

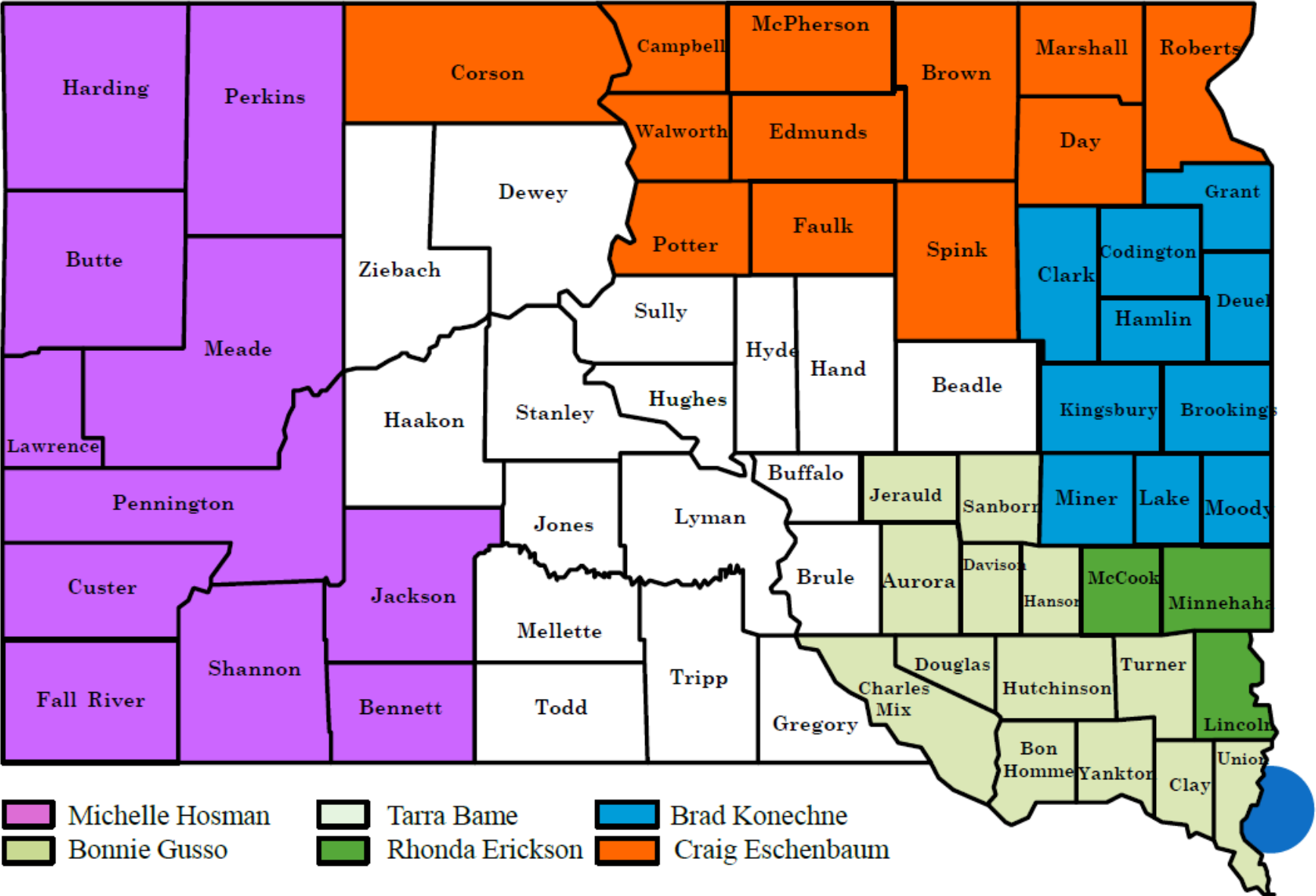


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## **South Dakota Benefits Specialist Network**

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# SD Benefits Specialist Network Coverage Areas



# Benefit Specialist

- Assist people to understand their SSI and SSDI benefits
- Assist beneficiaries to understand how work affects benefits
  - Assist with benefit issues that arise or were caused by employment income
- Assist beneficiaries to understand Medicare and Medicaid coverage
- Assist people to understand how employment affects other public benefits (housing, SNAP, Medicaid waiver programs)
- Give people basic information about other programs that a beneficiary may be eligible for in South Dakota (MAWD, Medicare Savings programs and [ABLE accounts](#))

# What is an ABLE account?

Achieving a Better Life Experience Act of 2013 or The ABLE Act amends Section 529 of the Internal Revenue Service Code of 1986 to create tax-free savings accounts for individuals with disabilities. The bill aims to ease financial strains faced by individuals with disabilities by making tax-free savings accounts available to cover qualified expenses such as education, housing, and transportation. The bill supplements, but does not supplant (replace), benefits provided through private insurances, the Medicaid program, the Supplemental Security Income program, the beneficiary's employment, and other sources.

