



California's 529A Qualified ABLE Program

Program Disclosure Statement and Participation Agreement

December 17, 2018

Established And Maintained By:
The California Achieving a Better Life Experience (ABLE)
Act Board

Program Manager:
TIAA-CREF Tuition Financing, Inc.



TIAA-CREF Tuition Financing, Inc.

Interests in California's 529A Qualified ABLE Program (CalABLE) are not guaranteed or insured. You could lose money by investing in CalABLE. Investments in the FDIC-Insured Portfolio are insured by the FDIC up to \$250,000, subject to certain restrictions. Interests in CalABLE are not registered with or in any way approved by the Securities and Exchange Commission or by any state securities commission.

California 529A Qualified ABLE Program Disclosure Statement and Participation Agreement

This Program Disclosure Statement (including the Participation Agreement contained herein) contains important information to be considered before making a decision to contribute to the California 529A Qualified ABLE Program (“CalABLE”), including information about terms and conditions, risks, and fees and expenses. It should be read thoroughly and retained for future reference. No one is authorized to provide information that is different from the information in this Program Disclosure Statement or any supplement or amendment hereto. Account Owners should periodically assess and, if appropriate, adjust their investment choices with their time horizon, risk tolerance and investment objectives in mind.

Accounts not insured or guaranteed

Other than an investment in (or a portion of an investment in) the FDIC-Insured Portfolio, which is insured by the Federal Deposit Insurance Corporation (the “FDIC”), subject to certain limitations, no insurance or investment guarantees are provided as part of CalABLE. An account is not guaranteed by any person or entity, including but not limited to CalABLE, the California ABLE Program Trust, the California ABLE Act Board (the “Board”), the state of California, CalABLE’s service providers (including the Program Manager), any investment adviser associated with the underlying funds or any service provider thereof, or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing. Investments in the FDIC-Insured Portfolio are FDIC insured

up to \$250,000, subject to certain FDIC limits and restrictions.

Securities law considerations

Interests in CalABLE are considered municipal fund securities for federal securities law purposes. Interests in CalABLE have not been registered with the Securities and Exchange Commission (the “SEC”) or with any state securities commission pursuant to exemptions from registration available for securities issued by a public instrumentality of a state. Neither the SEC nor any state securities commission has reviewed this Program Disclosure Statement. This Program Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction in which it is unlawful to offer or sell interests in CalABLE. Neither the SEC nor any state securities commission has approved or disapproved interests in CalABLE or passed on the adequacy of this Program Disclosure Statement. Any representation to the contrary is a criminal offense.

Tax and other advantages of home state programs

For residents of states other than California, if your state sponsors an ABLE program, that program may offer state income tax and other benefits not available to you through CalABLE. If you are not a California taxpayer or resident, please consult your financial or tax advisor or your home state’s ABLE program to learn more about how state-based benefits (or any limitations) may apply to your specific circumstances.

Information in this Program Disclosure Statement is believed to be accurate as of the date hereof and is subject to change without notice.

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CaIABLE SUMMARY

This section provides summary information about certain key features of CaIABLE, but it is important that you read the entire Program Disclosure Statement for more detailed information. Special terms used in this section are defined in the “Frequently Used Terms” section or elsewhere in this Program Disclosure Statement.

Feature	Description	Additional Information
California Administrator	The California ABLE Act Board	<i>Introduction to CaIABLE on page 12</i>
Program Manager	TIAA-CREF Tuition Financing, Inc.	<i>The Program Manager on page 54</i>
Eligible Individual	<p>CaIABLE Accounts may be opened by or on behalf of an Eligible Individual. An Eligible Individual is a person who:</p> <ul style="list-style-type: none"> (a) Is entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act; or (b) Has a disability certification. <p>In all cases, the blindness or disability must have occurred before age 26.</p>	<i>Eligibility Requirements on page 13</i>
Who may Open an Account for Himself or Herself	<p>An Eligible Individual may open an Account for himself or herself. He or she must:</p> <ul style="list-style-type: none"> (1) Be a U.S. citizen or an individual residing in the United States; (2) Be 18 years of age or older with the legal capacity to contract; (3) Have a Social Security number or other taxpayer identification number; and (4) Have a U.S. permanent address that is not a Post Office Box. 	<i>Opening and Maintaining Your Account – Who May Open an Account on page 15</i>
Who may Open an Account on Behalf of Another	<p>An Authorized Legal Representative may open an Account on behalf of an Eligible Individual. To be an Authorized Legal Representative, you must:</p> <ul style="list-style-type: none"> (1) Be a U.S. citizen or an individual residing in the United States; 	<i>Opening and Maintaining Your Account – Who May Open an Account on page 15</i>

Feature	Description	Additional Information
	<p>(2) Be 18 years of age or older with the legal capacity to contract;</p> <p>(3) Have a Social Security number or other taxpayer identification number;</p> <p>(4) Have a U.S. permanent address that is not a Post Office Box; and</p> <p>(5) Be either:</p> <p style="padding-left: 40px;">(a) The Eligible Individual’s parent or legally appointed guardian; or</p> <p style="padding-left: 40px;">(b) A person granted a legally enforceable power of attorney to act on behalf of the Eligible Individual with respect to the Account.</p>	
Enrolling in CalABLE	You may enroll online at CalABLE.ca.gov .	<i>Opening and Maintaining Your Account – How to Open an Account on page 15</i>
Minimum Contributions	<p>The minimum initial and subsequent contribution amount is \$25. All contributions can be made easily online at CalABLE.ca.gov or by mailing a check to:</p> <p style="text-align: center;">CalABLE P.O. Box 44309 Jacksonville, FL 32231</p>	<i>Making Contributions – Minimum Contribution Amounts on page 17</i>
Annual Contribution Limit	Currently, the Annual Contribution Limit is \$15,000. This amount is subject to change periodically as the annual gift tax amount under federal income tax law is adjusted. If applicable, an Eligible Individual may be able to contribute more under the Expanded Annual Contribution Limit.	<i>Making Contributions – Annual Contribution Limit on page 18</i>

Impact on Federal Government Means-Tested Benefits	<ul style="list-style-type: none"> Account balances of up to \$100,000 will not be considered for purposes of determining a Beneficiary’s eligibility to receive Supplemental Security Income (SSI). Except as otherwise required by law, Qualified Withdrawals are not considered for purposes of determining a Beneficiary’s eligibility to receive SSI benefits. Account balances are not considered in determining a Beneficiary’s eligibility to receive benefits under Medicaid/Medi-Cal. 	<i>Government Benefits Considerations on page 41</i>
Exemption from California Means-Tested Benefits	<ul style="list-style-type: none"> Account balances up to \$100,000, contributions to an Account, and Qualified Withdrawals will not be considered for purposes of determining a Beneficiary’s eligibility to receive any California state or local means-tested benefits. 	<i>California State and Local Means-Tested Benefits on page 47</i>
Overall Maximum Account Balance	<p>Currently \$529,000</p>	<i>Making Contributions – Maximum Account Balance on page 21</i>
Fees and Expenses	<ul style="list-style-type: none"> Annual Maintenance Fee: \$37 Investment Option Asset-Based Fees and Expenses: 0.00% - 0.54% You may be subject to other fees, including an annual Print and Paper Mail Delivery Fee for printing and mailing paper documents. 	<i>Fees and Expenses on page 35</i>
Electronic Delivery	<p>You will receive all of your CalABLE documents electronically. You have the option to select paper delivery of your documents; however, you will then be subject to an annual Print and Paper Mail Delivery Fee.</p>	<i>Opening and Maintaining Your Account – Delivery of CalABLE Documents on page 17</i>

Investment Options	<p>You may choose from four Investment Options:</p> <ul style="list-style-type: none"> • Conservative Portfolio. This Investment Option has a conservative risk profile and seeks to provide moderate long-term total return. • Moderate Portfolio. This Investment Option has a moderate risk profile and seeks moderate growth and long-term total return. • Aggressive Growth Portfolio. This Investment Option has an aggressive risk profile and seeks aggressive growth and long-term total return. • FDIC-Insured Portfolio. This Investment Option has a low level of risk and seeks to preserve capital and provide a stable return by investing 100% of its assets in an FDIC-insured custodial account (up to applicable limits). 	<i>Choosing Your Investment Options on page 26</i>
Performance	<p>As it becomes available, current performance information will be posted on the CalABLE website at CalABLE.ca.gov. Past performance is not necessarily indicative of future results. Your investment results may be better or worse than the performance shown.</p>	<i>Choosing Your Investment Options – Past Performance on page 34</i>
Qualified Disability Expenses	<p>Any expenses incurred at a time when the Beneficiary is an Eligible Individual that relate to the blindness or disability of the Beneficiary and are for the benefit of the Beneficiary in maintaining or improving his or her health, independence, or quality of life. Such expenses include, but are not limited to, expenses for education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time in future guidance published by the IRS.</p>	<i>Making Withdrawals – Qualified Disability Expenses on page 39</i>
Qualified Withdrawals	<p>Withdrawals from an Account used to pay for Qualified Disability Expenses.</p>	<i>Making Withdrawals – Qualified Withdrawals on page 39</i>

Rollovers	<ul style="list-style-type: none"> • Incoming Rollovers: Contributions into an Account directly or indirectly from another ABLE account or a Section 529 qualified tuition program (a “Section 529 Plan”) account, provided that certain conditions are satisfied. To initiate an Incoming Rollover, download the “Incoming Rollover/Transfer Form” at CalABLE.ca.gov • Outgoing Rollovers: Withdrawals from an Account directly or indirectly contributed to another ABLE account, provided that certain conditions are satisfied. 	<i>Making Contributions – Incoming Rollovers on page 22</i> <i>Making Withdrawals – Outgoing Rollovers on page 39</i>
Non-Qualified Withdrawals	Any withdrawal from an Account that (a) is not used to pay for a Qualified Disability Expense or (b) does not meet the requirements for an Outgoing Rollover.	<i>Making Withdrawals – Non-Qualified Withdrawals on page 41</i>
Federal Tax Treatment	<ul style="list-style-type: none"> • Contributions are not deductible for federal income tax purposes, but a Saver’s Credit may be available for qualifying Beneficiaries. • Third-party contributions are generally considered completed gifts to the Beneficiary for federal gift and estate tax purposes. • Earnings grow free of federal income tax. • Qualified Withdrawals and Outgoing Rollovers are not subject to federal income tax. • The earnings portion of Non-Qualified Withdrawals are subject to federal income tax and may be subject to a 10% additional federal income tax. 	<i>Federal Tax Treatment on page 48</i>
California Tax Treatment	<ul style="list-style-type: none"> • California tax treatment generally follows federal tax treatment with certain exceptions. • The earnings portion of Non-Qualified Withdrawals are subject to California income tax and may be subject to a 2.5% additional state income tax. 	<i>California Tax Treatment on page 51</i>

<p>Risks of Investing in CalABLE</p>	<ul style="list-style-type: none"> • Other than an investment in (or a portion of an investment in) the FDIC-Insured Portfolio, which is insured by the Federal Deposit Insurance Corporation (the “FDIC”) subject to certain limitations, no investment in CalABLE is guaranteed or insured. • The value of your Account may decrease. You could lose money, including your principal investment. • Your Account may not be enough to cover Qualified Disability Expenses. • Non-Qualified Withdrawals from the Plan may adversely affect a Beneficiary’s eligibility for federal means-tested benefits such as SSI and Medicaid/Medi-Cal. • Losing a Beneficiary’s status as an Eligible Individual could have negative tax and government benefit consequences. • CalABLE fees may increase, and the Investment Options may change. • CalABLE and applicable law are subject to change without notice. 	<p><i>Risks of Investing in CalABLE on page 51</i></p>
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FREQUENTLY ASKED QUESTIONS

These FAQs, together with the CalABLE Summary, provide a general overview of CalABLE. The topics discussed here are discussed in more detail later in this Program Disclosure Statement. You can find additional information on each topic in the sections noted below. You can also find a glossary of frequently used terms in the next section. Before investing, please read the entire Program Disclosure Statement carefully to ensure that you fully understand CalABLE. You should consult qualified personal legal, tax, financial, benefit, or other advisors with respect to any investment in a CalABLE account. These FAQs are not intended to constitute legal advice or a recommendation to pursue any particular action or investment.

What is CalABLE? CalABLE is a tax-advantaged savings program authorized by the laws of the state of California, Welfare and Institutions Code Section 4875 *et seq.* (the “California Enabling Law”) designed to help Eligible Individuals save for disability-related expenses without jeopardizing their federal and state benefits. CalABLE is designed to be, and is intended to satisfy the requirements for treatment as, a qualified ABL program under Section 529A of the Internal Revenue Code.

In accordance with the California Enabling Law, CalABLE operates under the overall direction and supervision of the California ABL Act Board (the “Board”), which is chaired by the California State Treasurer.

By design, CalABLE allows participants to easily establish and maintain their Accounts online. Customer service representatives are available at 833-225-2253 to help you with any questions.

Who is eligible to have a CalABLE Account? An Account may be opened by, or on behalf of, any person who is an Eligible Individual as defined in Section 529A of the Internal Revenue Code. To be an Eligible Individual, an individual must be entitled to benefits based on blindness or disability under Title II (Social Security Disability Insurance) or XVI (Supplemental Security Income) of the Social Security Act, or have a disability certification meeting specified requirements under penalty of perjury. In all cases, the blindness or disability must have occurred before the individual's 26th birthday. For more information, see "Eligibility Requirements" on page 13.

Regardless of whether an Account is opened by an Eligible Individual or on his or her behalf, the Eligible Individual is deemed to be both the Account Owner and the Beneficiary of the Account.

May I open a CalABLE Account for myself? Yes, if you qualify as an Eligible Individual. In addition, you must:

- (1) Be a U.S. citizen or an individual residing in the United States;
- (2) Be 18 years of age or older with the legal capacity to contract;
- (3) Have a Social Security number or other taxpayer identification number; and
- (4) Have a U.S. permanent address that is not a Post Office Box.

If you open an Account for yourself, you may exercise signature authority with respect to your Account or choose to have an Authorized Legal Representative act on your behalf. Please see "Opening and Maintaining an Account – Authorized Legal Representatives" on page 15.

May a CalABLE Account be opened on an Eligible Individual's behalf? Yes, if the intended Beneficiary qualifies as an Eligible Individual and you qualify as an Authorized Legal Representative. For instance, a parent may open an Account on behalf of his or her child who is blind or has a disability, provided that the child qualifies as an Eligible Individual and the parent qualifies as an Authorized Legal Representative.

To be an Authorized Legal Representative, an individual must:

- (1) Be a U.S. citizen or an individual residing in the United States;
 - (2) Be 18 years of age or older with the legal capacity to contract;
 - (3) Have a Social Security number or other taxpayer identification number;
 - (4) Have a U.S. permanent address that is not a Post Office Box; and
- Be either:
- (a) the Eligible Individual's parent or legally appointed guardian; or
 - (b) a person granted a legally enforceable power of attorney to act on behalf of the Eligible Individual with respect to the Account.

When an Account is opened on behalf of an Eligible Individual by an Authorized Legal Representative, only that Authorized Legal Representative may act upon the Account. For more information, see "Opening and

Maintaining an Account – Authorized Legal Representatives” on page 15.

Can a Beneficiary have more than one ABLE Account? No. Under federal law, a Beneficiary may have only one ABLE account. As a result, except in connection with a Rollover, additional ABLE accounts cannot be opened in different states or by different people on behalf of the same Beneficiary. The ABLE account opened first will be the only account to be eligible for favorable tax benefits, and any additional accounts will not be treated as ABLE accounts and will therefore not qualify for any means-tested or tax benefits associated with ABLE accounts. For more information, see “Opening and Maintaining an Account – One Account Rule” on page 16.

What saving and investment choices do I have in CalABLE? You can invest your contributions into one or more Investment Options. The Investment Options include three Target Risk Investment Options and the FDIC-Insured Portfolio.

The Target Risk Investment Options are the Conservative Portfolio, the Moderate Portfolio, and the Aggressive Growth Portfolio. These Investment Options invest in a combination of underlying mutual funds. The value of your investment will go and up down with the value of the underlying mutual funds. The FDIC-Insured Portfolio is an Investment Option in which your assets are invested in an interest-bearing, FDIC-insured custodial account. For more information, see “Choosing Your Investment Options” on page 26.

I’m not comfortable with the risk that I may lose money. Is there an Investment Option that protects my investment and pays interest? Yes. Assets in the FDIC-Insured Portfolio are 100% invested in an interest-bearing custodial account at TIAA Bank. Your investment in the FDIC-Insured Portfolio will not go down unless you take a withdrawal, and your Account will be credited with interest on a daily basis. Your investments in the FDIC-Insured Portfolio are FDIC-insured up to \$250,000, subject to certain restrictions. For more information, see “Choosing Your Investment Options – FDIC-Insured Portfolio” on page 33.

Will amounts in my CalABLE Account affect my or my Beneficiary’s means-tested benefits? Generally no, but only to a limited extent. The Federal ABLE Act requires that Account balances may not be taken into account in determining the Beneficiary’s eligibility to receive benefits under Medicaid/Medi-Cal, and that balances of up to \$100,000 will not be taken into account for purposes of determining the Beneficiary’s eligibility to receive benefits under the Supplemental Security Income program or any California state or local means-tested program. As of the date of this Program Disclosure Statement, no final guidance has been issued by the U.S. Department of Housing and Urban Development (HUD) related to the effect ABLE has on housing benefits. For more information, see “Government Benefits Considerations” on page 41 and “California State and Local Benefits Considerations” on page 46.

Are there any benefits that are exclusive to California residents participating in CalABLE? Yes. In addition to the protection of California state and local means-tested benefits mentioned above, CalABLE exclusive benefits include:

- **Protection from Creditors.** Assets of up to \$100,000 held in an Account are exempt from enforcement of a money judgment without making a claim.
- **Protection from Recovery by Medi-Cal.** Assets of up to \$100,000 held in an Account are exempt from enforcement of a money judgment in favor of the State Department of Health Care Services except where federal law or guidance issued by the federal Centers for Medicare and Medicaid Services requires the department to recover funds from ABLE accounts for reimbursement of qualifying Medi-Cal expenditures.

