

The Advocacy Ridge








presents

Financial Planning

For Families of People with Disabilities

ABLE Accounts, Special Needs Trusts, and Protecting Benefits While Building a Future

Color-coded boxes tell you what is the same everywhere and what varies by state:

-  FEDERAL LAW — same in all 50 states
-  STATE VARIATIONS — laws differ; check your state
-  STRONGER STATE PROTECTIONS — some states give you more
-  ADVOCACY TIP — practical advice for parents
-  WATCH OUT — common pitfalls and risks
-  IMPORTANT NOTE — context and clarifications
-  STRATEGY — tactical guidance for due process

IMPORTANT NOTE

- This guide is for families who are thinking about the future — what happens to your family member with a disability financially, now and after you are gone. It covers two tools almost every family needs to know about: ABLE accounts and Special Needs Trusts.
- This guide provides general information to help you understand these tools and ask the right questions. It is NOT a substitute for a qualified special needs attorney or financial planner — and for decisions like estate planning and trusts, those professionals are essential. We will tell you how to find them.
- The most important message in this guide: do not make financial gifts directly to a person with a disability who receives SSI or Medicaid. A direct inheritance or cash gift can eliminate their benefits. There are the right ways to give — and this guide explains them.

1. The Problem — Why Disability and Savings Don't Mix Under Current Rules

If your family member receives SSI, they are allowed to have only \$2,000 in savings at any time. If they have more than \$2,000 in countable resources, SSI eligibility is affected and Medicaid eligibility may also be impacted depending on the state and Medicaid category.

These resource limits apply to SSI. SSDI generally does not have the same resource limits.

This rule was designed to limit benefits to people with genuine financial need. But it creates a devastating reality for families:

- A grandparent who dies and leaves \$10,000 to a grandchild with a disability — intending to help — can accidentally eliminate that child's SSI and Medicaid entirely.
- A personal injury settlement, even a small one, can wipe out eligibility for years.
- A parent who saves for their child's future by putting money in the child's name creates the same problem.

Two tools exist specifically to solve this problem: ABLE accounts and Special Needs Trusts. Every family should know both of them.

IMPORTANT NOTE

It is never too early to learn about ABLE accounts and Special Needs Trusts. Many families wait until they receive an inheritance, settlement, or benefits issue before learning about these tools. Ideally, planning should begin long before the money arrives.

2. ABLE Accounts — Tax-Free Savings That Protect Benefits

An ABLE account is a special savings account designed specifically for people with disabilities. Money in an ABLE account does NOT count against the SSI \$2,000 resource limit (up to \$100,000). It grows tax-free. It can be used for a wide range of disability-related expenses. And anyone can contribute — parents, grandparents, relatives, friends, employers.

ABLE accounts were created by the ABLE Act of 2014 and are one of the biggest financial improvements for people with disabilities in decades. As of 2026, they got even better — see the expansion below.

Who Qualifies



FEDERAL LAW — ABLE Act of 2014; Internal Revenue Code §529A

- To open an ABLE account, the person must have a significant disability with onset before age 46. (This was expanded from age 26, effective January 1, 2026, by the ABLE Age Adjustment Act — a major expansion that makes millions more people newly eligible.)
- The person must either: already receive SSI or SSDI, OR have a disability certification from a licensed physician stating that the disability meets SSA's disability standard.
- There is no income limit to open an ABLE account. Even high-earning individuals with disabilities can have one.

NEW IN 2026 — ABLE Age Expanded to Age 46

- Effective January 1, 2026: The ABLE Age Adjustment Act expanded eligibility from disability onset before age 26 to disability onset before age 46.
- This means: Adults with disabilities that began between age 26 and 45 — who were previously ineligible — can now open ABLE accounts for the first time. If you or a family member was previously told they did not qualify because of when their disability began, check again.
- Learn more and check eligibility: ablenrc.org

How ABLE Accounts Work



FEDERAL LAW — ABLE Act of 2014; Internal Revenue Code §529A

- Contribution limit: Up to \$18,000 per year (2024, indexed annually) from all sources combined — family, friends, employers, anyone.
- Employed ABLE account holders can contribute even more: Under the ABLE to Work provision, if the account holder has earned income from a job, they can contribute an additional amount up to the federal poverty level on top of the \$18,000 limit.
- SSI protection: ABLE account balances up to \$100,000 are completely excluded from the SSI resource limit. If the balance exceeds \$100,000, SSI payments pause (not terminate) until the balance drops below \$100,000. Medicaid is never affected by ABLE account balance.
- Tax advantage: Money in an ABLE account grows tax-free. Withdrawals for qualified disability expenses are also tax-free.
- What ABLE funds can pay for (Qualified Disability Expenses): Education, housing, transportation, employment support and training, assistive technology, health and wellness, financial management, legal fees, basic living expenses, and more.



