

## Comparison of ABLE Accounts and Special Needs Trusts<sup>1</sup>

Type of Account	ABLE Accounts	Special Needs Trusts			
		First Party		Third Party	
		Pooled	Individual	Pooled	Individual
<b>Set up by</b>	Person w/ disability Parent or guardian	Person w/ disability Parent or guardian	Parent or guardian	Anyone except the person w/ disability	
<b>Funded by</b>	Person w/ disability (e.g. work income) Anyone else	Person w/ disability (e.g. inheritance money)		Anyone except the person w/ disability	
<b>Administered by</b>	Individual and family; emphasis on allowing the person w/a disability to control use	Non-profits	Individual /family	Non-profits	Family
<b>Setup Cost</b>	Undecided but will be less than trusts	Varies; can be costly and complex			
<b>Interest Taxed?</b>	No	Yes	No	Yes	Yes
<b>Deposit Restrictions</b>	IRS Yearly Gift Limit (\$14,000 in 2016)	None			
<b>Balance Restrictions</b>	Over \$100,000 cannot receive Social Security; absolute limit based on 529 savings account limit (\$511,758 in 2016)	None			
<b>Age Restrictions</b>	Person must have disability by age 26	None	Must be set up by age 65	None	
<b>Other Restrictions</b>	Funds can be used on qualified expenses. Penalties if used for unqualified expenses.	None, but certain distributions could impact benefits.			
<b>After death</b>	Remaining funds are distributed according to individual's estate or inestate law.  Individual or family can also choose to roll over ABLE money to an eligible sibling's ABLE account.	Transfers to Non-profit to benefit others individuals with disabilities or pays back Medicaid	Pays back Medicaid	Depends on the trust; can transfer to other named beneficiaries	Transfers to other beneficiaries/family members

<http://www.tba.org/journal/an-alternative-to-a-special-needs-trust-the-able-account>