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## Issue Brief: *Achieving a Better Life Experience* (ABLE) Act (H.R. 647/ S. 313)

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### Summary

The Achieving a Better Life Experience (ABLE) Act (S. 313/H.R. 647) is a bill that will encourage and assist individuals and families in saving private funds for the purpose of supporting individuals with disabilities to maintain health, independence, and a better quality of life. These savings accounts could be used for such expenses as education, housing, transportation, employment support, health, prevention and wellness costs, assistive technology, and personal support services.

Companion bills were introduced in the House of Representatives and Senate on February 13, 2013 (113<sup>th</sup> Congress). The House bill (H.R. 647), introduced by Ander Crenshaw (R-FL), now has 381 bipartisan cosponsor. The Senate bill (S. 313), introduced by Senator Robert Casey (D-PA) has 74 bipartisan cosponsors. The bill was approved by the [House Ways and Means Committee](#) on July 31<sup>st</sup>, 2014 by unanimous consent.

This Act has broad bipartisan support in both the House and Senate and strong support from the disability community. House and Senate leaders negotiated changes to the bill to achieve a lower cost score per the original CBO score.

### Background and Status

The original bill creates a new subsection (f) within Section 529 of the Internal Revenue Code. ABLE accounts follow all the requirements and regulations of a traditional 529 qualified tuition program. They are intended to be easy to open and available in any state. Like other 529 accounts, residents of one state may establish accounts in another state.

The same rules that govern other 529 accounts will govern ABLE accounts, including limits on the size of the account; rules for tax treatment of annual contributions, earnings, and withdrawals; and reporting requirements. Rollovers would be allowed from an ABLE account to a traditional 529, if the beneficiary is no longer deemed disabled. Also, rollovers would be

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allowed to another family member’s ABLÉ account or their traditional 529. These savings accounts would supplement disability-related expenses including education, housing, transportation, employment support, health, prevention and wellness costs, assistive technology, and personal support services.

The Chairman’s Amendment to the ABLÉ Act (which was substituted for the House bill) was published by the Joint Committee on Taxation on July 31, 2014; it included substantive changes to the original bill and cut the proposed cost of the program from \$20 billion to \$2.1 billion over fiscal years 2015-2024. The main changes proposed in the Amendment are as follows:

Original Bill	Chairman’s Amendment
ABLE accounts can be established by qualified individuals regardless of age	Qualified individuals are restricted to individuals whose blindness or disability occurred before the age of 26
Rollovers are allowed from one ABLÉ account to another to any qualified family member who is an eligible individual	Rollovers from one ABLÉ account are limited to another to a “family member” as defined in <a href="#">IRS code 152(d)(2)(B)</a> .
No specific limit on the amount of dollar contributions to an account	An ABLÉ account cannot receive contributions exceeding the annual gift-tax exemption amount (For 2014, this amount is \$14,000).
A designated beneficiary can hold more than one ABLÉ account	There is a limit of one ABLÉ account per eligible individual

House and Senate staff are still trying to find a way to make changes that will satisfy all stakeholders and identify “pay-for” options. Negotiations are ongoing.

## September 19 Update to Status

\* On September 16th, Chairman Wyden proposed to Chairman Camp and Ranking Member Levin and Ranking Member Hatch a “[reasonable, workable, and timely path forward](#).” This proposal in the Senate bill removed the income limitations that had been imposed in the House Ways and Means Committee’s substitute stating that anyone is eligible for an ABLÉ account if he or she is a recipient of SSI or SSDI OR has a “medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months” (this is the criteria for a certification from a physician).

The champions of the bill and their staff are dedicated to keeping the process moving forward in Congress, and are committed to bringing the ABLE Act to the floor for a vote during the “lame duck” session (after the November elections).