

# Planning for the Future: Understanding ABLE Accounts and Special Needs Trusts

November 2025

**K-STATE**  
Research and Extension

Southwind District





# Researched and Presented by Cherri Walrod, Community Health Worker

**K-STATE**  
Research and Extension

Southwind District

▶ **Disclaimer:**

This information was researched and compiled in November 2025 by Cherri Walrod, Community Health Worker. It is accurate to the best of our knowledge as of **November 2025**. Content may change over time. Please consult appropriate professionals or official sources for the most current guidance related to your specific situation.

**The CHW project** has received funding and support from K-State 105, Kansas State University's economic growth and advancement initiative for all 105 counties in Kansas. Learn more at [k-state.edu/105](https://k-state.edu/105).





# DOWNLOADS AVAILABLE

- Reference Page
- Website Links
- Presentation Slide Deck
- Other Helpful Tools and Resources



# **ABLE Accounts vs. Special Needs Trusts (SNTs)**



**Overview for Parents of  
Children With Disabilities**



# Definitions: Page 1

## ➔ **ABLE Account (Achieving a Better Life Experience Account)**

- ➔ An **ABLE account** is a special savings account for people with disabilities that allows families to save money **tax-free** for disability-related expenses **without affecting SSI or Medicaid benefits**.
- ➔ It's easy to open, low-cost, and great for everyday expenses like therapy, education, housing, or transportation.



# Definitions: Page 2

## ➔ Special Needs Trust (SNT)

- ➔ A **Special Needs Trust** is a legal arrangement that holds money or property for a person with disabilities so they can receive financial support **without losing government benefits.**
- ➔ It's typically used for **larger sums of money** (like inheritances or settlements) and is managed by a trustee who oversees how funds are used.



# Helpful Websites for More Information

## ABLE Accounts

- **ABLE National Resource Center:** <https://www.ablenrc.org>
- **Social Security ABLE Information:**  
<https://www.ssa.gov/ssi/spotlights/spot-able.html>
- **Kansas ABLE Program:** <https://www.ablenrc.org/state-review/kansas/>

## Special Needs Trusts

- **Special Needs Alliance:** <https://www.specialneedsalliance.org>
- **Academy of Special Needs Planners:**  
<https://specialneedsanswers.com/>
- **Social Security SNT Information:**  
<https://www.ssa.gov/ssi/spotlights/spot-trusts.htm>





# Why It's Important to Have These Accounts?

- Parents of children with disabilities often need to plan for both **current needs** and the **long-term future**.
- ABLE accounts and Special Needs Trusts help families save and manage money **without putting important benefits at risk**.



# Why Parents Should Set Up These Accounts?

## 1. Protect Your Child's Eligibility for Benefits

Programs like **SSI, Medicaid, and some Medicaid Waivers** have strict asset limits.

These accounts let you save **above those limits** so your child doesn't lose vital supports like:

- Medical coverage
- Therapies
- Personal care services
- Housing supports
- Job coaching or day programs

**Without these accounts, even a small inheritance or savings account could disqualify them.**



## 2. Provide Financial Security for the Long Term

Children with disabilities may need support **their entire lives.**

These accounts allow you to:

- Save for future expenses
- Plan for adulthood
- Ensure your child has resources even after you're gone

They become part of a solid long-term financial plan.



### 3. Allow Family and Friends to Give Gifts Safely

Relatives often want to help — with holiday gifts, graduation money, inheritances, etc.

If they give money directly to your child, it can **jeopardize benefits.**

These accounts give families a **safe place** for:

- Gifts
- Financial help
- Life insurance proceeds
- Inheritances
- Settlements



## 4. Increase Your Child's Quality of Life

Both ABLE accounts and SNTs can pay for things that make a meaningful difference in your child's daily life, such as:

- Therapies
- Equipment
- Transportation
- Housing
- Recreation
- Education
- Technology
- Support services

They give your child greater independence and opportunities.



## 5. Protect Assets From Mismanagement

With a **Special Needs Trust**, a responsible trustee manages the money.

**This ensures:**

- Funds are used appropriately
- Money lasts longer
- Your child is protected from financial exploitation
- Spending aligns with your child's needs





## 6. Offer Flexibility Depending on Your Child's Needs

- **ABLE accounts** are perfect for everyday expenses and small-to-moderate savings.
- **Special Needs Trusts** are ideal for large sums and long-term planning.
- Many families use **both**, combining flexibility with long-term security.





