

ABLE Accounts: Savings that are Exempt for SSI and Medicaid

This document is based on the federal ABLE Act, ABLE regulations, SSI policy, and Medicaid policy.

What is an ABLE Account?

- Achieving a Better Life Experience (ABLE) accounts are authorized by section 529A of the Internal Revenue Code.
- ABLE account is used to save for disability-related expenses of a “designated beneficiary.”
- New York’s ABLE program, www.mynyable.org, is operated by the State Comptroller’s office.

Disability Requirement

- Eligible for Social Security Disability Insurance (SSDI) or SSI disability benefits, based on disability that began before age 46; or
- Person/parent/guardian certifies that applicant has a medical impairment meeting certain disability or blindness criteria; and disability or blindness occurred before age 46.
- **Note:** Effective 1/1/26, a person is eligible for an ABLE account if their disability occurred before age 46. In 2025 and earlier years the person’s disability had to occur before age 26.

Contributions to ABLE Account

- Any “person” can contribute, including the designated beneficiary.
- Person, as defined by IRS rules, includes a trust or estate.
- Combined contributions cannot exceed \$20,000 in 2026. If the designated beneficiary works, an additional \$15,650 or the beneficiary’s annual earned income for 2026, whichever is less, can be contributed.

Qualified Disability Expenses (QDEs)

QDEs are expected to be related to the blindness or disability of the designated beneficiary and for his or her benefit. However, as you review examples of approved QDEs, it becomes clear that some, such as basic housing expenses, are not traditionally linked to having a disability yet clearly qualify as QDEs.

In general, QDEs include, but are not limited to, the following types of expenses:

- Education, housing, and transportation
- Employment training and support
- Assistive technology and related services
- Health, prevention, and wellness
- Financial management and administrative services, legal fees
- Expenses for ABLE account oversight and monitoring
- Funeral and burial expenses
- Basic living expenses

Qualified Disability Expenses for Housing Include the Following:

- Mortgage, rent, property insurance required by the mortgage holder
- Real property taxes
- Heating fuel, gas, electricity, water, sewer, garbage removal

SSI and IRS: Exclusion, Non-Exclusion of Contributions

- Contributions of individual to his or her ABLE account still count as income for SSI and IRS.
- Contributions from all others not counted by SSI or IRS as income of designated beneficiary.
- Earnings from ABLE account are excluded and not counted by SSI or IRS.

SSI and Medicaid: Exclusion, Non-Exclusion of Resources in ABLE Account

New York limits current value of account to \$520,000.

- Up to \$100,000 of account balance excluded and not counted by SSI
- What happens to SSI if ABLE account balance is over \$100,000 in the future?
 - SSI will count any ABLE account balance over \$100,000, i.e., “excess ABLE account resources,” toward the SSI \$2,000 resource limit.
 - If the “excess ABLE resources” cause person to exceed SSI’s \$2,000 limit, SSI payments are indefinitely suspended but not terminated.
 - If “excess ABLE account resources,” combined with other resources go below \$2,000 in the future, SSI payments could start again even if several years of SSI ineligibility occurred.
 - During the suspension period, Medicaid will continue.
 - If at any time non-ABLE countable resources exceed \$2,000 for 12 consecutive months, SSI payments will be terminated.
 - See [SSI’s Program Operations Manual Systems \(POMS\) SI 01130.740](#) for policy details.
- What about 1619(b) Medicaid?
 - 1619(b) allows continued Medicaid, in many cases, when SSI payments stop due to earnings.
 - 1619(b) must ignore resources in ABLE account up to \$100,000. SSI has not established a policy on whether ABLE resources above \$100,000 must be ignored in 1619(b) cases.
- What about New York Medicaid Buy-In for Working People with Disabilities (MBI-WPD)?
 - MBI-WPD allows individuals with earned income to obtain Medicaid, without a spend-down, with annual income of \$75,000 or more in some cases.
 - MBI-WPD must ignore resources in ABLE account even if above \$100,000.

ABLE Account Distributions Not Counted as Income by SSI Program

- Distributions to pay for Qualified Disability Expenses (QDEs) are not counted as income by SSI.
- Even distributions to pay for rent, mortgage, or other housing QDEs will not be treated as income.
- Ordinarily, payment of housing expenses by a third party or by a trust would be treated as in-kind income and could result in an SSI payment reduction of up to \$331.33 per month in 2026.
 - When the same payments are made through an ABLE account the SSI payment is unchanged.
 - For example, if a trust pays for rent, SSI will consider that as in-kind income and a reduction in SSI payment amount will result. If the same trust deposits the money in an ABLE account and the ABLE account pays the rent, the SSI payment is unchanged.
- The SSI program has clarified that a distribution for food is a basic living expense (i.e., a QDE) and will not count as income for SSI purposes.

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