



## CalABLE Webinar: The Importance of the Disclosure Statement

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**SANDRA KENT:** All right. Good afternoon, everyone. Welcome to the next webinar in CalABLE's series on the program. Today it's The Importance of the Disclosure Statement, and this is probably one of the topics that are really exceptionally important so we're glad you're here with us. Before we get started, I like to go over little bit about the webinar set up and some housekeeping items so that you know how to proceed.

The presentation slides are available on our website, and reminder email that you received about an hour ago has a link at the bottom where you can click through to get a copy of the slides. If you didn't scroll down far enough, it is toward the bottom of the email.

We do have two ASL interpreters with us today, and you can see them on the video feed. So, please if you need that service adjust your settings so that you can see one of them at all times. We also have live captioning available. The button down in your control panel will allow you to see the captions. We also have what is called a transcript view so that if you prefer to see a longer version of the proceedings, you can turn on the transcript view instead.

We have a couple of audio options for the webinar. The first is through your computer speakers. If you're experiencing some lag in the audio, you may consider using your telephone instead. The telephone number to dial into is 1-669-900-6833 ,and the webinar ID that you will need to enter is 979 3781 1967. Don't forget that you may need to adjust the volume controls on your computer or even on your phone to be able to hear us accordingly.

To submit questions, we ask that you type your questions into the Q&A box. You can do that at any time during the presentation, and we will handle those at the end of the formal presentation that Anne and I will be giving today. The audio-only participants, you can email us at [calable@treasurer.ca.gov](mailto:calable@treasurer.ca.gov).

Before we get underway with the webinar, we have some welcoming remarks from California State Treasurer Fiona Ma.

**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. Today's topic is the Disclosure Statement, the official document that outlines the terms, conditions, risks and rules of the CalABLE program. CalABLE staff will walk you through this important tool and explore the many useful ways it can help you make the most of your account. The CalABLE program is an essential step toward enabling people with disabilities to reach their financial goals.

As State Treasurer, one of my top priorities is to expand the tools and resources available to empower you to make informed financial decisions. The CalABLE Disclosure Statement is a powerful tool that brings transparency and clarity to the rules of this program right to your fingertips. While some may be tempted to skip over this document and dive right into enrollment, I assure you it contains useful information that addresses many of your savings and investment questions or concerns. I encourage you to take the time to read and understand the information included in this important document.

Thank you for joining us today and for your continued support of the CalABLE program. I hope you find the information useful. Now, I would like to turn things over to CalABLE Executive Director Dante Allen and the CalABLE team.

**DANTE ALLEN:** Thank you, Treasurer Ma. As the Treasurer said, my name is Dante Allen. I am the executive director for CalABLE, and I would like to thank you for taking your time to join us today. For those of you who have attended our webinars in the past, you know that we tried to chock these things full with information that you can use, and today is no different. If this is your first time visiting or attending one of our webinars, I really want to encourage you. We do post earlier versions that provide more of an overview of how the program works on our [YouTube channel](#). Please visit YouTube.com and do a search for CalABLE. Like us and follow us if you want to continue to receive notifications when we do post our new videos.

Today's webinar is especially important because it goes over one of the most important documents in the CalABLE universe, and it's often the one that's the most overlooked. And that is our Disclosure Statement. We've been doing these webinars for little bit over year, and we are listening to you and learning from you as we continue these. One those things that we understand is that you may want to hear from other folks than me to do the presenting. That is why I am very happy to have the other two members of the CalABLE team that will do most of today's presenting. Anne Osborne and Sandra Kent work very closely with me. If you've ever contacted the CalABLE offices, more than likely Sandra or Anne have answered the phone, and they are very knowledgeable about the program. And they have organized today's presentation and I'm happy to turn things over to them. So, Sandra and Anne, I'll turn it over to you.

**ANNE OSBORNE:** Thank you, Dante. As Dante said, I am Anne Osborne and I'm the program manager. As Dante alluded, we been listening to you, and we always get lots of questions so we wanted to take today as an opportunity to address those questions that we see frequently and dive into the Disclosure Statement. And that's where all the answers will be found. In today's presentation were going to just touch over the basics of ABLE. We're going to spend a lot of time on the Disclosure Statement talking about the Table of Contents in the Disclosure Statement, how to do keyword searches when you're in the Disclosure Statement, and then we're going to follow that up with the other government resources that we have available to you. And then we'll have question and answers. Again, please put your questions and answers in the box and Dante will be taking those after the presentation.

