

## **NEW ABLE ACCOUNT BENEFITS**

The Internal Revenue Service wants to remind those with disabilities that the Tax Cuts and Jobs Act (2017) made major changes to Achieving a Better Life Experience (ABLE) accounts. Eligible individuals may now put more money into their ABLE account and also roll money from their qualified tuition programs (529 plans) into their ABLE accounts. And certain contributions made to ABLE accounts by low- and moderate-income workers may now qualify for the [Saver's Credit](#).

ABLE accounts are designed to help people with disabilities and their families save and pay for disability-related expenses. Though contributions are not deductible, distributions, including earnings, are tax-free to the designated beneficiary if used to pay qualified disability expenses. These expenses can include housing, education, transportation, health, prevention and wellness, employment training and support, assistive technology and personal support services and other disability-related expenses.

Normally, contributions totaling up to the annual gift-tax exclusion amount, currently \$15,000, may be made to an ABLE account each year for the benefit of an eligible person with a disability, known as a designated beneficiary. Starting in 2018, if the beneficiary works, the beneficiary can also contribute part, or all, of their income to their ABLE account. This additional contribution is limited to the poverty-line amount for a one-person household. For 2018, this amount is \$12,140 in the continental U.S., \$13,960 in Hawaii and \$15,180 in Alaska. The designated beneficiary is not, however, eligible to make this additional contribution if their employer contributes to a workplace retirement plan on their behalf.

Also starting in 2018, ABLE account beneficiaries can qualify for the Saver's Credit based on contributions they make to their ABLE accounts. Up to \$2,000 of these contributions may qualify for this special credit designed to help low- and moderate-income workers. Claimed on [Form 8880](#), Credit for Qualified Retirement Savings Contributions, this credit can reduce the amount of tax a person owes or increase their refund.

Finally, some funds may now be rolled into an ABLE account from the designated beneficiary's own 529 plan or from the 529 plan of certain family members.

For more information about ABLE accounts or for wealth preservation planning in general, please contact Wayne Pecht or Maureen Weidman at 717-234-2401.