

# McDowall Cotter

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*A common-sense approach to the practice of law*

## **CalABLE is Here**

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For many disabled Americans, maintaining eligibility for public benefits and saving for long-term financial security are mutually exclusive. The ABLE act will finally change this for Californians.

Under current policy, if an individual's personal assets exceed a total of \$2,000 or if they earn more than \$680 a month, they cannot receive disability benefits. The ABLE allows disabled individuals and their families to set up a tax-free savings account, considered separate from one's personal assets.

Beneficiaries of a CalABLE account can spend this money, tax-free, given the funds are spent on Qualified Disability Expenses. This is a purposefully broad term, meant to include: education, housing, transportation, health care, and more.

As December 18, 2018 CalABLE has been in effect. Qualified individuals and the families and friends of qualified individuals may contribute up to \$15,000 a year to an ABLE investment account, without forgoing public benefits. If assets in the account surpass \$100,000, SSI benefits will stop. However, if the account dips below the \$100,000 cap again, benefits can be reinstated.

For California residents, CalABLE will have additional benefits relative to other states' ABLE programs. CalABLE allows beneficiaries to pass down the savings from their account to the people they choose without being subject to MediCal reimbursement.

In order to qualify, individuals must have developed the disability before the age of 26 and have lived with (or expect to live with) the disability for at least one year. Additionally, eligibility is conditional on individuals qualifying for one of the following:

- Meets eligibility criteria for disability benefits, such as SSI or SSDI
- Ability to provide "self-certification" of his or her mental or physical disability, diagnosed by a qualified physician

CalABLE incentivizes those that qualify to save and place their assets in investments to ensure future financial stability. Many planning opportunities will be opened up thanks to the use of CalABLE accounts. We will be reporting on these opportunities in later articles and workshops. Feel free to contact us in the meantime.