Planning for the Future:

How ABLE Accounts and the Disabled Adult Child Benefit Can Make a Difference

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Goal

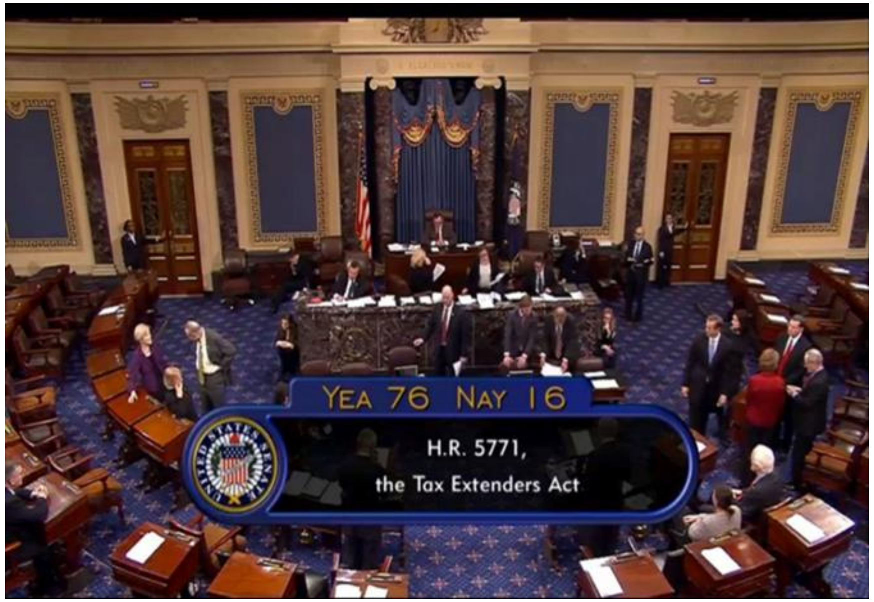
To provide perspective on ABLE accounts and the Disabled Adult Child benefit.

Let's start with some history.

- Almost 20 years ago, advocates came together to address barriers to financial security for the disability community.

- Foremost among them was Steve Beck, a northern Virginia parent of two daughters, one with Down syndrome. Advocacy groups joined Steve and began the work of crafting legislation and seeking congressional champions.

In 2006 Representative Ander Crenshaw of Florida introduced the Disabled American Financial Security Act of 2006. The bill had no cosponsors. Years passed, the early legislation was refined, and the base of support within Congress and the disability community grew. In 2014 Congress passed and the president signed into law the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 as part of the Tax Increase Prevention Act of 2014. In a time marked by partisanship, the margins of passage of the legislation were extraordinary.



Significance of the ABLE Act

Sadly, Steve passed days before the ABLE Act was enacted. But the ABLE Act is his legacy, and ABLE accounts are testament to the power of a simple but compelling idea: all persons, disabled and non-disabled, deserve a chance for a financially secure future.

"The ABLE Act . . . is the most significant legislation for the disability community since the Americans with Disabilities Act." Sara Hart Weir, Former President and C.E.O. of the National Down Syndrome Society, and Executive Director of the Kansas Council on Developmental Disabilities

What Is an ABLE Account?

The ABLE Act authorized ABLE accounts. An ABLE account is a special savings account for a person with a disability.

- ABLE accounts have unique tax and benefits advantages:
- **Earnings from ABLE accounts are not taxed**
- ABLE accounts **do not affect eligibility** for Medicaid, Supplemental Security Income (SSI), and other benefits programs

Who Can Open an ABLE Account?

An individual who is eligible for SSI or Social Security Disability Income (SSDI) *or*

An individual with a long-term disability that causes “marked and severe functional limitations” who files a certification according to the rules of their ABLE program

The disability must have begun before age 46 – but an eligible individual can open an ABLE account at any age

The ABLE account may be established by the eligible individual or by someone authorized to act on the eligible individual’s behalf, such as a parent

How Can ABLE Accounts Be Used?

ABLE accounts can be used to maintain or improve health, independence, or quality of life. **Accounts can pay for**

- Medical care
- Housing
- Transportation
- Education
- Basic living expenses
- And more

Benefits Protection

For SSI: Only assets above $100,000 count as a resource. If an ABLE balance exceeds $100,000, SSI payments are suspended until the countable resources are below the allowable limit.

For Medicaid: Medicaid continues when an SSI recipient's ABLE account exceeds $100,000. The recipient retains eligibility for Medicaid if he or she remains otherwise eligible. Medicaid does not have a balance limit.

