

Extended Age Limit and Increased Contributions for ABLE Accounts

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The ABLE Act of 2014 brought significant positive changes for individuals with disabilities, enabling them to work and save money without jeopardizing their government benefits. Previously, benefits like Medicaid and SSDI were only accessible to those with assets of \$2,000 or less, which often

resulted in individuals remaining in poverty.

ABLE accounts are designed as non-countable resources, ensuring eligibility for government benefits remains unaffected. These accounts allow withdrawals for disability-related expenses such as job training, transportation, and housing. While the account is owned and benefited by the individual with special needs, contributions can be made by parents or any other person. Each state operates its own ABLE program, and there may be slight variations in the rules across states.

Notable changes have recently been made to ABLE accounts:

1. Increase in Onset Age, effective from 2026: Previously, individuals had to develop a qualifying disability before the age of 26 to establish an ABLE account. Advocates for disability rights have long been pushing for an increase in the age limit, and their efforts have succeeded. The ABLE Age Adjustment Act has raised the age limit to 46, set to take effect in 2026. This change is estimated to enable an additional 6 million individuals to participate in the ABLE program.
2. Higher Contribution Limits: The maximum annual contribution to an ABLE account is tied to the federal gift tax exclusion. Starting from January 1, 2023, the limit stands at \$17,000. However, employed account owners have the opportunity to contribute additional funds from their earnings, surpassing the \$17,000 threshold. Workers with disabilities in the Lower 48 states can contribute an additional amount of \$13,590 this year.

By extending the age limit and increasing contribution limits, the ABLE program aims to provide individuals with disabilities greater financial security and independence. These changes create more opportunities for saving, investing, and covering

essential expenses, ultimately leading to an improved overall quality of life.

Do you have a suggestion for a future article topic for Attorney Walecka? Reach out to him directly with a question or topic you think would be helpful to readers.

The information contained in this article is not intended to make you an expert on estate planning nor is this article intended to replace the need for the advice of a professional. Rather, this article is simply intended to provide a basic understanding of why estate planning is important for everybody and a basic understanding of some of the more common estate planning tools. This article does not constitute legal advice.