



# CalABLE and Financial Literacy for Young Adults

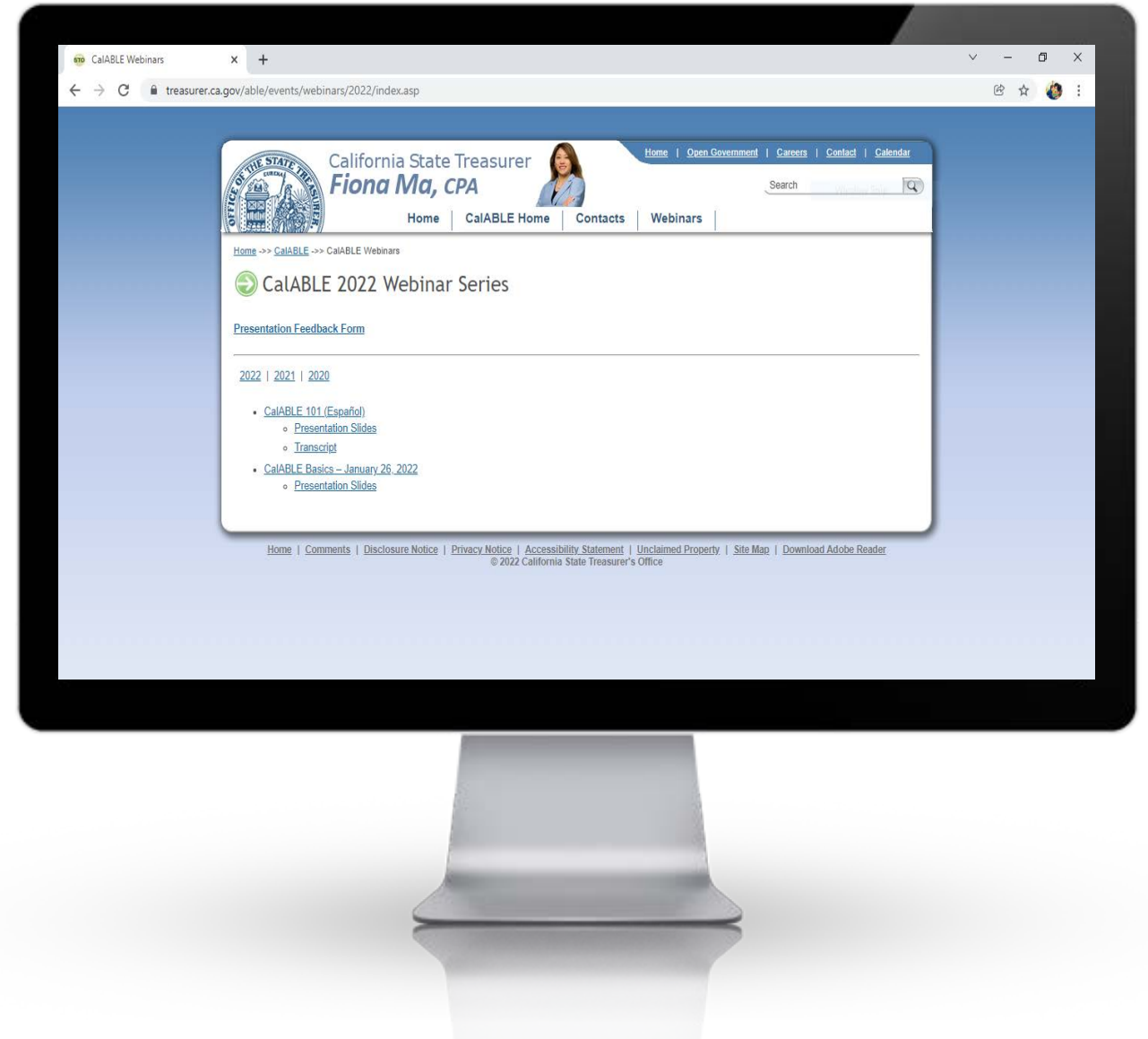
**May 11, 2023**

# Webinar Setup

## Presentation Slides

Please visit the **CaABLE** website for a copy of today's slides.

<https://www.treasurer.ca.gov/able/events/webinars/2023/index.asp>



# Audio Options for the Webinar: Computer Speakers

## Via your computer speakers

- Please make sure your speakers are turned on or your headphones are plugged in.

