Legislative Request

Please cosponsor the ABLE Age Adjustment Act, which would raise the onset of disability from age 26 to 46 to be eligible for an ABLE Account.

- **Senate**: Michael Gamel-McCormick with Sen. Bob Casey (D-PA) at michael_gamel-mccormick@aging.senate.gov or 202-224-4193.

- **House**: Kristin Flukey with Rep. McMorris Rodgers (R-WA) at kristin.flukey@mail.house.gov or 202-225-2006.

Background and Summary

The Stephen Beck Jr. Achieving a Better Life Experience (ABLE) Act (Public Law 113-295) was signed into law on December 19, 2014. The ABLE Act established Section 529A tax-free savings accounts for individuals with disabilities and authorized states to develop their ABLE programs. Currently, 42 states, including the District of Columbia, have developed ABLE programs in their states. There are now approximately 35,000 ABLE accounts nationwide which have more than $171 million of assets under management.

The funds in the ABLE account do not count toward the $2,000 cap on assets that are required to remain eligible for critical government supports. An ABLE account may fund a variety of essential expenses for individuals with disabilities including medical and dental care, education, community-based supports, employment training, assistive technology, housing, and transportation.

For 2019, total annual contributions by all participating individuals, including family and friends, is $15,000. The total limit of contributions that could be made to an ABLE account over time is tied to the individual state’s maximum amount for regular 529 accounts (typically around $350,000). The first $100,000 in ABLE accounts will be exempted from the SSI $2,000 individual resource limit. After $100,000, the beneficiary’s SSI will be suspended (but not terminated), though Medicaid benefits will continue regardless of ABLE funds.

As part of the Tax Cut and Jobs Act of 2017, Congress passed two amendments to the ABLE Act, known as the ABLE to Work Act and the ABLE Financial Planning Act. The ABLE to Work Act allows an employed ABLE beneficiary who does not participate in an employer pension plan to contribute an additional amount above the $15,000 limit, up to the lesser of (a) the Federal poverty line for a one-person household (currently $12,490); or (b) the individual’s compensation for the taxable year. In addition, such contributions are eligible for the Saver’s Credit, an existing federal tax credit that
low and middle-income individuals can currently claim when they make contributions to a retirement account.

The ABLE Financial Planning Act allows ABLE beneficiaries to roll over regular 529 accounts to 529A (ABLE) accounts up to the annual maximum contribution, and also would allow for a reverse-rollover if the beneficiary ceases to be disabled. This bill would be particularly helpful for families who set up 529 accounts before receiving a child’s diagnosis, or for teenagers who incur life-changing events that render them unable to go to college and use their 529 funds for their original purpose.

ABLE Age Adjustment Act will increase the breadth and reach of ABLE accounts. Similar legislation was introduced in the 115th Congress (S. 817 and H.R. 1874), with significant bipartisan support. It would increase the eligibility threshold for ABLE accounts for onset of disability from up to age 26 to up to age 46. This would allow approximately 6 million more individuals to open ABLE accounts and increase the long-term stability and viability of the ABLE program.

As introduced, the original ABLE Act did not have any age restriction. After review by the Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT), the cost associated with the enactment of the original ABLE Act was prohibitive. According to CBO, at least 75 percent of the costs were associated with the lack of an age restriction. By limiting eligibility to age 26, the sponsors dramatically reduced the cost, which facilitated the enactment of the bill. At the time, the bill sponsors vowed to work address this inequity, and the new proposed age limit of 46, while still inequitable, is an effort to address the problem cost-effectively.

For more information and to see the bill text, actions, cosponsors and more, visit Congress.gov – H.R. 1814 / S. 651.

**Key Message**

→ Treat People with Disabilities Equitably – Currently, individuals with a severe disability that occurred before the age of 26 are eligible to open an ABLE account. Many debilitating diseases and conditions can occur later in life, including multiple sclerosis, Lou Gehrig’s disease, or paralysis due to an accident. The **ABLE Age Adjustment Act** would increase the age limit for ABLE accounts to allow more individuals to save money to help cover the costs of short, medium and long-term disability-related expenses.

**Answers to Questions about the ABLE Age Adjustment Act**

1. **Why was the age limit in the original ABLE Act set at 26?**

As introduced, the original ABLE Act did not have any age restriction. After review by the Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT), the cost associated with the enactment of the original ABLE Act was considered prohibitive. According to CBO, at least
75 percent of the costs were associated with the lack of an age restriction. By limiting eligibility to age 26, the sponsors dramatically reduced the cost, which facilitated the enactment of the bill. At the time, the bill sponsors vowed to work address this inequity, and the new proposed age limit of 46, while still inequitable, is an effort to address the problem cost-effectively.

2. Under current law, does an individual need to be disabled and under the age of 26 to be eligible to open an ABLE Account?

No. The federal Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act (PL 113-295) states that the onset of the eligible beneficiary’s disability must have occurred before the individual’s 26th birthday. Thus, Individuals who are over age 26 may open an ABLE account so long as the symptoms of their disability occurred before age 26.

Resources

