

ABLEnow® 2019 Tax Fact Sheet

ABLEnow accounts are tax-advantaged saving and investment accounts. The account allows your earnings to grow tax-free as long as you use withdrawals only for qualified disability expenses and follow other Internal Revenue Service (IRS) requirements.

The information below is provided as a resource to complete your tax returns and manage your account.

When will my ABLEnow tax statements be available?

When 2019 tax documents are available online, customers will receive an email notification. To view and download these statements, log in to the secure [account portal](#) and click on the Message Center tab.

1099-QA – If you made a withdrawal in 2019, you will have Form 1099-QA. This statement will be available on January 9, 2020.

5498-QA – If you made an ABLEnow contribution or completed a rollover or direct program-to-program transfer from another qualified ABLE program or Qualified Tuition Plan (QTP) into your ABLEnow account in 2019, you will have Form 5498-QA. This statement will be available on February 6, 2020.

If I did not make a withdrawal in 2019, will I receive a 1099-QA form?

No, you will only receive a 1099-QA form if you withdrew funds from or closed your ABLEnow account.

If I did not make a contribution, rollover from another qualified ABLE program, or direct program-to-program transfer in 2019, will I receive a 5498-QA form?

No, you will only receive a 5498-QA form if you did any of the following during the tax year:

- Made a contribution to your ABLEnow account;
- Completed a rollover from another qualified ABLE program or QTP into your ABLEnow account; or
- Completed a direct program-to-program transfer from another qualified ABLE program or QTP into your ABLEnow account.

Is there a deadline to access my tax statements?

No, your ABLEnow tax statements are archived in the Message Center of the [account portal](#) to review or print when you need them.

Can I request paper tax statements?

Yes, customers may request a free paper copy of their ABLEnow tax statements in addition to the electronic statement. To update your preferences in the [account portal](#), go to the Message Center > Update Notification Preferences.

What do I need to do with my 1099-QA form?

If the money you withdrew from your ABLEnow account was used to pay for qualified disability expenses, the distributions aren't taxable and you don't need to report them as income. Just file your 1099-QA with your tax records.

Qualified disability expenses are broadly defined to include a variety of expenses that benefit the account owner's health, independence and quality of life. However, if money was withdrawn from an ABLEnow account to pay for a non-qualified expense, the earnings portion of the withdrawal will be treated as income, taxed at the designated beneficiary's tax rate, and will be subject to a 10% federal tax penalty. In addition, any state tax deductions or credits taken in previous years related to contributions may need to be recaptured. Please check your state tax department for more information on recapture requirements.

What do I need to do with my 5498-QA form?

Form 5498-QA reports contributions to your ABLEnow account. Keep this form with your records for future reference. You're not required to file it with your tax return.

Are there special considerations for Virginia taxpayers?

Yes. Because ABLEnow is the Virginia-sponsored ABLE savings program, there are tax advantages for Virginia taxpayers. In Virginia, earnings grow free from both federal and state taxes. Virginia also offers an annual state income tax deduction of up to \$2,000 per contributor for eligible contributions to an ABLEnow account. View detailed guidelines from the Virginia Department of Taxation [here](#). If you live in a state other than Virginia, please check with your state's tax department to determine your state's treatment of contributions to and income from another state's qualified ABLE program.

ABLEnow cannot and does not provide legal, financial or tax advice, and the foregoing information should not be construed as such with respect to the consequences for any particular individual as a result of contributions or distributions from an ABLEnow account. Since each individual's legal, financial, and tax situation is unique, a qualified professional should be consulted on any of the issues discussed in this document.