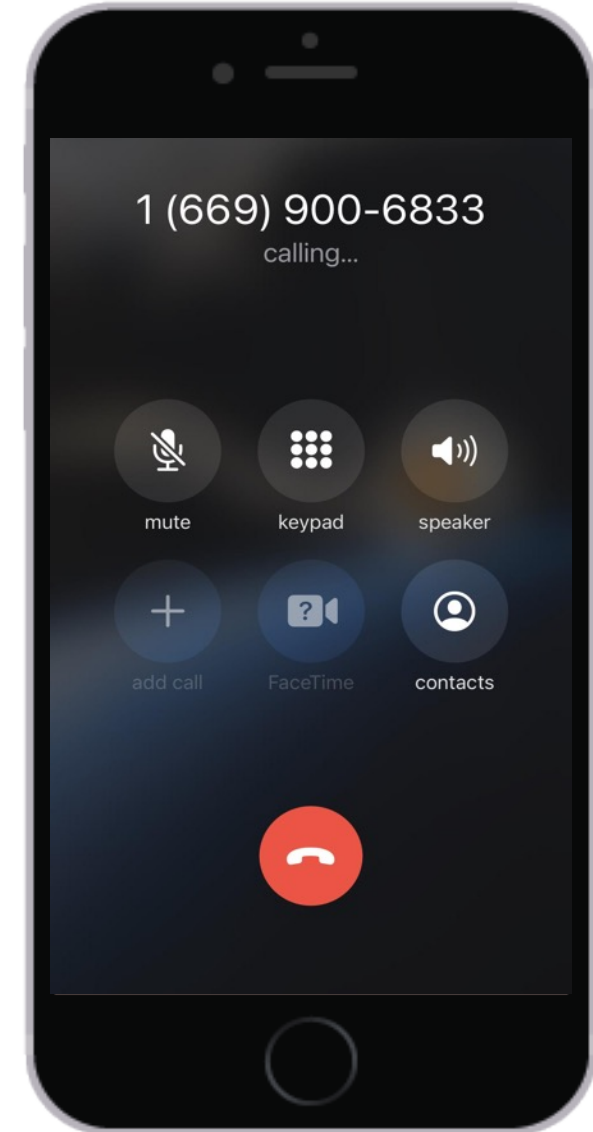
## Don't forget

- You can adjust the volume if needed.

# Audio Options for the Webinar: Telephone

## Via telephone:

1. Call: **1-669-900-6833**
2. Enter Webinar ID: **817 0479 8417**



# Submitting Questions

We will address your questions at the end of the presentation.

## Q&A box

Submit your questions using the **Q&A box** at any time.

## Audio-only participants

Audio-only participants may email us at [CalABLE@treasurer.ca.gov](mailto:CalABLE@treasurer.ca.gov).



# Welcome

**Fiona Ma**  
*California State Treasurer*

# Achieving a Better Life Experience (ABLE) Act

- The Stephen Beck, Jr. Act encourages individuals with disabilities to save after tax dollars to support their health, independence and quality of life
- Added section 529A to IRS tax code
- CalABLE launched in December of 2018



# Who is Eligible?

You can open an ABLÉ account at any age if:

- You have a disability that began before age 26\*
- If you meet the eligibility criteria for disability benefits like Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI).



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\* Age limit for onset of disability to increase from 26 to 46 starting in 2026  
([ABLE Age Adjustment Press Release](#))



# What if I'm Not on Benefits?

- You can **self certify**
- Your disability is on the SSA List of Compassionate Allowances or Blue Book listing
- **You need a signed letter from a qualified physician**
- You must confirm under penalty of perjury you were disabled **before age 26\***

\* Age limit for onset of disability to increase from 26 to 46 starting in 2026 ([ABLE Age Adjustment Press Release](#))



# Benefits Protection

- Assets in a CalABLE account are not counted as a resource
- 3<sup>rd</sup> party contributions are not counted as income
- Withdrawals for qualified disability expenses are not counted as income or resources