What are the potential tax advantages of having a CalABLE Account? There are multiple tax advantages associated with an Account under federal law (and California law, if applicable).

- Earnings, if any, on contributions are not taxed while the funds remain in the Account (i.e., earnings are tax-deferred).
- Withdrawals, if used to pay for Qualified Disability Expenses of the Beneficiary, are free of federal (and California) income taxes.
- Contributions to an Account are not deductible for federal (or California) income tax purposes, but a Saver's Credit may be available for Beneficiaries that qualify.

For more information, see "General Tax Considerations" on page 47, "Federal Tax Treatment" on page 48, and "California Tax Treatment" on page 51.

How can I use the funds from my CalABLE Account? An Account should be used to pay for the Beneficiary's Qualified Disability Expenses, which in general are any expenses that are for the benefit of the Beneficiary in maintaining or improving his or her health, independence, or quality of life.

Such expenses include, but are not limited to, expenses related to the Beneficiary's education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time by the IRS. Qualified Disability Expenses include "basic living expenses," are not limited to items that are "medically necessary" or for the sole benefit of the Beneficiary. See "Making Withdrawals – Qualified Withdrawals" on page 39.

What if I use funds from my CalABLE Account to pay for something other than Qualified Disability Expenses? Will I have to pay taxes? Savings in ABLE plans are intended to be used for Qualified Disability Expenses. There may be federal and possibly state and/or local income tax and means-tested benefit consequences if you take a withdrawal and do not use the funds to pay for Qualified Disability Expenses. These are called "Non-Qualified Withdrawals." If you take a Non-Qualified Withdrawal, the earnings portion of the withdrawal will be subject to federal income taxes (and California income

taxes, if applicable), including the Additional Federal Tax (and the Additional California Tax) unless an exception applies.

For more information, see “Making Withdrawals – Non-Qualified Withdrawals” on page 41, “General Tax Considerations” on page 47, “Federal Tax Treatment” on page 48, and “California Tax Treatment” on page 51.

What are CalABLE’s Fees and Expenses? All Accounts are subject to an Annual Maintenance Fee. See “Fees and Expenses – Annual Maintenance Fee” on page 36. In addition to the Annual Maintenance Fee, other fees may apply to certain Accounts. For example, Accounts that elect to receive CalABLE documents by mail will be subject to an annual \$10 Print and Paper Mail Delivery Fee. CalABLE documents are available for electronic delivery for free. See “Fees and Expenses – Other Account Fees” on page 37.

There are also certain asset-based fees and expenses associated with the Investment Options. These fees and expenses reduce the value of your investment, but you do not pay them directly. Instead, they are deducted from the general assets held in the Investment Options, and you bear your share of those expenses along with the other Accounts in CalABLE.

Each Investment Option is subject to a State Administrative Fee of 0.44%, except that the Fee is currently being waived for the FDIC-Insured Portfolio. In addition, the Target Risk Investment Options indirectly bear the expenses of their underlying mutual funds. See “Fees and Expenses – Asset-Based Fees and Expenses” on page 35.

How do I open an Account? Enrollment is done online at CalABLE.ca.gov.

FREQUENTLY USED TERMS

For your convenience, certain frequently used terms are defined below.

ABLE	As the context requires, a program or account intended to qualify under Section 529A of the Internal Revenue Code.
Account	An account in CalABLE.
Additional Federal Tax	A 10% additional federal income tax imposed on the earnings portion of a Non-Qualified Withdrawal, unless an exception applies.
Additional California Tax	For Beneficiaries subject to California income tax, a 2.5% additional California state income tax imposed on the earnings portion of a Non-Qualified Withdrawal, unless an exception applies.
Authorized Legal Representative	A parent, guardian, or holder of a legally enforceable power of attorney who opens an Account on behalf of the Beneficiary and/or exercises control over an Account on behalf of the Beneficiary on the terms and conditions described in this document and any online forms.
Beneficiary/Account	The owner and beneficiary of an Account. An Account may be, but is not

Owner	required to be, opened by the Beneficiary/Account Owner.
Board	The California ABLÉ Act Board.
Business Day	Each day that the New York Stock Exchange (“NYSE”) is open for regular trading. Each Business Day closes at the same time that regular trading closes on the NYSE. Regular trading on the NYSE usually closes at 4 p.m. Eastern Time (1 p.m. Pacific Time), but earlier on certain scheduled days and may close earlier in the case of an emergency.
CalABLE	California’s 529A Qualified ABLÉ Program.
Eligible Individual	An individual who qualifies as an Eligible Individual under Section 529A of the Internal Revenue Code, and who therefore may qualify to be a Beneficiary of an Account.
FDIC	Federal Deposit Insurance Corporation.
FDIC-Insured Portfolio	An FDIC-insured Investment Option.
Incoming Rollover	Contributions into an Account directly or indirectly from another ABLÉ account or a Section 529 Plan account, provided that certain conditions are satisfied.
Investment Options	CalABLE’s investment options, in which you may invest your contributions and earnings (if any).
Internal Revenue Code, IRC, or the Code	The Internal Revenue Code of 1986, as amended.
IRS	The Internal Revenue Service.
Non-Qualified Withdrawal	Any withdrawal from an Account that is not a Qualified Withdrawal or an Outgoing Rollover.
Outgoing Rollover	Withdrawals from an Account contributed to another ABLÉ account, provided that certain conditions are satisfied.
Program Manager	TIAA-CREF Tuition Financing, Inc. or TFI.
Proposed Tax Regulations	Proposed regulations issued by the U.S. Department of the Treasury under Section 529A included in the Federal Register dated June 22, 2015.
Qualified Disability Expenses	Any expenses incurred at a time when the Beneficiary is an Eligible Individual that relate to the blindness or disability of the Beneficiary, and are for the benefit of the Beneficiary in maintaining or improving his or her health, independence, or quality of life. Such expenses include, but are not limited to, expenses for education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time in future guidance published by the IRS.
Qualified Withdrawal	Any withdrawal from an Account used to pay for the Qualified Disability Expenses of the Beneficiary.

Target Risk Investment Options	Investment options with investment objectives and strategies based on a targeted risk level. Each Target Risk Investment Option invests in underlying mutual funds.
Sibling	A brother, sister, stepbrother, stepsister, half-brother, or half-sister of the Beneficiary, whether by blood or adoption.
Section 529A	Section 529A of the Internal Revenue Code.
SSI	Supplemental Security Income.
Unit	An interest in an Investment Option.
Unit Value	The value of a Unit in an Investment Option.
You	Except when referring to an Authorized Legal Representative as the context requires, “you” refers to a Beneficiary/Account Owner.

INTRODUCTION TO CalABLE

CalABLE is a tax-advantaged savings program offered by the Board, an instrumentality of the state of California. CalABLE is intended to operate as a qualified ABLÉ program, pursuant to Section 529A of the Internal Revenue Code, which was adopted as part of the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014, as amended (the “Federal ABLÉ Act”).

The Federal ABLÉ Act is designed to permit states and state instrumentalities to establish and maintain programs that allow Eligible Individuals to save for Qualified Disability Expenses on a tax-advantaged basis without jeopardizing eligibility for federal means-tested benefits, such as SSI and Medicaid/Medi-Cal.

CalABLE is authorized by the Laws of the State of California, Welfare and Institutions Code Section 4875 et seq. (the “California Enabling Law”). In accordance with the California Enabling Law, CalABLE operates under the overall direction and supervision of the Board. The Board is comprised of the California State Treasurer, Director of Finance, Controller, Director of Developmental Services, Chairperson of the State Council on Developmental Disabilities, Director of

Rehabilitation, and Chairperson of the State Independent Living Council, or their designees. The California State Treasurer serves as Chair of the Board. Assets in CalABLE are held in the CalABLE ABLÉ Program Trust (the “Trust”), for which the Board serves as the trustee.

To contact the Board:

Visit: www.treasurer.ca.gov
Email: CalABLE@treasurer.ca.gov
Call: 916-653-1728

CalABLE is offered on a national basis. Each Account is governed by the terms of this Program Disclosure Statement, the Participation Agreement, the online application, California law, Section 529A, and any other applicable laws. Before opening an Account, please read this Program Disclosure Statement, the enclosed Participation Agreement, and other CalABLE documents carefully. By design, CalABLE allows participants to easily establish and maintain their accounts online. Customer service representatives are available to help you with any questions.

To contact CalABLE:

Visit: CalABLE.ca.gov

Email: CalABLEsupport@CalABLE.ca.gov

Call Toll-Free: 833-Cal-ABLE
(833-225-2253)

Mail: P.O. Box 44309
Jacksonville, FL 32231

An Account in CalABLE should be used only to save for Qualified Disability Expenses. Accounts in CalABLE are not intended for use, and should not be used by any taxpayer, for the purpose of evading federal, state, or local taxes or tax penalties. The tax information contained in this Program Disclosure Statement was written to support the promotion and marketing of CalABLE and was neither written, nor intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding federal, state, or local taxes or tax penalties. Taxpayers should consult with a qualified advisor to seek tax advice based on their own particular circumstances.

ELIGIBILITY REQUIREMENTS

Eligible Individual Requirement. An Account may be opened by or on behalf of any person who is an Eligible Individual under Section 529A. An individual is an Eligible Individual for a taxable year if, during that year, either:

- (a) The individual is entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act (“Social Security Disability Eligibility”); or
- (b) The individual has a disability certification meeting specified requirements (“Certification Eligibility”).

In all cases, the blindness or disability must have occurred before the individual’s 26th birthday.

Social Security Disability Eligibility Certification. If you claim Social Security Disability Eligibility, you are required to certify as part of the enrollment process, subject to the penalties of perjury, that the Eligible Individual has received a benefit verification letter from the Social Security Administration and that you agree to retain and provide the letter (or a genuine copy of the letter) to CalABLE, the IRS, or the U.S. Treasury Department upon request. If you fail to provide the benefit verification letter within 30 days of any such request, CalABLE reserves the right to suspend Account activity until the requested information is provided.

In addition, if you claim Social Security Disability Eligibility, you must also certify that (i) the blindness or disability occurred before the Eligible Individual attained age 26 and (ii) that he or she, at the time that the Account is opened, is still eligible to receive benefits from the Social Security Administration.

For information about entitlement to benefits under Title II or XVI of the Social Security Act based on blindness or disability, please see <https://www.ssa.gov/disability/professionals/bluebook/general-info.htm> or contact your local Social Security Administration office.

Certification Eligibility. If you claim Certification Eligibility, you are required to certify as part of the CalABLE enrollment process, subject to the penalties of perjury, that:

- (1) The Eligible Individual either:
 - (a) has a medically determinable physical or mental impairment which results in marked or severe functional limitations, and which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months; or
 - (b) is blind (within the meaning of the Social Security Act); and
- (2) The blindness or disability was present before the Eligible Individual attained age 26.

Unless the Eligible Individual has a condition listed in the “List of Compassionate Allowances Conditions” maintained by the Social Security Administration, which is located at: <https://www.ssa.gov/compassionateallowances/conditions.htm>, CalABLE requires that you also certify under penalty of perjury that you have received a written diagnosis relating to the disability from a “licensed physician” (as defined in Section 1861(r) of the Social Security Act). You must also agree to retain and provide a copy of the written diagnosis to CalABLE, the IRS, or the U.S. Treasury Department upon request. If you fail to provide the requested information within 30 days of any such request, CalABLE reserves the right to suspend Account activity until the requested information is provided.

Recertification. Unless a Beneficiary’s disability is permanent, as defined under applicable law and as certified to CalABLE, CalABLE may require annual recertification of the Beneficiary’s status as an Eligible Individual. Recertifications are subject to penalties of perjury. If recertification is not provided as required, CalABLE reserves the right to suspend Account activity.

Other Beneficiary Requirements. In addition to the Beneficiary being an Eligible Individual, in order to open an Account, the Beneficiary must:

- (1) Be a U.S. citizen or an individual residing in the United States;
- (2) Be 18 years of age or older;
- (3) Have a Social Security number or other taxpayer identification number; and
- (4) Have a U.S. permanent address that is not a Post Office Box.

CalABLE Not Responsible for Eligibility Determinations. None of CalABLE, the Trust, the Board, the state of California, CalABLE’s service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing, will have any responsibility or liability for an individual’s failure (or an Authorized Representative’s failure) to establish eligibility to open an Account or maintain eligibility to continue to make contributions, withdrawals, and other transactions in CalABLE.

OPENING AND MAINTAINING YOUR ACCOUNT

How to Open an Account. CalABLE allows participants to easily establish and maintain their Accounts online. To open an Account, please visit CalABLE.ca.gov and click on “Open an Account.” Once your Account is open, you can manage it (for example, update your contact information, make a contribution, check your balance, or request a withdrawal) by logging into your Account at CalABLE.ca.gov.

Who May Open an Account? An Account may be opened by, or on behalf of, any person who is an Eligible Individual. The Beneficiary of an Account must be an Eligible Individual in all cases.

Parents, guardians, and others who may qualify as an Authorized Legal Representative may open an Account on behalf of an Eligible Individual. To qualify, a person must meet the requirements set forth under “Authorized Legal Representatives” below.

Regardless of whether an Account is opened on behalf of or by an Eligible Individual, the Eligible Individual is deemed to be both the Account Owner and the Beneficiary of the Account. If you open an Account for yourself, you may nonetheless choose to have an Authorized Legal Representative act on your behalf with respect to the Account.

Please note that for Accounts without an Authorized Legal Representative, only the Beneficiary may manage the Account. For Accounts with an Authorized Legal Representative, only the Authorized Legal Representative may manage the Account. The ability to manage an Account includes the ability to access the Account and perform transactions, including transactions that may be performed online at CalABLE.ca.gov.

Authorized Legal Representatives. An Authorized Legal Representative must:

- (1) Be a U.S. citizen or an individual residing in the United States;
- (2) Be 18 years of age or older;
- (3) Have a Social Security number or other taxpayer identification number;
- (4) Have a U.S. permanent address that is not a Post Office Box; and
- (5) Be one or more of the following:
 - (a) the Eligible Individual’s parent;
 - (b) A person who, at a minimum, has been granted authority over the financial affairs of the Beneficiary via an order of a court, such as a guardian or conservator; or
 - (c) A person who has been granted authority over the financial affairs of the Designated Beneficiary via a legally enforceable power of attorney.

When an Account has an Authorized Legal Representative, every action that would otherwise be required to be taken by the Beneficiary must be taken by the Authorized Legal Representative acting in that capacity. The Authorized Legal Representative may neither have nor acquire any beneficial interest in the Account during the lifetime of the Beneficiary, and must administer the Account for the benefit of the Beneficiary.

None of CalABLE, the Trust, the Board, the state of California, CalABLE’s service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing, will assume responsibility to ensure, or will incur any liability for failing to ensure,

that any Authorized Legal Representative acts within the scope of his or her authority or otherwise acts properly.

An Authorized Legal Representative may relinquish control of the Account to the Beneficiary so long as the Beneficiary would be eligible to open an Account for himself or herself. An Authorized Legal Representative may also relinquish control of the Account to another Authorized Legal Representative. Authorization as an Authorized Legal Representative will remain intact (even after a Beneficiary reaches age 18) until control is relinquished to the Beneficiary or another Authorized Legal Representative.

One Account Rule. In general, no Beneficiary may have more than one qualified ABLE account open at the same time (the “One Account Rule”). However, in the case of an Incoming Rollover or Outgoing Rollover between ABLE accounts, if the accounts are for the benefit of the same person, the distributing ABLE account may remain open for no longer than 60 days after the distribution.

As part of the enrollment process, you will be required to certify under penalties of perjury that the Beneficiary is in compliance with the One Account Rule.

If more than one ABLE account is opened in violation of the One Account Rule, only the earliest-opened account will be treated as a qualified ABLE account under Section 529A. For example, monies contributed to a second or subsequent ABLE account will be considered when determining eligibility under federal means-tested programs, such as SSI, and will not be afforded the favorable tax treatment available to ABLE accounts.

Changing the Beneficiary for an Account. The Beneficiary for an Account may be changed without tax consequences only if the new Beneficiary is a Sibling of the current Beneficiary and is otherwise an Eligible Individual. A change of Beneficiary to a person other than a Sibling who is also an Eligible Individual would be a Non-Qualified Withdrawal subject to federal and state taxation and could adversely affect the Beneficiary’s eligibility for federal and state benefits.

Opening an Account. To open an Account, you must complete an application online at CalABLE.ca.gov. By completing the online application, you certify under penalty of perjury that all of the requirements to open an Account are satisfied (and that all requirements to be an Authorized Legal Representative are satisfied, if applicable). As part of the application, you agree that the Account will be subject to the terms and conditions of this Program Disclosure Statement, the Participation Agreement, and the online application.

When you complete the online application, CalABLE will take steps to verify your identity. If CalABLE is unable to verify your identity based on the information you provided on the application, we may require further proof of your identity before activating the Account.

Initial Contribution. An initial contribution must be made at the time of enrollment.

Investing Your Contribution(s). CalABLE has multiple Investment Options. To complete the enrollment process, you must select the Investment Option(s) in which your initial contribution will be invested. You may select any one or a combination of the Investment

Options. You may change the Investment Option(s) in which future contributions are invested at any time. However, you may transfer funds in your Account between Investment Options only twice per calendar year.

Annual Maintenance Fee. If you open an Account, an Annual Maintenance Fee will be deducted from your Account. A pro-rated portion of the Annual Maintenance Fee will be deducted proportionately from each Investment Option in which you are invested on a monthly basis.

For an Account with a zero balance, the Annual Maintenance Fee will accrue in the manner described above for 90 days, after which time the Account will be terminated. If the Account is subsequently reinstated, the accrued Annual Maintenance Fee will be deducted from the reinstated Account. If a contribution is made to a zero balance Account prior to it being terminated, the accrued Annual Maintenance Fee will be deducted from the Account.

Updating Account or Contact Information. You can update your Account information online at CalABLE.ca.gov.

