Leveraging 529A ABLE Accounts For Disabled Beneficiaries To Gain The Emotional Benefits Of Greater Financial Autonomy

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> In 2014, Congress created the IRC Section 529A plan under the Achieving a Better Life Experience (ABLE) Act. Similar to 529 plans for college savings, the 529A "ABLE" account provides the opportunity to generate tax-deferred growth, and that growth can ultimately be withdrawn tax-free for "qualified" expenses. Which for 529 plans are qualified *education* expenses… while 529A plans provide tax-free withdrawals to cover qualified *disability* expenses (for beneficiaries who were first disabled prior to the age of 26).
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> Beyond the opportunity to generate tax-free growth for qualified disability expenses, though, one of the key benefits of 529A plans is that they are *not* treated as a countable asset for a wide range of government benefits programs, from SSI (Supplemental Security Income) to Medicaid (and its associated waivers for other support programs), Section 8 housing, electronic benefit transfer programs (for food support), and more. In fact, the government benefits that are preserved when disabled beneficiaries accumulate assets inside a 529A plan can be worth *significantly* more than the tax-free growth itself.
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> Nonetheless, the opportunity to accumulate inside of a 529A plan is very important, as ABLE account assets may provide the crucial 'transition support' necessary to navigate benefit purgatory – that challenging point where a disabled individual begins to work and generates enough income to disqualify themselves from support programs, when they might not actually have enough income to fully support themselves. In other words, saving into an ABLE account can be a crucial pathway for those who are trying to reach the point of being financially self-sufficient and avoiding the need to rely upon (and be subject to the constraints of) government programs.
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> And even for those disabled individuals who may not be able to achieve financial autonomy, ABLE accounts make it possible for beneficiaries to achieve a greater level of financial autonomy, by being able to draw directly upon their *own* assets (that don't have to be immediately spent down to remain qualified for government aid), without needing to necessarily go the pathway of conservatorship or guardianship. Which makes 529A plans especially helpful in a framework of supported decision-making to develop greater autonomy and self-confidence for the account beneficiary.

> Notably, though, because ABLE accounts often support *ongoing* spending far more directly than most other types of tax-preferenced accounts (that more often make fewer larger distributions, such as for college tuition or a year's worth of retirement spending), it's important to evaluate exactly how a prospective 529A plan actually facilitates payments. Fortunately, though, a growing number of 529A plans provide debit cards that allow beneficiaries to access and utilize their funds directly (which also helps to ensure the assets don't get deposited into a bank account that itself could disqualify the beneficiary from government programs), while also providing some controls to ensure beneficiaries don't accidentally 'overspend' their limited resources too quickly.
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> Ultimately, the key point is to recognize that 529A plans are about more than 'just' accumulating assets for a disabled beneficiary on a tax-preferenced basis, or preserving the beneficiary's ability to utilize crucial government programs. Instead, ABLE accounts also provide a pathway to developing the self-confidence and financial autonomy of the beneficiary, as part of a supported decision-making approach, which over time can provide far greater emotional benefits than the mere financial benefits alone.

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