# Account Contributions

**\$17,000**

**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)*

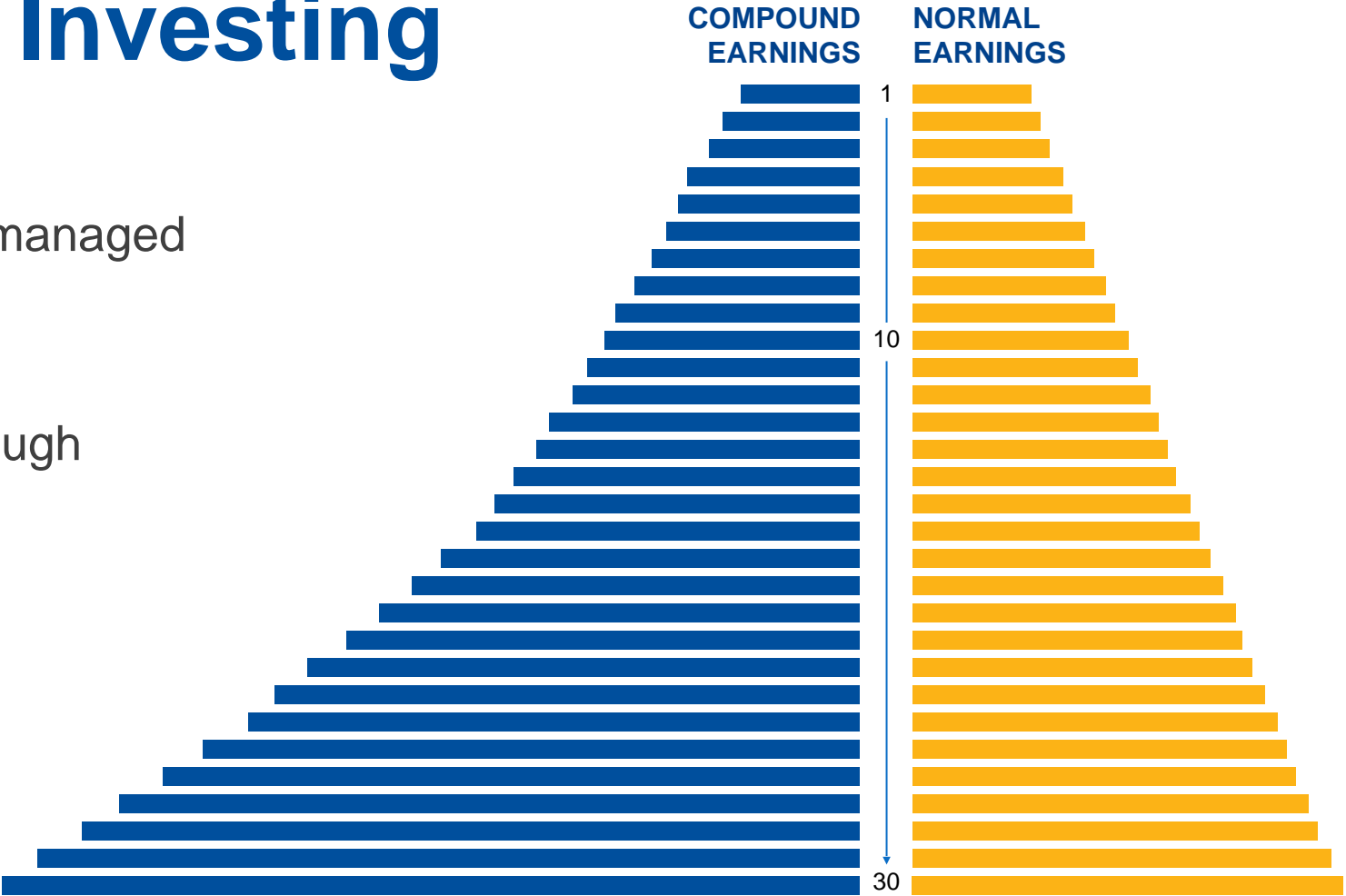
**CalABLE** will automatically reject excess contributions

# Save, but Also Spend

- The money you save is for your needs and goals and can be spent any time for qualified disability expenses without taxes or penalties
- No waiting until retirement age to take out money like a 401k or other accounts

# You Can Grow Your Money Through Investing










- CalABLE offers professionally managed investment portfolios
- Potential tax-free growth
- Opportunity to build wealth through compound earnings



# To Strengthen Your Financial Education, Visit CalABLE's Financial Fitness Center

- <https://www.treasurer.ca.gov/able/financial-fitness.asp>
- <https://www.calable.ca.gov/>

Select a Playlist

<p><b>Building Financial Capability</b> </p> <p>Learn how to manage your money and avoid financial dangers.</p> <p><a href="#">Explore</a></p>	<p><b>Investing in Your Future</b> </p> <p>Learn how to be more financially prepared in the years ahead.</p> <p><a href="#">Explore</a></p>
<p><b>Financial Caregiving</b> </p> <p>Learn more about the responsibilities of caring for another person's finances.</p> <p><a href="#">Explore</a></p>	<p><b>Financial Foundations</b> </p> <p>Understand the basics of some key financial concepts.</p> <p><a href="#">Explore</a></p>
<p><b>Growing Your Small Business</b> </p> <p>Learn more about what it takes for your small business to thrive.</p> <p><a href="#">Explore</a></p>	<p><b>Preparing for Retirement</b> </p> <p>Learn how you should prepare for an eventual retirement.</p> <p><a href="#">Explore</a></p>
<p><b>Owning a Home</b> </p> <p>Explore the benefits and costs of buying and owning a home.</p> <p><a href="#">Explore</a></p>	<p><b>Small Business Essentials</b> </p> <p>Understand the financial basics of managing a small business.</p> <p><a href="#">Explore</a></p>
<p><b>Building Financial Resilience</b> </p> <p>Explore tips for overcoming financial crisis.</p> <p><a href="#">Explore</a></p>	