Delivery of CalABLE Documents. All CalABLE documents are made available to you electronically for free. If you elect to receive printed CalABLE documents by mail, you will become subject to an annual Print and Paper Mail Delivery Fee. You may set your document delivery preference at CalABLE.ca.gov.

Zero-Balance Account. If an Account has a zero balance for 90 days or more, it will be closed.

You can reinstate a zero-balance Account when you log in at CalABLE.ca.gov.

Death of the Beneficiary. When CalABLE is notified of a Beneficiary's death, CalABLE will request satisfactory proof of death and documentation from the executor or administrator of the Beneficiary's estate. Upon receipt of such proof of death, CalABLE will suspend all Account activity, except that the executor or administrator of the Beneficiary's estate will be permitted to take withdrawals from the Account. Please note that the balance of an Account after a Beneficiary's death may be subject to claims by states under their Medicaid recapture guidelines. An executor or administrator of a Beneficiary's estate should consult with qualified tax and legal advisors regarding the tax treatment of such withdrawals and the potential for Medicaid/Medi-Cal recapture.

Address Verification. Whenever a mailing address is changed, a confirmation of the change will be mailed to both the old and new addresses.

MAKING CONTRIBUTIONS

Who May Contribute? Any person (including your friends and family), corporation, trust, or other legal entity may make a contribution to your Account. Contributions made by anyone other than the Beneficiary (i.e., third-party contributions) are completed gifts to the Beneficiary and become the property of the Beneficiary.

Minimum Contribution Amounts. An initial contribution of \$25 is required to open your Account. The minimum amount for subsequent contributions is \$25.

Annual Contribution Limit. Contributions from all sources to an Account, made in one calendar year, may not exceed the Annual Contribution Limit. The Annual Contribution Limit is currently \$15,000. For example, if you contribute \$14,000 to an Account in a calendar year and a third-party contributes \$1,000 to the same Account in the same calendar year, the Annual Contribution Limit will have been reached and no additional contributions will be accepted into the Account until the following year. The Annual Contribution Limit is subject to change periodically as the annual gift tax amount under federal income tax law is adjusted. You will be notified of any increase. If applicable, an Eligible Individual may be able to contribute additional amounts under the Expanded Annual Contribution Limit.

Expanded Annual Contribution Limit. Certain eligible Account Owners (i.e., Beneficiaries) are permitted to make contributions to their Accounts in excess of the Annual Contribution Limit up to an amount equal to the Expanded Annual Contribution Limit.

In order to be eligible under Section 529A to make additional contributions up to the Expanded Annual Contribution Limit, an Account Owner must be an employee (including an “employee” within the meaning of IRC Section 401(c), which includes a definition of self-employed individuals) with respect to whom:

- (1) No contribution is made for the taxable year to a defined contribution plan (within the meaning of IRC Section 414(i)) with respect to which the requirements of IRC Section 401(a) or 403(a) are met;

- (2) No contribution is made for the taxable year to an annuity contract described in IRC Section 403(b); and

- (3) No contribution is made for the taxable year to an eligible deferred compensation plan described in IRC Section 457(b).

Under the Expanded Annual Contribution Limit, for contributions made on or after January 1, 2018, and before January 1, 2026, an eligible Account Owner may annually contribute to an Account, in addition to the Annual Contribution Limit, an amount up to the lesser of:

- (a) The Account Owner’s compensation (as defined by IRC Section 219(f)(1)) includible in the Account Owner’s gross income for the taxable year; or
- (b) An amount equal to the Federal Poverty Level for a one-person household as determined for the preceding calendar year.

The Federal Poverty Level (i) for the contiguous 48 states and the District of Columbia in 2017 was \$12,060 and for 2018 is \$12,140, (ii) for Hawaii in 2017 was \$13,860 and for 2018 is \$13,960, and (iii) for Alaska in 2017 was \$15,060 in 2017 and in 2018 is \$15,180. Traditionally, the Federal Poverty Levels increase from year to year. Unless otherwise provided by law or IRS guidance, CalABLE applies the Federal Poverty Level of the state in which the Account Owner resides.

Contributions in excess of the Annual Contribution Limit will be accepted only if the Account Owner self-certifies on CalABLE.ca.gov under penalty of perjury that he or she is eligible to make contributions in excess of the Annual Contribution Limit and that any such contributions will not exceed the Expanded

Annual Contribution Limit. CalABLE will reject contributions made in excess of the Annual Contribution Limit by third parties.

An Account Owner is solely responsible under federal law for maintaining adequate records for purposes of ensuring, and shall be responsible for ensuring, that the Account Owner is eligible to make additional contributions under the Expanded Annual Contribution Limit and that the additional contributions do not exceed the Expanded Annual Contribution Limit. Please note that the ability to make additional contributions under the Expanded Annual Contribution Limit will expire on December 31, 2025, unless federal legislation is enacted providing otherwise.

Excess Contributions. CalABLE will not knowingly accept, and will seek to reject, contributions in excess of the Annual Contribution Limit, the Expanded Annual Contribution Limit (if applicable), or the Maximum Account Balance (“Excess Contributions”). All or portion of a contribution may be an Excess Contribution, depending on the applicable contribution limit and the dollar amount of contributions that were previously made to the Account over the course of the given calendar year. If an entire contribution exceeds the Annual Contribution Limit or the Maximum Account Balance Limit, the entire contribution will be processed by CalABLE in the manner described below. Please note that certain special rules apply to Excess Contributions with respect to the Expanded Annual Contribution Limit, as described under the next heading.

If only a portion of a contribution would exceed the Annual Contribution Limit or the Maximum Account Balance Limit, CalABLE will credit the portion of the contribution that does not

exceed the applicable limit to the Account, and the portion that exceeds the applicable limit will be processed as an Excess Contribution as described below.

If a contribution that would exceed the Annual Contribution Limit or the Maximum Account Balance is received by CalABLE on or prior to December 20 of a calendar year, the contribution will be automatically refunded in whole, and it will be held in a non-interest bearing account until it is refunded. If a contribution that would exceed the Annual Contribution Limit is received by CalABLE on or after December 21 of a calendar year, CalABLE will hold the contribution in a non-interest bearing account until the first Business Day of the next calendar year, at which time it will be credited as a contribution to the Account.

When an Excess Contribution is refunded by CalABLE, CalABLE will attempt to refund the contributor, regardless of whether the contributor is the Beneficiary or a third party. However, when the contributor is a third party, if CalABLE is unable to identify and/or refund the third party after 60 days, the Excess Contribution will be refunded to the Beneficiary. CalABLE may seek information from a Beneficiary or Authorized Legal Representative to help identify a third-party contributor.

Whenever a contribution is to be refunded to a Beneficiary, CalABLE will provide no less than 30 days’ advance notice to the Beneficiary or Authorized Legal Representative.

In the event that a contribution that would exceed the Annual Contribution Limit or the Maximum Account Balance is accepted by CalABLE and credited to an Account, CalABLE will refund it, plus any earnings or minus any

losses, to the contributor in the manner described above.

An Excess Contribution inadvertently applied to an Account and not returned to the contributor on or before the due date (including extensions) of the Beneficiary's income tax return for the year in which the Contribution was received may result in the imposition on the Beneficiary of a 6% excise tax on the amount of the Excess Contribution.

Special Rules Apply to Contributions Exceeding the Expanded Annual Contribution Limit. Subject to there being sufficient funds in your Account to do so, amounts contributed above the Expanded Annual Contribution Limit will be returned to you if you notify the Program in writing no later than March 1 of the calendar year after the year you made the contribution. If you fail to timely notify the Program of the Excess Contribution, you may be subject to a 6% excise tax on the amount of Excess Contributions. Since the calculation of the Expanded Annual Contribution Limit depends on information that varies from Beneficiary to Beneficiary, the Program is unable to monitor compliance with the Expanded Annual Contribution Limit. An Account Owner (or an Authorized Legal Representative) is solely responsible under federal regulations for notifying the Program of contributions in excess of the Expanded Annual Contribution Limit.

None of CalABLE, the Trust, the Board, the state of California, CalABLE's service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing, will be responsible for any adverse

tax or means-tested benefit consequences or other loss, damage, or expense incurred in connection with Excess Contributions, including rejected contributions and the return of Excess Contributions.

Non-Interest Bearing Account. CalABLE will hold Excess Contributions (as previously described) and contributions that cannot be processed (e.g., if there is no identifiable Account to which the contribution should be credited) in a non-interest bearing account. While a contribution is being held in the non-interest bearing account, the contributor may contact CalABLE to claim the funds for a refund. With respect to an Excess Contribution by a third party, if CalABLE has already credited it to the Account (in the case of an Excess Contribution received after December 21 of a calendar year) or refunded it to the Beneficiary, CalABLE will not refund the Excess Contribution to the third party.

After a certain period of time, states' unclaimed property laws may require CalABLE to turn over funds held in the non-interest bearing account to the custody and control of the state of the last known residence of the Beneficiary.

None of CalABLE, the Trust, the Board, the state of California, CalABLE's service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing, will be responsible for any loss, damage, or expense incurred in connection with any funds held in the non-interest bearing account, funds that are refunded from the non-interest bearing account, or funds that

are turned over under states' unclaimed property laws.

Maximum Account Balance. Contributions cannot be made over the Maximum Account Balance of \$529,000; however, earnings may cause an Account to exceed this maximum. For so long as the assets in an Account are equal to or exceed the Maximum Account Balance, no additional contributions into the Account will be accepted. If the assets in an Account are less than the Maximum Account Balance, additional contributions into the Account will be accepted up to the Maximum Account Balance (subject to any other contribution limits). An Account may continue to grow and accrue earnings beyond the Maximum Account Balance. The Maximum Account Balance may be increased from time to time. You will be notified of any increase.

How to Make Contributions. Contributions can be made to your Account only through any of the methods listed below.

- **Automated Clearing House Transfers (ACH).** A contribution to an Account may be made by either a one-time or recurring ACH from a bank checking or savings account, which can be set up via CalABLE.ca.gov. Before making an initial ACH, certain information must be provided about the bank account from which money will be withdrawn.

We reserve the right to reject or cancel any contribution due to nonpayment. If the ACH contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information, the Insufficient Funds Fee will also be automatically

deducted from your Account. CalABLE reserves the right to suspend processing future ACH contributions.

- **eGift ACH Contributions.** Family and friends may be invited to contribute to your Account through CalABLE's e-Gifting tool. Access your Account at CalABLE.ca.gov and create an eGift event. An email with a unique link and a personalized message, instructing recipients on how to make an online ACH contribution, will be sent to the friends and family members that you identify. eGift ACH Contributions will be processed in the same manner as other ACH contributions.
- **Recurring Contributions.** Recurring contributions to your Account may be made through periodic automated debits from a bank checking or savings account, if the bank is a member of the Automated Clearing House (ACH), subject to certain processing restrictions. You can initiate recurring contributions at CalABLE.ca.gov. Recurring contributions can be made on a monthly, quarterly, or annual basis.

Your authorization will remain in effect until CalABLE has received notification from you of its termination. You may terminate recurring contributions at any time at CalABLE.ca.gov. Recurring contribution changes are not effective until received and processed by CalABLE.

If a recurring contribution is returned unpaid by the bank upon which it is drawn, any losses or expenses incurred by the Investment Options or CalABLE will be automatically deducted from

your Account. The Insufficient Funds Fee will also be automatically deducted from your Account. We reserve the right to reject or cancel any contribution due to nonpayment. CalABLE reserves the right to suspend processing future recurring contributions for any reason. CalABLE reserves the right to refuse to allow an Account to establish recurring contributions.

- **Payroll Deposits.** Depending on the employer, contributions may be made automatically through payroll direct deposit. The contributor's employer must agree and be able to meet CalABLE's operational and administrative requirements. CalABLE reserves the right to suspend processing future payroll deposits and the right to refuse to allow an Account to establish payroll deposits.
- **Incoming Rollovers.** Contributions may be made by rolling over funds from an account in another qualified ABLE program or a Section 529 Plan as described under "Incoming Rollovers" below.
- **Checks.** Personal checks, cashier's checks, and certified checks may be used to make contributions. Checks

should be payable to "CalABLE" and mailed to P.O. Box 44309, Jacksonville, FL 32231. A contributor must include the name of the Beneficiary and Account number on the check.

If a contribution by check is returned unpaid by the bank upon which it is drawn, any losses or expenses incurred by the Investment Options or CalABLE will be automatically deducted from your Account. The Insufficient Funds Fee will also be automatically deducted from your Account. CalABLE reserves the right to reject or cancel any contribution due to nonpayment.

Incoming Rollovers. A contribution to an Account may be made through an Incoming Rollover. Incoming Rollovers may be "Direct" or "Indirect." Direct Incoming Rollovers involve funds that are directly distributed from an account in another qualified ABLE program or a Section 529 Plan into an Account in CalABLE by a trustee-to-trustee transfer. Indirect Incoming Rollovers involve funds that are withdrawn from an account and then subsequently deposited into an Account in CalABLE.

The table below describes the types of Incoming Rollovers that may be performed and the requirements to perform any such Rollover.

Type of Incoming Rollover	Requirements
Direct or Indirect Incoming Rollover from an account that the Account Owner has in another state’s qualified ABLE program	<ul style="list-style-type: none"> • The entire amount in the other state’s qualified ABLE program account must be rolled over. • This type of Rollover may be performed only once in a 12-month period. • In the case of an Indirect Incoming Rollover, the funds must be contributed into the Account within 60 days of being withdrawn. • The other state’s qualified ABLE program account must be closed within 60 days after the withdrawal.
Direct or Indirect Incoming Rollover from an Account in CalABLE or an account in another state’s qualified ABLE program owned by a person other than the Account Owner	<ul style="list-style-type: none"> • A portion of or the entire amount in the distributing account may be rolled over up to the Maximum Contribution Limit. • The person who owns the distributing account must be a Sibling of the Account Owner who receives the contribution. • In the case of an Indirect Incoming Rollover, the funds must be contributed into the Account within 60 days of being withdrawn.
Direct or Indirect Incoming Rollover from Section 529 Plan account*	<ul style="list-style-type: none"> • A portion of or the entire amount in the Section 529 Plan account may be rolled over subject to the Annual Contribution Limit. • The owner of the Section 529 Plan account must be a “Member of the Family” of the Account Owner of the receiving Account.** • In the case of an Indirect Incoming Rollover, the funds must be contributed into the Account within 60 days of being withdrawn. • The distribution from the Section 529 Plan account must occur before January 1, 2026.

* The ability to make an Incoming Rollover from a Section 529 Plan account to an ABLE account without adverse federal tax or means-tested benefits consequences will expire for distributions after December 31, 2025, unless federal legislation providing otherwise extends that date. Please consult with your tax advisor for more information. An Incoming Rollover from a Section 529 Plan account to an ABLE account may be subject to California income tax.

** For this purpose, a “Member of the Family” includes any person related to the Account Owner as follows: (1) a child or a descendant of a child; (2) a brother, sister, stepbrother or stepsister; (3) the father or mother, or an ancestor of either; (4) a stepfather or stepmother; (5) a son or daughter of a brother or sister; (6) a brother or sister of the father or mother; (7) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law; (8) the spouse of any of the foregoing individuals or the spouse of the Beneficiary; or (9) a first cousin of the Beneficiary. A “child” includes a legally adopted child and a stepson or stepdaughter, and a foster child; a brother or sister includes a half-brother or half-sister.

If an attempted Incoming Rollover fails to satisfy the applicable conditions set forth above, the owner of the account from which the funds are moved (which may be the Account Owner depending on the circumstances) may be subject to adverse federal and possibly state and/or local income tax consequences. The earnings portion of the distribution may be subject to federal and possibly state and/or local income tax, possibly including the Additional Federal Tax. See “Federal Tax Treatment –Withdrawals” on page 49. The distribution may also be subject to state taxes. For California residents, the earnings portion of the distribution will be subject to California income tax and may be subject to the Additional California Tax. See “California Tax Treatment” on page 51. In addition, there may be government benefit consequences. See “Government Benefit Considerations” on page 41.

To receive an Incoming Rollover contribution, you must have or open an Account and complete an “Incoming Rollover/Transfer Form,” which can be downloaded at CalABLE.ca.gov. Additionally, if the Incoming Rollover is from another state’s qualified ABLE program or Section 529 Plan, CalABLE must receive an accurate statement from such program describing the portions of the Incoming Rollover that constitute principal and earnings. CalABLE will maintain that allocation

with respect to your Account. Until such documentation is received, or as otherwise required by applicable law or provided by the IRS, the entire amount of the Incoming Rollover will be treated as earnings, which may be subject to federal and possibly state and/or local income tax, possibly including the Additional Federal Tax if you take a Non-Qualified Withdrawal.

Crediting Contributions. Contributions to your Account purchase Units of the Investment Option(s) that you select for investment. CalABLE will process contributions and other Account transaction requests (e.g., withdrawals and transfers) at the Unit Value(s) of the applicable Investment Option(s) next determined after the transaction request is received by CalABLE in Good Order. More specifically, CalABLE will process a transaction request received in Good Order prior to the close of a Business Day at the Unit Value(s) of the applicable Investment Option(s) next determined on that Business Day, and CalABLE will process a transaction request received in Good Order after the close of a Business Day, or on a non-Business Day, at the Unit Value(s) of the applicable Investment Option(s) next determined on the first Business Day after the transaction request was received in Good Order. See “Choosing Your Investment Options – Unit Values of the Investment Options” on page 27.

“Good Order” means that you have provided all the necessary information to enroll in CalABLE and/or provided all the necessary information to instruct CalABLE on the transaction request. With respect to contributions, Good Order also means that CalABLE has received the money to be invested for the Account.

ACH (one-time or recurring), payroll deposits, and Direct Incoming Rollovers are deemed to be received by CalABLE when the funds are deposited into the Trust’s bank account. A contribution by check will be deemed to be received by CalABLE when it is received at the physical location of CalABLE’s processing facility (not at any Post Office Box). The time at which Indirect Incoming Rollovers are deemed to be received by CalABLE depends on how the funds are contributed to an Account, as set forth above.

