

Blueprints

Planning For Special Needs Families

By Rob Wrubel, CFP®, AIF®

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Independent, Individualized Investment Advice and Financial Planning

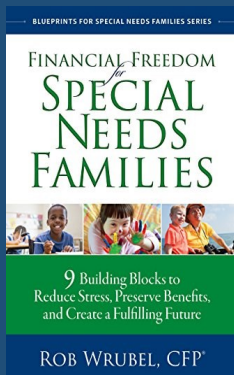
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Rob Wrubel, CFP®, AIF®
Senior Vice President,
Investments

Cascade Investment Group
90 South Cascade Avenue
Suite 1250
Colorado Springs, CO 80903

719.632.0818
800.984.9074



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*Financial Freedom for
Special Needs Families*
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ABLE Account Updates

By Rob Wrubel, CFP®, AIF®

Families with special-needs members watched with worried hearts and concerned minds as Congress debated and approved changes to the tax code in December 2017. There is a lot at stake for our families – programs like Medicaid and Supplemental Security Income (SSI) can make the difference between a decent quality of life for our family members or a life of pain, poverty and isolation. Many national organizations serving our families lobbied to maintain the benefits that are so important to individuals with intellectual and developmental disabilities. It's too early to tell what benefit programs could be cut going forward and families will remain vigilant.

Against this backdrop of concern, there were some improvements to ABLE Act accounts and 529 plans that are positive for our families in the Tax Cuts and Jobs Act passed late last year. The ABLE Act accounts allow a person with a qualifying disability to have assets in his or her own name. Prior to ABLE Act accounts, an individual with more than \$2,000 of countable resources became disqualified for SSI and there was no way to give our families members access to their own funds.

ABLE Act accounts are far from perfect but they do help. Make

sure you understand some of the basic provisions of these accounts before you fund them.

Starting in 2018, the accounts can accept contributions of \$15,000 per year (this was an inflation adjustment that was expected and up from the \$14,000 previous limit).

Under the new tax act, the accounts can accept additional funds above \$15,000 in certain circumstances. Working individuals with a qualifying disability can contribute all or some of their salary to the accounts as well. This gives working adults the chance to save and spend their own money as they see fit. The amount that can be saved in 2018 is \$12,060 and is tied to the Federal Poverty Level for future increases. Remember, the ABLE Act accounts cannot be used for saved wages if the person is contributing to a retirement plan with an employer.

There was a proposal to move the age of the disability from 26 to 46 to expand the program to include people who became disabled later in life but the proposal did not pass.

The new tax act also allows for money in 529 plans to be rolled to ABLE Act accounts without having to pay taxes on the gain or a penalty. This is helpful to many families who saved for higher education expenses

Blueprints: Planning For Special Needs Families Workshops

The **Blueprints** planning process was designed to help families with a member with special needs.

The process is broken up into nine steps, or Building Blocks, and each one focuses on a crucial planning element. Workshops are free, but registration is required. More information at 719-632-0818 or online at ciginc.net.

Rob Wrubel is available for individual appointments.

Call 719-632-0818 to get started today.

Rob Wrubel, CFP[®], AIF[®]
Senior Vice President,
Investments

Cascade Investment Group
90 South Cascade Avenue
Suite 1250
Colorado Springs, CO 80903

719.632.0818
800.984.9074

rwrubel@ciginc.net

before they knew the extent of their family member's disability. Of course, there are now many programs throughout the country where adults with developmental disabilities can attend colleges, so keep that in mind before making the transfer. Also, any transfers from a 529 to an ABLE Act account count towards the annual limit of \$15,000.

Do not rush out to make transfers from 529 plans today. State rules differ from the federal rules in some states, like mine in Colorado. The federal rules say these rollovers can happen tax and penalty free. Your state may not have the same rules in place and if you live in a state where you received a state tax credit or deduction you could owe back some taxes. I expect these rules to be worked out during the year but don't make any rollovers until you have guidance from a tax professional.

Also, remember that ABLE Act accounts with values over \$100,000 will mean your family member will have less of the SSI benefit or none. They keep their Medicaid benefits but the SSI monthly check will go away so be careful of putting too much in each year or rolling over large balances from 529 plans. The special-needs trust, pooled-income trust and other investing techniques are still important.

An ABLE Act account is a useful tool in the toolkit for special-needs planning. It can help your family member gain a degree of financial control and education. It can be a place for other families to make gifts for future needs. Make sure to have a full financial plan in place as you fund an ABLE Act account and create assets to maximize the benefit of each technique and keeping in place available government resources.



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Rob Wrubel CFP[®], AIF[®], is a Senior Vice President - Investments with Cascade Investment Group, member FINRA & SIPC. Rob is also a father of a daughter with Down syndrome. Cascade Investment Group is not a tax or legal advisor. You should always consult with your tax advisor or attorney before taking any actions that may have tax consequences. Call Rob at 719-632-0818 to schedule an appointment.