ADVOCACY TIP

- Open an ABLE account even if you can only contribute a small amount right now. Once the account exists, any family member, friend, or employer can contribute to it — up to the annual limit combined.
- Redirect birthday and holiday gifts into the ABLE account instead of giving cash directly. This protects SSI eligibility and builds savings.
- ABLE accounts can pay for RENT, FOOD, and UTILITIES without affecting SSI — this is different from how cash gifts work. Cash spent on housing and food can reduce SSI; ABLE account distributions for those purposes do not.
- Compare all state ABLE programs (you can use any state's program regardless of where you live): ablenrc.org/able-programs
- Find the ABLE account comparison tool: ablenrc.org — look for the 'Compare ABLE Programs' feature. Compare fees, investment options, and state tax deductions.



WATCH OUT

- ABLE accounts have a Medicaid payback provision: when the account holder dies, any remaining funds must first repay Medicaid for services received after the account was opened, before heirs receive anything. Special Needs Trusts (third-party type) do not have this requirement. For estate planning, this distinction matters.
- Do not exceed the \$18,000/year contribution limit across all contributors. If you do, SSI benefits can be affected. Track contributions across all sources.

Where to Open an ABLE Account

STATE VARIATIONS — Laws Differ by State

- You do NOT have to use your own state's ABLE program. Most state ABLE programs accept residents from any state. Shop around for the best fees and investment options.
- California: CalABLE — calable.ca.gov
- Texas: Texas ABLE — texasable.org
- New York: NY ABLE — nyable.org
- Florida: ABLE United — ableunited.com
- Michigan: MiABLE — savewithable.com/mi/home.html (available to all U.S. residents)
- Ohio: STABLE Account — stableaccount.com (available to all US residents, low fees)
- Virginia: ABLEnow — ablenow.com (available to all US residents)
- Nebraska: Enable Savings Plan — enablesavings.com (available to all US residents, no state residency required)
- Tennessee: ABLE TN — abletnaccount.com
- Best tool for comparing ALL state programs: ablenrc.org/able-programs
- Many states with income taxes offer state tax deductions for ABLE contributions — check your state before opening an out-of-state account.

3. Special Needs Trusts — For Larger Assets and Estate Planning

An ABLE account is great for everyday savings and smaller amounts. But if your family is thinking about inheritance, a large settlement, or significant long-term assets, a Special Needs Trust (SNT) is what you need.

A Special Needs Trust is a legal arrangement — created with the help of an attorney — that allows assets to be held for the benefit of a person with a disability without those assets counting against SSI or Medicaid eligibility. The trust holds the money, not the person — so SSA doesn't count it as the person's resource.

Grandparents, aunts, uncles, and other relatives should also be instructed to leave inheritances to the trust—not directly to the individual.

The Two Main Types of Special Needs Trusts

Type	Who Funds It	Medicaid Payback?	Best For
Third-Party SNT	Family members, grandparents, anyone other than the person with a disability	NO — remaining assets go to heirs	Estate planning, inheritance, family gifts
First-Party SNT (d4A Trust)	The person's own money — from a settlement, inheritance they already received, or retroactive benefits	YES — Medicaid recoups costs first	Protecting an inheritance or settlement the person already has
Pooled Trust (d4C)	Either — managed by a nonprofit organization on behalf of many individuals	YES — Medicaid recoups	People who can't afford a standalone trust, or for smaller amounts



ADVOCACY TIP

- For most families doing estate planning: a Third-Party Special Needs Trust is the tool. You create it now, designate it in your will to receive money you leave to your child, and because you are funding it — not your child — there is no Medicaid payback when your child dies. Whatever remains goes to whoever you designate.
- A third-party SNT can also be funded during your lifetime, not just through a will. You can make annual contributions to the trust, redirect life insurance proceeds to it, and have other family members name it as a beneficiary.
- A First-Party SNT is used when the person with a disability already has money that needs to be protected — most commonly a personal injury settlement.

What a Special Needs Trust Can Pay For

An SNT can pay for things that supplement — but do not replace — the person's government benefits. The goal is to improve quality of life with the trust while preserving SSI and Medicaid.

- Supplemental items SNTs commonly pay for: education and tutoring, recreation and entertainment, electronics and technology, clothing and personal items, transportation (car, repairs, Uber), vacation and travel, therapy not covered by Medicaid, legal fees, personal care items, and anything else that enhances quality of life.
- SNTs generally should NOT pay for food and shelter directly — these are covered by SSI and using trust funds for them can reduce SSI benefits. Consult your attorney about the best approach for your state.