Other Rules

- An individual can have only one ABLE account.
- **Anyone can contribute to an ABLE account:** the disabled individual (the owner of the account), family, friends.
- **For 2026, contributions are limited to $20,000.** States may impose limits on cumulative contributions to ABLE accounts.
- Rollovers are permitted (to the extent of contribution limits) between a 529 plan and an ABLE account.

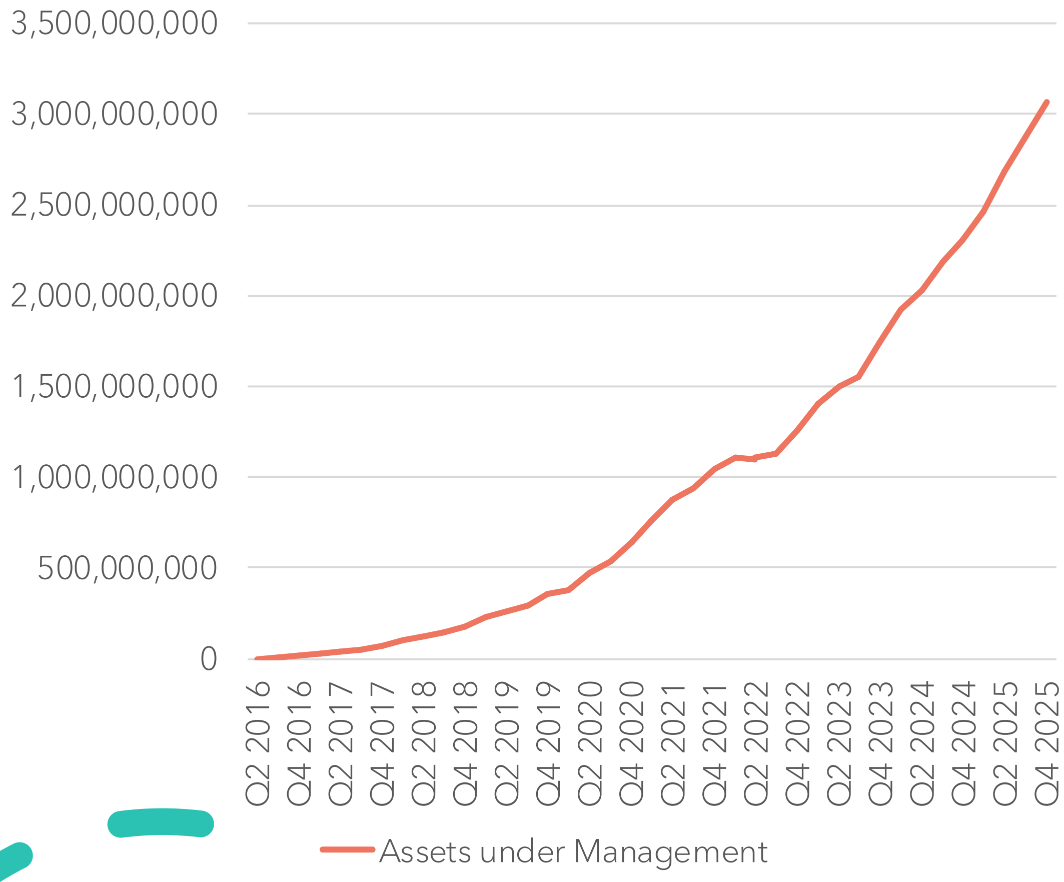
Other Rules (More)

