



CalABLE Webinar: Understanding CalABLE for 2021

Original Broadcast Date: January 21, 2021

SANDRA KENT: Okay, I think everything is ready and we're ready to get started. I would like to welcome everybody this afternoon to CalABLE's webinar series. Today, we're going to talk about Understanding CalABLE for 2021. My name is Sandra Kent, and I am an analyst with CalABLE. And before we get the webinar underway, I'd like to go over a few housekeeping items that will be helpful to you when we're going through this webinar. So, in the reminder email that you received about an hour ago, there was a link at the bottom of the email to the slides if you would like a copy of them. If you don't have that email, you can get a copy of the slides on our website at www.treasurer.ca.gov/able/events/webinars/2021 and that should take you to where you need to go to get them.

Today, we also have a team of ASL interpreters, and if you are unable to see their video feed you may need to adjust your speaker gallery settings in the upper right corner of your screen. Their video will be pinned during the webinar so that you should be able to see one of them at all times. The other option is for live captioning and you can turn on the live captioning down in your webinar control panel. You can also adjust the settings if you need to, and for those of you who prefer a longer scripted view, there is also what's called a transcript view available as part of your settings.

The next thing is that we have two options for the audio for this webinar, and I realize there are some people who have called in on the telephone audio-only, so that is also available if you have some difficulty with your computer during the process, the streaming quality can probably be improved if you close unnecessary apps on your computer or just minimize the number of windows that you have open. So, if your speakers aren't working properly, please call on the telephone by calling 1-669-900-6833 and you'll need to enter the Webinar ID 942 3100 9816.

And finally, before we get started, we welcome you to ask as many questions as you need to, and you can do that at any time during the presentation, but we ask that you please use the Q&A box and not the Chat box. We don't want to miss your questions and so if you please put them in the Q&A box, which is part of your webinar control panel. So, Q&A box. For those people who are audio only, you can also send us your questions via email at CalABLE@treasurer.ca.gov. And that's also our email address if you need assistance with any of your questions at any time. We're happy to answer them. We're here for you. Now, whatever questions that you've asked during the presentation will be addressed at the end after both of our presenters today have made their presentations.

And I also would like to let you know that there will be a replay available on CalABLE's YouTube channel in about two weeks. We have some administrative things that we need to handle before we can post it there, but our YouTube channel also has some other replays of webinars that might be helpful to you. Most importantly is the webinar about the fundamentals of the CalABLE program, and that is our most popular webinar. It is called CalABLE 101 and you can find that on our YouTube channel. We do recommend that everybody, especially those who are new to the program, we recommend that you

watch that video because I think it will help answer a lot of your questions about the program. Now, before we get the webinar officially underway, our California State Treasurer has some remarks for us and a welcome, so let me let me get that to you right now.

CALIFORNIA STATE TREASURER FIONA MA: Good afternoon, everyone. I am California State Treasurer Fiona Ma, and I would like to welcome you to the CalABLE webinar series. The presenters today aim to help you understand CalABLE for 2021 by discussing updates to the program, some tips in opening a CalABLE account, and answers to some of the most common questions we receive.

The CalABLE program is an essential step toward enabling people with disabilities to reach their financial goals. As State Treasurer, one of the top priorities is expanding the financial tools and resources that can assist you in making informed savings and investment decisions.

Thank you for joining us and taking the time today. I hope you find today's information useful. Audience participation and feedback is important to us so that we can bring you programming that is relevant to your needs. Now, I would like to turn things over to CalABLE Executive Director Dante Allen.

DANTE ALLEN: Thank you, Treasurer Ma. Thank you, Sandra, for getting us started this afternoon. I wanted to say Happy New Year to everyone. Thank you for taking the time to be with us this afternoon. If you are like us, we are in the throes of this pandemic and are primarily working from our home offices. It's been just about a year since we started this webinar series, and we're so thankful that we did because we've learned a lot about you. We've learned a lot about the program, and so we want to keep this thing going. One of the most important things that we've learned over the last year of doing these webinars is that accessibility is key. CalABLE is a program that is designed to provide financial opportunities for people with disabilities and so we know that oftentimes that we're speaking, that our audience members have different needs, and that they need met in order to support their ability to educate themselves about the program.

And so, we've gone a long way to extend and make sure that these webinars are accessible as possible, including the steps that Sandra explained about the captioning and the sign language interpretation. If you ever have any additional accessibility needs that you'd like to see us address, please don't hesitate to reach out to myself or anyone from the CalABLE team because we see that as a core part of our mission and are very happy to engage in that conversation. The other thing that we learned through this time is that there is an audience for this information. It means that we are striking a nerve and hitting the things that you want to hear about, and so we're very happy to do that. And I'm going to explain to you in just a second one of the key ways that we continue to build upon that.

We learned that oftentimes these webinars are more effective than our in-person presentations, and it's probably because you have the flexibility while you hear me speaking or one of our guest speakers speaking, you have the opportunity to go onto Google and do some of your own research. And many times, folks can start an application while they're hearing us present and potentially be done by the time we're completed. That's something you couldn't do if we were in some lecture hall or auditorium and you were hearing the presentation, so this has been a very effective way for us to get the word out about CalABLE. We also learned that our audience is becoming more sophisticated as we continue to get more specific in the information that we provide. Your questions are becoming equally more specific and so we

find that oftentimes the most valuable part of these presentations is the Q&A. And so, we want to make sure that we provide you with ample time to be able to answer those questions.

Sandra mentioned that we have a resource of our previous videos available on our YouTube channel. I highly encourage you to go take a look at those. If you go to YouTube you can do a search for CalABLE, they all pop up very easily. We'll continue to expand upon our offerings and try to get to exactly what you need, and the key way to get that information is through your feedback. And so, you will have a pop-up window when you logged on to your computer that will lead to an evaluation form, and that event evaluation form will tell us where you can tell us how we're doing and sharing information to you, as well as let us know if there are questions that you have or things that you'd like to see us explore in the future.

Before I get started on today's presentation, I do want to give you one simple tip. It's something that is highly important, and oftentimes we see that folks might want to skip this step, and I would highly encourage you not to. And that is to read the Disclosure Statement. That statement is available on our website at www.CalABLE.ca.gov, and it has all of the rules and inner workings of CalABLE in it. I know it's not the most fun thing to do is to look at the technical language and the legalese that is included in there, but it'll answer some of your very simple questions, and that can include things like: I've opened my account. Now, how do I put money in it? And so, I do highly recommend that you spend some time with that Disclosure Statement. You don't need to study it and know it. Just accessing it and using it as a reference guide can be extremely helpful to you, so I want to make sure that you have the opportunity to do that.

So, before I get started with the presentation, let me go over the table of contents. We plan to give you a brief overview – these are the very basics of CalABLE – before we get into sort of the meat of our discussion. If you're a first-timer and you don't have any kind of primer on what ABLE is, I plan to give you a very quick overview, and then we're going to go right into what are some of the updates, what's changing in 2021 in order to be able to fully access and get the most benefit from your ABLE account. We'll give you a few tips on what it takes to open the account, and I'll bring on our guest presenter. He is the manager of our Customer Engagement Center, and he hears more questions about CalABLE than probably any other living person. And so, he is a great resource and I wanted to make sure that we had the opportunity to have him on board. And then finally we'll spend some time with Q&A in order to answer your specific questions.

