



Comparison of ABLEAccounts and Special Needs Trusts (in Massachusetts)

Type of Account	ABLE Accounts	Special Needs Trusts	
		First Party	Third Party
Set Up By	Person with a disability, parent, guardian or someone who has power of attorney. Enrollment in an Attainable Savings Plan is available at www.fidelity.com/able/attainable/overview	Person with a disability, parent or guardian	Anyone except 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. from inheritance, lawsuit)	Anyone except 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.	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 Trusts. 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), guardian or "authorized representative".	Trustee (not the beneficiary)	
Number of Accounts	One per individual.	Any number	
Costs	No set-up fee or annual fee. There are investment fees ranging from 0.57% to 0.93%, depending on the options selected.	The costs vary depending on who sets-up and administers the trust. Some companies do not charge a fee to set-up a Pooled Trust and the annual fee can be as low as \$500 a year (for amounts under \$5,000). The set-up costs for individual First Party and Third Party trusts can range from \$2,000 (low end) on up for attorney 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 smaller trusts.)	
Is the Interest on the Account Taxed?	Not when in the account. Distributions for qualified expenses are tax free.	Yes	



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Deposit Restrictions	IRS yearly gift limit (\$15,000 in 2020). Additional contributions may be allowed for employed account owners in certain circumstances.	None	
Balance Restrictions	It's possible to hold up to \$100,000 without adversely affecting eligibility for Supplemental Security Income (SSI). Above that, SSI will be suspended but not terminated. MassHealth will continue, but will require a separate application.	None	
What Can the Funds Be Used For?	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.	Funds may be used for appropriate expenses as determined by the trustee. While the trusts generally do not have restrictions, the benefit programs, such as Supplemental Security Income (SSI), often do.	
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 Massachusetts 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.	MassHealth must be reimbursed for expenses, except that up to 25% of remaining funds may be retained by the pooled trust administrator. After these payments are made, and remaining funds may be distributed as directed in the trust.	Funds are payable as directed in the trust.