

ABLE Questions & Answers

1. How long does it take the ABLE system to verify my relationship to my son? If I have not heard anything, who should I contact?

Documents are reviewed to authenticate that everything is in good order and this can take several days. If you have not been notified that the account has been opened, reach out to customer support at 855.563.2253 or contact us at Questions@marylandable.org so we can assist you with getting a status update.

2. What is the benefit of having an ABLE account versus an ordinary account?

Money saved in a regular savings or bank account is counted by Social Security towards the \$2,000 asset limit for those receiving SSI benefits. Using a regular bank account requires monitoring so that the balance does not exceed \$2,000 so that it doesn't impact SSI and Medicaid benefits. Money in an ABLE account is not counted by Social Security until the ABLE account balance exceeds \$100,000 so the ABLE account provides a significantly increased saving limit without jeopardizing benefits. Also, ABLE accounts are tax advantaged savings/investment accounts because the owner does not pay federal or state taxes on the earnings.

3. Can military benefits also roll over into an ABLE account?

Military benefits can not be directly rolled over to an ABLE account but a person can make a contribution of funds that they received from their military benefit.

4. Can participants use their ABLE account to buy a car?

ABLE accounts are intended to pay for things that support the health, independence, and quality of life of the account owner/beneficiary (the person with the disability). Transportation, including the purchase of a car may be considered a qualified disability expense. Funds from an ABLE account can be used to purchase a car for the beneficiary's personal use. In other words, ABLE funds can not be used to purchase a family vehicle that is used by other family members on a regular basis. However, ABLE funds can be used to pay for adaptations (wheel chair lift, etc) to a family vehicle that is necessary for providing transportation

5. Does the beneficiary have to make payment directly from the ABLE account to the recipient (e.g. piano teacher)?

A withdrawal from the ABLE account for a qualified disability expense can occur by two methods. In the case of paying the piano teacher for lessons, you could do so by:

1. Log into your able account and from the main screen select “transfer” from the tool bar at the top of the page. This function allows you to withdrawal the money for the piano lesson(s) and transfer it back into the bank account that you have linked to your able account (your regular checking or savings account). Once the money has been transferred into your linked bank account you could pay the teacher with your personal check or cash from your bank account. We recommend that you keep a receipt for the payment such as a copy of your check or a receipt provided by the teacher.
2. If you opted to have the Maryland ABLE prepaid card you could use your prepaid card to pay the piano teacher with the card.

6. Can the SSI funds be deposited directly into the ABLE account?

Although Social Security Administration allows for ABLE account holders to deposit SSI funds into an ABLE account, Maryland ABLE does not currently have a process in place for ABLE account holders to set up direct deposit of SSI funds into their ABLE account. We are working with our program manager to see how this feature could be set up with SSA. For more information on how SSA regards ABLE accounts, you can reference the Social Security Administrations' Procedure Operations Manual System (POMS) with the link below:

<https://secure.ssa.gov/apps10/poms.nsf/lrx/0501130740>

This link does not have page numbers so they will need to scroll down the document and look for a heading in dark bold ink that says:

“C. When to Exclude ALBE Account Contributions, Balances, Earnings, AND Distributions”

Then scroll down past **“1. Exclude contributions as income”**

Under section **“A. First Party Contributions”** you will see **“NOTE: Social Security and SSI monthly benefit payments can be directly deposited into ABLE accounts because they are considered acceptable types of financial accounts. For more information see GN 02402.030B.1.”**

7. My son has a checking and a savings account, would it be better to link the ABLE account to the savings account or the checking account?

That's a personal choice that should be made on the criteria of which one of those accounts would be the most convenient for you to put money into the ABLE account and take money out for qualified disabilities expenses. Some

account holders like to link the ABLÉ account to their checking account because when they take a withdrawal from their account, they can write a check to pay for the qualified disability expense. One account is not better than the other, it is all about which account makes it easiest for you or your son to fund the account and take withdrawals.

8. If you are the parent of a minor, do I still need a power of attorney to certify me as ALR?

No. You would qualify to serve as ALR because the ABLÉ account owner/beneficiary is a minor and would require an adult to manage the account.