Okay, so the overview. Just a little bit of background on CalABLE to get us started. ABLE stands for the Achieving Better Life Experiences Act, and it was passed by Congress in 2014, signed into law. It's a change to the IRS tax code, and it's this tax code that allowed states to create these tax-advantaged savings and investment programs for people with disabilities. And if you're familiar with college savings accounts or 529 accounts, these accounts are very similar to those college savings accounts. As a matter of fact, it's the IRS tax code 529 that enables the college savings accounts, and it's 529A – A for ABLE – that allows these ABLE accounts. And so instead of saving solely for education-related expenses, with an ABLE account you have the ability to save for disability-related expenses or any expenses related to living a life with a disability. One of the greatest benefits of these ABLE programs is that assets in your ABLE account will not affect your eligibility for means-tested benefits programs like SSI or Medi-Cal.

So, who is eligible to open these ABLE accounts? First and foremost, you must be an individual with a disability, and the onset of that disability needed to occur before your 26th birthday. If you meet the

eligibility criteria for disability benefits programs like SSI or SSDI and your disability began before age 26, then you're automatically eligible to open an ABLÉ account. There's not a lot additional you have to do. You just go to the website and start the enrollment process. If, though, you've never been you've never gone through the eligibility criteria for one of those programs, and you're not receiving benefits, there is an additional step that you'll need to take. And we call that self-certification, and that's when you certify under penalty of perjury that you've been diagnosed by a qualified physician with a physical or mental disability that results in a marked and severe functional limitation that is expected to last a year or longer. Now, along with that, we ask that you get a letter from your physician, and that letter should include information regarding your disability. It should state that the disability likely began before your 26th birthday, and we ask for you to hold on to that letter. So CalABLE won't ask you to present that letter, but you may be asked by someone else to present that letter. And so, who might ask? The IRS may ask when they're trying to determine whether you truly do meet the eligibility criteria for an ABLÉ program. Or potentially even if you're receiving benefits, Social Security could ask for that letter to make sure that you're rightfully eligible for an ABLÉ account after you've opened one.

Now, we use the same definitions that the Social Security Administration uses to come up with disabilities, and that includes everything from your various mobility disabilities, developmental and intellectual disabilities. Even mental health conditions are all included in that, so this is a very inclusive definition, and if you have questions on whether your condition would be considered a qualified disability, you can look up the Social Security Administration's List of Compassionate Allowances, or they also call it the Blue Book.

Now, what can you do with an ABLÉ account? Before the ABLÉ Act, a person with a disability who was receiving government benefits like SSI couldn't save more than \$2,000. If you got above more than \$2,000 in the bank, you'd usually get a letter from the Social Security Administration that says, "We see that you have an excess in resources and you need to spend that money down below \$2,000, or we are going to help you out by no longer giving you your monthly benefit. So, you'll have to live on any of that money that you have that's above \$2,000. Once you complete that spend down, then your benefits will reinstate and you'll continue to get your monthly check."

But now with an ABLÉ account, an individual can save up to \$15,000 per year and up to \$100,000 in total without impacting their SSI at all. That money up to \$100,000 is not counted against your resources or your assets for programs like SSI. One of the questions that we receive on a regular basis is, "Okay, well let's say I have up to \$100,000 in my ABLÉ account, but I still have another \$2,500 in other bank accounts. Will that \$2,500 count against me?" And the answer is yes. Only the money in your ABLÉ account is protected up to \$100,000, so you're still limited if you have money outside that ABLÉ account. You want to keep that below \$2,000 if you want to make sure that you're maintaining your benefits.

Now, CalABLE has a total contribution limit of \$529,000, which means that you can actually continue to contribute in your CalABLE account until you reach \$529,000, and because it is a savings and investment program, your investments can still continue to grow even after you've reached that \$529,000. You just don't have the ability to continue to contribute unless you get down below that \$529,000. Once again now, CalABLE will automatically reject excess contributions if you try to put in more than \$15,000 in a single year unless you fit in a small category of individuals who can do that, then any excess contribution will be denied, and if you're getting close to that \$100,000 cap for SSI benefits, we'll let you know ahead

of time that you're going to exceed that and could be putting your benefits in jeopardy. The thing that you should know as well is that after you get up above that \$100,000, you can still continue contributing up to more than half a million dollars, but you should know that you'll probably be disqualifying yourself from benefits once you get above that \$100,000.

The other thing that you should know: I mentioned that there are some people who can actually contribute more than \$15,000 in a calendar year to their ABLE account, and that's based on a program called ABLE to Work. It was passed into law in at the end of 2017 with tax reform, and it said that if you are the account owner, the person with the disability, and you're working and you're not actively participating in an employer-based retirement plan, you can actually put in a portion of your earned income up to the federal poverty level into your ABLE account in addition to the \$15,000 that everyone can put into their ABLE account. And so, the federal poverty level changes on an annual basis. I just learned that the amount that you can contribute in addition to the \$15,000 if you qualify for ABLE to Work, if you live in California or any of the 48 contiguous states, is you could put in an additional \$12,760 above that \$15,000 annual limit.

So, the great thing about CalABLE is that when you put money in your account, you can withdraw it and use it at any time without taxes or penalties as long as that money is used to pay for a Qualified Disability Expense. So, what is a Qualified Disability Expense? It's any expense related to the designated Beneficiary as a result of living a life with a disability that helps to maintain or improve their health independence or quality of life. Now, that's a very broad definition, right. Just about anything I can imagine will qualify as something that could help improve my health, my independence, or my quality of life. But to help you a little further, the Social Security Administration got a little deeper in their definition, and they and it said that the categories could include, but aren't limited to, things like education, housing, transportation, health care expenses, and many, many more. As a matter of fact, we've learned that there are so many more categories that it may be a little easier to explain what might not be considered a Qualified Disability Expense because the definition is so broad.

But the IRS has gone out to say that there are certain things that they don't consider necessarily as Qualified Disability Expenses. For example, the purchase of any illegal item would not be considered a Qualified Disability Expense. Again, this is an IRS distinction, and the IRS wants you to pay your taxes. Even when it comes to illegal gains, the government wants you to pay your taxes. Other things that will receive additional scrutiny if you try to claim them as Qualified Disability Expenses: gifts for someone other than the Beneficiary. Again, this must be to benefit the Beneficiary themselves, and I know we could argue that I feel better when I give gifts, so that enhances my quality of life, but I would suggest that the IRS would argue with you, and at least in my experience, anytime that I've argued with the IRS, they win. So, I would say that that's probably not a great idea.

Here are some examples of Qualified Disability Expenses just to get your imagination running with you. You can pay for things like prevention and wellness activities. If you wanted to join a gym and use your CalABLE account to pay for that gym, that is certainly a Qualified Disability Expense. Legal fees are Qualified Disability Expenses. Funeral and burial expenses. Basic living expenses. You can use your ABLE account to purchase food. Those things are all considered Qualified Disability Expenses. And of course, any assistive technology that you buy any medical equipment that you purchase, all of those things would of course fit into the category of Qualified Disability Expenses. The one thing that you should know is that

CalABLE, when you withdraw money from your ABLE account, CalABLE does not ask you whether you're taking money for a Qualified Disability Expense or not. It's the individual's responsibility to know how they plan to use the money, but in case you're ever audited by the IRS or if you're ever asked a question about how you're using the money in your ABLE account by a benefits provider, we highly recommend that you keep good records. Whenever you take a withdrawal from your ABLE account, you should list what you use that money for. You should keep receipts so you can back that up if you're ever questioned. And again, it's not CalABLE that would question it. It could be the IRS if the Beneficiary is ever audited, or it could be a benefits provider during an annual recertification.

I see a question in the chat, and I want to remind folks to put your questions in the Q&A. It allows us to track them better and get back to you, but since this one is right in the realm of Qualified Disability Expenses, I'll answer it right now. And it says, "Would theater tickets or concerts count or even a vacation?" And that's one of the questions that we get very regularly. Could a vacation be a Qualified Disability Expense? And that's where I would say that I personally have never been on a vacation that didn't enhance my quality of life, and so in that regard, yes, vacations, theater or concert tickets could all be Qualified Disability Expenses. I highly recommend though that you keep a record in case you are ever questioned about how you're using your money.