So, ABLE Basics. What is ABLE? ABLE was started in 2014. It was passed into law. It was called the ABLE Act law, and it was established to empower people with disabilities to help them save to cover the additional costs of living and working with a disability. The ABLE program is part of the Internal Revenue Code and was added as section 529A. The ABLE Act allows states to create tax-advantaged savings and investment programs for people with disabilities.

More background is that the ABLE account will not affect eligibility for means-tested benefits like SSI or Medi-Cal. It also allows individuals with disabilities to maintain public benefit status even while saving and investing above the established resource limit of \$2,000. These assets in your ABLE account are protected so people with disabilities can provide financial support for themselves and their families. I'd like to just say that with the ABLE Act, before the ABLE Act, if you had over \$2,000 in your account, you were required to do a spend down. With the ABLE Act, people do not have to do that spend down. They can actually put that money in an ABLE account and they can save for a future item.

So, what is CalABLE? CalABLE is California's version of the ABLE Act. We are a national program and we do mirror the federal Act. It is an online-based saving and investing program. We are administered by the State Treasurer, and we have a seven-member board that oversees it. And we launched on December 18, 2018. Currently, we have over 6,000 enrollees, and we have managed assets of over \$42 million. We have really grown in our two years.

This here is a map that shows you where all the ABLE programs are in the country. There are 43 ABLE programs. The states that are highlighted in green, these are national programs. They accept out-of-state residents. The states highlighted in orange only accept residents in their state. The states in gray do not have ABLE programs, and of course California, we're the Golden State so we get blue.

Now, we're going to really focus on the Disclosure Statement. I want to read to you what the Disclosure Statement is. The Disclosure Statement has two parts: the Disclosure Statement and the Participation Agreement. It contains important information to be considered before making a decision to contribute to the California 529A Qualified ABLE Program known as CalABLE. Including information about terms and conditions, risk, and fees and expenses. It should be read thoroughly and retained for future reference. We really see the Disclosure Statement for your reference so if you aren't sure about something, you signed up, and you said, "Oh, I don't remember about that," this really is your tool to answer all of those questions. So, Sandra is actually going to share her screen. She's going to go the bottom of her screen on the [CalABLE.ca.gov](https://CalABLE.ca.gov) website. She'll be getting to the bottom where it says "Click here for legal disclosure" and that is where you can find the Disclosure Statement.

**SANDRA KENT:** Let me share my screen for you. Just a moment. Here we are. If you have a CalABLE account, this may be familiar to you. This is the [CalABLE.ca.gov](https://CalABLE.ca.gov) website. As Anne said, if you scroll to the bottom of the page, and I want to do this slowly enough so I don't make

everybody sick by scrolling too quickly. So, down to the bottom this should look familiar what was on the slide that she just shared with us. You can click here for the legal disclosure and also click through to read the Disclosure Statement. But I also wanted to share with you another way to get there on our homepage because it also allows you to see the Spanish version if you need to read the Disclosure Statement in Spanish. And that is, at the top the screen where it says "Open an Account." Click on that, and if you scroll down, you will see a list of resources. There is the information guide in English and Spanish and the tri-fold brochure, but in this case, you can also see the Spanish version of the Disclosure Statement if that is your language of preference. So, let me open the English version, and we will take a look at that.

So, right here, this is the Supplement actually to the Disclosure Statement. This is a supplement because it adds a few more clarifications and changes to the program that took place since we actually opened. Then, scrolling through, you get past the Supplement and you come to the actual Disclosure Statement itself. Anne, did you want to take over from here?

**ANNE OSBORNE:** Sure. Sandra, can we keep scrolling down to the Table of Contents?

**SANDRA KENT:** There we are. Table of Contents.

**ANNE OSBORNE:** So, this is really useful if you are trying to look for something quickly. I'm going to just highlight a few items that we always get a lot of questions about. So, our first question that we frequently get is: how do I know if I am eligible? That's on page 13 in your Table of Contents. Sandra is going to take us there.

**SANDRA KENT:** I am going through here on the side bar. There we go. This down here shows us that it's page 13 of the Disclosure Statement, and the Table of Contents numbers refer to this number down here on the page. As you see right here, there is the eligibility requirements description.