WATCH OUT

- DO NOT create a Special Needs Trust without working with a qualified special needs planning attorney. An improperly drafted trust can disqualify the person from SSI and Medicaid entirely. The rules are technically complex and vary by state.
- DO NOT leave money directly to a person with a disability in your will. It counts against SSI and Medicaid the moment they receive it. Instead, leave the money to the Special Needs Trust you create.
- DO NOT name a person with a disability as a direct beneficiary of your life insurance policy or retirement account. Name the Special Needs Trust instead.
- The trustee of an SNT has real legal responsibilities. Choose carefully, or use a professional trustee or pooled trust if no family member can serve responsibly.

How to Find a Special Needs Planning Attorney

ADVOCACY TIP

- Special Needs Alliance: specialneedsalliance.org — national directory of attorneys who specialize in special needs planning. This is the most trusted referral source for SNT attorneys.
- Academy of Special Needs Planners: specialneedsanswers.com — another national directory of qualified special needs attorneys.
- NAELA (National Academy of Elder Law Attorneys): naela.org — includes special needs planning attorneys.
- Ask your state's Arc or P&A organization for attorney referrals in your state.
- When interviewing attorneys, ask: 'How many Special Needs Trusts have you drafted?' and 'Are you familiar with my state's specific Medicaid rules for trusts?' You want an attorney with real experience in this specific area — not a general estate attorney who has done it once.

4. How ABLE Accounts and Special Needs Trusts Work Together

These two tools are not either/or. Many families use both together.

Use Case	Best Tool
Everyday savings — under \$100,000	ABLE account — simple, flexible, no attorney needed
Large inheritance or estate planning	Third-Party Special Needs Trust — created by attorney
Personal injury settlement in the person's name	First-Party SNT (d4A) — attorney required
Gifts from relatives and friends	ABLE account up to \$18,000/year; excess to SNT
Paying for housing, transportation, daily needs	ABLE account — most flexible for day-to-day use
Protecting money after death of parent	Third-Party SNT funded through your will or life insurance
Someone who works and wants to save	ABLE account with ABLE to Work contribution boost

ADVOCACY TIP

- Start with an ABLE account — you can open one today with no attorney, no minimum deposit in most states, and no complex setup. It immediately protects any contributions from affecting SSI.
- Then work with a special needs attorney to create a Third-Party SNT as part of your estate plan. This is the long-term container for inheritance and larger assets.
- Together, these two tools mean your family member can have meaningful financial security without ever losing SSI or Medicaid.

5. Other Financial Protections to Know

Do Not Name a Person with a Disability Directly on These

- Life insurance beneficiary — name the SNT instead.
- Retirement account (IRA, 401k) beneficiary — name the SNT instead.
- Will — direct your estate to the SNT, not to the person directly.
- Real estate — consult your special needs attorney before transferring property.

Representative Payees

Some individuals receiving SSI or SSDI may benefit from having a Representative Payee manage benefits. This is different from guardianship and does not remove legal rights.

Housing and SSI — A Note

If an SSI recipient lives in housing that someone else pays for (rent, mortgage, utilities), SSA may reduce their SSI payment under the 'In-Kind Support and Maintenance' rules. The rules are complex. Before a family member pays housing costs directly for an SSI recipient, consult a WIPA counselor (choosework.ssa.gov) or special needs attorney to understand the impact.

Life Insurance for the Caregiver

Many special needs financial plans include a second-to-die life insurance policy on the parents — a policy that pays out when the surviving parent dies and can fund the Special Needs Trust. Ask a financial planner who specializes in disability planning about this option.



ADVOCACY TIP

- Find a financial planner who specializes in disability: NAPFA (National Association of Personal Financial Advisors) at napfa.org, or ask your special needs attorney for referrals.
- The Arc's Center for Future Planning: futureplanning.thearc.org — free planning tools and guidance for families.
- ABLE National Resource Center: ablenrc.org — free information, comparison tools, and eligibility information.

6. Key Links

Resource	Where to Go
Open an ABLE account — compare all state programs	ablenrc.org/able-programs
ABLE National Resource Center	ablenrc.org
Find a special needs planning attorney	specialneedsalliance.org
Academy of Special Needs Planners	specialneedsanswers.com
NAELA (elder/special needs law attorneys)	naela.org
The Arc Future Planning Center	futureplanning.thearc.org
WIPA counselors (free SSI/benefits advice)	choosework.ssa.gov 1-866-968-7842
CalABLE (California)	calable.ca.gov
Texas ABLE	texasable.org
NY ABLE	nyable.org
STABLE Account (available to all US residents)	stableaccount.com
ABLEnow Virginia (available to all US residents)	ablenow.com
ABLE United Florida	ableunited.com
Nebraska Enable (available to all US residents)	enablesavings.com

This guide is general information only and is NOT financial or legal advice. ABLE account rules, SNT requirements, and SSI/Medicaid resource rules are complex and change. Consult a qualified special needs attorney and financial planner for decisions specific to your family. The Advocacy Ridge is not a law firm.

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