



CalABLE

**Providing greater financial security to Californians
living with a disability**

Achieving Better Life Experiences Act 2014

- Adds Section 529A Qualified ABLE Program to the Internal Revenue Code
- Allows states to create **tax-advantaged** savings and investment programs for people with disabilities
- Provides that assets in your ABLE account **will not affect eligibility for means-tested benefits like SSI or Medi-Cal**

California ABLE Act: “CalABLE”

- CalABLE - California’s ABLE Program
 - California ABLE Act generally mirrors the federal law
 - Online based savings and investment program
 - A national program
 - Program administered by the State Treasurer and overseen by seven-member Board
 - Launched on December 18, 2018

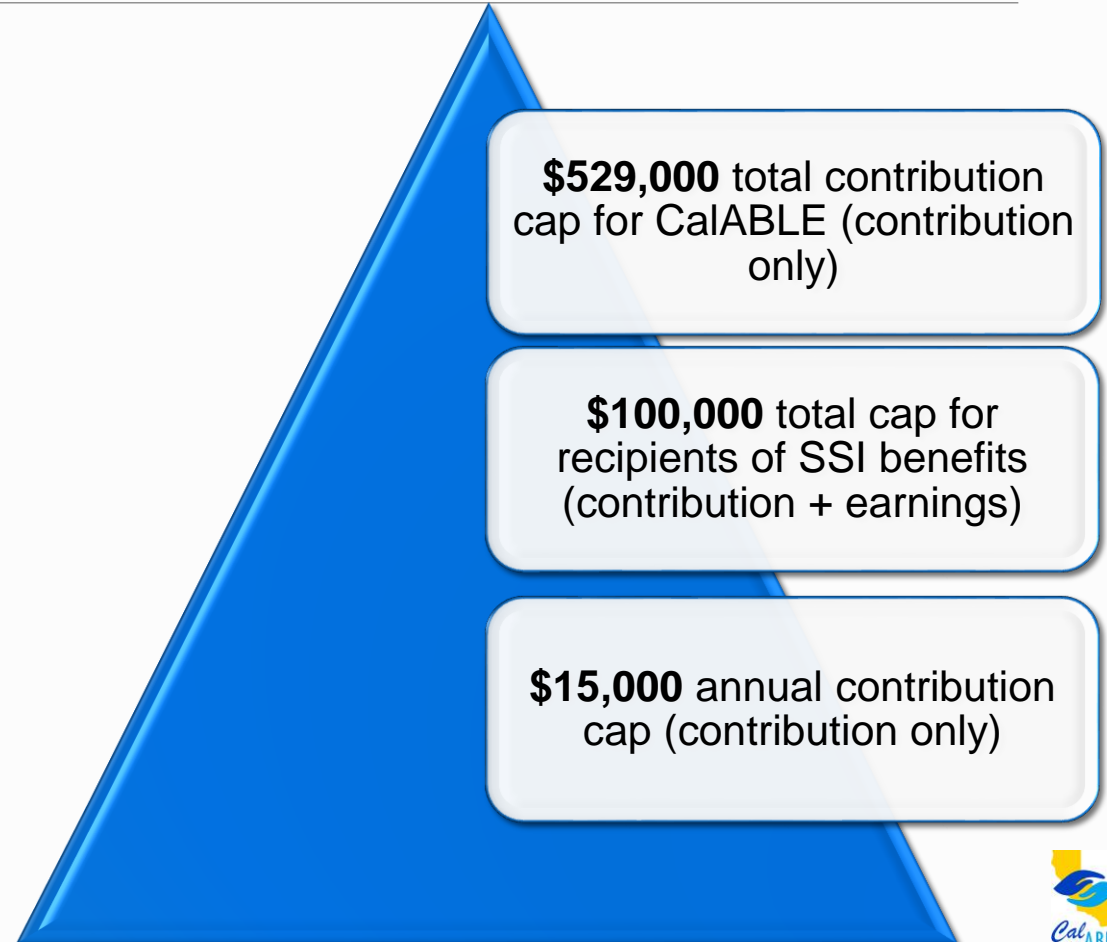


Who is Eligible?

