



ABLE Age Adjustment Act (S.331/H.R.1219) Cost and Benefits

What is ABLE?

In 2014, Congress passed the bipartisan Achieving a Better Life Experience (ABLE) Act. This legislation allows people with disabilities up to age 26 to open tax-advantaged savings accounts for qualified disability expenses, similar to a college savings account. ABLE accounts provide greater financial independence to people with disabilities because they can save money without having to jeopardize their life-saving public benefits.

However, many individuals who could benefit from ABLE accounts are left out, since many conditions can and do occur later in life. These include multiple sclerosis, Lou Gehrig's disease, or paralysis due to an accident. Additionally, veterans who become disabled after age 25 are currently ineligible for ABLE accounts.

What is the ABLE Age Adjustment Act?

The ABLE Age Adjustment Act (S. 331/H.R. 1219) would allow people with disabilities up to age 46 to open an ABLE account, expanding account eligibility by 6 million people, including **1 million veterans**. On June 22nd, 2022, the ABLE Age Adjustment Act provisions were included in the Enhancing American Retirement Now (EARN) Act, which passed out of the Senate Finance Committee unanimously.

What are the costs associated with ABLE Age Adjustment?

EARN's ABLE Age Adjustment Act provisions are substantially cheaper than the original stand-alone bill. The Congressional Budget Office estimated that the ABLE Age Adjustment Act would cost over \$2.4 billion if it took effect in October 2021. To **reduce costs by \$1.1 billion (or 46%)**, the bill as included in EARN delays implementation of the bill until the beginning of 2026, leading to a final cost of \$1.3 billion over the period of 2022 to 2032. ABLE Age Adjustment provisions are fully funded and any questions regarding payfors should be directed to the Senate Finance Committee.

What are the benefits associated with ABLE Age Adjustment?

46 states and D.C. have active ABLE programs, resulting in nearly 120,000 open accounts with assets totaling over \$1.1 billion. By expanding eligibility of ABLE accounts, people with disabilities, including a significant number of veterans, will be able to save and pay for critical needs including

education, housing, transportation, employment training and support, assistive technology, and more.

As included in EARN, the legislation reduces the cost of ABLE expansion by nearly 50% while increasing the eligibility pool for ABLE accounts, which will support the financial self-sustainability of ABLE programs across the nation. The National Association of State Treasurers has stated that to reach self-sustainability for ABLE programs, a greater number of accounts will need to be opened. The ABLE Age Adjustment Act would do just that, nearly doubling the pool of eligible account holders from 8 million to 14 million people.

ABLE accounts provide the opportunity for people with disabilities to gain financial freedom and take charge of their financial futures. These accounts empower them to achieve and maintain their health, independence, and quality of life. Supporting this legislation is supporting the millions of people and veterans with disabilities across the nation and their families.