**ANNE OSBORNE:** So, I want to take a moment and actually read what it says in the Disclosure Statement just because we get so many questions on this, and this is the only one I'm going to read from the Disclosure Statement. 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 specific requirements under penalty of perjury. In all cases, the blindness or disability must have occurred before the individual's 26th birthday. 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.

And then the other question we see a lot is: may I open a CalABLE account for myself? And the answer is yes. So again, if we were to go back to our Table of Contents, and we were to find out how do I open an ABL account, that would be on page 15.

**SANDRA KENT:** On page 15, you'll see page 15 down here in the bottom right corner of the page. And when you look at the top, it talks about opening and maintaining your account.

**ANNE OSBORNE:** What I want to just mention here is CalABLE is an online account and that the Beneficiary is that account holder. There is other information on this page. I want to move over to the right side of the page that talks about Authorized Legal Representatives. And again, you can find that on your Table of Contents, but since we are on this page, we'll just talk about it.

Who is an Authorized Legal Representative? It's a parent, legal guardian, conservator or power of attorney. In the recent IRS regulations that were passed in October, they have added rep payees as an Authorized Legal Representatives. This currently has not been implemented by CalABLE. We are working to implement this. The states have been given two years to implement that, but we just want to make you aware that rep payees are Authorized Legal Representatives.

Let's go back to the Table of Contents. Another question is: how do I make contributions? Again, we go back to our Table of Contents and we see on page 17 "Making Contributions." Who can make these contributions? Your family or friends can make contributions, a corporation, trust or other legal entity may make a contribution to your ABL account. A minimum contribution of \$25 is required to open your account. You can save up to \$15,000 per year and not impact your benefits and up to \$100,000 in total before SSI is impacted.

Another option you can do, in addition to this, is you can actually add – where it says "Expanded ABL Contribution" – you can add an additional \$12,760 if you are working and your employer does not offer retirement benefits. This is really great that this option is available. So, if you can think of it in two ways, there are actually two buckets. You have your general contribution which is \$15,000, and then you have your work bucket which is the \$12,760. When you open your ABL account, you want to make sure you are selecting which bucket you want to put your money in. If your family and friends are donating money, you want to put that in your general contribution. If you are getting money from work, you want to put that in your work contribution. ABL will track those contributions, and once you reach the maximum contribution amount, you will not be able to do that. You want to make sure that you get credit for the right contributions.

So, let's go back to the Table of Contents. The last question we want to talk about here in the Table of Contents is: how do I choose an investment? This as you can see is on page 26.

**SANDRA KENT:** Alright.

**ANNE OSBORNE:** We're actually going to scroll down to the next page 27.

**SANDRA KENT:** Okay.

**ANNE OSBORNE:** And we're just going to talk a little bit here about the different investment options. As you can see, there is a target risk investment options. This is your conservative portfolio, your moderate portfolio, and your aggressive growth portfolio. And the FDIC-insured investment option, which is your FDIC-insured portfolio. Sandra is going to take us to the [CalABLE.ca.gov](https://www.calable.ca.gov) website, and she's going to show you a nice pie chart that really illustrates how these portfolios work.

**SANDRA KENT:** So, were going to go back to our website and up near the top, it says "Savings and Investment Choices." When you click on that, it takes you to a page that shows you the different options that are available. Scrolling down when you get to these pie charts, and there are four of them for each of the funds, the portfolios that you can put your money in, the first thing I want to point out here is it explains to you the difference of how much is in each. The FDIC-insured option is completely an interest-bearing account. Then, you have the conservative portfolio, which is 20% stocks, 55% bonds, and then what is called the Funding Agreement. If you are unfamiliar with the Funding Agreement, you can just click on the link there, and a window pops up to tell you that the funding agreement is an insurance product that guarantees a minimum interest rate.

For those of you that are interested in finding out what is in each of the portfolios, these specific funds, you can click on the link that says "View Underlying Funds" and a window pops up to tell you which funds the money would be invested in and what percentage. Those options are there for you. I also want to point out that when you scroll down even further, you have a link to Price and Performance and then also the Fees and Expenses that are associated with the accounts.

**ANNE OSBORNE:** Thank you, Sandra. Next, we want to talk about doing some keyword searches in your [Disclosure Statement](#).

