

Comparing ABLE Accounts, Special Needs Trusts, and Supplemental Needs Trusts

There are a number of options available to parents who are planning the financial future of their child with special needs. This chart summarizes the three potential accounts that allow you to plan for your child’s financial future, without compromising their eligibility to receive disability benefits. For more detailed descriptions, click on each header to link to a specific article about that account type.

	ABLE Accounts	Special Needs Trust	Supplemental Needs Trust
How do I qualify?	Must have a permanent disability before age 26 and one of the following must be true: be eligible for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI); have a condition on SSA’s Compassionate Allowances list; have blindness; or have a qualifying disability diagnosis signed by a physician	Must be under age 65 and have a certified disability through the state or Social Security	Beneficiary must be under age 65 and have a severe, chronic, or persistent disability
Cost to set up	Approximately \$75	Based on fees set by a private attorney	Based on fees set by a private attorney
Funds count as assets	No	No	No
Contributors	Anyone	The trust beneficiary only, through their own personal assets that may have been accumulated over time or in a windfall such as an inheritance or a large settlement from a lawsuit	Anyone other than the trust beneficiary, including friends, family, and relatives

	ABLE Accounts	Special Needs Trust	Supplemental Needs Trust
Types of contributions	Cash	Cash, property	Cash, property, investments
Beneficiary for residual funds	First pays back Medical Assistance funds spent since account was opened; residual funds are unlikely due to account balance limits	Pays back funds spent by Medical Assistance/Medicaid; funds remaining after payback can be distributed to a named beneficiary if one exists.	No payback of Medical Assistance funds; beneficiary is designated by the grantors of the trust and is often other family members, a charity, etc.
Use of funds	Must be a “qualified expense” related to the person’s disability that maintains health, independence, and quality of life	<ul style="list-style-type: none"> • Uncovered medical and dental • Recreation/entertainment • Transportation related expenses • Legal or guardian expenses • Training and education • Clothing • Phone, computer, internet • More 	<p>Funds are for the purpose of improving the beneficiary’s quality of life</p> <p>Funds usually paid to third-party providers of goods and services. Payment to beneficiary risks being counted as income.</p>
Funds cannot be used for the following:	Non-qualified expenses	Expenses covered by SSI or Medical Assistance, such as groceries, rent, utilities, cash payments to individual	Expenses covered by SSI such as food and shelter
Limits	As of 2023: \$18,000/year (Higher limits apply if currently working, or receiving only Medical Assistance (MA). (See PACER’s ABLE Act handout for more information) \$100,000 total	None, except no contributions will be allowed after the beneficiary reaches age 65	None
529 college savings plan funds	Rollover contributions allowed until January 2026. (See PACER’s ABLE Act handout for more information)	No	No
How to apply	MN: https://savewithable.com/mn/home.html or call 1-888-609-8872	Hire an attorney familiar with special needs trusts	Hire an attorney familiar with supplemental needs trusts

For further information contact PACER Center’s Health Information Center by calling (952) 838-9000 or emailing at PACER@PACER.org.