- Must be disabled before age 26 **AND**
- Meets the eligibility criteria for disability benefits like SSI or SSDI - **OR-**
- Self-certification: Has been diagnosed by a qualified physician with a physical or mental disability resulting in marked and severe functional limitations that is expected to last at least one year.
- Condition is listed on SSA's List of Compassionate Allowances or Blue Book Listings

Account Contributions

- Before the ABLE Act
 - A person with a disability could not save more than \$2,000 without impacting their SSI
- Now
 - You can save up to \$15,000 per year and up to \$100,000 in total before SSI is impacted
- CalABLE will automatically reject excess contributions



ABLE to Work

- Permits working account owners to contribute above the \$15,000 annual contribution limit, if they or their employer are not contributing to a retirement plan.
 - Can contribute whichever is less:
 - Amount equal to annual gross salary OR
 - Federal Poverty Level (\$12,490 in 2020)
 - For a potential \$27,490 per year

Some ABLE Basics

- Only one ABLE account
- Beneficiary is always the account owner
- Account can be opened by the beneficiary or an **Authorized Legal Representative** (parent, legal guardian/conservator, Power of Attorney)
- Accounts are **asset-protected** – they cannot shelter income
- Function both like a savings/checking account
- Anyone can contribute
- Funds are tax-exempt as long as they are spent on “Qualified Disability Expenses”

What is a Qualified Disability Expense (QDE)?

- Any expense related to the designated beneficiary as a result of living a life with disabilities that **helps maintain or improve your health, independence or quality of life**
- Categories are **intentionally broad**, and include education, **housing***, transportation, health care expenses and more
- **Non-QDE:** Not illegal, but if taken, expense is now subject to regular income taxes, plus a 10% tax penalty on account earnings – and benefits may be at risk (expense may now be considered a resource)

CalABLE Features and Benefits

- Low fees
- Free, easy online enrollment process
- Contributions/deposits can be made via electronic fund transfers from a bank account, or by check
- E-Gifting
- Prepaid debit card

Protection from Medi-Cal Recovery & Creditors

- SB 218 (Dodd) passed in 2017:
 - Medi-Cal will not file a claim directly on the ABLE. The state may recover on assets that have transferred from an ABLE account to an estate
- AB 688 (Calderon) passed in 2017:
 - Exempts ABLE accounts from enforcement of money judgements
- Account Protection only applies to California residents with a CalABLE account

What happens when an account owner passes away?

- Any outstanding QDEs may be paid using ABLE funds
- The account is then transferred into the deceased individuals estate.
- Medi-Cal will only attempt recovery if (All must apply):
 - The deceased was age 55 or older
 - The individual was a user of comprehensive Medicaid services (in home support, skilled nursing, etc.)
 - The individual's estate is required to go into probate (\$150,000 or more)
 - The individual is not survived by a spouse or children under 18 or a disabled child of any age

Housing Guidance

Reinforces the language and spirit of the Federal ABLE Act

- HUD will exclude:
 - ABLE funds in determining family income
 - Third party contributions
 - The Entire value of an ABLE account from household assets
 - Distributions from an ABLE account are not considered income
- Wage income received will be included as income

** Withdrawal and payment of housing expenses must occur in the same calendar month to avoid problems with program benefits*

INVESTMENT OPTIONS

How would you like the money in your CalABLE account to be invested?

- Before making a selection, please ensure you have read the [Program Disclosure Statement](#).
- Contributions will be invested according to the choices you designate below. You may select one or more.
- Your choices must total to 100%.
- You can change your future investment choices at any time by logging into your account.