Please note that even if CalABLE receives the funds related to a contribution, the contribution may not necessarily be in Good Order. For example, your contribution will not be in Good Order if your allocation instructions cannot be carried out for any reason.

Year-End Contribution Deadlines

- Check contributions to CalABLE will be applied to the tax year in which the check is post-marked. Example: You send in a check contribution for \$1,000 in an envelope post-marked on December 30, 2018. We receive the check on January 3. This \$1,000 will count and be reported as a tax-year 2018 contribution.

- One-time online ACH contributions made up until 11:59 p.m. EST on December 31 of any given tax year will be applied to that tax year. Example: You submit a one-time online ACH contribution at 11:59 p.m. EST on December 31, 2018. Although the ACH does not process immediately, because it was submitted online in 2018, it will count and be reported as a tax-year 2018 contribution.
- Recurring ACH contributions will be applied to the tax year in which the contribution is scheduled. Example: You have a recurring contribution of \$200.00 scheduled for the first of every month. Your scheduled contribution for January 1 of tax year 2019 will count and be reported as a 2019 contribution, even though the ACH begins processing (i.e., is debited from your selected bank account) prior to January 1.

Please note: Regardless of the tax year to which your contribution applies, (i) the Unit Value of the Units purchased with your contribution will be determined based on the date that the contribution is received, as described under “Crediting Contributions” above, and (ii) acceptance of any contribution is subject to the Annual Contribution Limit, the Expanded Annual Contribution Limit, and the Maximum Account Balance.

Quarterly Statements. You will receive quarterly statements indicating:

- Contributions to each Investment Option, if any, made to your Account during the period and aggregate contributions, if any, year-to-date;
- Withdrawals from each Investment Option made during the period; and
- The total value of your Account at the end of the period.

You should review your statements carefully and contact CalABLE within 90 days if you believe there is an error. After 90 days, your statement is considered correct.

CHOOSING YOUR INVESTMENT OPTIONS

Investment Options Summary. CalABLE offers four different Investment Options in which you can invest. Choosing your Account investments takes planning. You need to consider your savings goals, understand your investment objectives and risk tolerance, and select Investment Options suitable to your investment needs. This section helps you to understand the types of Investment Options offered under CalABLE and the risks involved in investing in such Investment Options. You should periodically assess, and if appropriate, adjust your investment choices based on your time horizon, risk tolerance, and investment objectives. You should also consult with your own tax or financial advisor to discuss your particular situation.

The performance of the Investment Options is based on the performance of their respective underlying investments. Information about the investment objective, strategies, and risks of each mutual fund in which an Investment Option invests is available in the mutual fund's

current prospectus and statement of additional information. You can request a copy of the current prospectus and statement of additional information, and the most recent semi-annual and annual report, of each underlying mutual fund by:

- Calling: 1-800-223-1200;
- Emailing: disclosure@tiaa.org; or
- Visiting: <http://www.tiaa.org/public/prospectuses/>

Please keep in mind that you will not own shares of any of the underlying mutual funds, nor will you own any interests in any underlying funding agreement or custodial account. Instead, you will own Units in the Program.

Investing Your Contributions. As part of the enrollment process, you must specify how your initial contribution is to be invested in the Investment Options. You could choose to invest your contribution in a single Investment Option or multiple Investment Options. If you choose to invest your contribution in multiple Investment Options, you may allocate different percentages of your contribution to your chosen Investment Options. For example, you could allocate 60%, 35%, and 5% of your contribution among three Investment Options.

Your allocation instructions will apply to each additional contribution until you direct otherwise. If you provide new allocation instructions, you can direct that the new allocation instructions apply only to the additional contribution you are making at that time (if any) or to future contributions. Please note that changing your allocation instructions

will not affect the allocation of the funds already in your Account.

Unit Values of the Investment Options. The funds in your Account must be invested in at least one Investment Option. Your investment in a given Investment Option is represented by a certain number of Units, and the value of your investment in that Investment Option equals the number of Units that you own multiplied by their Unit Value. For example, if you own 100 Units in an Investment Option, and the Investment Option has a Unit Value of \$10, the value of your investment in that Investment Option is \$1,000.

At the close of each Business Day, the Program Manager calculates a Unit Value for each Investment Option. The Unit Value of an Investment Option's Units is calculated by

dividing the value of the Investment Option's assets, plus any receivables and less any liabilities, by the number of outstanding Units.

Transfers Between Investment Options. You may transfer funds in your Account between Investment Options only twice per calendar year. You may change the Investment Option(s) to which future contributions will be allocated at any time.

Any transfer request received after the end of a Business Day or on a non-Business Day will be processed as of the next Business Day. When processing a transfer request, the Units exchanged in your Account will be redeemed and purchased, as applicable, at the Unit Values next calculated after the transfer request is received by CalABLE.

The Investment Options. CalABLE offers four Investment Options: three Target Risk Investment Options and one FDIC-insured Investment Option.

Target Risk Investment Options
Conservative Portfolio
Moderate Portfolio
Aggressive Growth Portfolio
FDIC-Insured Investment Option
FDIC-Insured Portfolio

The Target Risk Investment Options. Each Target Risk Investment Option has its own investment objective and strategy based on a targeted risk level. Each Target Risk Investment Option invests in multiple underlying mutual funds, and the Moderate Portfolio and the Conservative Portfolio also invest in a funding agreement (the “Funding Agreement”) issued by TIAA-CREF Life Insurance Company, an affiliate of the Program Manager.

Investment Objectives. The table below states the investment objective of each Target Risk Investment Option.

Target Risk Investment Option	Investment Objective
Conservative Portfolio	This Investment Option has a conservative risk profile and seeks to provide moderate long-term total return.
Moderate Portfolio	This Investment Option has a moderate risk profile and seeks moderate growth and long-term total return.
Aggressive Growth Portfolio	This Investment Option has an aggressive risk profile and seeks aggressive growth and long-term total return.

Investment Strategies. Each Target Risk Investment Option pursues its investment objective by investing in certain underlying mutual funds. All but one of the underlying mutual funds are considered “index funds,” meaning that they are designed to track a benchmark index. The other underlying mutual fund is an actively-managed fund. The extent to which each Target Risk Investment Option seeks to allocate its assets (by percentage) to the underlying mutual funds is set forth in the table below. The table below also sets forth the extent to which the Moderate Portfolio and Conservative Portfolio seeks to allocate their assets (by percentage) to the Funding Agreement.

	TIAA-CREF Equity Index Fund (TIEIX)	TIAA-CREF International Equity Index Fund (TCIEIX)	TIAA-CREF Emerging Markets Equity Index Fund (TEQLX)	TIAA-CREF Bond Index Fund (TBIIX)	TIAA-CREF Inflation-Linked Bond Fund (TIILX)	TIAA-CREF Life Funding Agreement
Conservative Portfolio	14.00%	4.50%	1.50%	44.00%	11.00%	25.00%
Moderate Portfolio	35.00%	11.25%	3.75%	36.00%	9.00%	5.00%
Aggressive Growth Portfolio	56.00%	18.00%	6.00%	16.00%	4.00%	0.00%

Due to having the highest percentage allocation of assets to equity markets, the Aggressive Growth Portfolio may have greater potential for returns than the other Target Risk Investment Options, but it may also have the greatest risk of loss. Due to having the highest percentage allocation of assets to bond markets and the Funding Agreement, the Conservative Portfolio may have less potential for returns than the other Target Risk Investment Options, but it may also have the least risk of loss. Given its allocations to the equity markets, the bond markets, and the Funding Agreement relative to the other Target Risk Investment Options, the Moderate Portfolio may have (i) less potential for returns and risk of loss than the Aggressive Growth Portfolio and (ii) greater potential for returns and risk of loss than the Conservative Portfolio.

The table above reflects the target asset allocations of the Target Risk Investment Options. Due to investment performance and other factors, the Target Risk Investment Options' actual allocations among the underlying mutual funds (and the Funding Agreement with respect to the Moderate Portfolio and Conservative Portfolio) will fluctuate. The Program Manager will rebalance the Target Risk Investment Options' allocations from time-to-time based on their target asset allocations.

As reflected in their target asset allocations, to varying degrees, the Target Risk Investment Options invest in mutual funds that invest primarily in equity securities (the "Equity Funds"). Through the Equity Funds, each Target Risk Investment Option intends to indirectly allocate a certain percentage of its assets primarily to:

- equity securities of domestic issuers across all capitalization ranges;
- equity securities of foreign issuers, within the large- and mid-capitalization ranges, located in developed countries; and
- equity securities of foreign issuers, within the large- and mid-capitalization ranges, located in emerging market countries.

Also, as reflected in their target asset allocations, to varying degrees, the Target Risk Investment Options invest in mutual funds that invest primarily in bonds and other debt securities, including inflation-linked debt securities (the "Bond Funds"). Through the Bond Funds, each Target Risk Investment Option intends to indirectly allocate a certain percentage of its assets primarily to:

- a wide spectrum of public, investment-grade, taxable debt securities denominated in U.S. dollars (and potentially foreign currencies) including bonds, government securities, and mortgage-backed, commercial mortgage-backed, and asset-backed securities; and
- fixed income securities whose principal values increase or decrease based on changes in the Consumer Price Index for All Urban Consumers over the life of the securities (typically U.S. Treasury Inflation-Indexed Securities), as well as other inflation-indexed bonds issued by domestic or foreign public or private issuers and money market instruments or other short-term securities.

Each Target Risk Investment Option invests in the Institutional Class shares of the Equity Funds and the Bond Funds. If you select a Target Risk Investment Option for investment, please keep in mind that you will not own shares of any of the underlying mutual funds, nor will you own any interest in the Funding Agreement. Instead, you will own interests in the Trust.

To the extent that a Target Risk Investment Option allocates assets to the Funding Agreement, the Funding Agreement provides a minimum guaranteed rate of return on the amounts allocated to it by that Investment Option. The Funding Agreement was issued by TIAA-CREF Life to the Board as the policyholder on behalf of CalABLE. The minimum effective annual interest rate will be neither less than 1% nor greater than 3% at any time. The guarantee is made by TIAA-CREF Life to the Board as the policyholder. In addition to the guaranteed rate of interest to the policyholder, the Funding Agreement allows for the possibility that additional interest may be credited as declared periodically by TIAA-CREF Life. The rate of any additional interest is declared in advance for a period of up to 12 months and is not guaranteed for any future periods. The current effective annual interest rate applicable to the Funding Agreement will be posted on CalABLE.ca.gov.

Investment Risks. Because the Target Risk Investment Options invest in underlying mutual funds that, taken together, invest in a diversified portfolio of securities, the Target Risk Investment Options are subject to the following risks associated with the Equity Funds (the “Equity Fund Risks”) and the Bond Funds (the “Bond Fund Risks”) to varying degrees:

- **Equity Fund Risks:** Emerging Markets Risk; Foreign Investment Risk; Illiquid Investments Risk; Index Risk; Issuer Risk; Large-Cap Risk; Market Risk; Mid-Cap Risk; Small-Cap Risk.
- **Bond Fund Risks:** Active Management Risk; Call Risk; Credit Risk; Derivatives Risk; Downgrade Risk; Extension Risk; Floating and Variable Rate Securities Risk; Fixed-Income Foreign Investment Risk; Illiquid Investments Risk; Income Volatility Risk; Index Risk; Interest Rate Risk; Issuer Risk; Market Volatility, Liquidity, and Valuation Risk; Prepayment Risk; Special Risks for Inflation-Indexed Bonds; U.S. Government Securities Risk.

Given the extent to which it allocates its assets among the Equity Funds compared to the Bond Funds, the Aggressive Growth Portfolio is subject to the Equity Fund Risks to a greater extent (and the Bond Fund Risks to a lesser extent) than the other Target Risk Investment Options. Conversely, the Conservative Portfolio is subject to the Equity Fund Risks to a lesser extent (and the Bond Fund Risks to a greater extent) than the other Target Risk Investment Options. The Moderate Portfolio is subject to (i) the Equity Fund Risks to a lesser extent than the Aggressive Growth Portfolio but to a greater extent than the Conservative Portfolio and (ii) the Bond Fund Risks to a greater extent than the Aggressive Growth Portfolio but to a lesser extent than the Conservative Portfolio.

With respect to the Moderate Portfolio and the Conservative Portfolio, because they also invest in the Funding Agreement, they are subject to the risk that TIAA-CREF Life could fail to perform its obligations under the Funding Agreement for financial or other reasons.

Explanation of the Investment Risks. Set forth below are explanations of the Equity Fund Risks and Bond Fund Risks (organized by alphabetical order) to which the Target Risk Investment Options are subject.

Active Management Risk: The risk that a mutual fund's investment adviser's strategy, investment selection, or trading execution may cause the mutual fund to underperform relative to the benchmark index or mutual funds with similar investment objectives.

Call Risk: The risk that, during periods of falling interest rates, an issuer may call (or repay) a fixed-income security prior to maturity, resulting in a decline in a mutual fund's income.

Credit Risk: The risk that the issuer of fixed-income investments may not be able or willing to meet interest or principal payments when the payments become due.

Derivatives Risk: The risks associated with investing in derivatives may be different and greater than the risks associated with directly investing in the underlying securities and other instruments. A mutual fund may use futures, options, single name or index credit default swaps, or forwards, and may also use more complex derivatives such as swaps that might present liquidity, credit, and counterparty risk. When investing in derivatives, a mutual fund may lose more than the principal amount invested.

Downgrade Risk: The risk that securities are subsequently downgraded should a mutual fund's investment adviser and/or rating agencies believe the issuer's business outlook or creditworthiness has deteriorated.

Emerging Markets Risk: The risk of foreign investment often increases in countries with emerging markets. For example, these countries may have more unstable governments than developed countries, and their economies may be based on only a few industries. Because their financial markets may be very small, share prices of financial instruments in emerging market countries may be volatile and difficult to determine. Financial instruments of issuers in these countries may be less liquid than those of issuers in more developed countries. In addition, foreign investors such as a mutual fund are subject to a variety of special restrictions in many emerging market countries.

Extension Risk: The risk that, during periods of rising interest rates, borrowers may pay off their mortgage loans later than expected, preventing a mutual fund from reinvesting principal proceeds at higher interest rates and resulting in less income than potentially available.

Floating and Variable Rate Securities Risk: Floating and variable rate securities provide for a periodic adjustment in the interest rate paid on the securities. The rate adjustment intervals may be regular and range from daily up to annually, or may be based on an event, such as a change in the prime rate. Floating and variable rate securities may be subject to greater liquidity risk than other debt securities, meaning that there may be limitations on a mutual fund's ability to sell the securities at any given time. Such securities also may lose value.

Fixed-Income Foreign Investment Risk: Investment in fixed-income securities or financial instruments of foreign issuers involves increased risks due to adverse issuer, political, regulatory, currency, market, or economic developments. These developments may impact the ability of a foreign debt issuer to make timely and ultimate payments on its debt obligations to the Fund or impair the Fund's ability to enforce its rights against the foreign debt issuer. These risks are heightened in emerging or developing markets. Foreign investments may also be less liquid and more difficult to value than investments in U.S. issuers.

Foreign Investment Risk: Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, currency, market, or economic developments and can result in greater price volatility and perform differently from financial instruments of U.S. issuers. This risk may be heightened in emerging or developing markets. Foreign investments may also be less liquid and more difficult to value than investments in U.S. issuers.

Illiquid Investments Risk: The risk that illiquid investments may be difficult to sell for the value at which they are carried, if at all, or at any price within the desired time frame.

Income Volatility Risk: The risk that the level of current income from a portfolio of fixed-income investments may decline in certain interest rate environments.

Index Risk: The risk that a mutual fund's performance may not correspond to its benchmark index for any period of time and may underperform such index or the overall financial market. Additionally, to the extent

that a mutual fund's investments vary from the composition of its benchmark index, the fund's performance could potentially vary from the index's performance to a greater extent than if the fund merely attempted to replicate the index.

Interest Rate Risk: The risk that increases in interest rates can cause the prices of fixed-income investments to decline. This risk is heightened to the extent that a mutual fund invests in longer duration fixed-income investments and during periods when prevailing interest rates are low or negative. Interest rates in the United States and in certain foreign markets have been at or near historic lows, which may increase a mutual fund's exposure to risks associated with rising interest rates. In general, changing interest rates could have unpredictable effects on the markets and may expose fixed-income and related markets to heightened volatility.

Issuer Risk: The risk that an issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the value of the issuer's financial instruments over short or extended periods of time.

Large-Cap Risk: The risk that large-capitalization companies are more mature and may grow more slowly than the economy as a whole and tend to go in and out of favor based on market and economic conditions.

Market Risk: The risk that market prices of portfolio investments held by a mutual fund may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions. Market risk may affect a single issuer, industry or sector of the economy, or it may affect the market as a whole.

Market Volatility, Liquidity, and Valuation Risk: The risk that volatile or dramatic reductions in trading activity make it difficult for a mutual fund to properly value its investments and that a mutual fund may not be able to purchase or sell an investment at an attractive price, if at all.

Mid-Cap Risk: The risk that the stocks of mid-capitalization companies often experience greater price volatility, lower trading volume, and less liquidity than the stocks of larger, more established companies.

Prepayment Risk: The risk that, during periods of falling interest rates, borrowers may pay off their mortgage loans sooner than expected, forcing a mutual fund to reinvest the unanticipated proceeds at lower interest rates and resulting in a decline in income.

Small-Cap Risk: The risk that the stocks of small-capitalization companies often experience greater price volatility than large- or mid-sized companies because small-cap companies are often newer or less established than larger companies and are likely to have more limited resources, products, and markets. Securities of small-cap companies are often less liquid than securities of larger companies as a result of there being a smaller market for their securities, which can have an adverse effect on the pricing of these securities and on the ability to sell these securities when a mutual fund's investment adviser deems it appropriate.

Special Risks for Inflation-Indexed Bonds: The risk that interest payments on, or market values of, inflation-indexed investments decline because of a decline in inflation (or deflation) or changes in investors' and/or the market's inflation expectations. In addition,

inflation indices may not reflect the true rate of inflation.

