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Special Needs Planning: Insights & Updates February 2026 - ABLE Accounts in 2026: Who Qualifies, What's Changed, and Why It Matters

In December 2014, ABLE accounts were introduced by the federal ABLE Act (short for Achieving a Better Life Experience) and offered a tax-advantaged savings account for people with disabilities that permits saving and spending money for everyday needs - without jeopardizing means-tested public benefits like SSI and Medicaid.

Over the last 12 years, ABLE accounts have steadily expanded—providing more flexibility, higher limits, and broader planning options. What used to be a narrow savings tool has now become a meaningful part of disability and special needs planning.

As of January 1, 2026, ABLE accounts are undergoing their most significant expansion since inception. Key updates include:

- *Expanded Eligibility*: Previously, ABLE accounts were limited to individuals whose disability began before age 26. As of 2026, eligibility expands to individuals whose disability began before age 46, opening the door to millions more Americans.
- *Higher Contribution Limits*: The annual contribution limit increases to $20,000 in 2026, up from approximately $19,000 in 2025.
- *Permanent Policy Enhancements*:
    - **ABLE-to-Work contributions**: Employed individuals without an employer-sponsored retirement plan may contribute additional earned income beyond the standard annual limit.
    - **529-to-ABLE rollovers**: Funds may be rolled over from a 529 college savings plan to an ABLE account without tax penalty.

What remains unchanged—and critically important:

ABLE accounts still offer tax-free growth and tax-free withdrawals when used for qualified disability expenses (including housing, education, healthcare, transportation, and assistive technology). Up to $100,000 in ABLE funds is excluded from the SSI resource limit, and Medicaid eligibility is preserved.

As ABLE accounts continue to evolve, thoughtful integration into a broader special needs planning strategy has never been more important.

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