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ABLE accounts: A valuable financial solution for people with disabilities

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[Achieving a Better Life Experience or ABLER accounts](#) are tax-advantaged savings accounts for individuals with disabilities and their families. These accounts help disabled people pay qualified disability-related expenses without affecting their eligibility for government assistance programs.

Here are some key things people should know about these accounts.


- Annual contribution limit**
- The 2021 limit is \$15,000.
 - Certain employed ABLE account beneficiaries may make an additional contribution up to the lesser of these amounts:
 - The designated beneficiary's compensation for the tax year.
 - The poverty line for a one-person household. For 2021, this amount is \$12,880 in the continental U.S., \$16,090 in Alaska and \$14,820 in Hawaii.

- Saver's credit**
- ABLE account designated beneficiaries may be eligible to claim the [saver's credit](#) for a percentage of their contributions.
 - The beneficiary claims the credit on [Form 8880, Credit for Qualified Retirement Savings Contributions](#). The saver's credit is a non-refundable credit available to individuals who meet these three requirements:
 - Are at least 18 years old at the close of the taxable year
 - Are not a dependent or a full-time student
 - Meet the income requirements

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- Rollovers and transfers from section 529 plans**
- Families may roll over funds from a 529 plan to another family member's ABLE account.
 - The ABLE account must be for the same beneficiary as the 529 account or for a member of the same family as the 529 account holder. Rollovers from a section 529 plan count toward the annual contribution limit. For example, the \$15,000 annual contribution limit

<p>IRS Tax Tips</p> <p>Armed Forces</p> <p>Latest News</p>	<p>would be met by parents contributing \$10,000 to their child's ABLE account and rolling over \$5,000 from a 529 plan to the same ABLE account.</p> <p>Qualified disability expenses</p> <ul style="list-style-type: none"> • States can offer ABLE accounts to help people who become disabled before age 26 or their families pay for disability-related expenses. These expenses include housing, education, transportation, health, prevention and wellness, employment training and support, assistive technology and personal support services. • Though contributions aren't deductible for federal tax purposes, distributions, including earnings, are tax-free to the beneficiary, if they are used to pay qualified disability expenses.
<p>IRS Resources</p> <p>Compliance & Enforcement News</p> <p>Contact Your Local IRS Office</p> <p>Filing Your Taxes</p> <p>Forms & Instructions</p> <p>Frequently Asked Questions</p> <p>Taxpayer Advocate Service</p> <p>Where to File</p> <p>IRS Social Media</p>	<p>More Information:</p> <p>ABLE Accounts - Tax Benefit for People with Disabilities Publication 907, Tax Highlights for Persons with Disabilities Form 1099-QA, Distributions from ABLE Accounts Form 5498-QA, ABLE Account Contribution Information Instructions for Forms 1099-QA and 5498-QA</p> <p>Share this tip on social media -- #IRSTaxTip: A valuable financial solution for people with disabilities. https://go.usa.gov/xMdN5</p> <p>Back to Top</p> <div style="text-align: center;">  </div>
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