U.S. Government Securities Risk: Securities issued by the U.S. government or one of its agencies or instrumentalities may receive varying levels of support from the U.S. government, which could affect a mutual fund's ability to recover should they default. To the extent that a mutual fund invests significantly in securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, any market movements, regulatory changes, or changes in political or economic conditions that affect the securities of the U.S. government or its agencies or instrumentalities in which the mutual fund invests may have a significant impact on the fund's performance.

FDIC-Insured Portfolio. Account assets in the FDIC-Insured Portfolio are 100% invested in an interest-bearing custodial account at TIAA Bank, a division of TIAA, FSB and an affiliate of the Program Manager.

Please note that if you select the FDIC-Insured Portfolio for investment, you will not be a customer of TIAA Bank and no deposit account will be opened in your name at TIAA Bank. Instead, the assets of all Beneficiaries with Account assets allocated to the FDIC-Insured Portfolio will be pooled together in one deposit account at TIAA Bank.

Investment Objective. This Investment Option has a low level of risk and seeks to preserve capital and provide a stable return by investing 100% of its assets in an FDIC-insured custodial account.

FDIC Insurance. The FDIC-Insured Portfolio includes FDIC insurance protection for amounts invested in the Investment Option up to FDIC-permitted limits. Contributions and earnings allocated to the FDIC-Insured Portfolio are insured by the FDIC on a pass-through basis to each Beneficiary. FDIC insurance generally insures up to \$250,000 of any amounts you have in the FDIC-Insured Portfolio taken together with other deposits you may hold in the same ownership right and capacity at TIAA Bank. For more information on FDIC insurance, visit www.fdic.gov. Any of your funds in the FDIC-Insured Portfolio that are not covered by FDIC insurance are not otherwise insured or guaranteed under CalABLE.

Interest Rates. TIAA Bank will determine the applicable interest rate on the FDIC-Insured Portfolio in its sole discretion. At its discretion and without further notice to you, TIAA Bank may, at any time, change the interest rate for the FDIC-Insured Portfolio. The interest rate paid with respect to the FDIC-Insured Portfolio may be higher or lower than the interest rate available to individuals or entities making deposits directly with TIAA Bank or other depository institutions in comparable accounts. In addition, TIAA Bank reserves the right to establish (and change) balance levels on which different rates of interest may be paid. For current interest rate information, please visit CalABLE.ca.gov.

Interest begins to accrue on the business day CalABLE receives credit for a deposit at TIAA Bank. Interest is compounded daily and credited to the FDIC-Insured Portfolio monthly on the last day of the month. TIAA Bank uses the average daily balance method to calculate the interest on the FDIC-Insured Portfolio. This method applies a periodic rate of interest to

the average daily balance in the FDIC-Insured Portfolio for the period. The average daily balance is calculated by adding the principal in the FDIC-Insured Portfolio for each day of the period and dividing that figure by the number of days in the period.

No TIAA Bank Withdrawal Rights. All withdrawals from the FDIC-Insured Portfolio will be processed by the Program Manager. You will not be able to withdraw FDIC-Insured Portfolio funds directly from TIAA Bank.

Investment Risks. TIAA Bank reserves the right to direct the Board to close the FDIC-Insured Portfolio. In the event that TIAA Bank exercises this right, you may be required to transfer amounts invested in the FDIC-Insured Portfolio to another Investment Option that may not be eligible for FDIC insurance. Accordingly, there is no assurance that any FDIC insurance applicable to your investments in the FDIC-Insured Portfolio will remain in effect for the duration of your participation in CalABLE.

There is a risk that the FDIC-Insured Portfolio interest rate, in the future, will go down; thereby making an investment in the FDIC-Insured Portfolio less attractive due to lower returns. There is no minimum guaranteed interest rate for the FDIC-Insured Portfolio.

Past Performance. The Investment Options do not have performance histories as of the date of this Program Disclosure Statement. Performance information for the Investment Options will be published from time to time in supplements or amendments to this Program Disclosure Statement, as well as in any future Program Disclosure Statement. You may also visit CalABLE.ca.gov or call CalABLE for current performance information as it becomes available.

Past performance is not a guarantee of future results. Performance may be substantially affected over time by changes in the Investment Options' target asset allocations or changes in the Investment Options' underlying investments. Investment returns and the principal value will fluctuate so that your Account, when redeemed, may be worth more or less than the amounts contributed to your Account.

Changes to Investment Options. The Board may terminate, add, or merge Investment Options, change the assets or accounts in which an Investment Option invests, or change allocations among those investments. If the Board terminates an Investment Option, CalABLE may move all funds held in that Investment Option to another Investment Option selected by the Board. There can be no

assurance that any Investment Option to which funds are automatically moved to will be similar to the terminated Investment Option or suitable for the Beneficiary. Account Owners would be permitted to withdraw funds allocated to an Investment Option prior to or after a termination, but unless such withdrawals were used to pay for Qualified Disability Expenses of the Beneficiary, the earnings on the funds would be subject to taxation as a Non-Qualified Withdrawal. Accounts would be permitted to transfer funds allocated to an Investment Option prior to or after a termination, but such transfers are subject to the limitations described under "Transfers Between Investment Options" on page 27. In addition, if the FDIC-Insured Portfolio is terminated, there is no assurance that the FDIC-Insured Portfolio will be replaced with a similar, FDIC-insured Investment Option.

FEES AND EXPENSES

Asset-Based Fees and Expenses. The following table sets forth the asset-based fees and expenses associated with the Investment Options. An Account bears the cost of the asset-based fees and expenses of the Investment Option(s) that you select for investment. Any applicable asset-based fees and expenses will decrease the value of your investment in CalABLE by reducing the value of your Units.

Investment Option	State Administrative Fee ¹	Estimated Underlying Investment Expenses ³	Total Annual Asset-Based Fees and Expenses ⁶
Conservative Portfolio	0.44%	0.09% ⁴	0.53%
Moderate Portfolio	0.44%	0.10% ⁴	0.54%
Aggressive Growth Portfolio	0.44%	0.08%	0.52%
FDIC-Insured Portfolio	0.44% (currently waived) ²	N/A ⁵	0.44% (currently waived) ²

¹ The State Administrative Fee is used to defray costs incurred by the Board to provide oversight and administration of CalABLE. The State Administrative Fee is charged based on an Investment Option's

average daily net assets. The State Administrative Fee is assessed on a daily basis and paid monthly. The State Administrative Fee may change at any time.

² Currently, the 0.44% State Administrative Fee for the FDIC-Insured Portfolio is being waived by the Board. The Board reserves the right to charge a State Administrative Fee to the FDIC-Insured Portfolio in the future to the extent that the imposition of such Fee would not result in a loss of principal for Account Owners.

³ If you invest in a Target Risk Investment Option, you will indirectly bear the expenses of its underlying mutual funds. The underlying mutual funds' expenses may include, but are not limited to, any investment advisory fees, distribution (12b-1) fees, shareholder servicing fees, and other expenses. The table reflects the weighted expense ratio of each Target Risk Investment Option's underlying mutual funds as an annualized percentage of the Investment Option's average daily net assets. The amounts are calculated using the most recent expense ratio reported prior to the date of this Program Disclosure Statement weighted according to the Investment Option's allocation among the underlying mutual funds in which it invests.

⁴ Although the Moderate Portfolio and the Conservative Portfolio have investment expenses associated with their underlying mutual funds, they do not bear any investment expenses associated with the Funding Agreement. However, TIAA-CREF Life Insurance Company ("TIAA-CREF Life"), the issuer of the Funding Agreement and an affiliate of the Program Manager, makes payments to the Program Manager. These payments, along with many other factors, may be considered by TIAA-CREF Life when determining the interest rate(s) credited under the Funding Agreement.

⁵ TIAA Bank, the depository institution for the custodial account that underlies the FDIC-Insured Portfolio, makes payments to the Program Manager. These payments, along with many other factors, may be considered by TIAA Bank when determining the interest rate(s) credited to the custodial account.

⁶ The "Total Annual Asset-Based Fees and Expenses" equals the sum of the State Administrative Fee and the Estimated Underlying Investment Expenses.

Annual Maintenance Fee. All Accounts are subject to the Annual Maintenance Fee stated in the table below. A pro-rated portion of the Annual Maintenance Fee will be deducted proportionately from each Investment Option in which you are invested on a monthly basis. The Board reserves the right to change or increase the Annual Maintenance Fee in the future.

	Amount
Annual Maintenance Fee	\$37

For an Account with a zero balance, the Annual Maintenance Fee will accrue in the manner described above for 90 days, after which time the Account will be terminated. If the Account is subsequently reinstated, the accrued Annual Maintenance Fee will be deducted from the reinstated Account. If a contribution is made to a zero balance Account prior to it being terminated, the accrued Annual Maintenance Fee will be deducted from the Account.

Investment Cost Examples. The examples are based upon the following assumptions for the time periods shown:

- A \$10,000 contribution invested in a single Investment Option for the time periods shown.
- A 5% annualized rate of return on amounts invested in other investment options
- State Administrative fees and expenses remain the same.
- At the end of each period shown, the Account balance is withdrawn through a Qualified Withdrawal.

The hypothetical examples do not include any of the potential tax or other benefits associated with contributions or the tax or benefit consequences associated with Non-Qualified Withdrawals. The hypothetical examples include the Investment Options' respective asset-based fees and expenses, but no other fees or expenses. Please note that the hypothetical examples do not include the Annual Maintenance Fee that will be charged to your Account on an annual basis across all Investment Options in which you invest or other Account fees to which your Account may be subject. The hypothetical examples do not represent actual past or future performance.

Investment Option	Approximate Cost of a \$10,000 Investment			
	1 Year	3 Years	5 Years	10 Years
Conservative Portfolio	\$54	\$170	\$297	\$666
Moderate Portfolio	\$55	\$174	\$302	\$678
Aggressive Growth Portfolio	\$53	\$167	\$291	\$654
FDIC-Insured Portfolio	\$45 ¹	\$142 ¹	\$247 ¹	\$555 ¹

¹ No costs will be incurred while the State Administrative Fee is waived.

Other Account Fees. The table below reflects the other fees to which your Account may be subject. The Board reserves the right to change or increase these fees and to impose additional fees in the future.

Fee	Amount	Description
Print and Paper Mail Delivery Fee	\$10	Deducted when you open an Account and select paper mail document delivery. This amount is pro-rated for the first year and then charged, in full, annually in January thereafter.
Insufficient Funds Fee	\$20	Deducted from your Account each time a check or ACH contribution is returned or rejected due to insufficient funds.
Outgoing Check Processing Fee	\$5	Deducted from your Account each time you request a withdrawal to be paid by check.

MAKING WITHDRAWALS

In General. Withdrawals may be made at any time and for any reason, but there may be adverse tax and government benefit consequences associated with Non-Qualified Withdrawals.

Only the Beneficiary or an Authorized Legal Representative may direct withdrawals from an Account.

When you request a withdrawal, you specify from which Investment Option(s) the withdrawal should be taken or if you would like the withdrawal to be taken proportionately from each of the Investment Options in which the Account is invested. If your Account does not have sufficient assets to satisfy the withdrawal request, your entire Account balance will be withdrawn.

Contributions made by check or ACH will not be available for withdrawal for 10 Business Days.

There will be a hold of 30 days on withdrawal requests when there is a change to the address in the Account record or a change of Legal Authorized Representative.

No Recontribution of Withdrawals.

Withdrawals cannot be refunded back into your Account, even if you requested the withdrawal by mistake. If you attempt to recontribute money that you previously withdrew, the recontribution will be treated as a new and separate contribution. The withdrawal will also be treated as a Non-Qualified Withdrawal, which would subject you to tax consequences and which may have adverse effects on your eligibility for means-tested benefits.

How to Request a Withdrawal. You may request a withdrawal by accessing your Account at CalABLE.ca.gov.

Processing Withdrawal Requests. CalABLE will process withdrawals and other Account transaction requests (e.g., contributions, and transfers) at the Unit Value(s) of the applicable Investment Option(s) next determined after the transaction request is received by CalABLE in Good Order. More specifically, CalABLE will process a transaction request received in Good Order prior to the close of a Business Day at the Unit Value(s) of the applicable Investment Option(s) next determined on that Business Day, and CalABLE will process a transaction request received in Good Order after the close of a Business Day or on a non-Business Day at the Unit Value(s) of the applicable Investment Option(s) next determined on the first Business Day after the transaction request was received in Good Order. See “Choosing Your Investment Options – Unit Values of the Investment Options” on page 27.

“Good Order” means that you have provided all the necessary information to enroll in CalABLE and/or provided all the necessary information to instruct CalABLE on the transaction request.

For ACH withdrawals, you will typically receive the funds within three to five Business Days after CalABLE processes the request. For a check withdrawal request, you will typically receive the check within seven to ten Business Days after CalABLE processes the request. However, those time frames are not guaranteed, and various circumstances may cause your receipt of the funds or the check to be delayed.

Payment Methods. You may designate one of several payment methods for withdrawals. Withdrawals may be sent electronically (by ACH) using the bank information on the Account record, by check to the Beneficiary or an Authorized Legal Representative at the mailing address on the Account record, or by check to a third party. CalABLE reserves the right to discontinue certain payment methods at any time or make certain payment methods available for only certain types of withdrawals.

Types of Withdrawals. There are three different types of withdrawals:

- Qualified Withdrawals;
- Outgoing Rollovers; and
- Non-Qualified Withdrawals.

The permissible payees, limitations, federal and California state tax consequences, and the impact on government benefits may depend on the type of withdrawal being taken, as described in this Program Disclosure Statement.

Qualified Withdrawals. A Qualified Withdrawal is a withdrawal from an Account used to pay for Qualified Disability Expenses. Qualified Withdrawals are federal income tax free for the Beneficiary. They are also California income tax free if the Beneficiary is subject to California income tax.

Qualified Disability Expenses are any expenses incurred at a time when the Beneficiary is an Eligible Individual that relate to the blindness or disability of the Beneficiary, and are for the benefit of the Beneficiary in maintaining or improving his or her health, independence, or quality of life. Such expenses include, but are not limited to, expenses for education,

housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time in future guidance published by the IRS.

In order to implement the legislative purpose of assisting Eligible Individuals in maintaining or improving their health, independence, and quality of life, the U.S. Treasury Department and the IRS have taken the position that the term “Qualified Disability Expenses” should be broadly construed to permit the inclusion of basic living expenses and should not be limited to expenses for items for which there is a medical necessity or which provide no benefits to others in addition to the benefit to the Eligible Individual. For example, expenses for common items such as smart phones could be considered Qualified Disability Expenses if they are an effective and safe communication or navigation aid for a child with autism.

Outgoing Rollovers. A withdrawal from an Account may be made in the form of an Outgoing Rollover. Outgoing Rollovers are federal income tax free for the Beneficiary.

Outgoing Rollovers may be “Direct” or “Indirect.” Direct Outgoing Rollovers involve funds that are directly distributed from an Account in CalABLE to an account in another qualified ABE program via a trustee-to-trustee transfer. Indirect Outgoing Rollovers involve funds that are withdrawn from an Account in CalABLE and then subsequently deposited into an account in another qualified ABE program.

The table below describes the types of Outgoing Rollovers that may be performed and the requirements to perform any such Rollover.

Type of Outgoing Rollover	Requirements
Direct or Indirect Outgoing Rollover to an account that the Account Owner has in another state’s qualified ABLE program	<ul style="list-style-type: none"> • The entire amount in the Account in CalABLE must be rolled over. • This type of Rollover may be performed only once in a 12-month period. • In the case of an Indirect Outgoing Rollover, the funds must be contributed into the other state’s qualified ABLE program account within 60 days of being withdrawn. • The Account in CalABLE must be closed within 60 days after the withdrawal.
Direct or Indirect Outgoing Rollover from an Account in CalABLE to another Account in CalABLE or an account in another state’s qualified ABLE program owned by a person other than the withdrawing Account Owner	<ul style="list-style-type: none"> • A portion of or the entire amount in the distributing account may be rolled over up to the Maximum Contribution Limit. • The person who owns the receiving account must be a Sibling of the Account Owner who makes the withdrawal. • In the case of an Indirect Rollover, the funds must be contributed into the receiving account within 60 days of being withdrawn.

If an attempted Outgoing Rollover fails to satisfy the applicable conditions set forth above, the withdrawal from the Account will be treated as a Non-Qualified Withdrawal.

You may perform a Direct Outgoing Rollover to another Account within CalABLE by completing a “Program-to-Program Transfer” request on CalABLE.ca.gov. You may perform a Direct Outgoing Rollover to another state’s qualified ABLE program on CalABLE.ca.gov and by obtaining and completing the appropriate form from the receiving program. When CalABLE receives a rollover request, CalABLE will provide information on the principal and

earnings and year-to-date contributions based on CalABLE’s records.

You may perform an Indirect Outgoing Rollover by withdrawing funds from your Account and then subsequently contributing the funds into another Account in CalABLE or an account in another state’s qualified ABLE program, provided that the Outgoing Rollover satisfies the applicable conditions set forth in the table above. Unless you provide the receiving program with a statement reflecting the principal and earnings attributable to the Outgoing Rollover, the receiving program will treat the entire Outgoing Rollover as earnings.

Non-Qualified Withdrawals. A Non-Qualified Withdrawal is a withdrawal that is not a Qualified Withdrawal or an Outgoing Rollover. 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.

Form 1099-QA. For any year in which there is a withdrawal from an Account, CalABLE will provide an IRS Form 1099-QA. This form will set forth the total amount of the withdrawal and identify the earnings and principal portions of any withdrawal.

GOVERNMENT BENEFITS CONSIDERATIONS

In General. Pursuant to federal law, funds in an ABLE account are generally disregarded for purposes of determining eligibility to receive government assistance or benefits. This includes contributions, earnings, and Qualified Withdrawals. However, a Beneficiary's income is not generally excluded from eligibility determinations simply because it is contributed to an ABLE account.

