to invest and save for qualified disability expenses
• Offers a variety of professionally managed investment options

ABLE Account Eligibility

The applicable disability occurred before the individual turned 26 years old AND one of the following:
• He or she is receiving benefits already under SSI and/or SSDI or if he/she meets Social Security's definition and criteria regarding significant functional limitations and receives a letter of certification from a licensed physician

In all circumstances, the eligible individual, also known as the beneficiary, is the account owner.

A person with signature authority (PSA) can establish and control an ABLE account for a designated beneficiary who is a minor child, is otherwise incapable, or has chosen not to manage the account

Attainable Account Features

- Zero minimum to open an account and zero account fees
- Medicaid is not affected by balances in an Able Savings Account
- $100,000 = amount at which Supplemental Security Income (SSI) is suspended but not terminated
- Total annual contribution = $15,000 tied directly to the federal gift tax exclusion limit for 2019
- Maximum account balance = $400K
Making Withdrawals from your Attainable Account

- Distributions for qualified disability expenses (i.e. for the benefit of the account owner in maintaining or improving his or her health, independence, or quality of life)
- No explanation is needed to withdraw money from your Attainable account; however, the IRS may ask you to verify that the money was used for a qualified expense, so you should keep records detailing how you’re spending that money.
- Distributions for non-qualified expenses would be considered a non-qualified withdrawal, and taxes, as well as a potential 10% federal penalty tax, may be owed on earnings associated with the withdrawal.
- Non-qualified withdrawals may also impact disability benefits.

Spending Habits and Timing Withdrawals

- The Social Security Administration has stated that for many qualified disability expenses, you don’t need to spend the money in the same month in which you withdraw it from your Attainable account.
- However, for housing-related expenses, you must spend the money on the housing expense in the same calendar month in which you withdraw it from your Attainable account. If you don’t spend the money, the withdrawal may be counted as a resource and could impact SSI benefits.
- After the money has been withdrawn (but before it’s spent), you can maintain the money in separate accounts such as a personal checking account or a Fidelity Cash Management Account.

Able Account Maintenance and Transfers

- Transferring an Account? You can only have one ABLE account per eligible individual, but you can move the assets in one ABLE plan to another one with no tax consequences.
- Changing Beneficiaries? You may transfer all or part of the money from your Attainable account to another person’s ABLE account, with no tax consequences, provided that person is eligible for an ABLE account and is a sibling to the original account owner.
- Note: This includes brother, sister, stepbrother, stepsister, half-brother, and half-sister.
The Attainable Savings Plan Highlights

- Plan offers a full digital experience
  - Account Opening
  - Account Maintenance
  - Contributions and Distribution
  - Robust product pages and FAQs
- Dedicated Attainable trained phone reps
- Choose from a range of professionally managed investment portfolios
- Access to Fidelity Cash Management Account with debit card, Fidelity BillPay, fee-free ATM access, check writing capabilities, and more

The Attainable Savings Plan Investment Options

- ABLE Financial Planning Act
  - Provided that the beneficiary is the same individual on both accounts (or one beneficiary is a family member of the other), it is now allowable to transfer funds from a 529 college savings plan into an ABLE account without incurring any tax or penalty. The funds rolled over from the 529 plan are subject to the annual contribution limit of $15,000 into an ABLE account. The rollover may originate from any state’s 529 plan.
- ABLE to Work Act
  - The ABLE to Work legislation specifies that ABLE account beneficiaries who work and earn income may now contribute over the annual limit of $15,000 into their ABLE account. The additional permissible contribution amount equals the lesser of the individual’s gross income or the amount equal to the federal poverty line set for one person, currently $12,060. This additional contribution over $15,000 is only permitted if the beneficiary is not participating in his or her employer’s work retirement plan.
2018 Tax Year Updates
Saver’s Tax Credit For Retirement Savings & Able Account Beneficiary Tax Credit

You’re eligible for the credit if you’re:
• Age 18 or older;
• Not a full-time student; and
• Not claimed as a dependent on another person’s return

For 2018, individuals with adjusted gross incomes of less than $28,500, filing as the head of household, can receive a credit for 50 percent of their contributions. So, for example, if a person making $25,000 in adjusted gross income contributes $2,000 toward an ABLE account, she can receive a $1,000 credit on her tax return by claiming the Saver’s Credit. This figure drops to 20 percent if the person’s adjusted gross income is between $28,601 and $30,750, then to 10 percent if the person earns between $30,751 and $47,250. (All income figures are for 2018.) The credit is not available to people making an income above these amounts.

Social Security ABLE Facts

http://secure.ssa.gov/poms.nsf/lnx/0501130740

Additional Resources

Able National Resource Center: ablenrc.org

Trusts & Able: http://ablenrc.org/events/able-accounts-and-special-needs-trusts


Document is published yearly by the IRS and is specific to those with disabilities filing tax returns - Able information included here.

MEFA: mefa.org

Attainable Savings Plan: fidelity.com/able
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Visit mefa.org/able-registration-form to sign up for updates and information about Attainable.