**SANDRA KENT:** Let me get back to the Disclosure Statement. There we are.

**ANNE OSBORNE:** Again, these are a lot of questions that we receive from you, so we want to make it easy for you. If you prefer to do keyword searches, we wanted to show you a couple quick ways to find answers to the questions we commonly receive. The first thing is: what is considered a Qualified Disability Expense?

**SANDRA KENT:** So, you can do a keyword search. Typically, it's Control+F and it will open up the Find box. And if you type in "Qualified Disability Expense," it shows you there are 51 references to that. As you are going through the document, it will highlight. This is the first reference to it, and this is in reference to the prepaid card. If that is not what you're looking for, you can continue to click the down arrow, and it will take you to the next instance of that. If that is not what you are looking for, you can keep going, and eventually I believe it will take you here to the Table of Contents, where we had talked about previously you can find the specific spots in the document where these Qualified Disability Expenses are discussed. That would be on page 39. If you go to page 39, I'll show you that it is a full section on Qualified Disability Expenses. Here we are, page

39, and here's the section that begins talking about Qualified Disability Expenses. I was going to say in addition to this, there are more instances where it talks about them, so you would just keep clicking through the document using your keyword search to find the exact information that you're looking for.

**ANNE OSBORNE:** I just want to read or let you know what Qualified Disability Expenses are since we always get this question. It's any expense related to the designated Beneficiary as a result of living a life with disabilities that helps maintain or improve your health, independence, or quality of life. This category is very, very broad and this was done intentionally. Some examples of a Qualified Disability Expense would include education, housing, transportation, healthcare costs, and vacations. Whatever would improve your quality of life, that is what is considered a Qualified Disability Expense. What we do recommend if you are using your CalABLE account for Qualified Disability Expense is that you keep all your receipts. CalABLE does not ask for your receipts, but you want to keep them in case you are asked. Also, we been asked how long should you keep those receipts, and we recommend you should keep those for three years.

We also get asked question: what is a Non-Qualified Disability Expense? And our answer is, it's not illegal. Such as gambling, it may be improving your quality of life, but I'm not sure that IRS will look at that as a Qualified Disability Expense. You just want to keep that in mind if you're going to use your account for a Non-Qualified Disability Expense. And if you do, then it would be when you withdraw the money, there would be a 10% tax penalty on account earnings, and so I just wanted to let you know there are additional taxes that would come out if you use your CalABLE account for Non-Qualified Disability Expense. Since this is tax time and people who have CalABLE accounts have probably received, you will receive a 1099 statement that will show you your CalABLE account earnings there.

Let's do another keyword search. We get asked this question all the time: what happens to my account if I pass away? This would be under the Medi-Cal section.

**SANDRA KENT:** It looks like we have 42 instances where Medi-Cal is mentioned. Specifically, here in the Table of Contents, it talks about page 44. And if we go to page 44 in the document – I'm going to scroll through here and get to that page – here is where it talks about Medicaid and Medi-Cal recapture, which I know is a very important subject for many account holders.

**ANNE OSBORNE:** Right, and so I just want to highlight here that in Medi-Cal recovery, you are protected in the state of California, but in order for you to be protected, there are four requirements that you must have. And I'm just going to read those here. The deceased was age 55 or older; the individual was a user of comprehensive Medi-Cal services, such as in-home support or skilled nursing; the individual's estate is required to go into probate, which would be \$150,000 or more; the individual is not survived by a spouse or a child under 18 or a disabled child of any age. All these conditions need to be met before Medi-Cal can attempt to recover from your CalABLE account. Again, all this information is in your Disclosure Statement. We're

just trying to do a brief summary of what we normally do in our ABLE 101 presentation, but today we are just wanting to highlight how to find this information in your Disclosure Statement so it can be more of a tool for you.

Another item that we get asked a lot about is: what is a Special Needs Trust? And there is only one instance of this one, but a Special Needs Trust or a pooled trust that is deposited into the ABLE account the Special Needs Trust – I'm sorry. I apologize for that.

**SANDRA KENT:** I think what we should highlight here is that you can make a contribution to your ABLE account from the proceeds of a Special Needs Trust. And then also, for those of you who would like more information on CalABLE and Special Needs Trusts, I would invite you to go to our YouTube channel and view the video that is there on our YouTube channel, CalABLE and Special Needs Trusts. That is available for more information for you.

