

Comparison of ABLÉ Accounts & Special Needs Trusts



ABLE Accounts are tax-advantaged savings accounts for individuals with disabilities and their families, created through the passage of the Stephen Beck Jr., Achieving a Better Life Experience Act of 2014, better known as the ABLE Act.

Special Needs Trusts are another option for families to provide for their loved ones future, or for people with disabilities to fund their own trust. The Arc of Indiana has administered a special needs trust, The Arc Master Trust, since 1988.

The following chart provides a comparison of ABLE accounts and special needs trusts.

| | ABLE Account | Special Needs Trust |
|---|--|--|
| Beneficiary | Disability onset must occur prior to age 26. | Person with a disability. No age limitation for onset. |
| Contribution Limit | Annual contribution from all donors must not exceed annual gift tax exclusion (\$19,000 in 2025). | Unlimited |
| Number of Accounts Limit | One | Unlimited |
| Account Balance Limit | Balance limit may be set by the state; accounts that exceed \$100,000 cause suspension of SSI benefit but NOT Medicaid. | Unlimited |
| Medicaid Payback After the Death of the Beneficiary | State Medicaid agency can claim funds remaining in an account for payback of Medicaid expenditures made since the account was open. | If self-settled trust, payback required for any funds remaining not retained by the non-profit trustee. If 3rd party trust no Medicaid payback. Third party trusts are established by parents or others to provide for someone with a disability. |
| Disbursements | Qualified disability expenses for the sole benefit of beneficiary, including: education, housing, transportation, employment, assistive technology, health and wellness, financial management, legal fees, expenses for ABLE account oversight, funeral and burial, basic living expenses. | Any expenses for the sole benefit of the beneficiary, including qualified disability expenses, as well as a broader range of supplemental needs, including travel, recreation, entertainment and other items to enhance the quality of the beneficiary's life. |
| Impact on SSI Benefits | Assets not counted for Medicaid (no limit) or for SSI (\leq \$100,000) toward \$2,000 resource limit. No In Kind Support & Maintenance reduction for Qualified Disability Expenses. SSI payments suspended for accounts $>$ \$100,000. | Assets not counted toward Medicaid or SSI resource limit. In Kind Support & Maintenance deduction if paying shelter expenses. |
| Tax Benefits | Earnings NOT taxable. | Earnings MAY be taxable. |
| Funding Source | Account holder or any other individual. Can roll over 529 Plan into an ABLE account. | Individual's own assets or those belonging to a third party. |
| Trustee | No trustee. Account holder, guardian, parent, POA, spouse, sibling, or representative payee may establish an ABLE account. | A non-profit agency or any person excluding the beneficiary. |

317.977.2375 • 800.382.9100

thearctrust@arcind.org

thearctrust.org