



# LAJAC FACT SHEET:

## ABLE Accounts vs. Trusts

ABLE Account	Special Needs Trust	Pooled Special Needs Trust
<b>WHO IS ELIGIBLE ?</b>		
Any person who becomes disabled before age 26. The disability must result in a marked or severe impairment that lasts more than a year.	Any person with a disability	Any person with a disability
<b>WHO CAN ESTABLISH THE ACCOUNT ?</b>		
Beneficiary. The social security number on the account is the beneficiary's SS#.	Anyone EXCEPT the beneficiary	If trust is 1st party, anyone, including the beneficiary. If trust is 3rd party, anyone EXCEPT the beneficiary.
<b>ARE THERE FEES FOR START-UP ?</b>		
Yes	Yes	Yes
<b>ARE THERE ONGOING FEES FOR MAINTAINING THE ACCOUNT ?</b>		
No	Yes, once account is funded. Annual amount varies	Yes, annual fees include \$800 to the not-for-profit and >1% to the managing financial institution
<b>WHO CAN CONTRIBUTE FUNDS ?</b>		
Anyone, including beneficiary	If trust is 1st party, anyone, including the beneficiary. If trust is 3rd party, anyone EXCEPT the beneficiary.	If trust is 1st party, anyone, including the beneficiary. If trust is 3rd party, anyone EXCEPT the beneficiary.
<b>WHAT IS THE ALLOWABLE ANNUAL CONTRIBUTION ?</b>		
No more than \$14,000 per account and only one account per beneficiary	Unlimited	Unlimited
<b>WHAT IS THE ALLOWABLE LIFETIME CONTRIBUTION ?</b>		
\$371,000. However, if the account balance exceeds \$100,000, SSI will be suspended until the balance falls below \$100,000.	Unlimited	Unlimited
<b>HOW OFTEN CAN INVESTMENTS IN THE ACCOUNT BE CHANGED ?</b>		
Twice a year	Unlimited	Unlimited
<b>IS THIS AN APPROPRIATE TOOL FOR INHERITANCE OR SETTLEMENT PAYMENTS ?</b>		
Not if total exceeds allowable limits	Yes	Yes
<b>ARE THE EARNINGS TAXABLE ?</b>		
No	Yes	Yes
<b>ARE THE ASSETS COUNTED TOWARD SSI ASSET LIMITS ?</b>		
No, as long as the balance does not exceed SSI limits.	No	No
<b>WHO CONTROLS THE ACCOUNT ?</b>		
Beneficiary	Designated Trustee	Not-for-profit, acting as Trustee
<b>ARE THE DISTRIBUTIONS LIMITED ?</b>		
Yes. Funds can only be used for disability related expenses, including housing.	Yes. Fund usage is defined by the person creating the trust.	Yes, as defined by trust bylaws
<b>WHAT HAPPENS TO THE ACCOUNT BALANCE WHEN THE BENEFICIARY DIES ?</b>		
The state can demand payback for Medi-Cal expenses incurred, since the beneficiary set up the account	If the trust is 1st party, state can demand payback for Medi-Cal expenses incurred, since the beneficiary set up the account.  If the trust is 3rd party, designated beneficiaries will inherit the funds.	If the trust is 1st party, state can demand payback for Medi-Cal expenses incurred, since the beneficiary set up the account.  If the trust is 3rd party, 50% stays in the pool and 50% is distributed to designated beneficiaries.