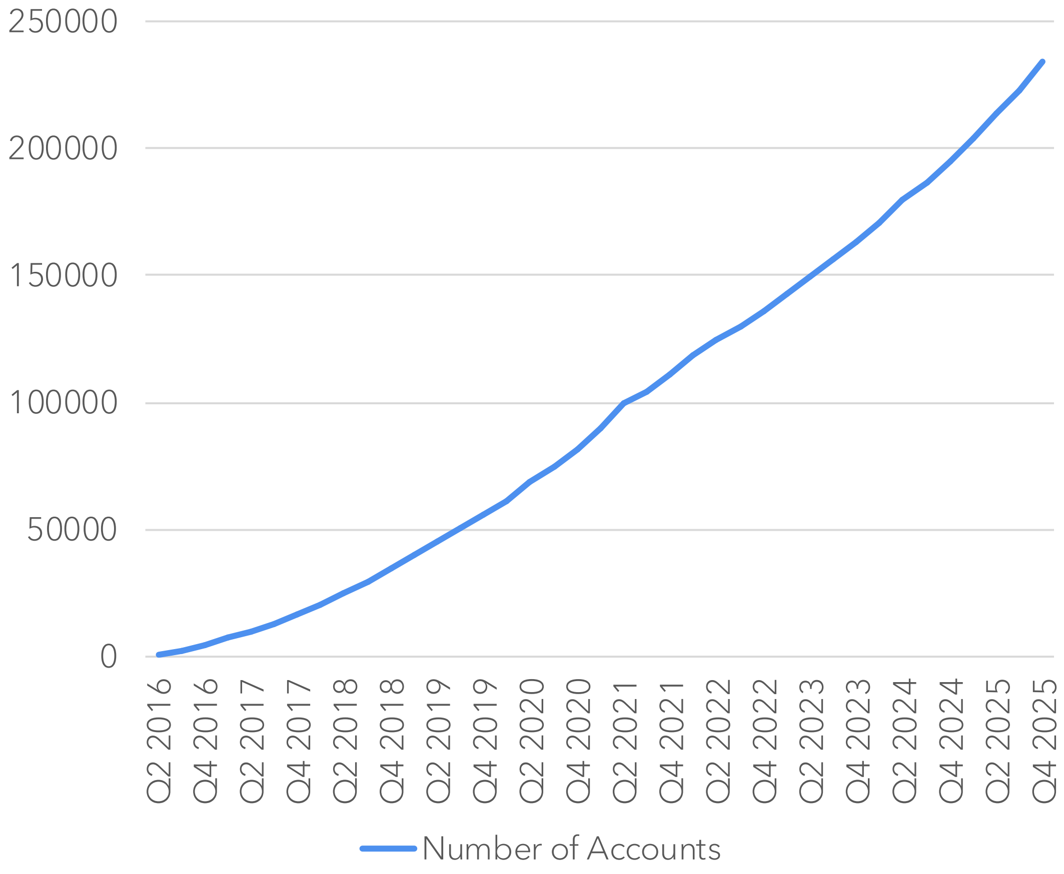
- ABLE account owners who work and do not participate in an employer-sponsored retirement plan may contribute amounts above this contribution limit ("ABLE to Work").
- ABLE account owners may be eligible to claim the federal Saver's Credit for a percentage of their contributions
- ABLE accounts can be used in coordination with special needs trusts; these are not either-or financial tools. A special needs attorney or certified financial planner may help in developing an individualized approach to funds management.

Medicaid Payback

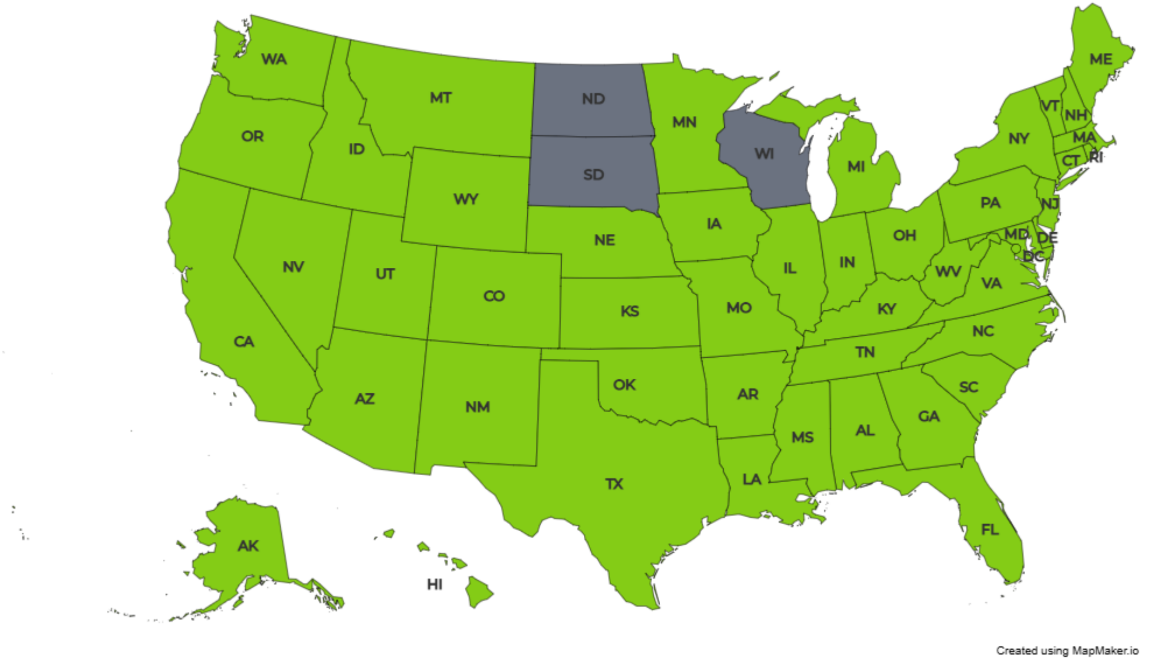
- **When an ABLE account beneficiary dies, funds in the account are first used to pay outstanding qualified disability expenses.** A state may afterwards file a claim for payback of benefits provided under that state's Medicaid plan.
- Payback is limited to to the amount of the total medical assistance paid for the beneficiary after the establishment of the ABLE account. The balance of the ABLE account may be distributed to a successor beneficiary or to the deceased beneficiary's estate.
- Twenty-five states have passed Medicaid payback exemptions.