ABLE accounts can be used to pay for housing and for all intents and purposes, housing includes things like rent, utility, mortgage payment, down payment on a home. And there is something in specific that you should know about housing payments, and this is the only quirky thing that this applies only to housing, and that is that when you use your ABLE account to pay for housing expenses, you need to withdraw the money and make the payment within the same calendar month. What do I mean by that? For example, if you're using your money from your ABLE account to pay for your rent, and let's say you wanted to pay for your January rent, you would have needed to withdraw that money anywhere between January 1st and 31st, and you would need to make that payment anywhere between January 1st and 31st. If you withdrew the money on December 29th and you didn't make the payment until January 5th, you could run into problems with the IRS or Social Security. That additional money could be potentially seen as an added resource because you didn't do it within the time frame that they said. And this only applies if you are using money from an ABLE account on housing. If you're using it to pay for food or assistive technology, there isn't that that time constraint that exists when you're using it to pay for housing expenses.

But some things that you should know, especially if you receive a housing benefit, and that is that HUD, the Department of Housing and Urban Development, will exclude ABLE funds in determining family income. They will exclude any third-party contributions to an ABLE account from being counted as a resource or as income. They'll exclude the entire value of an ABLE account from counting as household assets, and any distributions from an ABLE account are not considered income. Now, if you are working and you're putting money directly into your ABLE account, that money is still counted as income, but once it's in your ABLE account, it's no longer a resource. So, this is not a program that will help you shelter your income. Earned income will always be counted as income for benefits purposes.

So, a few updates, and this is the 2021 portion of the program. And the first thing, I wanted to give an update on is the ABLE Age Adjustment Act. This is a bill that has been introduced in both houses of Congress. It was introduced in the last session. We expect it to be reintroduced in short order depending

on how productive and effective the House and the Senate can be given this new administration. And this bill is intended to make more people eligible to open an ABLE account. As I mentioned, currently, if your disability began before your 26th birthday, you can open an ABLE account. This law would change it to if your disability began before your 46th birthday, you can open an ABLE account, and it's expected that that would increase the overall number of people who are eligible to open an ABLE account by about 6 million people, and so that would be a great benefit. We are hopeful that it can pass this year through both houses and then be signed by the President. And if you are interested, you can write to your elected officials and let them know that you'd like to see the ABLE Age Adjustment Act passed.

Just a few months ago, the IRS issued its final regulations related to ABLE programs, and so you may be hearing already that some of the rules about ABLE programs are changing. And I say they are changing because these are things that haven't been implemented just yet. ABLE programs across the country have two years in order to implement these things, but I wanted to bring these up just in case you're hearing about this and you say where they're new regulations, and that means that things have changed.

One of the major changes that we're looking at for ABLE programs, is that they've broadened the definition of who can become an Authorized Legal Representative for an ABLE account. Now, ABLE accounts can be opened by either the Beneficiary, the person with the disability, or it can be opened by an Authorized Legal Representative, and that's someone who has decision-making authority over the account. And previously, the regulation said that that individual had to be a parent or a legal guardian, or someone with legal power of attorney over the financial matters for the Beneficiary. And with these new regulations, they've expanded that definition of who can become an Authorized Legal Representative, and they've also created a hierarchy of who they deem to be most effective as an Authorized Legal Representative.

And so that list is included here. At the very top of that list is someone with power of attorney over the financial aspects of the individual. A conservator or guardian. A spouse can now be an Authorized Legal Representative, a parent, sibling, grandparent, a Beneficiary's rep payee – that's one of the questions that we have received consistently since the program began – or a person of the Beneficiary's choosing. So, this could be a friend, it could be it could be a wide array of folks, but there is a hierarchy. And so, it's listed in order based on where you fit on the hierarchy. So, a person with power of attorney over financial matters could trump a sibling, for example, but that doesn't mean that a sibling couldn't become an Authorized Legal Representative. It just means that when they do become that representative, they have to attest under penalty of perjury that there's no one else that is higher up on the hierarchy that is willing or able to serve as that Authorized Legal Representative. And so that's something that we expect to bring to the program in the very near future. I wanted to make sure that you're aware of it because I'm certain that you could already be hearing that these changes are coming. There are a number of other changes but this one is probably one of the most significant. With that in mind, that's where I'll go with the overview.

I want to introduce now our guest speaker. Malcolm Harmon is the service delivery and engagement manager with Intuition ABLE Solutions. Intuition has been with CalABLE since the very beginning. I know that some of you have asked the question, and Malcolm comes to us from Florida, and some of you have asked the question of, well, if this is a California program, why do we communicate or send information into folks from Florida? And I wanted Malcolm to be able to address that question directly because he is

a leader in this field. He has 20 years' experience in the financial services industry, and he's been managing the processes that direct CalABLE and other ABLÉ programs since 2015. And I welcome Malcolm and look forward to a great conversation. Malcolm, how are you doing?

MALCOLM HARMON: I am great, Dante. Thank you so much for the opportunity to be here today. Yeah, so I'm here and I wanted to talk about tips for opening up a CalABLE account. We run into a lot of questions from customers that have opened the account and maybe didn't prepare as well as they could have beforehand and then may get frustrated with some of the processes. So, as Dante alluded to earlier – I think it was his opening statement – first and foremost, the most important thing to do is do your research. Read the program Disclosure Statement. It contains important information to consider before making a decision to open and contribute to the CalABLE program. It includes information regarding the terms and conditions, risks, and fees and expenses associated with the account. It should be read thoroughly and just retained for future reference. Now, again, we know it could be quite daunting. It's a 77-page document. There are some keywords that you should be looking for: contributions, withdrawals, eligibility. If you use those keywords and do searches on the document, it makes it a little easier to get to the information that you need.

In addition to that, visit the CalABLE website at www.CalABLE.ca.gov. They've done a fabulous job really making the website very user-friendly and intuitive. Visit the Plan Benefits section of the website. We mentioned earlier, there's a link to the ABLÉ 101 video there that has a wealth of information for you. And in addition to that, the FAQ section. The FAQ section is the frequently asked questions of the program: what is CalABLE? How can I use the CalABLE account? What are the fees associated with the CalABLE account? Information about the prepaid card. How you manage your CalABLE account. So, a tremendous amount of information. I'm very fortunate. We have a great team here so if you need clarification or any information regarding the plan, that's what we're here for. We're here to help and answer those questions that you just may want to hear somebody say out loud because it's too good to be true.

So, when you're starting to set up the account, and you've read all your information and have done your due diligence, and you're ready to go, in this time and age there's multiple ways to open an account. We have people opening accounts off of laptops, with phones, with iPads, or really any type of digital instrument that you would use. We ask that you make sure that your device is up to date, and you're using the latest operating system technology. I spoke to an individual about two weeks ago and they were using an iPhone 4. I believe the iPhone 4 came out several years ago, and I'm not sure how many updates that phone had, how old the phone was, and the device they were using, so the experience wasn't pleasant for that individual, and that was unfortunate. So, we'll do the best we can. We'll stay on the phone as long as we can. We could do some Tier 1 support to assist you with updating some of that information, but go ahead and try to take those steps prior to starting the process of opening the account.

Be prepared with personal identification documents. We may need to verify your identity. We have a great feature. We have the doc upload feature, so once you establish your account, there is a possibility that we're going to ask for you to upload some personal identification information. That would be a picture ID, whether it's a state identification card or a driver's license, a passport, could be a social security card, a utility bill that proves that you live where you say you live. Those are the type of documents that we're going to need in order to verify who you are. Again, CalABLE takes account security very seriously

so we would appreciate it if you have that information, go ahead and have it on hand, just in case we need to ask you for it.