CONSERVATIVE ⓘ

25 %

MODERATE ⓘ

25 %

AGGRESSIVE GROWTH ⓘ

50 %

FDIC-INSURED ⓘ

%

Total Allocations

100 ✓ %



CalABLE Fees

Fee Type	
Account Maintenance Fee (annual – assessed monthly)	\$37
Underlying Investment Fee (varies per investment choice & asset-based)	0.00% - 0.10%
State Administrative Fee	0.44%
Paper Statement Mail Delivery Fee (annually)	\$10
Insufficient Funds (per occurrence)	\$20
Check Issuance Fee (per check)	\$5

- Online enrollment free
- \$25 minimum deposit to open account



CalABLE Fees (cont'd)

\$3,000 Assumed Assets				
Investment Option	FDIC	Conservative Growth	Moderate Growth	Aggressive Growth
Account Maintenance Fee	\$37	\$37	\$37	\$37
Underlying Investment Fee 0.00% FDIC 0.09% Conservative 0.09% Moderate 0.08% Aggressive	\$0	\$2.70	\$2.70	\$2.40
State Administrative Fee	\$0	\$13.20	\$13.20	\$13.20
Total Annual Fees*	\$37	\$52.90	\$53.20	\$52.60

**Paper statements will include an additional annual \$10 fee*



Ready to Open Your Account?

Get started at: CalABLE.ca.gov



The image shows a screenshot of the CalABLE website homepage. At the top left is the CalABLE logo, which consists of a stylized blue hand holding a yellow map of California, followed by the text "CalABLE". To the right of the logo is a navigation bar with several links: "Be a CalABLE Ambassador" with a play icon and "LEARN MORE" link, "LOG IN" with a person icon, and "OPEN AN ACCOUNT" with a person icon. Below the navigation bar are five menu items: "About CalABLE", "Who Is Eligible?", "Plan Benefits", "Qualified Expenses", and "Saving & Investment Choices". The main content area features a dark blue background with white text that reads "Save & invest for the future without affecting public benefits." Below this text is a smaller line of text: "Tax-free treatment on earnings and withdrawals to pay for disability-related expenses." At the bottom left of this section is a yellow button with the text "OPEN AN ACCOUNT". On the right side of the main content area is a circular image of a smiling woman and a young boy. In the bottom right corner of the website screenshot is a small CalABLE logo.

Additional Resources



nationaldisabilityinstitute.org/achievable-corner/

ABLE NATIONAL RESOURCE CENTER - ABLENRC.org

DISABILITY BENEFITS 101 - DB101.org



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Need Help with the Enrollment Process?

CalABLE Customer Call Center

Open 9:00 a.m. to 5:00 p.m. PST

Monday – Friday

[833-Cal-ABLE \(833-225-2253\)](tel:833-225-2253)

CalABLESupport@CalABLE.ca.gov



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- Join our **email distribution list** – visit <http://www.treasurer.ca.gov/able>; under “Quick Links” in left side bar, click “Sign Up to Receive CalABLE Information”



Consider the investment objectives, risks, charges and expenses before investing in the California 529A Qualified ABLE Program (CalABLE Program). Please call toll-free 833-CAL-ABLE for a Disclosure Statement containing this and other information. Read it carefully.

Before investing in any ABLE program, you should consider whether your home state provides its taxpayers with favorable state tax or other benefits that are only available through investment in the home state's ABLE program. You also should consult your financial, tax, or other adviser to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to directly contact your home state's ABLE program, or any other ABLE program, to learn more about those plans' features, benefits and limitations. State-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

The CalABLE Program is offered by the State of California. TIAA-CREF Tuition Financing, Inc. (TFI), program manager. TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, distributor and underwriter.

None of the State of California, its agencies, TFI or TCS nor any of their applicable affiliates insures accounts or guarantees the principal deposited therein or any investment returns on any account or investment option, and you may lose the principal amount invested. The FDIC Insured Portfolio is FDIC-insured up to \$250,000, subject to certain restrictions. Interests in the CalABLE Program are not registered with or in any way approved by the Securities and Exchange Commission or by any state securities commission. 985083

