



CalABLE Basics

May 11, 2022



FinanciallyABLE

Today's Topics

1 What is **ABLE**?

2 **ABLE** Updates

3 **ABLE** Basics

4 How do **ABLE** accounts work?

5 Investment Options

6 Account Management Fees

7 Opening an account

8 Resources and contacts

9 Connect with CalABLE

10 Q&A

What Is ABLE?

Achieving a Better Life Experience (ABLE) Act

- **ABLE** offers a tax benefit specifically for people living with disabilities, helping them reach their financial dreams. The act allows states to offer savings and investment plans. :
- Since Launch people have entrusted CalABLE with over 70 million in assets under management and opened over 7,000 accounts.



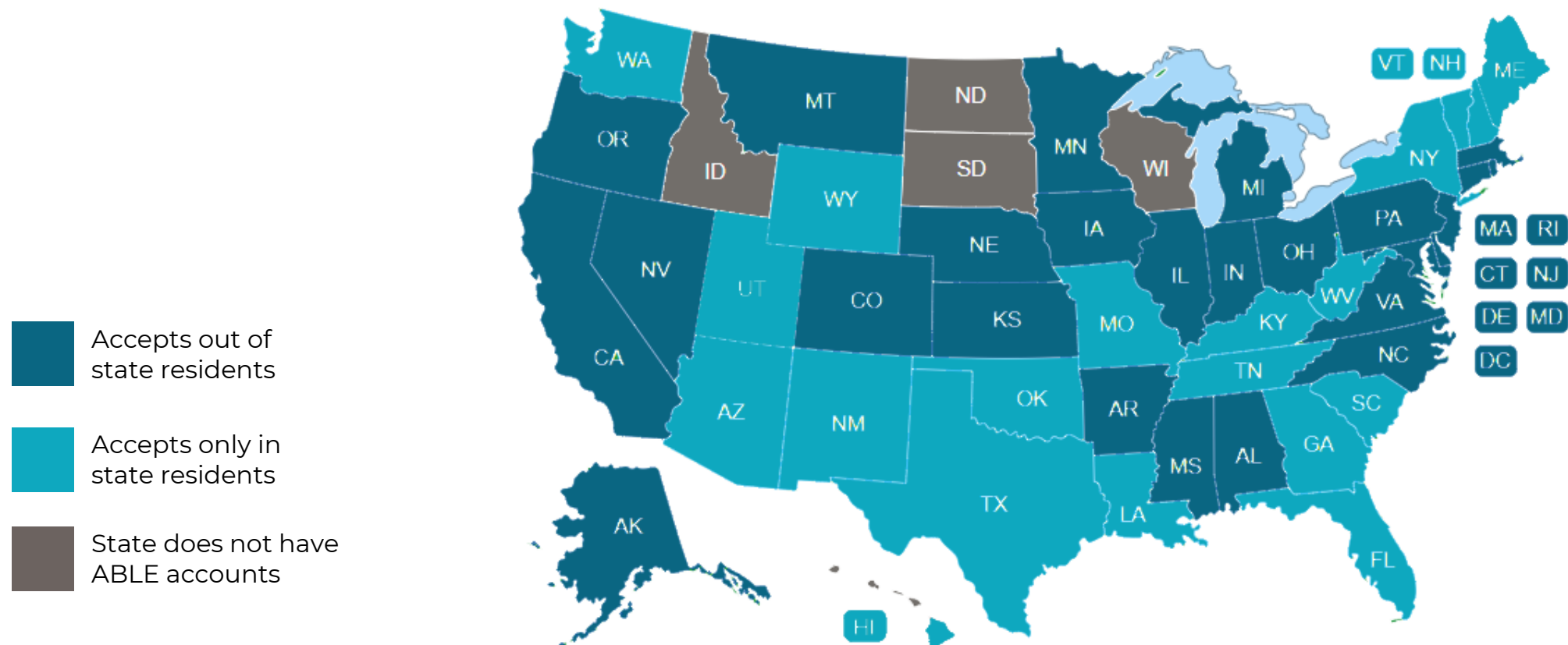
Achieving a Better Life Experience (ABLE) Act

Why save in an **ABLE** account?

- You can save up to \$100,000 without the risk of losing your other benefits.
- Offers a variety of professionally managed investment portfolios to fit your life situation, risk tolerance and savings goals
- Use money for qualified expenses without taxes and penalties.



ABLE States



ABLE Basics

Who is Eligible?

- You can open an ABLE account if your disability began before age 26.
 - If you meet the eligibility criteria for disability benefits like Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI).
 - Your disability is on the SSA List of Compassionate Allowances or Blue Book listing.
-



What if I'm not on benefits?

- You can [self certify](#).
- You must confirm under penalty of perjury you were disabled [before age 26](#).
- You simply need a signed letter from a [qualified physician](#) that the applicant has a physical or developmental disability resulting in marked and severe functional limitations that is expected to last at least one year.