In December 2017, the U.S. Congress passed, and the President of the United States signed into law, revisions to IRC Sections 529 and 529A that permit certain rollovers from a Section 529 Plan account into an ABLE account, an expanded annual contribution limit for certain eligible owners of ABLE accounts, and the ability of certain taxpayers to claim the Saver's Credit for contributions to ABLE accounts.

It is the Beneficiary's or an Authorized Legal Representative's responsibility to maintain sufficient records regarding his or her status with respect to, and to substantiate any treatment by, any government benefits agency. Prior to opening an ABLE account, individuals should also consult with their own advisors for additional information on the possible impact of having an ABLE account on the Beneficiary's eligibility for federal and state benefits.

Supplemental Security Income –

In general. The Social Security Administration (the "SSA") has issued guidance on how the SSA will treat ABLE accounts for the purposes of determining a beneficiary's benefit eligibility for Supplemental Security Income ("SSI"). This guidance is derived from publicly available sources and is not intended to be exhaustive, and is subject to change by the SSA at any time.

For more information on how the SSA treats ABLE accounts, please see the "SI 01130.740 Achieving a Better Life Experience (ABLE) Accounts" in the SSA's Program Operations Manual System available at <http://policy.ssa.gov/poms.nsf/lnx/0501130740>.

Exclusions from Income. For SSI purposes, the SSA will exclude from the income of the Beneficiary:

- Contributions to an Account, including from Incoming Rollovers.
- Any earnings an Account receives while they remain in the Account.
- Qualified Withdrawals from an Account (even if they include earnings).

Note, however, that the SSA will not deduct contributions from the countable income of the person who makes the contribution. The fact that a person uses his or her income to contribute to an Account does not mean that such income is not countable for SSI purposes. For example, a Beneficiary can have contributions automatically deducted from his or her paycheck and deposited into his or her own Account. In this case, the income used to make the contribution would still be included in the Beneficiary's gross wages.

Exclusions from Countable Resources. For SSI purposes, the SSA will exclude from the resources of the Beneficiary:

- Up to and including \$100,000 of the balance of funds in an Account. The SSA will count the amount by which an Account, including any earnings, exceeds \$100,000 as a countable resource of the Beneficiary.
- Any Qualified Withdrawal from an Account. While the withdrawal proceeds remains unspent, this exclusion continues to apply so long as:
 - (i) The Beneficiary maintains, makes contributions to, or receives withdrawals from the Account;
 - (ii) The withdrawal is unspent and identifiable; and
 - (iii) The Beneficiary intends to use the withdrawal for a non-housing-related Qualified Disability Expense.

However, this exclusion does not apply if the Qualified Withdrawal is for a housing-related expense if the withdrawal is retained beyond the calendar month received. If any such withdrawal is spent within the month of receipt, it has no effect on eligibility. If any such withdrawal is retained beyond the calendar month received, however, it will count as a resource beginning on the first day of the month following receipt of the withdrawal. Section SI 01130.740 of the SSA Program Operations Manual states that housing expenses for the purposes of an ABLE account are the same as they are for in-kind support and maintenance purposes, except for food. As such, Qualified Disability Expenses for housing include payments for:

- Mortgage (including property insurance required by the mortgage holder);
- Real property taxes;
- Rent;
- Heating fuel;
- Gas;
- Electricity;
- Water;
- Sewer; or
- Garbage removal.

Other than as set forth above, the SSA will apply normal SSI resource counting rules and exclusions to assets or other items purchased with funds from an Account. You should note that unless withdrawals from an Account are used in accordance with the SSA's exclusion rules, the withdrawals could have a material adverse effect on the Beneficiary's continued eligibility for SSI. If you have any questions about the potential impact of a withdrawal on a Beneficiary's continuing eligibility for SSI, you should contact the local SSA office before making a withdrawal from an Account.

Example – Eric takes a withdrawal of \$500 from his ABLÉ account in February 2018 to pay for a health-related Qualified Disability Expense. His health-related expense is not due until May 2018, so Eric deposits the withdrawal into his checking account in February. The withdrawal is not income in February or subsequent months as long as it is eventually spent for a non-housing Qualified Disability Expense. Eric maintains his ABLÉ account at all relevant times, and the withdrawal is both unspent and identifiable until Eric pays for a Qualified Disability Expense in May. The SSA will exclude the \$500 from Eric’s countable resources.

It should be noted that, in the example above, if Eric changes his intent to use the \$500 withdrawal for a Qualified Disability Expense in March and instead uses it for a Non-Qualified Withdrawal, the \$500 withdrawal would be treated as a countable resource in April. If he uses it for a housing-related Qualified Disability Expense after the month it is received in February, it would be counted as a resource beginning in March.

Example – Amy takes a withdrawal of \$500 from her ABLÉ account in May to pay her rent for June. She deposits the \$500 into her checking account in May and withdraws \$500 in cash on June 3 and pays her landlord. This withdrawal is a housing-related Qualified Disability Expense and part of her checking account balance as of the first of June, which makes it a countable resource by the SSA for the month of June, which

could potentially have a negative impact on Amy’s benefit eligibility.

If Amy had paid the rent in May, it would not have counted as a resource because she would have spent it in the same month it was received.

Suspension of SSI When Balance of an Account Exceeds \$100,000 by Certain Amount.

The SSA will count the amount by which an Account balance, including any earnings, exceeds \$100,000 as a countable resource of the Beneficiary. A special rule applies when the balance of an SSI recipient’s Account exceeds \$100,000 by an amount that causes the recipient to exceed the SSI resource limit, whether alone or in combination with other resources.

When this happens, the recipient is put into a special SSI suspension period during which:

- The SSA suspends the recipient’s SSI benefits without time limit (as long as he or she remains otherwise eligible);
- The recipient retains continued eligibility for medical assistance (Medicaid/Medical); and
- The individual’s eligibility does not terminate after 12 continuous months of suspension.

The SSA will reinstate the recipient’s regular SSI eligibility for any month in which the individual’s Account balance no longer causes the recipient to exceed the resource limit and he or she is otherwise eligible.

The special suspension rule only applies where the balance of the SSI recipient’s Account exceeds \$100,000 by an amount that causes the recipient to exceed the SSI resource limit, whether alone or with other resources. The

special rule does not apply where resources other than Account alone would cause the SSI recipient to exceed the resource limit. In that case, SSI could suspend the SSI recipient's eligibility for Medicaid/Medi-Cal and terminate his or her eligibility for SSI if the suspension continues for 12 months.

Example – Recipient's SSI is Suspended but Retains Eligibility for Medicaid/Medi-Cal – Paul is the designated beneficiary of an ABLE account with a balance of \$101,000 on the first of the month. Paul's only other countable resource is a checking account with a balance of \$1,500. Paul's countable resources are \$2,500 and therefore exceed the SSI resource limit. However, since Paul's ABLE account balance is causing him to exceed the resource limit (i.e., his countable resources other than the ABLE account are less than \$2,000), the SSA will suspend Paul's SSI eligibility and stop his cash benefits, but he retains eligibility for Medicaid/Medi-Cal.

Example – Recipient's SSI is Suspended and Loses Eligibility for Medicaid/Medi-Cal – Christine is the designated beneficiary of an ABLE account with a balance of \$101,000 on the first of the month. Christine's only other countable resource is a checking account with a balance of \$3,000. Christine's countable resources are \$4,000 and therefore exceed the SSI resource limit. However, because her ABLE account balance is not the cause of her excess resources (i.e., her countable resources other than the ABLE account are more

than \$2,000), the special rule does not apply, and Christine is not eligible for SSI because of excess resources. The SSA will suspend Christine's SSI benefits, and her Medicaid/Medi-Cal benefits will stop.

Program Reporting to the SSA. CalABLE is required to provide information to the SSA including, without limitation, information about the Beneficiary's name, Account number, Social Security number or taxpayer identification number, and date of birth, as well as the name of any Authorized Legal Representative, the date on which the Account was opened or closed, Account balances, the dates of withdrawals, and withdrawal amounts.

Medicaid/Medi-Cal – Recapture. Under Section 529A, following the death of the Beneficiary, any state may be required to file a claim against the Beneficiary's estate or the Account itself for the amount of the total medical assistance paid for the Beneficiary under the state's Medicaid plan (in California, Medi-Cal) after the establishment of the Account (or any ABLE account from which amounts were rolled or transferred to the Account). Such claims are sometimes referred to as "recapture." The amount paid in satisfaction of such a claim is not a taxable withdrawal from the Account. Further, the amount is to be paid only after the payment of all outstanding payments due for the Qualified Disability Expenses of the Beneficiary, including any funeral and burial expenses, and is to be reduced by the amount of all premiums paid by or on behalf of the Beneficiary to a Medicaid Buy-In program under the state's Medicaid plan (in California, Medi-Cal).

Procedures for filing claims may vary from state to state. The Beneficiary, any Authorized Legal Representative, and executors and administrators should consider seeking legal counsel on the applicability of, and any available exceptions to, Medicaid/Medi-Cal recapture under applicable state law and regulation.

Guidance from Centers for Medicare & Medicaid Services. The Centers for Medicare & Medicaid Services (the “CMS”) has issued guidance on how it interprets the application of the Federal ABLER Act to state Medicaid programs. This guidance is derived from publicly available sources and is not intended to be exhaustive, and is subject to change by the CMS at any time. Prior to opening an Account, individuals should also consult with their own advisors for additional information on the possible impact on a Beneficiary’s eligibility and benefits under Medicaid/Medi-Cal.

Treatment of Funds in an ABLER Account. State Medicaid agencies (in California, Medi-Cal) must disregard all funds in an ABLER account in determining the resource eligibility of Medicaid/Medi-Cal applicants and beneficiaries who are subject to a resource test, and the earnings on the account should be excluded from income of Medicaid/Medi-Cal recipients.

Contributions to ABLER Accounts. Third-party contributions to an ABLER account should be disregarded in determining Medicaid/Medi-Cal eligibility, including distributions from a Special Needs Trust (a “SNT”) or a pooled trust that is deposited into the ABLER account of the SNT or pooled trust beneficiary.

Contributions by the Beneficiary. If an ABLER account beneficiary transfers some of his or her own (otherwise countable) resources for determining eligibility to his or her ABLER account, the effect would be a corresponding reduction in total countable resources. By contrast, if the beneficiary of an ABLER account transfers some of his or her income in the month received to his or her ABLER account, the effect would *not* be a reduction in countable income. Therefore, income contributed to an ABLER account by the beneficiary is not disregarded from income, unless the state utilizes its authority regarding less restrictive methodologies employed in determining an individual’s income and resource eligibility for medical assistance, if available.

Withdrawals from ABLER Accounts. Like funds in and contributions to ABLER accounts, withdrawals from ABLER accounts are not included in the beneficiary’s taxable income or counted as income in eligibility determinations for Medicaid/Medi-Cal as long as they are used for Qualified Disability Expenses.

For a beneficiary whose financial eligibility is determined using SSI-based methodologies (as opposed to Modified Adjusted Gross Income-based (“MAGI-based”) methodologies), a withdrawal from an ABLER account may be countable as a resource only if (1) it is retained beyond the month in which the withdrawal is made and (2) it is used for a Non-Qualified Disability Expense in that or a subsequent month. ABLER account withdrawals used for expenses other than Qualified Disability Expenses will be counted in the month the expenditure is made.

For example, if the Designated Beneficiary receives an ABLE account withdrawal in August but does not spend the withdrawal until December and uses the withdrawal for a Qualified Disability Expense, the amount of the withdrawal is not counted in any month. If the individual uses the withdrawal in December for a non-Qualified Disability Expense, the withdrawal would be counted as a resource in the month of December.

For a beneficiary whose financial eligibility is determined using MAGI-based income methodologies, the income portion of the Non-Qualified Withdrawal subject to taxation will be included in the individual's MAGI-based income.

Post-Eligibility Treatment of Income. Under applicable Medicaid regulations, the requirement that affected individuals apply most of their total available income to the cost of long-term services and supports before federal financial participation for medical assistance is available is referred to as post-eligibility treatment of income ("PETI"). For purposes of PETI, states should disregard from an individual's total income any withdrawals for Qualified Disability Expenses. To the extent that a withdrawal for a non-Qualified Disability Expense is counted as income in determining the individual's eligibility for other Medicaid/Medi-Cal benefits, discussed above, such a withdrawal would also be counted for purposes of PETI.

Supplemental Nutrition Assistance Program ("SNAP"). On April 4, 2016, the U.S. Department of Agriculture released a statement reporting that funds in ABLE

accounts should be excluded as both income and resources in determining SNAP eligibility.

U.S. Department of Housing and Urban Development. As of the date of this Program Disclosure Statement, no final guidance has been issued by the U.S. Department of Housing and Urban Development related to the impact ABLE accounts have on housing benefits.

CALIFORNIA STATE AND LOCAL BENEFITS CONSIDERATIONS

Medical Assistance (Medi-Cal). Medi-Cal eligibility is not impacted by an ABLE account. In addition, under California's Enabling Law, assets of up to \$100,000 held in an Account are exempt from enforcement of a money judgment in favor of the California Department of Health Care Services ("DHCS"), the state agency responsible for administering Medi-Cal, except during any period of time during which federal law or guidance issued by the federal Centers for Medicare and Medicaid Services requires DHCS to recover funds from ABLE accounts for reimbursement of qualifying Medi-Cal expenditures. See "Government Benefit Considerations – Medicaid/Medi-Cal Considerations – Recapture." Accordingly, DHCS may file a claim against a deceased ABLE beneficiary's estate if the beneficiary was 55 or older when he or she died. In addition, the claim may be only for nursing facility services, home and community-based services, and related hospital and prescription drug services provided from the time the individual was 55 years of age or older. Payment of the claim may be postponed if it can be shown that the beneficiary is survived by:

- A spouse;
- A child under the age of 21; or
- A child of any age with qualifying disabilities

Once the reason for which the postponement was granted is no longer valid, DHCS may then seek payment of the claim. During the period of postponement, the proceeds of the ABLE account may be used for limited purposes.

If a Beneficiary, including a Beneficiary who was a California resident, received Medicaid payments from another state during the time he or she had an Account, that Medicaid-providing state may file a claim against the Account. See “Government Benefit Considerations – Medicaid/Medi-Cal Considerations – Recapture.”

California State and Local Means-Tested Benefits. The Enabling Law provides that money in, contributions to, and Qualified Withdrawals from an Account up to \$100,000 will not be counted in determining eligibility for any California state or local means-tested benefits.

GENERAL TAX CONSIDERATIONS

In General. The tax-related information in this Program Disclosure Statement summarizes certain aspects of federal and state income, gift, estate, and generation-skipping transfer tax consequences relating to ABLE accounts, including for Account contributions, earnings, and withdrawals. The tax information in this Program Disclosure Statement is for informational purposes only; it does not provide tax advice and is not exhaustive. There can be no assurance that the IRS or other legal authority will accept the statements made herein or, if challenged, that such statements would be sustained in court. Any information

contained in this Program Disclosure Statement is not intended or written to be used, and cannot be used, by a person for the purpose of avoiding federal or state tax penalties. Nothing in this Program Disclosure Statement or in any other written materials or verbal communications by Program representatives should be considered advice or a recommendation. Prospective and existing Account Owners should consult qualified personal legal, tax, financial, benefit, or other advisors with respect to any investment in an ABLE account.

Tax Information is Subject to Change and Uncertainty. The tax information in this Program Disclosure Statement is based on the relevant provisions of the IRC, California tax law, the Proposed Tax Regulations, and IRS guidance issued as of the date of this Program Disclosure Statement. Taxpayers may look to the Proposed Tax Regulations and certain other IRS information for guidance at least until final regulations are issued by the IRS. However, certain provisions of the Proposed Tax Regulations are obsoleted or otherwise impacted by tax legislation enacted after the date on which the Proposed Tax Regulations were issued, and the regulations, when finalized, may vary substantially from the Proposed Tax Regulations. Moreover, the Proposed Tax Regulations do not provide guidance on all aspects of CalABLE.

It is uncertain when final regulations will be issued. Therefore, there can be no assurance that the federal tax consequences described herein for Account Owners will be applicable. It is possible that Congress, the U.S. Treasury Department, the IRS, the state of California, and other taxing authorities or the courts may take actions in the future that will

adversely affect the tax law consequences described herein and that such adverse effects may be retroactive.

The applicable tax rules are complex, certain rules are at present uncertain, and their application to any person may vary according to facts and circumstances specific to that person. The IRC and regulations thereunder, and judicial and administrative interpretations thereof, are subject to change, retroactively and/or prospectively. The Board has the authority to take steps it deems necessary or appropriate to conform CalABLE with the requirements of Section 529A of the IRC or other applicable federal law. When the Board believes it is feasible and appropriate, it intends to provide reasonable notice to Account Owners.

This Program Disclosure Statement only summarizes the federal and California tax treatment applicable to CalABLE. Other states' tax treatments may differ based on the state or states in which you pay taxes. It is possible that other state or local taxes apply to withdrawals from or accumulated earnings within CalABLE, depending on the residency, domicile, or sources of taxable income of the Account Owner. If you are not a California taxpayer, consider whether your home state offers an ABLÉ program that provides its taxpayers with favorable state tax or other benefits that may only be available through an investment in the home state's ABLÉ plan before investing. Please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact your home state's ABLÉ program, or any other ABLÉ program, to learn more about those plans' features, benefits, and

limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

Tax Reports. CalABLE will report contributions, withdrawals, the basis of the Account Owner's eligibility, earnings in the Account, and other matters to the Account Owner, the IRS, a state, and other persons, if any, to the extent required by federal, state, or local law.

Tax Records. It is the Account Owner's or an Authorized Legal Representative's responsibility to retain documents and information adequate to support the assertion of his or her rights and obligations as a taxpayer. For example, you should retain statements and tax reports received from CalABLE and receipts to substantiate purchases made for Qualified Disability Expenses.

FEDERAL TAX TREATMENT

Qualified ABLÉ Program. CalABLE is designed to be, and is intended to satisfy the requirements for treatment as, a qualified ABLÉ program under Section 529A. The IRS provides important information on the taxation of qualified ABLÉ programs in IRS Publication 907 available at <https://www.irs.gov/pub/irs-pdf/p907.pdf>.