# Amira Patrawala

- Masters in Public Health student at the University of California, Davis
- Intern with CalABLE
- Interested in fostering health equity and finding ways to improve the health of people with disabilities



# Financial Wellness





# What is financial wellness?

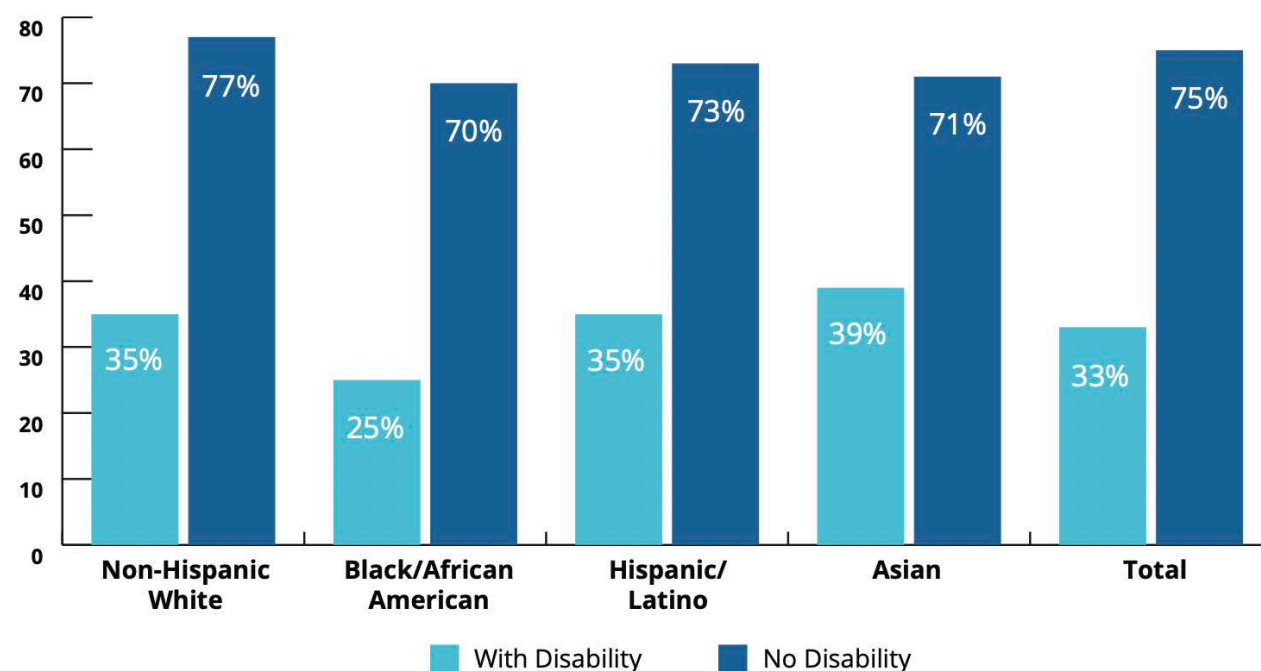
- Control over finances
- Ability to handle financial shock
- Ability to make choices that increase enjoyment in life
- Ability to meet financial goals



# Disability-related impacts to financial wellness

People with disabilities typically experience systematic inequalities that result in ...

- Higher healthcare costs
- Reduced income
- Higher costs of living
- Increased reliance on public benefits



# Improved quality of life with financial wellness



- \* Increased independence
- \* Improved mental health
- \* Increased opportunities for education and employment
- \* More social opportunities
- \* Overall increased ability to achieve life-long goals

# Do you have specific finance goals? What are they?

## *CalABLE Financial Literacy Survey (Responses)*

- Ability to **live independently**, and to participate in recreational activities
- Saving for my **future**
- Afford my own **home**
- To put two boys in **college**, then **retire**
- Just to have enough money to be able to live in my own home and have a **comfortable life**
- To be **safe and healthy**
- Go to **Disney World**