Have your commercial bank account, your routing number, and bank account ready as you go through the enrollment process. You have the ability to add your bank information. Verify with your bank beforehand what your ABA number is, your routing number to that bank, and just validate what your account number is. At times people will put in the wrong information. They're trying to make a contribution, and that contribution will be rejected by the bank. That causes a little bit of frustration. We don't want you to be frustrated. We want you to get it right the first time. We also have a process that's in place that we're going to verify and validate that bank information, so you need to make sure that you have the ability to log into your bank because we're going to send deposits to that bank account for our verification process. We have a whole document that walks you through that process for the ease and use of then transacting online with your personal bank account.

DANTE ALLEN: So, I wanted to ask a few questions, Malcolm, and rather than going just down the list here, I thought we'd ask about that question because it comes up quite often. If you're mailing things to CalABLE, we ask you to mail them to our Engagement Center, which is located in Florida. And folks may not know this if they're talking to you on the phone because you keep California hours, but when they're calling our call center they're talking to folks in Florida. And so, I wanted to start off to give you an opportunity to tell us a little bit about Intuition and what you all bring to the table that helps make CalABLE a better program.

MALCOLM HARMON: Sure. So, we're part of Intuition ABLE Solutions. The company was established back in late 2014, early 2015. As soon as the ABLE Act was passed in December of 2014, our company, which is Intuition LLC – we've been in the college savings business for 30+ years – we took a look and we said, this is something that we should get involved with. I mean we've been helping people on the college savings side for so many years, we have a great infrastructure, and we should continue to help people. So, the owners of our company opened up a startup program. We didn't realize maybe what we were getting into, but we knew we were going to help people. Fast forward several months into 2015. I was hired as the first operations analyst, I guess, in the country, and we started the process of really trying to build out a program that we thought would benefit people. It would be easy and anyone could use it. Intuition, again, has been located in the Jacksonville, Florida, area for about 30 years. So, to answer your question regarding checks and why do I have to mail my check to Florida, well because we're the recordkeeper for the CalABLE program, and all the back-end processes, operational processes are handled here in Jacksonville.

DANTE ALLEN: Thanks for that, Malcolm. I think that is very helpful and I guess I'll add to that as I see you guys as experts. Not only do you do the recordkeeping for CalABLE, you also work with other ABLE programs. You were in this business before we were and so you've been a great help and partner to us. So, let's go over some of the most frequent questions that you receive, like who can who can contribute money into a CalABLE account?

MALCOLM HARMON: Sure. Really anyone, Dante. The individual, the Beneficiary could be a self-administrator. They could be contributing their own funds to the account. Friends, family, businesses, employers, trust corporations, a legal entity – as long as the funds are in good order, we're going to accept those funds, and those contributions will flow into your account.

DANTE ALLEN: Fantastic. How can someone if they're not the Beneficiary or they're not the representative – how can they contribute to an individual's CalABLE account?

MALCOLM HARMON: Sure. So, a couple of ways. I think the most underutilized feature that we have is the eGift platform. Once an account is set up, the Authorized Legal Representative or the self-administrator, the person with the disability, can set up an eGift. So basically, it's almost like a crowdfunding, a GoFundMe type of tool, where you can even import all of your contacts, all of your email addresses, family, friends – again, really anyone – and you can send out an email from your CalABLE account. And in that email, and you can customize the email. You can put whatever you'd like in that email, how ever you'd like it to read, and a secure link will be sent to those individuals to click on that link, and they can add their personal ABA banking instructions into that link and easily contribute to your account.

DANTE ALLEN: Fantastic.

MALCOLM HARMON: Another way, and that's just the electronic way. Of course, we always accept checks. An individual can send a check into the PO Box here in Jacksonville, Florida. Just make that check payable to the CalABLE program and in the memo line of the check, go ahead and put down the Beneficiary's name and the account number.

DANTE ALLEN: And so, we we've already talked about why are checks sent to Florida. Can you talk a little bit – I can't say how many times I've heard the question: I've put money into my ABLE account and I don't see it yet, or I've requested a withdrawal and haven't received it yet. Can we talk about a little bit about how long it takes once you put money in or take money out before it's available to you?

MALCOLM HARMON: Absolutely, and that's the number one question, Dante, that we receive here. And that's why I always ask people or anytime I'm on the phone and speaking with individuals, I always let them know. There is a perception out there – where it came from, I'm not sure – that CalABLE is a bank account, or it's a bank. It is not a bank and it is not a bank account. It is a savings and investment account, so there are different processes that we have to do on the back end in order to process some of the requests that come in. Contributions and withdrawals, those are really directives from the individuals to buy and sell units that they've purchased and invested in within the CalABLE program. So, there are other vendors, as you're fully aware of, that are involved in these processes, Dante, that make all the magic come together. They're all automated processes, which are great, and a lot of these things happen and it's a timing mechanism. Well, it's not instantaneous.

For example, if you're working or you receive money and you put it in your bank account, in most instances, you have immediate access to those funds. Well, in a savings and investment account, when we receive a contribution – we'll just use a round number of \$100. I'm gonna bring up my calendar so I could kind of talk through this – if we received \$100 today, those funds, they have what we like to call a maturity period. Those funds will not be eligible for withdrawal for 10 business days. Ten business days equals really 14 full days, two weeks, so if we receive those funds today on the 21st of January, those funds would not be eligible for release to you until February 5th, and then it would take approximately three to five days. Now, I can say we use three to five days really because we have no control over what your bank is going to do or their processing, their transaction processes. In most instances, if the funds are fully matured, we don't see it more than three days.

DANTE ALLEN: So, Malcolm, given the information that I shared earlier about using your ABLE account to pay for housing expenses, what's your recommended best practice given that there are constraints about when you'll actually have the money versus when you need to make that payment?

MALCOLM HARMON: Absolutely. Have a plan. Okay, you have to spend those funds in the same calendar month for it not to be counted as a resource, so what I typically will say and what the team will try to help individuals with is, if you're receiving funds from say, a trust or something that's going to come in on a monthly basis -- maybe a friend or a family member is contributing to your account to help you pay for your rent -- I would say try to figure out the timing of when you're going to receive that contribution. Once that contribution hits, go ahead and make that withdrawal request. Now, that withdrawal will not get processed due to the maturity periods that we just discussed. However, you'll know that you've made that request. You'll receive the success screen. You can call us to verify if needed, and we could give you a release date, but always know that it's going to take a minimum of two weeks before those funds fully mature. Now, if you've built up your account, what I would strongly advise if you're going to be using this account as a transactional account to pay for Qualified Disability Expenses on a monthly basis, try to see if you could work ahead a little bit. Okay, so those funds are already matured in your account, and then you could get into a rhythm where you're getting money in and then you already have much short funds. You then create the withdrawal to spend for your rent that month and then the following month your funds are matured, so you're then in a nice rhythm, and it just continues on and on and on. Best way to use the account.

DANTE ALLEN: Yeah, and you really touch upon something. I have a question here. I see someone wrote in the in the Chat box again. I want to remind folks if you have questions put them in the Q&A. We're better able to track them and respond directly to you if you do that. But someone wrote in in the chat, "I don't have a bank account." And so, there are folks that can tend to use their CalABLE accounts as if it were a bank account.

MALCOLM HARMON: Sure.

DANTE ALLEN: But it sounds like what I just heard from you is that that's the best-case scenario if you are running a good balance in that account. It's more than you're putting money in and then taking it out right away because of the time constraints.

MALCOLM HARMON: That is correct. I would absolutely do my best to get just a little extra money in there in order to make sure there's no frustration. You're not waiting. It's causing you stress because of these different security hold times that the program requires.