Contributions. Contributions to an Account generally will not result in taxable income to the Account Owner. Contributions are made on an after-tax basis. A contributor may not deduct the contribution from income for the purposes of determining federal income tax liability.

Excess Contributions. If an Excess Contribution is returned on or before the due date (including extensions) for filing the Account

Owner's income tax return for the year in which the Excess Contribution was made, any net income distributed is includable in the gross income of the contributor(s) in the taxable year in which the Excess Contribution was made. If the Excess Contribution is not returned on time, the Account Owner will be subject to a 6% excise tax on the Excess Contribution and earnings that are not returned by CalABLE to the contributors by the due date (including extensions) of the Account Owner's income tax return. The 6% excise tax will be due even if you are not otherwise required to file a federal income tax return.

Earnings. Earnings within an Account should not result in taxable income to the Account Owner while the earnings are retained in the Account.

Withdrawals. All withdrawals are considered as attributable partially to contributions made to the Account and partially to earnings, if any. Only the earnings portion of a withdrawal is ever subject to federal income tax, including the Additional Federal Tax.

The tax treatment of a withdrawal from an Account will vary depending on whether the withdrawal is a Qualified Withdrawal, Outgoing Rollover, or a Non-Qualified Withdrawal.

Qualified Withdrawals. If a Qualified Withdrawal is taken from an Account, no portion of the withdrawal, including any earnings, is included in the gross income of the Account Owner.

Outgoing Rollovers. No portion of an Outgoing Rollover, including any earnings, is includable in the gross income of the Account Owner.

Non-Qualified Withdrawals. The portion of a Non-Qualified Withdrawal attributable to any

investment earnings is included in the gross income of the Account Owner. The portion of a Non-Qualified Withdrawal attributable to principal is not includable in gross income.

Withdrawals made after the death of the Account Owner in payment of outstanding obligations due for Qualified Disability Expenses of the Account Owner, including funeral and burial expenses, are not includable in the gross income of the Account Owner or his or her estate, including the post-death payment of any part of a claim filed against the Account Owner or the Account by a state under a state Medicaid plan.

In addition, if a Non-Qualified Withdrawal is taken from an Account, the Additional Federal Tax (equal to 10% of any earnings) will apply, subject to the exceptions set forth below.

The Additional Federal Tax does not apply to:

- (1) withdrawals on or after the death of the Account Owner paid to the estate of an Account Owner or to an heir or legatee of the Account Owner; or
- (2) returns of Excess Contributions and contributions to additional purported ABLE accounts made by the due date (including extensions) of the Account Owner's tax return for the year in which the relevant contributions were made.

You should consult your own tax advisor regarding the application of any of the above exceptions.

For any year in which there is a withdrawal from an Account, CalABLE will provide an IRS Form 1099-QA. This form will set forth the total amount of the withdrawal and identify the earnings and principal portions of any withdrawal.

CalABLE will not withhold taxes with respect to a Non-Qualified Withdrawal.

Change of Account Owner. A change in the Account Owner of an Account is treated as an Outgoing Rollover, not a Non-Qualified Withdrawal, if the new Account Owner is a Sibling of the former Account Owner and an Eligible Individual. However, if the new Account Owner is not an Eligible Individual and a Sibling of the former Account Owner, the change is treated as a Non-Qualified Withdrawal by the former Account Owner. A change in the Account Owner or a transfer to an Account for the new Account Owner may have federal gift tax or Generation-Skipping Transfer (GST) tax consequences.

Gift Tax and GST Tax. For federal gift and Generation-Skipping Transfer tax purposes, contributions to an Account by an Account Owner are not considered to be completed gifts because an individual cannot make a transfer of property to himself or herself, and a transfer of property is a fundamental requirement for a completed gift. However, contributions to an Account by persons other than the Account Owner are considered a completed gift from the contributor to the Account Owner and are eligible for the annual gift tax exclusion. Contributions that qualify for the gift tax annual exclusion are generally also excludible for purposes of the federal Generation-Skipping Transfer tax. A donor's total contributions to an Account for an Account Owner in any given year (together with any other gifts made by the donor to that Account Owner in the year) will not be considered taxable gifts and will generally be excludible for purposes of the Generation-Skipping Transfer tax if the gifts do not in total exceed the annual exclusion for the year.

Currently, the annual exclusion is \$15,000 per donee (i.e., the person receiving the gift). This means that in each calendar year, you may contribute up to the amount of the annual exclusion to an Account without the contribution being considered a taxable gift, provided you make no other gifts to the Account Owner in the same calendar year. The annual exclusion is indexed for inflation and therefore is expected to increase over time.

Estate Tax. Upon the death of the Account Owner, all amounts remaining in the Account are includible in the Account Owner's gross estate for estate tax purposes. For 2018, an individual can transfer up to \$11.18 million (\$22.36 million per couple) without incurring federal estate tax.

Medicaid/Medi-Cal Recovery. Under Section 529A, following the death of the Account Owner, any state may be required to file a claim against the Account Owner or the Account itself for the amount of the total medical assistance paid for the Account Owner under the state's Medicaid plan (in California, Medi-Cal) after the establishment of the Account (or any ABLE account from which amounts were rolled over or transferred to the current Account). The amount paid in satisfaction of such a claim is not a taxable distribution from the Account.

Saver's Credit. Effective for contributions made on or after January 1, 2018, and before January 1, 2026, an Account Owner may be able to claim a Saver's Credit. Adjusted Gross Income limits apply, and the Account Owner of the ABLE account must attain the age of 18 as of the close of the taxable year, not be a full-time student and not be claimed as a dependent on another person's return.

CALIFORNIA TAX TREATMENT

California tax treatment in connection with CalABLE applies only to California taxpayers. You should consult with a qualified advisor regarding the application of California tax provisions to your particular circumstances.

Tax Provisions Related to Contributions. For California tax purposes, contributions to an Account are made on an after-tax basis. That is, in the year the contribution is made, a contributor may not deduct the contribution from income for purposes of determining California income taxes. Contributions to an Account do not result in taxable income to the Account Owner.

California also does not provide for a comparable Saver's Credit for California income tax purposes. In addition, while Incoming Rollovers from a Section 529 Plan qualified tuition program account to an Account occurring before January 1, 2026, are not subject to federal income tax, such Incoming Rollovers may be subject to California income tax.

Tax Provisions Related to Withdrawals. California's income taxation of withdrawals generally follows the federal income tax treatment described above. Qualified Withdrawals and Outgoing Rollovers are not subject to California income tax. The earnings portion of Non-Qualified Withdrawals is subject to California income tax. In addition, for a Non-Qualified Withdrawal subject to the Additional Tax, the earnings portion of Non-Qualified Withdrawal will be subject to the Additional California Tax (equal to 2.5%). Earnings from the investment of contributions to an Account will not be subject to California income tax, if at

all, until funds are withdrawn in whole or in part from the Account.

RISKS OF INVESTING IN CalABLE

You should carefully consider, along with other matters referred to in this Program Disclosure Statement, the following risks of investing in CalABLE. This Program Disclosure Statement cannot and does not list every possible factor that may affect your investment in CalABLE. Additional risks not discussed in this Program Disclosure Statement may arise, and you must be willing and able to accept those risks. Furthermore, none of CalABLE, the Trust, the Board, the state of California, CalABLE's service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing, make any representation concerning the appropriateness of CalABLE as a whole or any Investment Option for you. Other types of investments may be more appropriate depending upon your personal circumstances, including without limitation your financial status, tax situation, risk tolerance, age, or the importance of continued eligibility for federal or state government benefits. Other ABLE programs are available, as are other investment alternatives. The investments, fees, expenses, terms and conditions, taxes, and other features associated with such alternatives may differ from CalABLE. Anyone considering opening an Account should consider these alternatives prior to opening an Account and should consult independent investment, tax, or benefits advisors.

No Other Insurance or Investment Guarantees. Other than an investment in (or a portion of an investment in) the FDIC-Insured Portfolio, which is insured by the FDIC subject to certain limitations, no insurance or investment guarantees are provided through CalABLE. An Account is not guaranteed by any person or entity, including but not limited to, CalABLE, the Trust, the Board, the state of California, CalABLE's service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing.

Investment Risks. Investing in the portfolios offered through CalABLE involves risk. Please see "Choosing Your Investment Options" on page 26 for investment risk information related to the Investment Options. The value of your Account could be less than the amount you originally invest due to the investment performance of the Investment Option(s) that you select. In short, you could lose money, and it is possible that you could lose your entire investment.

Potential Impact on Supplemental Security Income. Account balances over \$100,000, a Beneficiary's income (even if contributed to an Account), and Non-Qualified Withdrawals could affect a Beneficiary's eligibility for SSI. Suspension of eligibility for SSI may also lead to ineligibility of the SSI recipient for Medicaid/Medi-Cal. See "Government Benefits Considerations – Supplemental Security Income" on page 41. If you have any questions about the potential impact of an Account on continuing eligibility for SSI or Medicaid/Medi-

Cal, you should contact the local Social Security Administration office.

Potential Impact on Medicaid/Medi-Cal Eligibility. Contributions from a Beneficiary's income and certain withdrawals from an Account could adversely affect a Beneficiary's eligibility for Medicaid/Medi-Cal. See "Government Benefits Considerations" on page 41. If you have any questions about the potential impact of an Account on continuing eligibility for Medicaid/Medi-Cal, you should contact the Medicaid office.

Potential Impact on U.S. Department of Housing and Urban Development (HUD) Benefits. As of the date of this Program Disclosure Statement, no final guidance has been issued by HUD related to the effect an ABLE account may have on housing benefits. It is possible that opening, maintaining, or withdrawing from an Account may adversely affect housing benefits.

Potential Impact on Other State Benefits. While balances, earnings, and withdrawals from an Account will be disregarded for the purposes of determining eligibility to receive certain benefits provided by the state of California, other states may treat your Account balances, earnings, and withdrawals differently. ABLE program balances and withdrawals from an ABLE account could affect your eligibility for other states' benefit programs. Please consult your local benefits office or benefits advisor for more information.

Tax Impact of Loss of Eligible Individual Status. If you are a Beneficiary and no longer considered to be an Eligible Individual, expenses incurred at a time when you are not an Eligible Individual will not be considered Qualified Disability Expenses. Withdrawals

from an Account for expenses that are not considered Qualified Disability Expenses will be treated as Non-Qualified Withdrawals.

Medicaid/Medi-Cal Recapture. Upon the death of the Beneficiary, a state may be required to file a claim for the amount of the total medical assistance paid for the Beneficiary under the state's Medicaid plan (in California, Medi-Cal) after the establishment of the Account (or any ABLE account from which amounts were rolled over or transferred to the Account). See "Government Benefits Considerations – Medicaid/Medi-Cal" on page 44.

Possible Changes to CalABLE. The Board reserves the right to make changes to or discontinue CalABLE at any time. These changes may include changes to the Investment Options and changes to the fees and expenses of CalABLE borne by Accounts. If the Investment Options are changed, the fees and expenses of the Investment Options may be higher or lower, and the Investment Options may not perform as well as they did in the past. When the Board believes it is feasible and appropriate, it intends to provide reasonable notice regarding any material Program changes.

Limitation on Transferring Funds Between Investment Options. You may transfer funds in your Account between Investment Options only twice per calendar year. This may limit your ability to respond to changes in market conditions or your personal circumstances.

Legal and Program Restrictions. Accounts are subject to applicable law and the terms and conditions of CalABLE (including the terms and conditions described in this Program Disclosure Statement, the Participation Agreement, and

the online application). These provisions impose obligations and restrictions on the opening and maintenance of an Account; limit the ability to contribute, withdraw, and transfer funds in an Account; and may result in tax and benefit consequences.

Qualified Disability Expenses May Exceed the Account Balance. Even if you make the maximum allowable amount of contributions to your Account, the balance of your Account may not be sufficient to cover your Qualified Disability Expenses.

No Creation of California Residency. Opening an Account or making contributions to an Account does not create California residency status for the Beneficiary or any other person for purposes of determining entitlement to California state benefits or otherwise.

Laws Governing ABLE Programs May Change. There is a risk that federal and state laws and regulations governing qualified ABLE programs, as well as regulators' interpretations of those laws and regulations, could change in the future. The Proposed Tax Regulations or other IRS information provide guidance and requirements for the establishment and operation of CalABLE but do not provide guidance on all aspects of CalABLE. Final regulations or other administrative guidance or court decisions might be issued that could adversely impact the federal tax consequences or requirements with respect to the operation of CalABLE, including without limitation contributions to or withdrawals from an Account.

In addition, Section 529A or other federal or state laws could be amended in a manner that materially changes (i) your eligibility to open an Account; (ii) the treatment of an Account for

the purposes of eligibility for government benefits; (iii) the federal tax treatment of an Account; or (iv) available exemptions for CalABLE from certain federal securities laws. You should understand that changes in laws or regulations governing the treatment of CalABLE may necessitate material changes to CalABLE. Furthermore, CalABLE has been established pursuant to California laws and regulations, and any guidelines and procedures adopted by CalABLE. Changes to any such laws, regulations, guidelines, and procedures may also affect the operation of CalABLE as described in this Program Disclosure Statement. When the Board believes it is feasible and appropriate, it intends to provide reasonable notice of any material Program changes.

THE PROGRAM MANAGER

In General. The Board selected TFI as the Program Manager. TFI is a registered investment adviser under the Investment Advisers Act of 1940 and as a Municipal Adviser under the Securities Exchange Act of 1934. TFI is a wholly owned, direct subsidiary of Teachers Insurance and Annuity Association of America (“TIAA”). TIAA, together with its companion organization, the College Retirement Equities Fund (“CREF”), forms one of America’s leading financial services organizations and one of the world’s largest pension systems, based on assets under management. TIAA-CREF Individual & Institutional Services, LLC (“Services”), a wholly owned, direct subsidiary of TIAA, serves as the primary distributor and underwriter for the Plan and provides certain underwriting, distribution, and marketing services for CalABLE. Services is registered as a broker/dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority.

TIAA is headquartered in New York, New York, with additional corporate centers located in Charlotte, North Carolina, Denver, Colorado, and Dallas, Texas.

Management Agreement. TFI and the Board entered into an agreement (the “Management Agreement”) under which TFI provides, or arranges to provide, certain services on behalf of the Board to CalABLE, including investment recommendations, recordkeeping, reporting, and marketing. The Management Agreement is set to terminate on August 31, 2023, unless earlier terminated or extended.

Other Compensation. In connection with making the FDIC-Insured Portfolio available through CalABLE, TFI receives compensation from TIAA Bank. In connection with making the Funding Agreement available as an underlying investment for certain Portfolios, TFI receives compensation from TIAA-CREF Life Insurance Company.

Administrative Services. The Program Manager has retained Intuition ABLE Solutions, LLC (“IAS”) to fulfill certain recordkeeping, operational, and customer service functions to CalABLE. IAS is a dedicated and market-leading provider of customized solutions for ABLE programs. IAS’s services are provided through its offices in Jacksonville, Florida, and Tempe, Arizona.

Custody Services. The Program Manager has retained State Street Bank and Trust (“State Street”) to provide custody services to CalABLE. State Street’s services are provided through its offices in Boston, Massachusetts, and Sacramento, California.

ADDITIONAL LEGAL AND ADMINISTRATIVE INFORMATION

Investment Guidelines. The investment guidelines applicable to CalABLE as established by the Board may be changed at any time. The current investment guidelines are available online at www.treasurer.ca.gov/able.

Program Procedures and Requirements. Your Account and CalABLE are subject to all procedures and requirements adopted by CalABLE from time to time. Additionally, CalABLE reserves the right to:

- Refuse, change, discontinue, or temporarily suspend Account services, including accepting contributions and processing withdrawal requests, for any reason.
- Delay sending out the proceeds of a withdrawal request.
- Refuse, following receipt of a contribution, withdrawal requests relating to that contribution for up to 10 Business Days.
- Suspend the processing of withdrawal requests or postpone sending out the proceeds of a withdrawal request under any emergency circumstances.

CalABLE may exercise such rights for any reason and at its sole discretion.

Availability of Financial Statements and Other Reports. Upon request, financial reports of CalABLE will be sent, as well as any other official documents and reports issued by CalABLE. These may also be available on CalABLE's website.

Suitability. None of CalABLE, the Trust, the Board, the state of California, CalABLE's service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing, make any representations regarding the suitability of CalABLE or its Investment Options for any particular investor. Other types of investments and other types of savings vehicles may be more appropriate depending upon your personal circumstances. Please consult your tax or investment advisor for more information.

Federal Bankruptcy Exemption for Certain Contributions to Accounts. Federal law expressly excludes certain funds from an individual debtor's bankruptcy estate (which funds, therefore, will not be available for withdrawal to such individual's creditors), if the funds are contributed by the debtor to an Account. The bankruptcy protection for Accounts is limited, however. The funds contributed will be protected if the Account Owner is the individual debtor's child, stepchild, grandchild, or step grandchild for the taxable year in which the funds were placed in the Account, and only to the extent that such funds (i) are not pledged or promised to any entity in connection with any extension of credit; and (ii) are not Excess Contributions. In addition, the bankruptcy protections are subject to the following limits: (i) contributions made to an Account more than 720 days before a federal bankruptcy filing are completely protected; (ii) contributions made to an Account during the period beginning 365 days through 720 days before a federal bankruptcy filing are protected up to \$6,225 (this amount changes and is typically set every

three years by the Judicial Conference of the United States); and (iii) contributions made to an Account less than 365 days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

Abandoned and Unclaimed Accounts. States' unclaimed property laws may require CalABLE to turn over certain Accounts deemed to be abandoned or unclaimed to the custody and control of the state of the last known residence of the Account Owner. Unclaimed property laws vary by state, including the circumstances under which an Account is deemed to be abandoned or unclaimed and the consequences of such a designation. If CalABLE is required to turn over an Account as abandoned or unclaimed property, depending on the law of the applicable state, CalABLE or the receiving state may need to liquidate the Account, and, once liquidated, there may be no additional earnings on the Account. If an Account is turned over, in order to reclaim the Account, the Account Owner or Authorized Legal Representative would need to follow the receiving state's procedures for claiming abandoned or unclaimed property.

