

**Short Summary and Talking Points of H.R. 647**  
***The Achieving a Better Life Experience (ABLE) Act***  
***(As Expected to Be Considered by the House in December 2014)***

**The problem:** Under current law, individuals with disabilities face significant barriers to finding and holding employment and living independently because their access to certain safety-net programs can be lost once they establish a minimum level of savings and income, creating a disincentive to work.

**The solution:** The ABLE Act would help more individuals with disabilities work, save and live independently without losing access to Medicaid and Supplemental Security Income (SSI).

**The details:** Starting in 2015, States would have the option to establish an ABLE program, under which eligible individuals with disabilities could start an ABLE account, modeled after current Section 529 savings accounts. Eligible individuals must be severely disabled before turning age 26, based on a marked and severe functional limitation or receipt of benefits under the SSI or Disability Insurance (DI) programs. Other key features:

- Contributions into an ABLE account could be made by any person;
- Contributions would not be tax deductible;
- Income earned by the accounts would not be taxed;
- Account withdrawals, including portions attributable to investment earnings generated by the account, for qualified expenses would not be taxable;
- Qualified expenses are those related to the individual's disability, including health, education, housing, transportation, training, assistive technology, and personal support.
- Individuals would be limited to one ABLE account, and total annual contributions by all individuals to any one account could be made up to the gift tax limit (\$14,000 in 2014).
- Aggregate contributions to an ABLE account would be subject to an overall limit matching the State limit for Section 529 accounts.
- Individuals with ABLE accounts could maintain eligibility for means-tested benefits. ABLE account balances and withdrawals are completely excluded for the purpose of Medicaid and other benefit programs. In SSI, the first \$100,000 in account balances are excluded from counting as resources, as are most account withdrawals.

**The ABLE Act is fully paid for:** By allowing a new tax-free savings option, and ignoring such savings when it comes to determining an eligible individual's access to

benefit programs like SSI and Medicaid, the ABLE account provisions in the legislation would reduce revenues by about \$1 billion and increase spending by about \$1 billion, over 10 years. The legislation has been amended to include a series of offsets that ensure the legislation does not increase the deficit (while also ensuring the bill does not raise taxes overall):

- Technical correction to worker's compensation offset age (saves \$220 million)
- Accelerated application of relative value targets for misvalued services in the Medicare physician fee schedule (saves \$365 million)
- Consistent treatment of vacuum erection systems across Medicare (saves \$440 million).
- One-year delay of implementation of oral-only policy under Medicare ESRD prospective payment system (saves \$380 million)
- Modification of Inland Waterways Trust Fund financing rate (increases revenue by \$260 million).
- IRS certification of PEOs (increases revenue by \$8 million)
- Exclusion of dividends from controlled foreign corporations from the definition of personal holding company income (increases revenue by \$14 million)
- Inflation adjustment for certain civil tax penalties (increases revenue by \$115 million)
- Increase in continuous levy to collect unpaid taxes (increases revenue by \$241 million)
- Change investment direction rule for Section 529 plans (negligible revenue effect)

**The ABLE Act has enormous bipartisan support:** H.R. 647 has been cosponsored by 380 Members of the House and 74 Members of the Senate. It is also supported by more than 70 organizations and healthcare professionals, including the American Association of People with Disabilities, the Autism Society of America, Autism Speaks, the Brain Injury Association of America, Easter Seals, the National Association of Councils on Developmental Disabilities, the National Disability Institute, the National Down Syndrome Society, the National Federation of the Blind, and The ARC.

**The ABLE Act moved through regular order:** H.R. 647 was introduced in 2013 and unanimously approved by the Ways and Means Committee in July 2014. The version of the legislation expected to be considered by the House in December 2014 reflects the Ways and Means-approved legislation, with the addition of bipartisan technical changes and needed payfor provisions. At every step of the way, the Committee has consulted with the sponsors of the ABLE Act and others in the disability community.