**ANNE OSBORNE:** Thank you, Sandra. Next, were going to talk about fees, and actually on the fees, we are going to move out of the Disclosure Statement. Is that correct?

**SANDRA KENT:** Yes. There is a discussion of the fees in the Supplement to Disclosure Statement. It is up front. Just doing a keyword search, you'll see that it does highlight them, but I believe, Anne, you wanted me to go to the CalABLE website. Is that correct?

**ANNE OSBORNE:** That's correct.

**SANDRA KENT:** You wanted me to go to the FAQs? Is this the section that you wanted me to go to? We do have a discussion of the fees in the Savings and Investment Choices section that I showed you earlier. If you scroll down to the bottom there are the Fees and Expenses listed, and it tells you what those fees are. If you keep scrolling, you will find the annual maintenance fee listed and some examples. Okay, so those fees are listed on our website [calable.ca.gov/fees](http://calable.ca.gov/fees).

**ANNE OSBORNE:** Just to highlight some of the most common fees that we get asked about is the account maintenance fee that you scrolled by. That is an annual fee of \$37. As an ABLE account holder, you will be assessed that annual maintenance fee of \$37. There is the underlying investment fee, and this is between .0% and less than one-tenth of 1%. This is based on the amount that you have in your portfolio. Also, in the investment fee, there is a state administrative fee which is less than one-half of 1%. This is based on your account balance. There are some other fees that if you go down to the bottom of the page, it talks about the paper statement mail delivery fee. Right there. Ten dollars and this is an annual fee. There's an insufficient funds fee, which is \$20 per occurrence, and then a check issuance fee of \$5 per check, similar to a money order if you were to go to a bank.

Our last question that we always get is: what are the prepaid card fees?

**SANDRA KENT:** So prepaid card fees – actually, if you go to the FAQs on our website, and you can find those in the bar on the right-hand side of the screen. There is a link to the FAQs and it will take you to that section. If you keep scrolling down, there's a whole section that discusses



the prepaid card. All the questions that we typically get about the prepaid card are listed there, and one of those questions is about what fees are associated with the CalABLE card. When you click on that, it says “Please see the CalABLE Cardholder Agreement at [CalABLEcard.com](https://www.calablecard.com).” I'm going to click through to that website and show you. It's a little bit harder to see. There is a Frequently Asked Questions here on this website so it will answer some additional questions about the prepaid card. But the other thing that I wanted to point out in reference to the fees is the Card Fees and Cardholder Agreement down toward the bottom. You can click on that, and it will give you a few options. If you go to the Fees – Long Form link and click on that, it will tell you that is going to download something and I'm going to click Okay. And it shows a document that pops up with the fees associated with the CalABLE Visa Prepaid Debit Card.

**ANNE OSBORNE:** And that is the monthly account fee of \$1.25. So, if you have a prepaid card, you would see that monthly fee of \$1.25. And now, we're going to leave the fees, and now we're going to talk about the resources. Sandra is going to show us different places you can access resources that will give you further information on CalABLE.

**SANDRA KENT:** On the State Treasurer's website – this is at [www.treasurer.ca.gov/able](http://www.treasurer.ca.gov/able) – that is where Dante, Anne, and I actually reside on this website here. This is our website and there are some additional resources that are here, things that I would like to point out to you. The first is how to sign up to receive our emails. If you go to the Quick Links bar on the left side of the screen, it has a link that says “Sign Up to Receive CalABLE Information.” When you click the link, it will take you to a page where you could put in your email address, and you will receive all of the emails that we send out, the emails announcing our webinars or program changes and things like that. We don't send out that many emails, so please don't worry there were going to spam you every day. It's not like that. It's really some very important information regarding the program and regarding our webinar series if you would like to keep up-to-date.

So, let's go back to the [CalABLE homepage](#) here. We also have some information about our webinar series. And if you go to the top of the page, there's a tab at the top that is called Webinars and when you click on that, it will have a listing of the previous webinars that we have done. Right now, it's only showing the two that we done this year because it's only February, but if you click on 2020, it will show you all of the webinars that we did in our series last year. And it starts with [CalABLE 101](#), which I believe Dante mentioned early on that has the fundamentals of the program. It's a lengthy webinar but is very, very informative. This page also gives you links to the presentation slides for each webinar, as well as a transcript if you prefer to read the proceedings rather than the video. Those are available on our website. The links here where it says “Qualified Disability Expenses” for example will take you to the video on our YouTube page. This is very important. If you don't go to our YouTube channel, you can come here to the [Treasurer's Office website](#) and see this information here.