Limitation on Pledges, Assignments, and Loans. Your Account may not be pledged as security for a loan or debt. You may not assign your Account. You may not borrow amounts in your Account.

Information Subject to Change. The information in this Program Disclosure Statement is believed to be accurate as of the cover date but is subject to change without notice. No one is authorized to provide information that is different from the information in this Program Disclosure Statement and any supplements or amendments hereto.

Important Reference Material. Please keep this Program Disclosure Statement for future reference. This document gives you important information about CalABLE, including information about investment risks, tax considerations, benefit considerations, and the terms under which you agree to participate in CalABLE.

Conflicts. In the event of any conflicts, California law, federal law, and any regulations promulgated pursuant to those laws shall prevail over any information in this Program Disclosure Statement.

Participation Agreement for California’s 529A Qualified ABLE Program

Each term used but not defined in this Participation Agreement has the meaning given to it in the Program Disclosure Statement. By completing the online application, you (either as the Account Owner/Beneficiary, or as the Authorized Legal Representative on behalf of the Account Owner/Beneficiary, as applicable) agree to all the terms and conditions in the Program Disclosure Statement, this Participation Agreement, and the online application. This Agreement is entered into between you and the California ABLE Act Board (the “Board”), acting as trustee of the California ABLE Program Trust (the “Trust”) and the administrator of California’s 529A Qualified ABLE Program (“CalABLE”). This Agreement becomes effective when CalABLE opens the Account.

* * *

I hereby agree, and represent and warrant to the Board, as follows:

- 1. Legal Contract.** I acknowledge that this Participation Agreement that I am entering into represents a legal, valid, and binding contract between the Board and me.
- 2. Information about CalABLE.** I have read and I understand the Program Disclosure Statement, this Participation Agreement, and the online application. In making the decision to open the Account, I did not rely on any representations or other information, whether oral or written, other than the information in the Program Disclosure Statement, this Participation Agreement, or the online application. I acknowledge that I have been given the opportunity to obtain answers to all of my questions concerning CalABLE, the Account, the Program Disclosure Statement, this Participation Agreement, and the online application.
- 3. Changes in Law.** I understand that CalABLE is established and maintained by the state of California pursuant to the Enabling Law and is intended to qualify for certain federal income tax benefits under Section 529A. I acknowledge that qualification under Section 529A is vital and that CalABLE may be changed by the state of California and the Board at any time if it is determined that such change is required to maintain qualification under Section 529A. I also acknowledge that CalABLE is subject to California and federal laws, and that such laws are subject to change for any reason, sometimes with retroactive effect, and that neither the state of California, the Trust, the Board, CalABLE, nor any of CalABLE’s service providers (including the Program Manager) makes any representation that such laws will not be changed or repealed or that the terms and conditions of CalABLE will remain as currently described in Program Disclosure Statement, this Participation Agreement, or the online application.

- 4. CalABLE Modifications.** I understand and agree that the Board reserves the right, upon written notice and without my consent, to modify CalABLE and this Participation Agreement, as deemed necessary by the Board in its sole discretion and subject to applicable law, for reasons such as, but not limited to, ensuring compliance with California or federal laws or ensuring the proper administration of CalABLE. I further agree that the Account will be subject to all such modifications.
- 5. Accuracy of Information Provided by Me.** I represent and warrant that I accurately and truthfully completed the online application and that any other documentation or information related to the Account that I provide to CalABLE in the future will be true and correct.
- 6. Additional Documentation Requested from Me.** I acknowledge that in connection with opening the Account, and prior to processing any Account transactions or changes requested by me after the Account is opened, CalABLE may ask me to provide additional documentation, and I agree to promptly comply with any such requests.
- 7. Indemnification by Me.** I recognize that the establishment and maintenance of the Account will be based on the statements, agreements, representations, and warranties made by me to CalABLE. I agree to indemnify the state of California, the Trust, the Board, CalABLE, CalABLE's service providers (including the Program Manager), and any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, and instrumentalities of the foregoing, from and against any and all loss, damage, liability, and expense (including the costs of reasonable attorneys' fees), to which such persons may incur by reason of, or in connection with, any misstatement or misrepresentation made by me; any breach by me of the acknowledgments, representations, warranties, or agreements contained in the Program Disclosure Statement, this Participation Agreement, or the online application, or as otherwise given by me in connection with the Account; or any failure by me to fulfill any covenants or obligations in connection with the Account. I agree that all of my statements, representations, warranties, and agreements shall survive the termination of this Participation Agreement and this indemnification shall remain enforceable against me, notwithstanding the termination of this Participation Agreement.
- 8. Purpose of the Account.** I represent the Account is being opened to save for Qualified Disability Expenses of the Beneficiary. I acknowledge that there is no guarantee that contributions and investment returns, if any, in the Account will be sufficient to cover the Qualified Disability Expenses of the Beneficiary.
- 9. Eligible Individual Status.** I certify that the Beneficiary is an Eligible Individual as described in the Program Disclosure Statement, and that I have, or agree to provide upon request, evidence of such eligibility.

- 10. One Account Rule.** I represent that the opening of the Account does not violate the One Account Rule, as described in the Program Disclosure Statement.
- 11. Contributions.** I acknowledge that the ability to make contributions to the Account is subject to the Annual Contribution Limit (including the Expanded Annual Contribution Limit, to the extent applicable), the Maximum Account Balance, and all other terms and conditions related to contributions described in the Program Disclosure Statement, including with respect to Excess Contributions.
- 12. Changes to Account Information, including Eligibility.** I agree to promptly notify CalABLE of any changes to the information maintained by CalABLE for the Account, including changes in the Beneficiary's status as an Eligible Individual.
- 13. Authorized Legal Representative.** If I am acting as an Authorized Legal Representative on behalf of the Beneficiary, I represent that I have full power and authority to open the Account on behalf of the Beneficiary and to enter into this Participation Agreement. In addition, if I am acting as an Authorized Legal Representative, I represent that I neither have nor will acquire any beneficial interest in the Account during the lifetime of the Beneficiary, and that I must administer the Account for the benefit of the Beneficiary.
- 14. Account Authority.** I acknowledge that only I may authorize transactions on behalf of the Account (unless in the future such authority is duly transferred to another, as described in the Program Disclosure Statement) including, but not limited to, transactions related to (i) the investment of contributions; (ii) transfers between Investment Options (as permitted by applicable law); (iii) withdrawals; and (iv) changes in the Beneficiary.
- 15. No Investment Direction.** I acknowledge that all investment decisions for CalABLE will be made by the Board. Although I must select the Investment Option(s) in which contributions to the Account are to be invested, I acknowledge that I cannot directly or indirectly select the investments for the Investment Options, and that an Investment Option's investments may be changed at any time by the Board. I also acknowledge that contributions and earnings (if any) invested in an Investment Option may be transferred to another Investment Option only twice per calendar year, as described in the Program Disclosure Statement.
- 16. No Investment Advice or Suitability Assessment.** I acknowledge that neither the state of California, the Trust, the Board, CalABLE, nor any of CalABLE's service providers (including the Program Manager) has provided me with, and will not provide, any investment advice or suitability assessment regarding the Account or any Investment Option.
- 17. Investment Risks.** I understand the risks related to investing in CalABLE, as discussed in the Program Disclosure Statement. I understand that I can lose money by investing in CalABLE. I understand that there are no assurances that I will not suffer a loss of any amount invested in my Account or that I will receive a particular return on any amount in my Account.

- 18. Guarantees.** I acknowledge that, other than an investment in (or a portion of an investment in) the FDIC-Insured Portfolio, which is insured by the FDIC subject to the limitations described in the Program Disclosure Statement and by applicable law, neither contributions nor earnings allocated to an Investment Option are guaranteed or insured by any person or entity. I understand that there is no guarantee that any Investment Option's or any underlying mutual fund's investment objective will be achieved. I acknowledge that there is no minimum guaranteed interest rate for the FDIC-Insured Portfolio.
- 19. Not an Investor in Underlying Investments.** I understand that I am not, by virtue of an investment in an Investment Option, a shareholder in, or the owner of any interests in, such Investment Option's underlying investments. I understand that CalABLE is the owner of the shares of any mutual fund in which an Investment Option invests, and that I will have no right to vote or direct the voting of any proxy with respect to such shares.
- 20. Withdrawals.** I understand that once a contribution is made to the Account, my ability to withdraw funds without adverse tax consequences is limited. I acknowledge these restrictions and potential tax liabilities are described in the Program Disclosure Statement. I further acknowledge the terms and conditions related to withdrawals described in the Program Disclosure Statement.
- 21. Termination.** I understand and agree that the Board may at any time terminate CalABLE and/or this Participation Agreement, either of which may cause a distribution of the entire Account balance to be made from the Account. I understand the potential tax liabilities, including additional taxes on earnings (if any), that may apply to any such distribution. I understand that I may cancel this Participation Agreement at any time by written notice to CalABLE and requesting a complete withdrawal of the Account balance.
- 22. Medicaid/Medi-Cal Recapture.** I acknowledge and understand the potential for Medicaid/Medi-Cal recapture upon the death of the Beneficiary, as described in the Program Disclosure Statement.
- 23. Tax Records.** I acknowledge that, for tax reporting purposes, I am responsible for retaining adequate records related to the Account.
- 24. Transfer of Ownership.** I understand that if the Beneficiary for the Account changes, the former Beneficiary will cease to have any right, title, claim, interest in, or authority over the Account.
- 25. No Collateral for Loans.** I acknowledge that the Account and any portion thereof cannot be used as collateral for any loan and that any attempt to do so shall be void.
- 26. Assignments.** I acknowledge that I may not assign or transfer any interest in the Account except as provided in the Program Disclosure Statement and as permitted by applicable law. I acknowledge that any other attempted assignment or transfer of such interest shall be void.

- 27. Duties and Rights of California Entities and Service Providers.** Neither the state of California, the Board, the Trust, CalABLE, nor any of CalABLE's service providers (including the Program Manager), nor any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing has a duty to perform any action other than those specified in the Program Disclosure Statement, this Participation Agreement, or the online application ("Program Parties"). All Program Parties (i) may accept and conclusively rely on any instructions or other communications reasonably believed to be from me or an Authorized Legal Representative, (ii) may assume that the authority of any Authorized Legal Representative continues to be in effect until they receive written notice to the contrary, and (iii) are beneficiaries or third-party beneficiaries of, and can rely upon and enforce, any of my agreements, representations, warranties, acknowledgments, and similar statements in this Participation Agreement. None of the Program Parties has a duty to determine or advise me of the investment, tax, or other consequences of my actions, of their actions in following my directions, or of their failing to act in the absence of my directions.
- 28. Changes to Service Providers.** I acknowledge that CalABLE's service providers (including the Program Manager) will not necessarily continue in their roles for the entire period that the Account is open and that additional and/or different service providers may be retained for CalABLE in the future. I acknowledge that if there is a change in CalABLE's service providers, there may be modifications to CalABLE and the Account.
- 29. Headings.** The headings used in this Participation Agreement are for ease of reference only and have no legal significance.
- 30. Controlling Law, Venue, and Jurisdiction.** This Participation Agreement is governed by California law without regard to principles of conflicts of law. Subject to the provision in this Participation Agreement titled "Arbitration," I agree and submit that any post-arbitration claim or controversy arising out of, or relating to, this Participation Agreement shall be adjudicated by a federal or state court located in the state of California, and I hereby submit to the exclusive jurisdiction of any such California court.
- 31. Severance.** In the event that any clause or portion of the online application, the Program Disclosure Statement, or this Participation Agreement is found to be invalid or unenforceable, at the option of the Board or CalABLE, this Participation Agreement may be deemed void, or that clause or portion found to be invalid will be severed from the applicable document and the remainder thereof will continue in full force and effect as if such clause or portion had never been included.
- 32. Sovereign Immunity.** Nothing in the online application, the Program Disclosure Statement, or this Participation Agreement shall be deemed or construed as an express or implied waiver of the sovereign immunity of the state of California or any agency or instrumentality thereof.

33. Arbitration. Any controversy or claim arising out of or relating to this Participation Agreement, or the breach, termination, or validity thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered into any court having jurisdiction thereof. The foregoing is a pre-dispute arbitration clause. By signing an arbitration agreement, the parties agree as follows:

- (1) All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the American Arbitration Association.**
- (2) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is limited.**
- (3) The ability of the parties to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings.**
- (4) The arbitrators do not have to explain the reason(s) for their award.**
- (5) The rules of the American Arbitration Association may impose time limits for bringing a claim in arbitration.**

* * *

Appendix B – Privacy Policy

Notice of Privacy Policy

Protecting the privacy of your personal information is important to us at CalABLE. You have given this information to us so that we may provide you with assistance in participating in the 529A CalABLE program. We understand that you trust us to keep your personal information confidential as required by law.

CalABLE Privacy Policy

1. CalABLE collects nonpublic personal information about you from the following sources:
 - Information you provide us when you conduct business with CalABLE whether online, through the mail, or over the phone;
 - Information about your transactions with CalABLE and its agents and subcontractors;
 - Information received from the Social Security Administration, the Internal Revenue Service, other state or federal programs, or state agencies; and
 - Information received from third-party payment processors to which you have made contributions or withdrawals.
 - Nonpublic personal information means personal information about you which identifies you and that is not available from public sources.
2. CalABLE does not disclose any nonpublic personal information about you or our other customers to anyone, except with your consent, at your request, or as permitted or required by state or federal law.
3. CalABLE restricts access to nonpublic personal information about you to those employees, agents, subcontractors, organizations, and government agencies who need to know the information to provide the services or products that are the basis of the customer relationship between you and CalABLE. CalABLE maintains physical, electronic, and procedural safeguards reasonably designed to safeguard your nonpublic personal information.

Under the terms of the Program Management Agreement, the Program Manager and other service providers to the Program shall abide by this Privacy Policy.

By enrolling in an account in CalABLE as a Beneficiary, or as the Authorized Legal Representative on behalf of a Beneficiary, or by accessing the Website you agree to this Privacy Policy. Enrollment is deemed to have occurred as of such time that you click to accept the CalABLE Program Disclosure Statement and Participation Agreement and this Privacy Policy. IF YOU DO NOT WISH TO BE BOUND BY ALL OF THE TERMS AND CONDITIONS IN THIS AGREEMENT, DO NOT ACCESS THE WEBSITE OR USE ANY OF THE SERVICES PROVIDED ON THE WEBSITE.

CalABLE Notice of Security

This Notice describes important security practices in connection with the CalABLE Account website. CalABLE operates as a Section 529A qualified ABLE program established and maintained by the state of California through the California ABLE Act Board, which serves as Trustee. When you visit the Website, you can log on to pages where access is permitted only after you have supplied your Account Number and Password.

CalABLE, TIAA-CREF, Tuition Financing, Inc., and their subcontractors and their respective affiliates (hereinafter referred to collectively as "the Contractors") are committed to protecting your privacy online. When you log on to the Website's secure pages, we use 256-bit SSL certificates for securing information. SSL certificates have been widely accepted on the World Wide Web for authenticated and encrypted communication between clients and servers. In addition, all data that you send to us and we confirm back to you is sent over an encrypted secure connection protected with a mechanism for detecting tampering - that is, for automatically determining whether the data has been altered in transit. This basically means that the data sent is encrypted and is designed so it can only be decrypted by our web server. To provide additional protection, your data is stored on a secure server behind our firewall. Firewalls can be thought of as selective barriers that are designed to permit only specific types of transactions through to our system. This Website may utilize "cookies" - small text files placed on your computer hard drive - when you use this site. Cookies may be used for security purposes, to facilitate navigation of the Website, or to personalize your use of the site by retaining preferences. The cookies used by the Website do not contain personally identifiable information and are used ONLY in the context of your use of the Website.

To use this site, you need a browser that supports encryption and dynamic web page construction. It is strongly recommended that you have a secure browser which supports 256-bit encryption.

Each user session is set up for a specific period of time. If you do not make a transaction within that specific period of time, the session times out. If your session times out, and you are not finished using the Website, you will need to log on again. This reduces "the window of opportunity" for an unauthorized user to access your account information if you walk away from your computer without logging off the Website.

To help ensure the confidentiality and integrity of your information:

- Use caution when choosing your user name and password. Choose a unique and secure password that will be difficult for others to guess. Do not use obvious or easily accessed data such as your name, initials, Social Security number, mother's maiden name, phone number, address, family birthdays, family names, pet names, or any combination of these.
- CalABLE will never contact you to solicit your user name or password. Do not reveal them to anyone.
- Close your browser when finished. After you have finished your session on the CalABLE website, log off and close your browser to get rid of information that may have been temporarily stored on your computer during your session.
- Do not share your Password, Social Security number or Account Number with anyone.

- Call the CalABLE toll-free number at 833-Cal-ABLE (833-225-2253) if you suspect any willful misuse of this site.

If you provide personal information to effect a transaction, a record of the transaction performed while you are on the Website is retained by CalABLE's secure system, maintained by the Program.

CalABLE and the Contractors may periodically review their procedures and reserve the right to amend them. You will be kept informed of any changes to the practices set forth in this notice.

This site also contains links to other sites. Neither CalABLE nor the Contractors are responsible for the privacy practices or the content of such websites.

IMPORTANT NOTICE ABOUT E-MAILS FROM CalABLE

Many email programs monitor for "spam," the electronic equivalent of junk mail. When these programs detect something they think is spam, they will either not deliver it at all or will deliver it to a folder other than your Inbox. Depending on your e-mail service and your specific spam settings, email sent with regard to your account may be recognized as spam and not delivered to your Inbox.

Most email services will allow you to add "safe" addresses -- specific addresses that are always allowed to send mail to your Inbox. To ensure you receive all email communications regarding your CalABLE login, please add "do not reply@calable.ca.gov" to your list of safe addresses.

If you request a new password and do not receive an email within 24 hours, check your email program's folder where spam is placed.



833-CAL-ABLE
(833-225-2253)
CalABLE.ca.gov