More ABLE Basics

- Participants can only have **one ABLE** account
- **The person with a disability** is always the **ABLE** account owner and beneficiary
- Account can be opened by the person with a disability or an **Authorized Legal Representative** (parent, legal guardian/conservator, Power of Attorney)

Coming Soon

Authorized Legal Representatives | ALR

The Final IRS Regulations published in November 2020, allow for additional individuals to serve as an ALR. States have two years to implement these changes.

- Spouse
- Grandparent
- Sibling
- Representative Payee appointed for the eligible individual by the Social Security Administration (SSA)

How do **ABLE** accounts work?

How do **ABLE** accounts work?

- Accounts **protect assets**, but cannot shelter income
- They can function like a **savings** account to potentially **grow your money** through investing
- Any earnings are tax free as long as they are spent on “Qualified Disability Expenses”
- Accounts holders can split their funds between savings and investments
- Anyone can contribute

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 \$16,000 per year (or more in certain cases) and up to \$100,000 in total before SSI is impacted.

Account Contributions

\$16,000

**Annual
contribution cap**
(contribution only)

\$100,000

**Total cap for
recipients of SSI
benefits**
(contribution + earnings)

\$529,000

**Total contribution
cap for CalABLE**
(contribution + earnings)

CalABLE will automatically reject excess contributions

ABLE to Work

The ABLE to Work program permits working account owners to contribute above the \$16,000 annual contribution limit, if they or their employer are **not** contributing to a retirement plan **that calendar year.**

ABLE to Work

Account holders can contribute whichever is less:

- Amount equal to annual gross salary or
- Federal Poverty Level (\$12,880 in 2022)
- For a potential maximum of \$28,880 per year (\$16k + \$12,880)



Save, but also spend

- The money you save is for your needs and goals and can be spent any time for qualified disability expenses.
- No waiting until retirement age to take out money like a 401k or other accounts

What Is a Qualified Disability Expense (QDE)?

Any expense related to the ABLE account owner as a result of living a life with a disability that helps maintain or improve health, independence or quality of life.

Categories are intentionally broad and include education, employment, housing, transportation, healthcare expenses and more.

Examples of QDEs

- Education
- Housing
- Transportation
- Employment training and support
- Assistive technology and related services
- Personal support services
- Basic living expenses
- Health
- Prevention and wellness
- Financial management and administrative services
- Legal fees
- Expenses for ABLE account oversight and monitoring
- Funeral and burial

IMPORTANT NOTE: If CalABLE money is used for a non-qualified disability expense (non-QDE), the expense would be subject to regular income taxes, plus a 10% tax penalty on account earnings – and benefits may be at risk. Money used for non-QDEs may now be considered a resource.

Medicaid & ABLE

Medi-Cal, California's Medicaid Program, provides health care services including medical, dental, mental health, substance use treatment, long-term care services and support for low-income adults, children, seniors, pregnant women, and persons with disabilities.

- ✓ Any outstanding QDEs, including funeral and legal expenses, may be paid using ABLE funds.
- ✓ The account is then transferred into the deceased individual's estate.

Medi-Cal Recovery

SB 833

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 21 or a disabled child of any age.

Medi-Cal will not seek recovery from a CA resident and CalABLE account holder.

Benefits to eGifting with CalABLE

- Contributions into a CalABLE Account can be used for Qualified Disability Expenses
- Anyone can contribute to the Account
- Expensive items are easier to save for and purchase

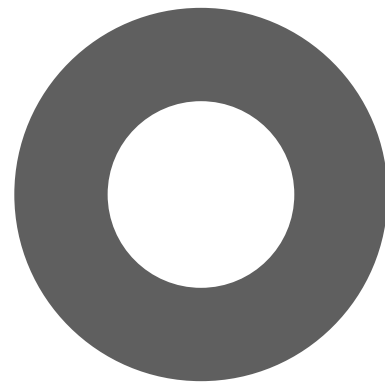


Investment Options

Saving and Investing

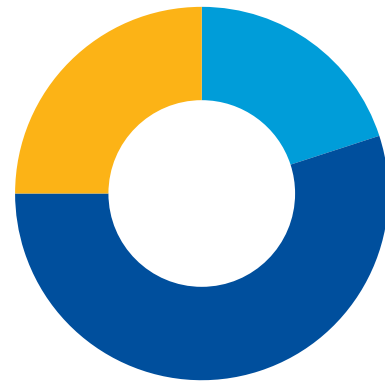
- Investments managed by TIAA-CREF
- Money can be deposited into an FDIC-insured portfolio or invested in any of three Target Risk Investment Options
- Fees vary based on the savings / investment options selected
- Funds may be transferred between portfolios two times annually