DANTE ALLEN: Yeah, and we've already talked a little bit about receipts and when you should keep receipts. Do you have any more advice you want to give folks for tracking their disability-related expenses?

MALCOLM HARMON: Absolutely. Again, you alluded to it earlier, Dante. Always keep receipts. We're never going to ask for them. That's your business. We're just here to help. In addition to that, what we do when you have your account, you'll have the ability to track your transactions in the transaction history section. It's a great tool. You could basically download your information onto an Excel spreadsheet or a pdf document, and you could line that up right with your receipts, so if anybody asks what this withdrawal is for, you can show them your spreadsheet of your transaction history and your receipts. In addition to

that, we also provide quarterly statements, so every quarter, four times a year, you'll get quarterly statements that show the activity in the account. In addition to that, we also have the ability if you give us a call, we can send you out some information pretty quickly in letter format. It will go in the mail but will show that you do have a CalABLE account and what the current account balance is for the day that you called.

DANTE ALLEN: Yeah, thank you, Malcolm, for all of that. Hopefully, you have a few more minutes you can stick around for a live Q&A. I really do appreciate everything that you share. Ladies and gentlemen participating, this is my expert. When I get questions that stump me, I go to Malcolm and he has an answer, so I think we're in a great position having him here today and ask that you can stick around with us for a few minutes as we go through that.

MALCOLM HARMON: Sure.

DANTE ALLEN: I'm gonna finish up the presentation but then we'll go right into the Q&A. I want to make sure that folks know that if you have questions you can reach our Engagement Center. They're at 833-CalABLE. That's 833-225-2253. Or you can email them at CalABLEsupport@CalABLE.ca.gov. And like I said, even though they're on the other side of the country, they keep California hours so they are available Monday through Friday, Pacific Time.

We also didn't talk a lot about investments but we probably are going to. I see questions already about the investment options so I want to be able to give you a little bit of the fine print and that is to say that CalABLE is a savings and investment program, and as with any investment program, there is a potential for risk, meaning that you could lose money. And so, you need to be aware of that. With that in mind I want to turn things over to questions. I see a couple here in the chat that I'd like to knock out right away. So, Anne, before you kick in, I want to see if there are a couple that I can just answer right off the bat. One is from Yoshi and she asked, "We have a 12-year-old who has high functioning autism and an ADHD diagnosis. How can I find out if he is eligible for opening his CalABLE account? He does not receive SSI or SSDI due to our household income." Well, I can let you know that autism is definitely an item that is on the List of Compassionate Allowances so it is a qualified disability. As long as that disability began before age 26, which I'm almost certain that all autism diagnoses have onsets before age 26, so your son actually would qualify for an ABL account. Without him receiving SSI or SSDI, you'd have to go through that self-certification process where we recommend that you get a letter from a physician, and you hold on to that in case you're asked.

Another question I see here is one that we receive quite often and that is: "Is there a potential for Medi-Cal/Medicaid payback once the Beneficiary passes away?" That's a great question. We get it often. And so, when the federal ABL Act was passed, it was passed under with the supposition that when a Beneficiary passes away, money saved in the ABL account could be used by Medicaid to reimburse itself for any health care expenses that were paid on behalf of the Beneficiary. Now, here in California, we passed a law that said that Medi-Cal would not attempt to recover directly from your CalABLE account for any expenses that they've paid for the Beneficiary if that Beneficiary is a California resident. And so, what happens when a Beneficiary passes away, if they're a Californian with a CalABLE account, Medi-Cal will make no attempt to recover funds from their ABL account. So, the money would then transfer into the deceased individual's estate. Now, there is a circumstance in which if the individual's estate is required to go through probate that Medi-Cal could attempt to recover, not from the ABL account but

from their estate. And here in California, estates are required to go through probate if the value of the entire estate is worth \$150,000 or more. So, if it's less, you wouldn't be required to go through probate. There would be no opportunity for Medi-Cal to recover from the ABLE account or from their estate.

If it's more than the \$150,000, there's a set of circumstances where Medi-Cal may attempt to recover from the estate. All of these things have to apply for them to attempt that recovery: the deceased has to be age 55 or older at the time of death; and they are not succeeded by a spouse, a child under the age of 18, or a child with a disability of any age; and they had to be a user of those higher Medicaid services like in-home support, nursing home facility, or even prescription drugs would be considered sort of those higher-level expenses. Unless all of those elements applied, Medi-Cal would not attempt to recover from a CalABLE account of a California resident. So, I know that that's a concern that lots of people have is that if they want it to have this money, they don't want to give it all back to Medi-Cal. I certainly understand that and we've made it as much as we could that CalABLE accounts, when a Beneficiary passes away, that money can be given to heirs just like when anyone else passes away. So, we work really hard to do that.

So, with that in mind I'll turn things over to Anne. I see there are a couple of hands up. We can answer some live questions, Anne.

ANNE OSBORNE: Okay, so I do not see the hands. Sandra, are you able to see the live hands?

SANDRA KENT: Yes, I can do the live hands. Let's start with Steven Wang or Wong. Just a second and I will allow you to talk, and you can ask your question verbally. All right, it looks like Steven, you are muted so if you can unmute yourself, we can get your question.

DANTE ALLEN: I'll answer another question that was put in the chat. Again, it's better if you put them in the Q&A section but here in the chat there is: "Are the accounts insured, FDIC or otherwise? It wasn't answered yet in the Q&A." And so yes, CalABLE has essentially four portfolios. One of those portfolios is an FDIC-insured portfolio. It operates very similarly to a checking your savings account and it has all of the FDIC insurance of a checking or savings account. We also have three investment portfolios. Those are not insured by the FDIC, and like I said, there is a potential for risk of loss, and the choices between those accounts are based on your tolerance for risk. So, there is a conservative, moderate, and aggressive growth portfolio for those.

SANDRA KENT: Okay, Steven if you'd like to go ahead with your question.

STEVEN (CALLER): I had a question and that is: I'm looking at set up a CalABLE account tied into my special needs trust account for my daughter. Is it probable to have – because there's so many restrictions on how to spend the expenses on a special needs trust – is the final automatic investment contribution to the CalABLE account...you use the CalABLE account to pay for all the necessary expenses?

DANTE ALLEN: Right. So that's a great question something that we see a lot. I'll give you the caveat first is that we are not attorneys and can't provide legal advice, but I would definitely encourage you to have a conversation with your trustee of your special needs trust. You do have the ability to move money over to the CalABLE account. Once it's in the CalABLE account, you have all the flexibility that is afforded to an ABLE account, so you can use it for more things than you could if you were paying for it directly out of the special needs trust.

STEVEN (CALLER): Okay. Thank you.

MALCOLM HARMON: I see that a lot, Dante. We see a lot of account holders have special needs trusts. They use that in conjunction with the CalABLE account. We see special needs trust checks that are sent on behalf of the Beneficiary. We get those checks and we deposit it right into the CalABLE account, and then those funds are used for Qualified Disability Expenses. So, a lot of people use them in parallel.

DANTE ALLEN: Yeah, I think one of the questions we received early on is, "Is it either/or? Should I have one or the other?" And a lot of times, they're very effective when you have both of them together.

MALCOLM HARMON: Yeah, and we know trusts are extremely expensive from what I understand. I guess, at times, you'll have to pay attorneys to take money out, and there's a lot of very high fees associated with a special needs trust, so I would always just recommend having a CalABLE account because the cost is a lot less.

DANTE ALLEN: Yeah. Next question.

SANDRA KENT: Okay, so we're gonna go to a question from Bernard, and Bernard, I believe you are also muted. If you could unmute yourself.

BERNARD (CALLER): Yeah, I have unmuted myself.

SANDRA KENT: There you go.