Historic Growth in ABLE Accounts





States with ABLE Programs



Shopping Around

- An ABLE account does **not** have to be opened in an individual's home state. Many ABLE plans are open to out-of-state residents. Some state ABLE plans are open only to state residents.
- **In-state programs may offer tax or other incentives to residents, so consider these programs first.**
- Other factors to consider when comparing state programs include investment options, portfolio performance, fees, contribution matching, and debit/purchasing cards.

ABLE Programs Ranked by Assets

1Q 2026 ABLE Program Assets by Program			
Rank	State	Program Name	1Q 2026 Assets
1	OH*	Ohio STABLE Program	$697,224,025
2	MA	Attainable Savings Plan	$263,955,907
3	CA	CalABLE	$256,573,079
4	VA	ABLEnow	$235,199,906
5	PA	PA ABLE Saving Program	$200,772,337
6	FL	Florida ABLE United Program	$155,845,381
7	MD	MarylandABLE	$147,385,650
8	OR	Oregon ABLE Savings Plan	$122,102,200
9	IL	Illinois ABLE	$120,201,345
10	VA	ABLEAmerica	$100,879,818
11	MI	MiABLE	$87,429,578
12	WA	Washington State ABLE Savings Plan	$84,724,014
13	MN	Minnesota ABLE	$74,242,840
14	TN	ABLE TN	$72,134,275
15	NY	NY ABLE	$66,983,501
16	NE	Nebraska Enable Savings Program	$61,853,723
17	CO	Colorado ABLE	$60,997,762
18	NJ	NJ ABLE	$55,387,582
19	TX	Texas ABLE Program	$54,003,404
20	IA	Iowa ABLE	$47,449,340
21	NC	NC ABLE	$45,207,979
22	KS	Kansas ABLE	$42,427,026
23	IN	INvestABLE Indiana	$32,768,999
24	NV	Nevada ABLE	$25,405,602
25	OR**	ABLE for All Savings Plan	$19,756,234
26	AK	Alaska ABLE Plan	$19,681,217
27	CT	CT ABLE	$16,863,637
28	MT	Montana ABLE	$14,119,552
29	LA	LA ABLE	$13,248,561
30	ME	ME ABLE	$13,028,593
31	AL	Alabama ABLE Savings Plan	$11,385,489
32	AR	AR ABLE	$10,575,901
33	DE	DEPENDABLE	$9,278,733
34	RI	RI's ABLE	$8,723,010
35	MS	Mississippi ABLE	$5,446,735
36	DC	DC ABLE	$5,234,746
37	NH	NH ABLE	$3,976,300
		Total	$3,262,473,980

Source: ISS Market Intelligence

\# denotes 1Q 2026 number of accounts are based on estimates.

OH*: Please note OH includes market data for OH, KY, VT, MO, GA, SC, NM, WV, WY, AZ, UT, OK, ID

OR**: Please note OR includes market data for HI

An ABLE account offers my son Zak an opportunity to save

Resource

For complete information on ABLE accounts, including links to state plans, go to ABLE today, an initiative of the National Association of State Treasurers

Disabled Adult Child Benefits

(Childhood Disability Benefits)

Disabled Adult Child Benefits

Who is eligible? Adult children

- Over 18 years old
- Not married
- No substantial earnings ($1,690 a month for non-blind individuals)
- Disability began before age 22
- Parent receives Social Security retirement or disability benefits or was receiving these benefits at time of death

The Social Security Disability Insurance (SSDI) program pays this benefit. For more information on benefits for children with disabilities, see this booklet.

How the Benefit Is Determined

Disabled adult children qualify for benefits based on a parent’s earnings record.

