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New bill would create tax-free savings plan for children with disabilities

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By Hunter Robinson [CONNECT](#)

MONTGOMERY, AL (WSFA) - It's estimated more than 80,000 children in Alabama are living with some sort of disability, whether it be physical or mental.

Now, the state is on its way to creating an easier way for those families to save for their future, if the legislature approves it. It's called the 529 ABLE plan.

Senator Dick Brewbaker is sponsoring the bill to create a tax-free savings plan for children with disabilities.

"When parents think about outliving their children and how to provide for them, before this, there was no tax exempt way to do it," Brewbaker said.

Brewbaker knows, because he's the parent of a child with spina bifida.

"He is going to need some support as he gets older," Brewbaker said. "It'd be nice to be able to set up some financial instruments so that he could have some resources."

The 529 ABLE plan would work much like Alabama's already established collegecounts 529 plan. It allows you to put money aside in an investment account, and then pull that money out, tax-free, to use for expenses related to your child's disability.

"A lot of people with disabilities are on catheters, for example, if you have paralysis below the midline," Brewbaker said. "And so that means that they're using the catheter four times a day. Well, those are expensive."

Sen. Brewbaker could have used the account to make his home more accessible for his son Ben's wheelchair.

"By the time you've remodeled bathrooms, or gotten rid of any thresholds that are raised, and built ramps around stairs, or gotten rid of the stairs altogether and built slopes, it can get expensive very quickly," Brewbaker said.

Congress just created this plan on a federal level late last year, requiring it to be administered by a state agency. The bill moving through the state house now would create the plan under the state treasurer's office, just like the collegecounts plan.

"Given the success of the 520 program, I believe a lot of Alabama families are going to take advantage of this," Brewbaker said.

There shouldn't be any trouble passing this bill as there is no opposition. Only one amendment has been proposed. It's considered a friendly amendment.

If the bill passes and you create one of these accounts, you will be expected to keep records that demonstrate that the person who benefited from the money was actually the person with a disability. Just like the collegecounts fund requires record-keeping to show the expenses are used on education.

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