BERNARD (CALLER): So, my question is, if you need to withdraw – I'm a parent and my son is the Beneficiary – so if I had to withdraw money for qualified expenses, do you all provide some sort of a credit card or a checkbook to pay to a dentist or purchase something? How does that work?

DANTE ALLEN: Yeah, do you want to take this one, Malcolm?

MALCOLM HARMON: Sure. Certainly. So, there's a couple of ways that you could withdraw funds. You could withdraw funds back to your original bank account, but most people like to get the CalABLE prepaid card. It's basically a card that you could use and load funds, meaning you would withdraw funds from your CalABLE account and load it to your CalABLE prepaid card, and you could use those funds to pay for certain expenses wherever a Visa is accepted. That's a way to do it. We also have the ability you can write checks actually from the CalABLE account. You just add your third party. We have a feature that you can add online where you want to make those checks payable. And if it's rent, you can send a rent check every month just get into that rhythm like we discussed earlier, and once you add your third party, whatever day you're gonna request that withdrawal, you'll send it and we'll mail it for you on your behalf. Now, there is a cost for checks. It's \$5 for every check that's written from the CalABLE account.

BERNARD (CALLER): And you would do that over the online account to issue a check?

MALCOLM HARMON: Yes, sir.

DANTE ALLEN: And there's also a final way, and this may actually be the easiest way for paying bills, is that you do have the ability to link your checking or savings account to your ABLE account, and you can move money from your ABLE account into that checking and savings account, and then use that account the same way you pay all your other bills.

BERNARD (CALLER): So, the checking account is my account, and I am the owner of the account and so you can come into my account? Because the way I put money into the ABLE is sending it from my checking account. So, if I had to pay for him...

DANTE ALLEN: Yeah, I think I understand where you're coming from. You're concerned that because the ABLE account belongs to your son, and you're moving that money into your account, which is not his account, that there could be a problem. And just in my experience that hasn't been a problem as long as you can show that when you took that money from the ABLE account and you put it into your account, how you use the money once it was in your account.

MALCOLM HARMON: Keep your receipts.

DANTE ALLEN: So, if you're getting a receipt or a record of some sort, it's not an issue to move it into your own account.

BERNARD (CALLER): Okay, but I'm the conservator for him and also from an SSI perspective, I'm the...t here's a word for that.

DANTE ALLEN: You're his representative payee.

BERNARD (CALLER): Yeah, I'm the representative payee. Yes.

DANTE ALLEN: Yeah. And there's no issue for you using your own account to be able to pay for those things as long as you can demonstrate that you made that transfer from the ABLE account in order to pay that bill. Otherwise, you may be exposing yourself if you were just paying for his expenses out of your account without a preceding transfer from his ABLE account, that could be seen as a family contribution that could limit his monthly benefit amount. So, you always want to show that you're using his own money to pay for his bills, that you're not giving him additional money to make sure that he's receiving his full benefit.

BERNARD (CALLER): But he also has an account where his SSI checks go in, but that has a limit of \$2,000 so yeah, I don't want to link that account to the CalABLE, am I right?

DANTE ALLEN: Right. That can be a challenge.

BERNARD (CALLER): Can I ask one more question, please?

DANTE ALLEN: Sure.

BERNARD (CALLER): So, in the event of his death and if he doesn't have a spouse or children, okay if there's a balance in the account, can it go to his sibling like a brother before Medi-Cal can have a claim?

DANTE ALLEN: So, that that's a complicated question. I would highly advise you to talk to an attorney, one that especially specializes in estate planning. But the short end of things is, if the value of his entire state is \$150,000 or more, then Medi-Cal could attempt a recovery and that would happen before he could give that money to a sibling. The only way that you can give the money to a sibling before it would go through that kind of check is if the sibling were also eligible to have an ABLE account. You can actually do a rollover to an eligible sibling at the death of a Beneficiary. Did I answer your question, Bernard?

Okay, we should probably move on we have lots of...

SANDRA KENT: Yes, we do have lots of questions. So, let's go to Wendy Quinn, who has a question.

WENDY (CALLER): Yes, I typed it in. I called and I was having difficulty getting a definition on.... My daughter had a job last year and lost it due to COVID. So how does it work with the amount that you contribute on the ABLE to Work program? They told me that once she stopped working, that date was effective, you could no longer make contributions. But could you make contributions in excess of what you make? How is that amount calculated? I know you said there's a max of \$12,760 a year, but if you make \$2,000, can you still contribute the \$12,000?

DANTE ALLEN: No. No, you can't.

WENDY (CALLER): That's what I'm trying....

DANTE ALLEN: Yeah. No. No, I follow you. I'm sorry, it took me a second but those additional contributions, anything that you were putting in in addition to the \$15,000, has to come directly from earnings. And so, if your employment stops, you don't have the ability to keep contributing. That's the way ABLE to Work works.

WENDY (CALLER): Okay, so what if I put too much money in then last year?

DANTE ALLEN: So, if you put too much money in, meaning that you contributed the \$15,000 and you contributed above and beyond what your child was qualified for due to ABLE to Work? That's an interesting question. I think we should probably talk offline.

WENDY (CALLER): Okay? How do we do that?

DANTE ALLEN: So, Sandra, can you see the number?

SANDRA KENT: Yes, afterwards. Wendy, we have your contact information. We can we can call or email you about it.

WENDY (CALLER): Okay, that would be great because when I called at the time – the call center, it's helpful but I was transferred to a lot of people and nobody could really give me an answer.

SANDRA KENT: Okay, we'll do our best to get you an answer after.

DANTE ALLEN: Okay, I'm gonna go to the chat because I see another question.

WENDY (CALLER): Thank you.

DANTE ALLEN: Thank you. "I'm a social worker trying to assist a client in establishing an ABLE account. She has received an inheritance of \$7,000 and would like to park it in an ABLE account. However, she is not allowed to open a checking savings account due to a past issue."

So again, like Malcolm said, an ABLE account is not a checking or a bank account, and so you're not as limited. I believe you won't have a problem opening an ABLE account.

MALCOLM HARMON: Did I hear that right, Dante, that they're getting a check?

DANTE ALLEN: Yeah.

MALCOLM HARMON: So, we have this happen as well. People will get checks made payable to the Beneficiary, and basically all they need to do is endorse that check to the CalABLE program by just turning that check over, writing "For deposit only into the CalABLE program," sign it, mail it to the PO box, and we will deposit that check into the CalABLE account.

DANTE ALLEN: We can keep going, Sandra.

SANDRA KENT: Okay, so Debra. Let's go to Debra's question. And if you can unmute yourself....

DEBRA (CALLER): Hi, can you hear me?

SANDRA KENT: Yes.

DEBRA (CALLER): Okay, thanks. So, my daughter is on SSI and let's say I want to help her with her rent every month.

DANTE ALLEN: Yes.

DEBRA (CALLER): So, I'm contributing just for sake of argument \$100 into her CalABLE account every month, and it's February and she wants to pay her February rent and she needs that \$100. Do I request it and it goes into my account? Because if it goes into her account, SSI will see it, right, and see it as a contribution? You know what I'm saying. Or should I contribute the amount and pull it back out into my own account?

DANTE ALLEN: I think I follow what you're going at. So, one of the things is, you're helping your daughter to pay her rent.

DEBRA (CALLER): Correct, and she's on SSI.

DANTE ALLEN: And she's on SSI. So, her SSI is receiving a deduction because you're giving a family contribution, so she's losing probably about \$150 a month because you're helping her.

DEBRA (CALLER): Right. So, I want to avoid that.

DANTE ALLEN: And so, you can avoid that with an ABLE account. What you would need to do is for the money that you're using to help her with her rent, rather than paying her rent directly, you need to put that money into her ABLE account, and you need to withdraw from the ABLE account the entire rent to be able to pay. And so, if you do that, the money that you're using to help her with her rent is no longer considered a family contribution. It's considered a gift that doesn't count against her SSI benefit, so she'll receive an additional \$150 or so a month, and you can still help her the same way that you have.