9. Must all payments for QDEs be made by ABLÉ card, credit card? What if a payment is made by cash- just keep receipts?

The prepaid card is just one way to pay for QDEs. The prepaid card is optional and has an additional fee of \$1.25 per month. You can also pay for QDEs by taking withdrawals from the ABLÉ account by transferring funds back into the linked bank account associated with the ABLÉ account.

For example, if I paid \$28 cash for my daughter's prescription at CVS pharmacy, as the ALR for her ABLÉ account, I could log into her ABLÉ account and withdrawal \$28 from her ABLÉ account that would get transferred back into the checking account that I have linked with my daughter's bank account. I could reimburse myself for the \$28 from that linked checking account. I would need to **keep the receipt** from CVS pharmacy to support the \$28.00 withdrawal that I took from the ABLÉ account.

See the answer to question #5 for additional information about paying for QDEs.

10. What happens to funds when owner passes away?

When the account owner passes away, remaining funds in the ABLÉ account can be used to pay for funeral and burial expenses and to pay outstanding expenses. Remaining funds can be rolled over to an ABLÉ account of a sibling. If the account holder does not have a sibling with an ABLÉ account, the remaining funds would become part of the account holder's estate and all assets, including funds in the ABLÉ account would follow the rules of probate. When the estate is settled, funds in the ABLÉ account could be liquidated and be given to a family member (following the hierarchy determined by probate). The family member receiving the liquidated funds would be subject to taxes on the earnings.

Also, what might happen if owner loses SSI benefits (for example, if have a job that makes too much money)?

ABLE accounts are "asset" protection accounts, but they don't protect against the income thresholds established by SSA. If an ABLE account owner takes a job that makes more money than the income threshold established by SSA, that person's SSI benefits may be reduced or stopped. If an account holder's SSI benefits are reduced or stopped, it does not impact funds saved or invested in the ABLE account or their eligibility to have the ABLE account.

11. What happens if you move out of MD to another state?

The Maryland ABLE program is open for national enrollment. If you move to another state, your Maryland ABLE account follows you because it is an online account that is linked to your personal bank account.

You may also choose to rollover the funds in your Maryland ABLE account to the ABLE program for your new state of residences (provided that state has an ABLE program). A rollover to the state program of your residence may be beneficial as it may offer a tax incentive for contributions. For example, Maryland offers an income deduction on the Maryland state taxes for contributions made to a Maryland ABLE account. The ABLE program for the state of your new residence may offer a similar benefit.

12. How do VA residents get VA Able info? Do you have a contact?

The ABLE National Resource Center is a great tool for those interested in comparing ABLE programs nationwide. Visit www.ablenrc.org to access a directory of all 47 ABLE programs. You can use the comparison tool available on the website to search programs based on the criteria of your choice. This website provides lots of information about ABLE accounts in general and has an archive of ABLE presentations and podcasts on various ABLE topics.

13. Can you link ABLE to any bank account with any bank or only banks that participate?

You can link your ABLE account to the personal bank account of your choice from any bank.

14. Do people from out of state that contribute get a similar tax break as those in Maryland??

People who live out of state who contribute to a Maryland ABEL account are not eligible for the income deduction offered by the State of Maryland. Currently there are 47 ABLE programs nationwide. Although Maryland ABLE is

open for national enrollment, we encourage a person with a disability and/or their family members to explore the ABLÉ program in the state of their residence. Visit the ABLÉ National Resource Center at www.ablenrc.org to see if there is an ABLÉ program in your state and if that ABLÉ program offers a similar tax incentive in their state.

15. If I am a MD tax payer, but my adult son lives in another state, where he would have the ABLÉ account?

That is a personal decision based on the unique needs of each individual. You may want to consider if the state of his residence has an ABLÉ program and your son would benefit from specific features of that state's ABLÉ program. Check to see if that state offers an income deduction and if he would benefit by taking that income deduction on his taxes. Consider if you will be funding your son's ABLÉ account with personal contributions and if you would benefit from the income deduction on your Maryland State taxes. Visit the ABLÉ National Resource Center at www.ablenrc.org to compare Maryland ABLÉ with the program in his state of residence and select which program is best suited to your son's needs and saving/investing goals.

16. What's the minimum age to be able to apply for an ABLÉ Account?

There is no minimum age. You could open an ABLÉ account for a baby born with a qualifying disability. A person can have an ABLÉ account. The only age criteria is that the person have a disability that was present before their 26th birthday.