

NEWS & INSIGHTS

ABLE savings accounts and other tax benefits for those with disabilities

BY: [WAYNE M. PECHT](#) | [INSIGHTS](#) | [ARTICLE](#)

APRIL 28, 2025



People with disabilities and their families can use [Achieving a Better Life Experience accounts](#) to help pay for qualified disability-related expenses. ABLE accounts are savings accounts that do not affect eligibility for government assistance programs. Here are some key things people should know about these accounts, which can provide a simple, low-cost alternative to a supplemental needs trust.

Contribution limit

The contribution limit for 2025 is \$19,000. Certain employed ABLE account beneficiaries may make an additional contribution. The additional amount is the designated beneficiary's compensation for the tax year or, for 2025, the

amount of \$15,650 for residents in the continental U.S., \$19,550 in Alaska, and \$17,990 in Hawaii.

Saver's credit

ABLE account designated beneficiaries may be eligible to claim the [saver's credit](#) for a percentage of their contributions. The saver's credit is nonrefundable and available for people who:

- Are at least 18 years old at the close of the taxable year,
- Are not a dependent or a full-time student, and
- Meet the income requirements.

The beneficiary can claim this credit using [Form 8880, Credit for Qualified Retirement Savings Contributions](#).

Rollovers and transfers from Section 529 plans

Families may roll over funds from a 529 plan to another family member's ABLE account. The ABLE account must be for the same beneficiary as the 529 account or for a member of the same family as the 529 account holder.

Rollovers from a Section 529 plan do count toward the annual contribution limit.

Rollovers from a 529 to an ABLE account, plus the annual contribution to the ABLE account, cannot exceed the maximum contribution amount for the year. For example, the \$18,000 annual contribution limit for 2025 would be met by parents contributing \$10,000 to their child's ABLE account and rolling over \$9,000 from a 529 plan to the same ABLE account.

Qualified disability expenses

States can offer ABLE accounts to help people who become disabled before age 26 or if their families pay for disability-related expenses outlined in [Publication 907, Tax Highlights for Persons with Disabilities](#). Though contributions are not deductible for federal tax purposes, distributions – including earnings – are tax-free to the beneficiary if the taxpayer pays for a qualified disability expense.

For more information or to discuss the suitability of an ABLE account, please contact me at wpecht@saxtonstump.com or call (717) 941-1218, or contact any member of the [Saxton & Stump Trusts & Estates Group](#).

Related People

[Wayne M. Pecht](#)

Related Services and Industries

[Trusts and Estates](#)