# Summary of Why:

- Protect SSI/Medicaid benefits
- Build long-term financial security
- Allow gifts and inheritances safely
- Improve their child's quality of life
- Safeguard assets through a trustee (SNT)
- Plan for their child's future beyond the parents' lifetime





# Similarities and Differences between ABLE Accounts and Special Needs Trusts



# What They Have in Common

- **Protect eligibility for SSI/Medicaid**

Both keep savings *out of countable assets* for most means-tested benefits. **(SSI asset limit is \$2,000 for individual)**

- **Help pay for disability-related expenses**

Funds can be used for things that improve quality of life (education, housing, therapy, transportation, etc.).

- **Can exist alongside each other**

Many families use **both** for flexibility and long-term planning.

- **Must benefit the individual with a disability**

Money must be used for their needs—not general family expenses.



# Key Differences

## 1. Who Can Open / Control Funds

### ➤ **ABLE Account**

A. Must be **owned by the person with the disability.**

B. Parents or guardians can manage it if the child cannot.

### ➤ **Special Needs Trust**

A. Managed by a **trustee** (parent, professional, or another trusted adult).

B. Beneficiary (child) does not control the money.



# Key Differences

## Page 2

### 2. Eligibility

#### ➤ **ABLE Account**

- Disability must have **started before age 26** (expands to age 46 in 2026).
- Individual must meet SSA disability criteria.
- Doctor can verify disability with correct form.

#### ➤ **Special Needs Trust**

- **No age requirement** for onset of disability.



# Key Differences

## Page 3

### 3. Contribution Limits

#### •ABLE Account

- Annual deposit limit ≈ **\$19,000** (For Kansas)
- Total account cap **varies by state** (often \$300k–\$500k).
- ***If the ABLE account exceeds \$100k, SSI benefits may pause but Medicaid stays.***

#### •Special Needs Trust

- **No annual contribution limit.**
- Can hold large inheritances, legal settlements, or family gifts.



# Key Differences

## Page 4

### 4. Tax Benefits

#### •ABLE Account

- Money grows **tax-free**.
- Withdrawals for disability expenses are **tax-free**.
- Some states offer **state tax deductions**.

#### •Special Needs Trust

- Trust earnings may be taxed unless set up as a “grantor trust.” (\*Verify IRS rules)
- No special tax advantages like ABLE.



# Key Differences

## Page 5

### 5. Types of Funds Allowed

#### •ABLE Account

- Must be funded with the **beneficiary's own money** or gifts from others.
- Cannot hold large settlements or inheritances easily.

#### •Special Needs Trust

- **First-party SNT:** funded with the child's own assets (settlement, back-pay).
- **Third-party SNT:** funded by parents/family; can pass down inheritance.



# Key Differences

## Page 6

### 6. Payback to the State

- **ABLE Account**

- **Yes.** Medicaid can claim remaining funds when the beneficiary dies.

- **Special Needs Trust**

- **First-party SNT:** Medicaid payback applies.
- **Third-party SNT: No payback**—leftover funds go to other heirs.



# Which One Is Best?

- **Use an ABLE Account when:**

- You want **simple, low-cost** saving.
- The child can benefit from **tax-free growth**.
- You're saving for **everyday expenses** or moderate amounts.

- **Use a Special Needs Trust when:**

- You expect **large sums** (inheritance, settlement).
- You need stronger **legal protections**.
- You want **no Medicaid payback** for family-funded assets.

- **Many families use both:**

- SNT for long-term & large funds
- ABLE for flexible, everyday spending



# Kansas ABLE Cost Summary

- Annual fee (e-statements): **US \$31 / year**
- Annual fee (paper statements): **US \$56 / year**
- Minimum to open: **US \$1**
- Optional Checking Account debit-card feature: **\$2/month** (waived if balance  $\geq$  US \$250 or you use e-statements)
- Other possible small annual maintenance fees





# Special Needs Trust (SNT) Cost Summary

- **Setup cost:** Usually **\$2,000–\$7,000** – Attorney Fees and depends on complexity
- **Pooled Trust option:** Often **\$500–\$2,500** to join
- **Annual trustee/management fees:** Typically **0.5%–2%** of trust assets
- **Additional costs:** Possible fees for tax prep or investment management
- \*\*Best for:** Large gifts, inheritances, or long-term financial planning that needs professional management.



