

LEGAL ALERT

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ABLE Act Changes in 2018

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The Achieving a Better Life Experience, or ABLE, Act, enacted in December 2014 as part of the Tax Increase Prevention Act of 2014, allows qualified individuals with disabilities to have tax-free savings accounts in which they can save up to \$100,000 without jeopardizing eligibility for Supplemental Security Income (SSI) and other means-tested government programs such as Medicaid. The Tax Cuts and Jobs Act, signed into law on December 22, 2017, includes several significant changes to the ABLE Act.

1. The annual contribution limit in 2018 has been increased from \$14,000 to \$15,000.
2. ABLE account owners who contribute to their accounts may be eligible for a Retirement Savings Contributions Tax Credit.
3. Up to \$15,000 in a 529 College Savings account for a beneficiary who also owns an ABLE account or a member of the same family as the ABLE account holder may be transferred to an ABLE account without incurring taxes or penalties. Any such rollovers, however, are subject to the annual contribution limit of \$15,000. Under the new tax law, 529 accounts can now pay for a child's education from kindergarten through the 12th grade in public, private and religious schools in addition to college costs. For this and other reasons, it may be advantageous to forgo such a rollover.
4. Employed ABLE account owners may be eligible to contribute as much as \$12,060 more than the \$15,000 annual contribution limit depending on the account owner's gross income if they do not participate in their employer's retirement plan.

If you have any questions or request additional information, please contact any member of Schenck, Price, Smith & King's Elder and Special Needs Law Practice Group: Shirley B. Whitenack, Regina M. Spielberg, Gary Mazart, Meredith L. Grocott and Crystal West Edwards.

DISCLAIMER: This Alert is designed to keep you aware of recent developments in the law. It is not intended to be legal advice, which can only be given after the attorney understands the facts of a particular matter and the goals of the client.

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