

Comparison of ABLE Accounts and Special Needs Trusts (in Pennsylvania)

	ABLE Accounts	Special Needs Trusts			
		First Party		Third Party	
		Pooled	Individual	Pooled	Individual
Set Up By	An Eligible Individual who is an adult with legal capacity to enter into contracts can open the account for themselves but may also choose to have any other person open and manage the account (“Authorized Individual”). If the Eligible Individual is a minor or an adult without the legal capacity to enter into contracts, accounts must be opened by an Authorized Individual. Enrollment available at PAABLE.gov .	Person with a disability, parent, guardian, or a court		Anyone <i>except</i> the individual with the disability	
Funded By	Anyone (including self). Contributions by other people should be made directly to account.	Individual with the disability (e.g., inheritance, lawsuit)		Anyone <i>except</i> the individual with the disability	
Who is Eligible?	Anyone who has a qualifying disability with an onset prior to age 26. A qualifying disability is one that entitles you to Social Security disability benefits (SSI or SSDI). If not eligible for SSI or SSDI, a person may also self-certify. [Note: Pending legislation will increase the age of onset to prior to 46]	Beneficiary meets Social Security Administration’s definition of “disabled” generally. There are no age restrictions for a First Party, Pooled Trust or a Third Party Pooled or Individual Trust. The First Party, Individual Trust must be set up for an individual with a disability prior to the age of 65.			
Who Makes Spending Decisions?	The beneficiary (individual with disability), and/or “Authorized Individual”.	Trustee (not the beneficiary)			
Number of Accounts	One (1) per individual.	An individual may have more than one type of Special Needs Trust.			
Costs	No set-up fee. Initial contribution is \$25.00. The annual fee is \$58 (\$14.50 per quarter); however, if electronic delivery is selected, the annual fee is reduced to \$33. Additionally, there are investment fees ranging from 0.30% to 0.33%, depending on the options selected. For the checking account option (provided through Fifth Third Bank), there is a monthly service fee of \$2.00, which is waived if there is e-delivery of account statements, or the average monthly balance is at least \$250. NOTE: These costs are accurate as of March 2023. Check www.paable.gov for the most current information.	The costs vary depending on who sets up and administers the Trust(s). Some companies do not charge a fee to set up a Pooled Trust and the annual administration fee can be as low as \$500 a year (for amounts under \$5,000.) The set-up costs for First Party (Individual) and Third Party can be as low as \$2,000 for attorney fees plus a minimum of 1% on assets (\$500 minimum) for annual Trustee fees. Family members or close family friends may be willing to serve as a Trustee without charging any fees. A professional will charge an annual fee based on the account balance. (The percentage of the fee is usually higher on a smaller Trust.)			
Is the Interest on the Account Taxed?	Not when in the account. Distributions for qualified expenses are tax free.	Yes			
Deposit Restrictions	IRS Yearly Gift Limit (\$17,000 in 2023). Additional contributions may be allowed for employed account owners in certain circumstances.	None			

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Balance Restrictions	It's possible to save up to \$100,000 without adversely affecting eligibility for Supplemental Security Income (SSI). Above that, SSI will be suspended but not terminated. Medical Assistance ("Medicaid") will continue.	None			
What Can the Funds Be Used For?	Funds can be used on qualified expenses, including assistive technology, housing, basic living expenses, education, transportation and more. There are penalties if used on unqualified expenses. Funds used for housing or non-qualified expenses may impact taxes and benefits if not used within the same month they are withdrawn. (See PAABLE.gov)	Funds may be used for any expenses the Trustee deems appropriate. However, if Trust funds are spent on food and housing (shelter), this may jeopardize the beneficiary's ability to collect Supplemental Security Income (SSI) or other government benefits and may result in the payment of penalties.			
What Happens After Death?	Funds from the ABLE account may be used to pay for outstanding qualified expenses, including funeral and burial expenses. Any remaining funds are distributed according to the individual's estate plan or according to Pennsylvania's intestacy law. An individual or family can also choose to roll-over the remaining money to an eligible sibling's ABLE account. Estate Recovery rules may apply if the beneficiary dies after turning age 55 and if remaining ABLE account funds are transferred to the estate.	Medicaid payback may be avoided by permitting the trust (non-profit) to keep the assets upon the death of the beneficiary in order to help other individuals with disabilities.	The trust agreement must grant Medicaid the first right of recovery against the trust assets upon the beneficiary's death.	The grantor can determine how the remaining trust assets are to be disbursed at the death of the beneficiary.	
Pennsylvania-Only Benefits	Contributions to a PA ABLE account are PA state income tax deductible up to \$17,000 per person. Monies remaining in an ABLE account after the beneficiary dies are not subject to PA inheritance tax. The account is protected in state legal proceedings from the beneficiary's creditors and the creditors of others who contributed to the account.	None			

Note: The purpose of establishing an ABLE account and/or Special Needs Trust is to individuals with disabilities and their families to save money. The monies in these accounts do not count as an asset. An individual with a disability (i.e., the beneficiary) may have the ability to control the funds that are in an ABLE account; whereas the beneficiary cannot control the funds that are available in a Special Needs Trust.

The Pennsylvania ABLE Savings Program is administered by the Pennsylvania Treasury Department. Before investing, please carefully read the Disclosure Statement (available at PAABLE.gov or by calling 855-529-2253) to learn more about the program, including its effect on federal and state benefits, investment objectives, risks, fees, & tax implications.