# Side By Side Comparison

| Feature            | ABLE Account                       | Special Needs Trust                           |
|--------------------|------------------------------------|---|
| Purpose            | Save for daily disability expenses | Protect large sums & long-term support        |
| Who Controls       | Individual / guardian              | Trustee                                       |
| Start Cost         | \$ 1 deposit                       | \$2,000+ (attorney) or \$500+ (pooled trust)  |
| Annual Fees        | \$31–\$56                          | 0.5–2% of assets                              |
| Contribution Limit | ~ \$19,000/year                    | No limit                                      |
| Tax Benefit        | Tax-free growth/withdrawals        | *May be taxed (different IRS rules may apply) |
| Best For           | Small/moderate savings             | Large gifts, inheritance, long-term planning  |





# Decision Considerations:

- How much money is expected to be saved or received.
- Whether you expect large lump sums.
- Long-term vs short-term needs.
- Your comfort with complexity and administration.
- Whether you have (or want) a trusted trustee.





# Top Tips for Parents of Children with Special Needs

**Pro Tip: Keep organized with a 3 ring  
binder**





# 1. Start Early

- Open an **ABLE account or SNT as soon as possible.**
- Small, regular contributions grow over time thanks to compound interest.

# 2. Use Both Tools if Appropriate

- **ABLE accounts** are great for **everyday expenses and small-to-moderate savings.**
- **Special Needs Trusts** work best for **larger sums, inheritances, or settlements.**
- Many families use **both** to balance flexibility and long-term security.



### 3. Keep Track of Contribution Limits

- ABLE accounts have **annual limits** (~\$19,000 in 2025) and aggregate caps (~\$501,000 in Kansas).
- Make sure contributions **don't exceed IRS/plan limits** to avoid tax penalties.

### 4. Protect Government Benefits

- The **first \$100,000** in an ABLE account doesn't count toward SSI.
- SNTs must be properly structured to **avoid disqualifying Medicaid or SSI.**



## 5. Plan for Long-Term Management

- For SNTs, select a **trustee you trust** — ideally a professional or experienced family member.
- Review the trust periodically to ensure it meets your child's changing needs.

## 6. Keep Records & Statements

- Maintain **documentation of all deposits, withdrawals, and expenses.**
- Helps with **tax reporting** and proving funds were used for disability-related expenses.



## 7. Coordinate With Other Benefits

- Talk to a **special needs planner or financial advisor** who understands SSI, Medicaid, and ABLE/SNT rules.
- Coordinating accounts prevents **unintended benefit loss**.

## 8. Encourage Gift-Giving Through Safe Channels

- Friends/family can contribute **directly to an ABLE account or into a third-party SNT**.
- Avoid giving money directly to the child, which could affect benefits.





## 9. Review Fees

- For ABLE: choose **e-statements** and monitor optional checking features to **minimize fees**.
- For SNT: understand **trustee fees and investment costs**.

## 10. Keep It Flexible

- Needs change over time — ABLE funds can cover **daily living expenses**, while SNTs can fund **long-term or extraordinary costs**.



# Helpful Websites for More Information

## ABLE Accounts

- **ABLE National Resource Center:** <https://www.ablenrc.org>
- **Social Security ABLE Information:**  
<https://www.ssa.gov/ssi/spotlights/spot-able.html>
- **Kansas ABLE Program:** <https://www.ablenrc.org/state-review/kansas/>

## Special Needs Trusts

- **Special Needs Alliance:** <https://www.specialneedsalliance.org>
- **Academy of Special Needs Planners:**  
<https://specialneedsanswers.com/>
- **Social Security SNT Information:**  
<https://www.ssa.gov/ssi/spotlights/spot-trusts.htm>





# DOWNLOADS AVAILABLE

- Reference Page and Guide
- Website Links
- Presentation Slide Deck
- Other Helpful Tools and Resources





# Researched and Presented by Cherri Walrod, Community Health Worker

**K-STATE**  
Research and Extension

Southwind District

▶ **Disclaimer:**

This information was researched and compiled in November 2025 by Cherri Walrod, Community Health Worker. It is accurate to the best of our knowledge as of **November 2025**. Content may change over time. Please consult appropriate professionals or official sources for the most current guidance related to your specific situation.

**The CHW project** has received funding and support from K-State 105, Kansas State University's economic growth and advancement initiative for all 105 counties in Kansas. Learn more at [k-state.edu/105](https://k-state.edu/105).