DEBRA (CALLER): But when she requests that money from her account....

DANTE ALLEN: Again, there's no concern like as long as you can keep a record of where the money came from, meaning that it came from her ABLE account, when you make the payment, there's no problem whose account that it's in when you make that payment.

DEBRA (CALLER): Okay, so she could request that \$100 every month. It gets deposited into the same bank account that belongs to her that her SSI checks go to, and if SSI sees that \$100, as long as she can prove that it came from her CalABLE account, then it's not considered a gift?

DANTE ALLEN: Correct. Well, it is considered a gift not counted by SSI.

DEBRA (CALLER): Okay, thank you.

SANDRA KENT: Okay, let's go to Robert please.

DANTE ALLEN: And Robert if we can ask for you.... I'm sorry we're running out of time. I want to make sure that we can answer as many questions as possible.

ROBERT (CALLER): I asked this on the written questions, but are the withdrawals from a CalABLE account taxable since they're investments?

DANTE ALLEN: So, they are not taxable as long as you're using that money to pay for a Qualified Disability Expense. So, any growth that your account makes, there are no taxes, there are no penalties for withdrawing money for from your ABLE account as long as you're using it for a qualified expense.

ROBERT (CALLER): Can I ask a Part B on this one?

DANTE ALLEN: Sure.

ROBERT (CALLER): I have a 529K because it was started before I knew my child was disabled. Is there any way of transferring a 529K because there's a significant amount of money in it now into a CalABLE account now that we know he's not going to college and without taking a huge tax hit?

DANTE ALLEN: So, there is a provision that you can do that you are limited when you're moving money from a college savings account to an ABLE account to the \$15,000 per year contribution limit of an ABLE account, but there are no taxes or penalties on the federal or state level when you do that.

ROBERT (CALLER): So, \$15,000 a year until you drain it kind of, right?

DANTE ALLEN: Correct. We have customers like that all the time, Mr. Robert.

ROBERT (CALLER): I figured I wasn't the first one.

MALCOLM HARMON: No. No, sir.

ROBERT (CALLER): All right, thanks guys.

SANDRA KENT: Okay, the next question. Let's go to F.E. Fan.

DANTE ALLEN: And the webinar will be available in a couple of weeks on our YouTube channel for those who are asking.

F.E. (CALLER): So, to avoid.... Can you hear me?

DANTE ALLEN: Yes.

F.E. (CALLER): To avoid ISM reduction, all we have to do is make sure the money is coming from ABLE to pay the expenses, but it doesn't matter where we pay it from. It could be from the SSI account. It could be my account. Doesn't matter, right? That's what I'm getting at from you.

DANTE ALLEN: Right. You want to make sure that you have that trail that shows that any additional money came from the ABLE account.

F.E. (CALLER): And even if they go over \$2,000 in his account, as long as I can show it came from ABLE like even for a day, like just to transfer rent and stuff like that, that's okay?

DANTE ALLEN: Yeah, and in most circumstances even if you exceed that \$2,000, you get time up to six months to be able to spend that down. So, it doesn't matter if it goes over for a day.

F.E. (CALLER): Okay, so in other words, I don't have to set up a separate account for him just to pay expenses away from the SSI account, as long as ABLE and SSI checking account is linked, and I can pay it through checking account, it's not going to have any consequences.

DANTE ALLEN: Yeah.

F.E. (CALLER): Okay.

DANTE ALLEN: Yeah, that's exactly right.

F.E. (CALLER): And the final question is, does SSI people have right to audit the ABLE account? Like can they say....

DANTE ALLEN: Yeah.

F.E. (CALLER): They do?

DANTE ALLEN: That's a great question and one that we receive quite often. And part of the thing that the other portion of that question is, folks ask often, "Do we have to tell Social Security that we have an ABLE account?" And you should tell because they're going to know anyway. And Malcolm can attest that ABLE accounts are just like other bank accounts where we're required on a monthly basis to provide information to the federal government that this account exists, who it belongs to, etc.

F.E. (CALLER): So, they have a right to audit and then we have to show them. And obviously we want to keep good bookkeeping saying all the money that's withdrawn from ABLE is not counted as resources, and we're using them to pay his expenses etc., etc.? And then we're good?

DANTE ALLEN: You're absolutely right that bookkeeping is key.

F.E. (CALLER): Okay, so it's probably better to just use his SSI checking account to pay all his bills versus using my own account to pay the bills. Then, they may want to audit my account as well.

DANTE ALLEN: It doesn't work like that from an IRS standpoint because the money in the ABLE account belongs to the Beneficiary, so when we're talking about an audit it would have to be the Beneficiary being audited. And it doesn't necessarily work that because they're audited, you're audited, too.

MALCOLM HARMON: And Dante, can I just chime in really quickly? Because that is something that I would like to touch on. We see accounts that are open by parents, legal guardians, power of attorneys, and they'll open the account for the person with the disability as a self-administrating account when they really shouldn't because unfortunately, the disability doesn't allow for that Beneficiary to make financial decisions so they really do need the assistance. And there's this misconception out there that we are reporting on the Authorized Legal Representative, their data, their Social Security to the federal government, and we are not. The Beneficiary owns the funds in the account. The only reason why we

gather information from the Authorized Legal Representative is really for security purposes so we know who we're talking to and who's handling the business in the best interest of the Beneficiary.

DANTE ALLEN: Thanks.

SANDRA KENT: Okay, Dante, we are at time so we should probably....

DANTE ALLEN: Before we end, I want to check because I see someone in the chat saying, "When will the typed in questions get answered?" Do we have a backlog of questions?

SANDRA KENT: We do, actually. I see we have a backlog of them.

DANTE ALLEN: So, I'm willing to stay on a little while longer to see if we can get through some of these questions. The other thing that we can do is, we can post answers to questions that we don't get a chance to get to. So, Anne, if you want to give us some of those questions that are our least common.

ANNE OSBORNE: We've had a lot of questions regarding.... "I'm unclear on why there is a distinction between the \$100,000 contributions and earnings regarding SSI and the \$529,000 for contribution. Doesn't everyone who is CalABLE get SSI?"

DANTE ALLEN: No, you don't have to be a benefits recipient in order to have a CalABLE account. I give myself as a primary example. I'm a person with a disability. I am a CalABLE account owner. I work full time and earn too much to qualify for any benefits program. I use my CalABLE account because I see it as a very flexible way of being able to save money but then also being able to access that money if I ever need to use it for Qualified Disability Expenses. So, if you want to maintain your benefits, you need to stay under that \$100,000. If you're not concerned about maintaining any benefits, you can grow it all the way up to \$529,000. Let's move as quickly as we can, Anne.

SANDRA KENT: And while you're looking for the next question, Dante, our ASL interpreters and our captioner may have other jobs that they need to get to so if they need to drop off, then go ahead. Sorry about that.

DANTE ALLEN: That's fine.

ANNE OSBORNE: Well, here here's a good one. How many states does Intuition manage? How do we choose the right program or investment vehicle?

DANTE ALLEN: So, there are websites out there where you can compare and contrast ABLÉ programs. A great one is the ABLÉ National Resource Center. It's www.ABLÉNRC.org and you can go and take a look. The rule of thumb, and I would advise anyone of this, is I would first look at my home state's ABLÉ program because there may be laws that have been passed like the one that we talked about from Medicaid recovery here in California that are only available to California residents, and so I would start there. You can look at those other programs and Intuition managers of their ABLÉ programs but they know that CalABLE is the best anyway, so we don't have to go....