# What is an ABLER account (cont.)

A "qualified ABLER program" is a program established and maintained by a state agency under which a person may make contributions to an ABLER account established to pay for qualified disability expenses.

The ABLER Act requires assets in ABLER accounts to be disregarded in determining eligibility for Medicaid, SSI and other means-tested federal programs

# Basic Characteristics of all ABLE accounts

- The individual has to have acquired their disability before the age of 26.
- Individuals can enroll in any state ABLE program (if the program is accepting out of state residents).
- Individuals can deposit up to \$14,000 into an ABLE account per year.
- Anyone can contribute to an individual's ABLE account. Beneficiaries can put any type of money into the ABLE account.

# Basic Characteristics of all ABLE accounts

- The individual (designated beneficiary) is the account owner. A guardian or power of attorney can be an authorized signature authority over the account.
- Assets in and distributions from the account are disregarded when determining eligibility for means tested benefits (SSI, Medicaid etc.).
- An individual can have \$100,000 up to \$500,000 in an ABLE account! (depending on the state)
- ABLE account funds can be used for qualified disability related expenses.

# What is a “qualified disability related expense”?

A "qualified disability expense" is any expense related to the designated beneficiary (account holder) as a result of living a life with a disability.

These may include education, housing, transportation, employment training and support, assistive technology, personal support services, health care expenses, financial management and administrative services and *other expenses which help improve health, independence, and/or quality of life.*



# The list of qualified disability related expenses is broad!

**Education**-tuition, books, tutoring, meal plans

**Housing**-rent, mortgage, property taxes

**Transportation**-car payment, bus, taxi or Uber/Lyft fare, train and airplane fares

**Employment training and support**-Job Coach, continuing education classes

**Assistive technology and personal support services**-Dragon Dictation, iPhone, a cook, housekeeper

**Health, prevention, and wellness**-unreimbursed medical expenses, dietary supplements, healthcare products

**Financial management and administrative services**-tax preparation, financial advisor, legal guardianship

**Legal fees**-attorneys fees, court filing fees, trust and estate planning

**Expenses for oversight and monitoring**-guardianship, financial management software

**Basic Living Expenses**-food, housing, clothing, household supplies

**Funeral and burial expenses**-expenses for a funeral, casket, burial, religious or civic officer

# Qualified Disability Related Expense (cont.)

- IRS will decide if the expenditures are an allowable expense. (there is a 10% penalty and taxation for any NON qualified disability related expense and the amount of the expense may affect eligibility for federally means-tested benefits)
- SSA will ask the beneficiary for receipts and detail of what money was used for during yearly reviews.
- DSS will not ask for expenditure details, but will ask for verification that the account is a qualified ABLE account.

# ABLE account limit

The total amount an individual can have in an ABLE account can vary by state (up to \$500,000).

If an SSI beneficiary has more than \$100,000 in a ABLE, the SSI check will be suspended (not terminated) BUT, Medicaid will continue!

*Some people ask, isn't this a way for people to take advantage of the “system”?*

The purpose of the ABLE act is to help the beneficiary “Achieve a better life Experience” during their lifetime.

**Medicaid Payback:** Any money in the ABLE account is reimburse to Medicaid after a beneficiary passes away.

- After paying any outstanding qualified disability expenses.
- Expenses incurred after the ABLE account was created.
- The state would have to file a claim for those funds.

# Difference between An ABLE Account and A Special Needs Trust?

A special needs trust:

- Large deposits (inheritances, assets)
- Can include property
- Must be managed by a family member or trustee
- Must be drafted by a lawyer, cost approximately \$2000
- Restrictions on uses and specifics about what money can be placed in trust

ABLE accounts

- Inexpensive to set up
- Beneficiary is the account owner and can manage their own account
- More flexibility on use of money/access to money
- More flexibility on who can contribute/type of money deposited into the account
- Some ABLE accounts have additional exciting features

# Who is the expert on ABL accounts?

**ABLE National Resource Center**

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