Saving and Investing



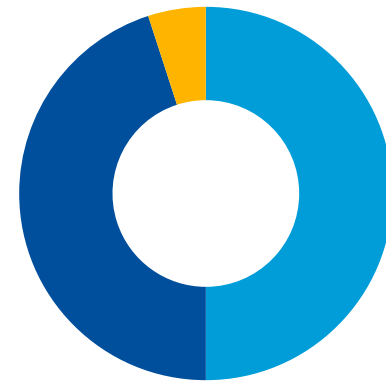
FDIC- Insured Portfolio

- 100% Interest-Bearing



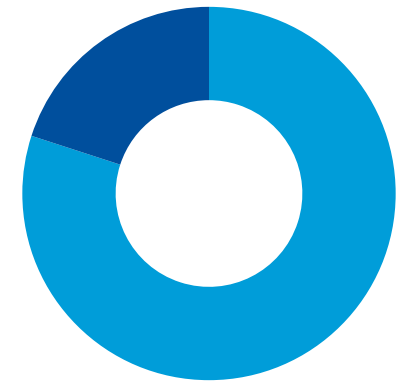
Conservative Portfolio

- 20% Stocks
- 55% Bonds
- 25% Funding Agreement



Moderate Portfolio

- 50% Stocks
- 45% Bonds
- 5% Funding Agreement



Aggressive Portfolio

- 80% Stocks
- 20% Bonds

Account Management Fees

Account Fees

- CalABLE accounts are designed for affordability
- There are no enrollments fees
- Fees may vary based on your investment choices

CalABLE Fees

\$3,000 Assumed Assets

Investment Option	FDIC-Insured Portfolio	Investment Portfolios
Account Maintenance Fee	\$37	\$37
Underlying Investment Fee 0.00% FDIC 0.09% Conservative 0.09% Moderate 0.08% Aggressive	\$0	\$2.40 to \$2.70
State Administrative Fee	\$0	\$13.20
Total Annual Fees*	\$37	\$52.60 to \$52.90

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

Ready to Open Your Account?

Get started at CalABLE.ca.gov



Resources

- A collaboration between NDI and CalABLE:
nationaldisabilityinstitute.org/achievable-corner
- **CalABLE** Resources:
treasurer.ca.gov/able/resources.asp
- **ABLE** National Resource Center: ABLENRC.org
- Disability Benefits 101: DB101.org
- **POMS**:
<https://secure.ssa.gov/poms.nsf/lnx/0501130740>

The screenshot shows the CalABLE website homepage. At the top, there is a navigation bar with the CalABLE logo on the left and links for 'About CalABLE', 'Who Is Eligible?', 'Plan Benefits', 'Qualified Expenses', and 'Saving & Investment Choices' on the right. A 'LOG IN' button and an 'OPEN AN ACCOUNT' button are also visible in the top right corner. The main content area has a dark blue background with the headline 'Dream. Plan. Succeed.' and a sub-headline 'Tax-free treatment on earnings and withdrawals to pay for disability-related expenses.' Below this is a yellow 'OPEN AN ACCOUNT' button. To the right of the text is a circular image of a smiling woman and a young boy. Below the hero section, there is a 'Hello.' section featuring a portrait of Fiona Ma, CPA, with the text 'Opening an ABLE account today means you invest in your future without losing benefits.' and 'In the past, the risk of losing public benefits...'. To the right of this section is a video player titled 'Financially ABLE' with a play button icon and the text 'Presented by CalABLE'. The CalABLE logo is also visible in the bottom right corner of the monitor.

CalABLE Staff

CalABLE@treasurer.ca.gov
(916) 653-1728



Dante Allen
Executive Director



Anne Osborne
Program Manager



Matt Harmetz
Program Analyst



GET IN TOUCH

Need Help?

CalABLE

 1-833-Cal-ABLE (1-833-225-2253)

 CalABLESupport@CalABLE.ca.gov

Open
9:00 am to 5:00 pm (Pacific Time)
Monday - Friday

Connect with CalABLE

Stay in the know with
our latest updates!

Follow CalABLE on social media:



<https://www.facebook.com/CalABLE/>



https://twitter.com/calable_board



<https://www.linkedin.com/company/california-able-act-board/>



https://www.instagram.com/calable_act_board/

[Sign up for our emails here.](#)



May Webinar

CalABLE and Financial Literacy

Date: Wednesday, May 18, 2022

Time: 2:00pm -4:00pm

Register today:

https://us06web.zoom.us/webinar/register/WN_TqG2MKV7QAKdiqIY1ZL40g



This program is free and open to the general public. For more information about CalABLE events and to register now, visit:

https://us06web.zoom.us/webinar/register/WN_TqG2MKV7QAKdiqIY1ZL40g

CalABLE and Financial Literacy

May 18, 2022
2:00 P.M. - 4:00 P.M.



CalABLE Monthly Webinar Series



TJAA-CREF Tuition Financing, Inc. (TFI), program manager.
TJAA-CREF Individual & Institutional Services, LLC, Member
FINRA, distributor and underwriter.

CalABLE is a savings and investment program offered by the state of California to people with disabilities that began before reaching age 26.

In this webinar, we will explore:

- An introduction to financial literacy
- CalABLE's partnership with EverFi and the public resources available
- What mutual funds are, how mutual funds and stock purchases differ, and how the value of mutual funds are determined
- A general overview of the CalABLE program



Disclaimer

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.

All social media platforms are managed by the State of California.

This CalABLE informational program was brought to you by the State of California's CalABLE Board. Any statements or opinions contained within are those of the State of California. Your experience may differ based on a variety of factors, including your own state-of-residence, your needs-based benefits, tax and financial circumstances. 1999043





Thank You.