

## ABLE Accounts

*A Parent Guide for Special Needs Divorce*

An ABLE Account (**A**chieving a **B**etter **L**ife **E**xperience) is a tax-advantaged savings account for people whose disability began before age 46. It allows families to save money in the child's name without affecting SSI, Medicaid, or other disability-related benefits — as long as the rules are followed.

ABLE Accounts are designed for everyday expenses, predictable costs, and giving your child more financial independence while keeping benefits safe.

### Why ABLE Accounts Matter in Divorce

ABLE Accounts give parents a safe way to save for their child's everyday needs, support financial independence, and cover predictable expenses — all while keeping benefits intact.

### What an ABLE Account Can Be Used For

ABLE funds can be used for any **Qualified Disability Expense (QDE)** — anything that improves your child's health, independence, or quality of life.

This includes:

- therapies and medical costs
- transportation and travel
- education and training
- assistive technology
- housing and utilities
- daily living expenses
- recreation and community activities

ABLE Accounts are extremely flexible — far more flexible than a trust — which is why they work so well for everyday needs.

### How ABLE Accounts Work With a 3rd-Party SNT

ABLE Accounts and 3rd-party SNTs are strongest when used together:

- The 3rd-party SNT holds long-term funds, inheritances, life insurance, and family contributions.
- The ABLE Account handles smaller, predictable, or frequent expenses.
- The SNT can transfer up to the annual ABLE limit each year to give your child spending flexibility.
- Parents can use the ABLE Account for expenses that would be harder or slower to process through the trust.

This combination supports both **daily needs** and **long-term planning**.

### ABLE Account Limits

Parents need to know the key limits:

- **Annual contribution limit:** \$20,000 per year (all sources combined; indexed to the federal gift tax exclusion).
- **Beneficiary contributions:** Your child can add their own earnings, as long as total yearly contributions stay within the limit.
- **SSI interaction:** The first \$100,000 is not counted as an SSI resource.
- **Medicaid:** Medicaid stays active regardless of the ABLE balance.
- **One account per person:** Only one ABLE Account is allowed.

### What This Means for Your Child

An ABLE Account gives your child a safe, flexible way to pay for everyday needs while protecting the benefits they rely on. When paired with a 3rd-party SNT, it becomes a powerful part of long-term planning.

## IMPORTANT NOTES

### Who Can Have One

Your child qualifies if their disability began before age 46. Only one ABLE Account is allowed, but anyone — including your child — can contribute.

### Why It's Safe

ABLE Accounts are designed to protect SSI and Medicaid. The first \$100,000 is not counted for SSI, and Medicaid stays active regardless of the balance.

### Annual Limits (2026)

Up to \$20,000 per year can be contributed from all sources combined, and this limit increases over time because it is tied to the federal gift tax exclusion. Your child may also add their own earnings, as long as total yearly contributions stay within the limit.

### Everyday Flexibility

ABLE funds can be used for a wide range of disability-related expenses, including housing and food — something most trusts cannot safely pay for. This makes ABLE ideal for predictable monthly costs.

### Working With a Trust

A 3rd-party special needs trust can transfer funds into the ABLE Account each year to give your child more spending flexibility. The trust protects long-term assets; the ABLE Account handles everyday needs.

### Medicaid Payback

If money remains in the ABLE Account when your child passes away, Medicaid may require repayment for medical costs it covered. This repayment is made before any remaining funds are distributed.