A child's monthly benefit is equal to one-half of the parent’s “primary insurance amount” (PIA) (the monthly benefit amount a parent would receive if the parent began collecting retirement benefits at full retirement age) if he or she is alive and three-fourths of the primary insurance amount if the parent has died.

Because the child’s benefit is based on the PIA, if a parent delays retirement until age 70 to maximize the parent’s own Social Security benefits, the child’s benefit will not increase.

Illustration – Retirement at Full Retirement Age

Molly begins receiving Social Security retirement benefits in January 2026 at age 67, her full retirement age. Her PIA is $3,000. Her cumulative annual benefits through age 70 are as follows:

- 2026 (age 67): $36,000
- 2027 (age 68): $72,000
- 2028 (age 69): $108,000
- 2029 (age 70): $144,000
- Note: these calculations do not consider cost-of-living adjustments

Brooks, Molly's disabled adult child, receives cumulative annual benefits as follows, based on Molly's record:

- 2026: $18,000
- 2027: $36,000
- 2028: $54,000
- 2029: $72,000
- Note: these calculations do not consider cost-of-living adjustments

Illustration – Delayed Retirement

Assume instead that Molly maximizes her maximum monthly Social Security benefit by delaying her retirement to age 70.

- 2029 (age 70): $44,640 (124% of baseline PIA of $36,000, three years of 8% delayed retirement credits)
- Note: this calculation does not consider cost-of-living adjustments

Unlike Molly, Brooks’ benefit **does not increase** if Molly delays retirement:

- 2029: $18,000
- Note: this calculation does not consider cost-of-living adjustments

Break-Even Calculation – Parent Only

- Claiming at 67: Molly collects $36,000/year
- Claiming at 70: Molly collects $0 from 67-69, then $44,640 starting at 70
- Foregone benefits (67-69): $108,000
- Annual advantage of waiting: $8,640/year
- Break-even: $108,000/$8,640 = 12.5 years starting at age 70 = age 82.5

Break-Even Calculation – Parent + Child

- Molly claims at age 67: Molly collects $36,000/year, Brooks collects $18,000/year
- Molly claims at age 70: Molly and Brooks each collect $0 until Molly is 70, then Molly collects $44,640/year and Brooks collects $18,000/year
- Foregone benefits (Molly aged 67-69): $108,000 for Molly, $54,000 for Brooks
- Annual advantage to Molly of waiting: $8,640/year. For Brooks: $0
- Break-even: $108,000 (Molly) + $54,000 (Brooks)/$8,640 = 18.75 years = Molly age 88.75

Early Retirement

- Early retirement reduces the parent's Social Security benefit by as much as 30% (age 62)
- Disabled Adult Child benefits, however, **are not reduced** – they are based on the parent's full PIA, not the reduced early retirement amount.

Medicare and the Disabled Adult Child Benefit

Once a disabled adult child has **received benefits for 24 months, the child will qualify for health insurance through Medicare.**

Medicare complements existing Medicaid coverage. People who have both Medicare and full Medicaid coverage are “dually eligible.” Medicare pays first when someone is dually eligible and the child receives Medicare covered services. Medicaid pays last, after Medicare and any other health insurance. Medicare covers prescription drugs for dual eligibles.

Medicare and Medicaid

Medicare is federal health insurance, while Medicaid is a joint federal-state program. Medicare has set, nationwide standards for costs and coverage. Each state runs its own Medicaid program, so eligibility requirements and benefits can vary from state to state. Medicare includes more providers than Medicaid. Pediatricians and other providers who may continue to serve disabled adult children as they age may be unfamiliar with Medicare.

SSI and DAC

Supplemental Security Income (SSI) -- Needs-based benefit

- Does not require work history
- Income and asset limits apply
- In most states, an SSI recipient is automatically eligible for Medicaid (section 1634 states)

Disabled Adult Child (DAC) benefit -- Employment-based benefit

- Tied to parent's work history
- Not based on financial need

Individuals may be eligible for benefits under both programs at the same time.

Transitioning from SSI

The Disabled Adult Child Benefit reduces SSI benefits on a near dollar-for-dollar basis. But **Medicaid benefits should not be lost**. Section 1634 of the Social Security Act (42 USC 1383c(c))(the Pickle Amendment, named after Congressman Jake Pickle) provides that an individual who receives SSI before receiving the Disabled Adult Child benefit can have income from that benefit disregarded for Medicaid. This provision allows a disabled adult child to receive the higher disabled adult child benefit while remaining on Medicaid.

Final Thoughts