MALCOLM HARMON: And I encourage you to go out to www.intuitionable.com. All of our history is there – our background, how we got started, some great success stories, the resources. Feel free to go to www.intuitionable.com.

ANNE OSBORNE: This is a good question for you, Malcolm. Can they use Zelle, PayPal and Venmo to send and receive funds?

MALCOLM HARMON: As long as they have a routing number and a checking or savings account number, they could go in and use a personal bank account. I will say in our eGift platform, you have the ability to copy and paste the link that is generated from the system into Twitter, Facebook, Instagram to use as sort of a crowdfunding way to get contributions. So, if they don't have a specific ABA and account number, that would be the way I would say they kind of use that type of service if that makes sense.

ANNE OSBORNE: Okay, can I contribute by cashier's check and eliminate the 10-day hold period?

MALCOLM HARMON: It doesn't matter what the contribution is or how it comes in. There will be a 10-day hold period on inbound funds before they're eligible for withdrawal.

ANNE OSBORNE: Sorry, there are a lot of questions. A lot of questions about people passing away and who has access to those funds.

DANTE ALLEN: When an individual passes away. The account can be managed by the Authorized Legal Representative.

ANNE OSBORNE: And is there a certain amount of time that those funds need to be spent before the account closes?

MALCOLM HARMON: Yeah, so the account will not close until the funds in the account have been exhausted. So, the person that's managing the account, the Authorized Legal Representative, should take a look at all of the outstanding Qualified Disability Expenses and in addition to that, pay for funeral and burial expenses, and then see where they're at after as far as the account balance is concerned. And they have the ability to close the account as well.

ANNE OSBORNE: When are we supposed to make contributions? Can we still do 2020 or do we contribute 2021 and pay for the 2021 expense?

DANTE ALLEN: We go by the calendar, so January 1 to December 31 is the calendar year. So, any 2020 contributions needed to be made before December 31st. Any 2021 contributions are between January 1 and December 31.

I see a question here: "Other than the \$37 annual fee, are there other program costs associated with establishing an account?" There are additional fees. I would highly encourage folks if you're interested to go and watch our ABLE 101. We do a much more extensive view of the fees associated. We also talk significantly about the investment options that you have to choose from. Those are available on our YouTube channel. Again, if you go to www.YouTube.com and do a search for CalABLE, you'll see those videos.

MALCOLM HARMON: In addition to that, just go to the plan Disclosure Statement. It gives you all of the information regarding fees associated with the account. Also, on the website, if you go to the FAQs, it'll also provide all the fees associated with the account.

ANNE OSBORNE: Okay, would a 401(k) be considered income that affects SSI payment?

DANTE ALLEN: Yes, 401(k)s can be counted as a resource against SSI benefits, and any withdrawals taken from a 401(k) can be considered as income under federal regulations.

ANNE OSBORNE: So, if the money is put on the stock and goes up over \$15,000 in a year, what happens?

DANTE ALLEN: So, the \$15,000 is a contribution limit. So, you're limited to contributing \$15,000 to your ABLE account. The money can grow once it's in your account above that \$15,000. That's not a concern.

ANNE OSBORNE: Okay, does being a regional center client automatically make you eligible?

DANTE ALLEN: I'm not sure of the qualifications to become a regional center client. I believe you have to have a developmental disability of some sort, and developmental disabilities by definition, you are ABLE eligible. Is there anybody else on the phone? I think we can wrap up here, and we'll do what we can to get questions answered that we may not have gotten to.

SANDRA KENT: We actually do have a number of people with their hands raised. I don't know if you want to take a couple of those.

DANTE ALLEN: Let's take three more. I'll answer one here in the chat. "Can each of my husband and I contribute to my child's ABLE account separately in total of \$15,000 by two people for \$30,000 a year?" The answer to that is no. You're only allowed to have one ABLE account per Beneficiary, and that contribution limit includes contributions from all people. So, you're only allowed to put into that ABLE account up to \$15,000 and that's from all sources.

SANDRA KENT: Okay, we have a question from – I think it's Terry or Tara Hradnansky. If you'd like to ask your question, you need to unmute.

TERRY (CALLER): Yes, I would. Thank you. My question is also in the question box. I was just wondering. I understand that the three accounts that are not FDIC-insured that they can go up or down, but my question is what kind of insurance does Intuition ABLE Solutions have? So, like if something were to happen to Intuition ABLE Solutions as a company, if we have money in an account that's not FDIC, not that one account, are they self-insured so that at least the principal of our accounts are safe?

MALCOLM HARMON: I'm not sure if you want to answer that. I can tell you we're the recordkeeper, so if you want to elaborate on that.

DANTE ALLEN: Yeah, so we are a municipal security, so our funds are not held by Intuition. They're actually in a municipal trust, and so Intuition and the impact of their business dealings won't affect your money.

SANDRA KENT: Okay, let's go to Bryant Farnham.

BRYANT (CALLER): Hi, I am looking at the wording that you're using for how you're holding onto the money. It's called a maturity policy by ABLE. From what I hear, it's like 10 days and then you still have to wait for the 3-5 days for the ACH transfer to happen. Basically, in that 10 days that would earn interest, and I'm not sure where that interest is going, but if it's from earnings from employment then I believe that it would be covered under ERISA federal law, section 406(b)(1), 406(b)(3). And so, I would be interested in hearing about what the United States Department of Labor would have to say about this interest that is being kept by somebody for that 10 days because that could be quite a bit of money

depending on how much money is being transferred out of the ABLE account. I'd like to see some guidelines and policy on that on the website so that we can learn more. I know we're kind of short on time though today

DANTE ALLEN: Yeah. Sandra, can you get this gentleman's information? And you can send us a question and we'll explore it.

SANDRA KENT: Okay. All right, so let's go to Christina Canarella.

CHRISTINA (CALLER): Hi, I was just wondering if someone is self-employed, for example, like an artist, and they sell their art, does this income qualify towards the ABLE to Work income? And also, can they use their CalABLE account to pay for like art supplies or other job-related expenses? Thank you.

DANTE ALLEN: So, the answer to your second question is yes. All of those elements would be considered Qualified Disability Expenses from a self-employed standpoint. What I guess I'll turn it over to you, Malcolm, regarding what do they need to demonstrate to be eligible for ABLE to Work.

MALCOLM HARMON: Again, you're gonna self-certify that that you're employed. I'm assuming that you're paying taxes on any earnings that you're receiving, so all of your self-employment rules and how you have to file. And then there's earned income, right? So, if you're earning income and you're self-certifying that you're eligible for ABLE to Work, you can make those contributions to the account. But again, if these are funds that you're not paying taxes on, that could be a concern. All the funds that are put into an ABLE account are post-tax so they've already been previously taxed right and people are contributing to the account.

DANTE ALLEN: Thanks for that, Malcolm. That was our three, right Sandra?

SANDRA KENT: It was. Yes.

DANTE ALLEN: So, let me offer my thanks. I'm sorry if we didn't get to everyone's questions. We do have a record of the Q&A. I'll go through those. We do have a frequently asked questions section on our website if you go to www.CalABLE.ca.gov, you'll see that many of these questions have been asked before and are available there. For the questions that aren't available there, we'll go through those and do our best to answer them, and post them on our website following the event. Also, if you logged on via computer, you should have received a pop-up window to a survey. Please rank the survey. Give us information, good or bad. We'd love to hear it and it helps us to plan for future webinars. We will stay in contact with you when those come up and look forward to talking to you again in the future. Thank you for your time, Malcolm, Sandra, Alyssa. Anne, thank you for your work and thank you for our captioners and our sign language interpreters as well. Everyone, have a good rest of your week and happy new year. Bye.

For more information, please contact CalABLE at (916) 653-1728 or CalABLE@treasurer.ca.gov.

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

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