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Qualified Disability Expenses

- The designated beneficiary or the person with signature authority determines when a distribution is made.
- Distributions must be for a qualified disability expenses (QDE).
- Qualified disability expenses are related to the blindness or disability of the beneficiary to maintain or improve an individual's health, independence and quality of life. In general, these include, but are not limited to:
    - Education – tuition, books, supplies, tutors, special education services.
    - Housing – expenses for a primary residence, rent, mortgage, home improvements, modifications, maintenance and repairs, property taxes, utility charges.
    - Transportation – bus passes, other mass transit, purchase or modification of a vehicle.
    - Employment training and support –job related training, assistive technology.
    - Health – insurance premiums, vision, dental, rehab expenses, durable medical equipment, therapy, respite care, nutrition management, personal assistance, communication devices, assistive technology, prevention and wellness.
    - Other: financial management and administrative services, legal fees, funeral/burial, and other basic living expenses.
    - The proposed regulations emphasize that the definition of a QDE "should be broadly construed" to permit the inclusion of basic living expenses and should not be limited to:
        - expenses for items for which there is a medical necessity or
        - provide no benefits to others in addition to the eligible individual.
- As long as the distribution is made for a qualified disability expense, the amount disbursed will not be counted as taxable income to the beneficiary.
- Distributions made for a nonqualified expense are subject to tax implications, a 10% penalty, and may affect the beneficiary's eligibility for public benefits programs. If the distribution adversely impacts eligibility, it would be appealable.

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vs.

Special Needs Trust (SNTs) and Pooled Trusts	ABLE Accounts
• SNT can be established by anyone with a disability • No limit on the number of trusts • If the beneficiary is receiving MA, there is no repayment after the beneficiary dies, unless it is a first-party trust • Funds in SNT are not counted for SSI or MA • Requires financial and legal professionals to establish • No limit on contributions • Trust fund earnings are taxable and requires annual tax returns	• Must have a disability with onset before age 26 • Only one ABLE account per person • MA benefits must be paid back to the state after the beneficiary dies • Special rules apply to SSI benefits -- assets over $100,000 are counted • Establishing less complicated and less expensive • Contributions cannot exceed $18,000 per year (in 2024). The maximum limit set by each state (typically $300,000-$400,000) • Earnings in the account are tax-exempt

Signing up for an ABLE account

- The ADRC can give general information about ABLE Accounts, but cannot assist in choosing or signing up for an ABLE Account.
- As the states roll out details about their varied ABLE programs, families should consult their financial advisors and special needs or elder law attorneys to determine what planning tool will be meet their individual situation.
  - A person can sign up for an ABLE Account without the assistance of a financial advisor or attorney; however it is the ADRC's recommendation that you consult with a professional first as there are many deciding factors when choosing what is best for you or the beneficiary.

*Information courtesy of ADRC of Dane County. The ADRC does not endorse or recommend specific agencies. This list is provided with the best available information as of March 2024.