# CalABLE accounts as a tool to improve financial wellness

- Allows users to save and spend while maintaining benefits
- Qualified disability expenses are not counted as income or resources
- Aims to reduce financial stress, help create a financial safety net, and plan for the future with guidance



# Qualified Disability Expenses (QDE)

Some examples of expenses eligible for payment from a CalABLE account include:

- Education
- Housing
- Transportation
- Employment support
- Health, Prevention, and Wellness
- Assistive Technology and Personal Support
- Miscellaneous Expenses

# Ways to achieve financial wellness



**Poll:** What financial wellness habits are currently part of your routine? Check all that apply.

- Use a budgeting tool to track spending
- Maintain an emergency fund
- Minimize debt
- Maximize disability benefits
- Explore employment opportunities
- Seek professional advice on financial decisions

# Create and maintain a budget



*Handwritten...*

1. Find a digital or manual platform for storing your budget
2. Identify sources of income
3. List necessary expenses
4. Categorize expenses
5. Set achievable financial goals
6. Track spending

... or using an online template!

 A screenshot of an online budget template spreadsheet. The spreadsheet has columns labeled A, B, C, and D, and rows numbered 1 through 13. The data is as follows:
 

	A	B	C	D
1		Amount	Due Date	Paid?
2	Income	3000		
3	Netpay	1500		
4	Other Income	500		
5	Total Income	3000		
6				
7	Expenses			
8	Housing			
9	Rent			
10	Food			
11	Total Expenses	0		
12				
13	Cash Balance	3000		

 A red mouse cursor is pointing to the cell containing "3000" in row 5, column B.



# Save for emergencies

- Set a goal for an emergency fund such as 3-6 months of living expenses
- Add this component into your budget
- Make savings automatic to maintain consistency



# Assess your personal level of risk

Financial risk is the chance of losing money or not earning as much money as expected when making financial decisions or investments.



**Poll:** On a scale of 1 to 5, how much financial risk are you willing to take in your investment portfolio?

- 1: not willing to take financial risk
- 5: very willing to take financial risk

# Core Beliefs that Guide CalABLE's Investment Menu

- ***Diversification:*** options with different relevant asset classes
- ***Simplicity:*** easy for the user to understand
- ***Choice:*** options for individuals at different risk levels so all can achieved their investment goals
- ***Cost:*** aim to be affordable

# CalABLE's Four Investment Choices

## Risk Level

1

**FDIC-Insured Portfolio:** Seeks a *stable*, conservative return by investing in a *low risk*, interest-bearing deposit account.

**Conservative Portfolio:** Seeks a conservative to moderate long-term total return by investing primarily in *bond funds*, with smaller allocations to stock funds and a funding agreement.

**Moderate Portfolio:** Seeks a moderate long-term total return by investing in *stock funds, bond funds and a funding agreement*.

5

**Aggressive Growth Portfolio:** Seeks *aggressive growth* and long-term total returns by investing primarily in stock funds.

# More tips on financial wellness



- Manage debt: focus on paying off debt before it accumulates with interest
- Maximize disability benefits: understand eligibility and application processes
- Explore employment opportunities that accommodate your disability
- Continue to seek professional advice with financial decisions

# Thank you for joining us today!

## Further online resources:

- ➔ National Disability Institute: Financial Literacy Modules (<https://www.nationaldisabilityinstitute.org/financial-wellness/financial-capability/>)
- ➔ U.S. Dept. of Education: You for Youth Financial Literacy Course (<https://y4y.ed.gov/financial-literacy-for-all>)
- ➔ Consumer Financial Protection Bureau Toolkit ([https://files.consumerfinance.gov/f/documents/cfpb\\_ymyg\\_focus-on-people-with-disabilities.pdf](https://files.consumerfinance.gov/f/documents/cfpb_ymyg_focus-on-people-with-disabilities.pdf))

# Ready to Open Your Account?

Get started at [CalABLE.ca.gov](https://CalABLE.ca.gov)



GET IN TOUCH

# Need Help?

## CaABLE



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



[CaABLESupport@CaABLE.ca.gov](mailto:CaABLESupport@CaABLE.ca.gov)

### Open

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



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# Disclosure (Part 1)

**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.**

# Disclosure (Part 2)

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If funds aren't used for qualified expenses, the earnings portion of a non-qualified withdrawal is subject to federal income tax, possibly including the additional federal tax. Non-qualified withdrawals may also be subject to state and/or local income tax. For those beneficiaries subject to California income tax, the earnings portion of a non-qualified withdrawal is subject to California income tax and the additional California tax.

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**Thank You.**