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# **5 Things You Didn't Know About ABLE Account**



1. What is an ABLE account?
2. Why the need for ABLE accounts?
3. Who is eligible to open an ABLE account?
4. What can the funds in the ABLE account be used for?
5. What happens to the funds in the ABLE account when the beneficiary passes away?



**5 Things You  
Need to  
Know About  
ABLE**

## Things to consider

# Choosing the right ABLE Program

1. Opening an Account
2. Maintaining the Account & Fees
3. Investment Opportunities
4. Unique to Your State



# Opening an Account



- Document of eligibility
- Minimum contribution to open an ABLE account
- Is there a fee to open an account

# Maintaining the Account & Fees



- Is there a regular minimum contribution? If yes, what is the amount?
- Do you have clear understanding of the fees associated with the management of account?
- Any restrictions? How often can you withdraw funds from your account?
- What proof will the ABLE program require to document a disbursement is for a qualified expense?



# Investment Opportunities



- What are the investment options offered by the ABLE program?
- Are the options likely to meet your needs while limiting risks?
- History of the rate of return of the investment fund?
- Does the program offer any unique or value added program elements to help you save & contribute to your account?
- Does the program offer you investor education to help you make an informed investment choice that meets your needs?

# Unique to Your State

- Does your State have a program, and, if so do they offer a state income tax deduction or credit for contributions to an ABLE account?
- Is there a debit card/purchasing card available with the program?
- Any fees associated with the use of the card?
- Does the state program offer any unique or value added program elements (e.g. match, rewards programs, financial literacy courses or materials for beneficiaries) to help you save, contribute to your account, grow the account & manage your invested dollar?
- Would these added program features be of benefit to you?





## **ABLE Account MO**

- MO ABLE is NOT OPEN to residents outside Missouri
- Initial minimum contribution is \$50
- You can roll over MO ABLE to another ABLE program at no charge
- 5 different investment options – 4 mutual fund & 1 FDIC insured investment. You can change options 2x every calendar year
- No added cost for the STABLE card (a loadable prepaid debit card)
- Fees associated with investment choices range from 0.19% – 0.33%



## New Tax Law 2018

1. Families who have previously saved money in 529 can roll over up to \$15K to an ABLE Account.
2. Special Needs Trust can be authorized to fund an ABLE account.
3. \$42 maintenance fee per year

*The new tax bill also allows money in 529 to pay for K-12 education in public, private or religious schools.*

The logo for MO ABLE features the text "MO ABLE" in a bold, black, sans-serif font. The text is centered within a bright blue, irregular, cloud-like shape. To the bottom-left of this blue shape is a smaller, solid black circle. The entire logo is set against a background of thin, light gray curved lines that sweep across the left side of the slide.

# MO ABLE

4. Age eligibility – onset must be before 26 years of age.
5. Uses – must be used for qualified disability expenses (unlike SNT which is more broad).
6. Earnings on a MO ABLE account grow tax-free and are NOT SUBJECT to federal income tax, so long as they are spend on Qualified Disability Expenses.
7. Remaining balance – upon death, may go towards paying back Medicaid.



# Savings tools

## ABLE ACCOUNT

- Age eligibility – onset must be before 26 years of age
- Taxes – tax-free
- NO set-up cost
- Uses – must be used for qualified disability expenses
- Account ownership – owned & set-up by the beneficiary
- Remaining balance – upon death, may go towards paying back Medicaid

## Special Needs Trust (SNT)

- Age eligibility – NONE
- Taxes – earnings are taxed
- Set-up cost - between \$2K - \$5K
- Uses – can be spent more broadly
- Account ownership – owned by a family member NOT the beneficiary
- Remaining balance – remaining balance goes to the family
- The State has no claim on the funds remaining in the Trust



## **Any questions?**

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A large blue speech bubble with a black oval tail pointing towards the top right. The text 'THANK YOU' is written in bold black capital letters inside the bubble. The background features faint, curved lines.

**THANK  
YOU**