

West Virginia State Treasurer Launches WVABLE Savings Program For Individuals With Disabilities

(<https://www.openminds.com/market-intelligence/news/west-virginia-state-treasurer-launches-wvable-savings-program-for-individuals-with-disabilities/>)

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On February 9, 2018, the West Virginia State Treasurer launched the West Virginia Achieving a Better Life Experience (WVABLE) program, which allows individuals with disabilities to save for their future long-term care needs without losing eligibility for public benefits. The state anticipates first year enrollment of up to 300 people. With a WVABLE account, these individuals (or their families) can deposit up to \$15,000 per year, and if employed, an additional \$12,060 of income for a total of \$27,060 into the account with earnings accumulating tax free. The account can be used only for qualified expenses, such as rent, transportation, education, and training. A WVABLE account will come with a loadable debit card and have features similar to a checking account, but it is also an investment account similar to a 529 college savings account or 401(k) retirement fund.

The program is due to the federal ABLE Act of 2014, which allowed states to set up tax-advantaged savings accounts for individuals with disabilities diagnosed before age 26 who are receiving Supplemental Social Security Income (SSI) or who have a disability that results in severe functional limitations and can be expected to last for more than twelve months. ABLE also eliminates the \$2,000 cap on conventional savings accounts for individuals with disabilities, while still allowing these individuals to qualify for Medicaid and Supplemental Social Security Income (SSI). Prior to the passage of the law, individuals with disabilities would be subject to losing their Medicaid and SSI benefits if they had greater than \$2,000 in savings.

ABLE accounts operate under Section 529A of the Internal Revenue Service Code of 1986 similar to 529 savings accounts, which are tax free and operated by the state. Contributions are made in after-tax dollars and cannot exceed \$15,000 a year, which is the maximum amount of money that can be given as a gift to an individual without requiring tax, or \$27,060 if employed. The first \$100,000 deposited into the account will not affect an individual's SSI eligibility. If a person exceeds \$100,000, then their SSI benefits will be suspended until they spend down the account to \$100,000. Medicaid eligibility is not affected by the amount of money in the account regardless of whether the \$100,000 cap is exceeded. When an individual loses their disability qualification or dies, the account's assets may be used by the state's Medicaid program to pay for any care provided to the individual after the creation of the ABLE account. If the account funds are used for non-qualified expenses, the account will be subject to income tax and penalties.

WVABLE is administered by the West Virginia State Treasurer's Office through a partnership with the Ohio Treasurer's Office STABLE program. Ohio was the first state to implement the ABLE program on June 1, 2016. As of March 13, 2018, The Ohio Treasurer's Office oversees ABLE programs in 10 states: Arizona,

Help ()

Kentucky, Vermont, Missouri, Georgia, South Carolina, New Hampshire, New Mexico, West Virginia, and Wyoming.

A link to the full text of “West Virginia’s ABLE Plan” may be found in *The OPEN MINDS Circle Library* at www.openminds.com/market-intelligence/resources/020918wvable.htm (<http://www.openminds.com/market-intelligence/resources/020918wvable.htm>).

OPEN MINDS reported on passage of the ABLE Act in “ABLE Act Will Create ‘Tax Exempt’ Savings Accounts For People With Developmental Disabilities,” which published on January 18, 2015. The article is available at <https://www.openminds.com/market-intelligence/news/recently-passed-able-act-will-create-special-savings-accounts-people-developmental-disabilities/> (<https://www.openminds.com/market-intelligence/news/recently-passed-able-act-will-create-special-savings-accounts-people-developmental-disabilities/>).

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