Also, another thing that I want to show you was, we are back at the [homepage](#). Scrolling down to the bottom, there's this blue box down here called [Resources](#). It is a link to a page with a lot

of important documents on it that may be helpful to you with regard to your benefits, with regard to the CalABLE program. The first ones we have links to all of our information here in English and then in Spanish. There is the Disclosure document that we were just viewing – it's another link to it. We have a Frequently Asked Questions option here as well, some more information on the prepaid card, and you can scroll through here and get some additional information.

Some of the other resources that would like to highlight, our [AchievABLE™ Corner](#) is one we frequently talk about because it has a wealth of information about CalABLE, and it is in partnership with the National Disability Institute. This is the AchievABLE™ Corner webpage. If you scroll down, you have some different options of what you can find on this website. If you are thinking about opening a CalABLE account, you can learn more about it. If you're ready to open account ABLÉ account, there are some additional questions that are answered on this website. And then, if you're already a CalABLE account holder, you can read different ways to maximize your account and get the most out of it. That's the AchievABLE™ Corner and that is available through our Resources page.

The other thing, the [ABLE National Resource Center](#) is also frequently used resource for information about ABLÉ programs. If you go to the top, there are number of drop-down menus that offer different bits of information. There is the history of the ABLÉ Act, information about ABLÉ accounts, some Frequently Asked Questions, how to get started to enroll in the program. And one of the things that I like to highlight on this part is that down here at the bottom of this menu, you see a section that's called "Which Program Is Best for Me?" There is a tool that allows you to compare three states at a time. You can search ABLÉ programs by features, and then you can view all of the state programs. If I click on [this link](#), you'll recognize this map of the United States with ABLÉ programs. When you further click on one of the states, it will pull up some of the specifics of each state. We welcome you to take a look at that and figure out from the information that's here which program makes the most sense to you.

Managing your account. There are different links here to help you manage your account. Setting My Financial Goals, Building a Circle of Support, etc. There is some information for service providers and employers and also some resources. They do have webinars and podcasts available on this website, so we encourage you to check out the [ABLE National Resource Center](#) website as well.

Going back to the [Resources](#) page, there is one more I wanted to point out, and that's [Disability Benefits 101](#). This is a very good website for you to look at the different benefits that are available to you if you are new to these programs. You can find additional information. It is sorted by state, so you can select the state that you live in and find the applicable programs here for you. And that is Disability Benefits 101. That's [DB101.org](#).

Also, on our [Resources](#) page, we do have a number of documents that are specific to some of the other programs. If you look here, there's a document about Medicare and Medicaid recovery. If you click on that, this is a very good letter for you to read and understand how ABLE interacts with Medicaid and Medi-Cal. That is available on our website. Going back to [our page](#), you have a link to the Social Security Administration's website that talks about how ABLE interacts with Social Security benefits like SSI and SSDI. That's available as a link to click through to on our website. Then, you also have a document about SNAP benefits, as well as housing guidance from HUD. So, these are the important things. We recently added some links to IRS videos and their YouTube channel so those are available for you as well. Anne, can you think of anything else that I did not mention on this page that you wanted to point out?

**ANNE OSBORNE:** No, I think you covered it all. Thank you so much for showing that to us. I hope this helps give you a little more resources and some guidance as you are using your ABLE account looking for information. We really encourage you to check out these sites so when you do open your ABLE account, you are making a really informed decision.

**SANDRA KENT:** I was going to say the one thing I wanted to add is that we are presenting this to you as a resource, but we're always happy to answer questions. You can call us or email us. We are happy to help you. We are not available on the weekends and if you have a burning question that you really want to answer on a Saturday night, we want to give you the tools to find the answers at your convenience. Again, we are always available to answer your questions, either by giving us a call or by emailing us, and I think Anne will show you our contact information in a moment. So, we're going to go back to Anne.

**ANNE OSBORNE:** Alright. So, this is our staff. You see all of us today. Dante Allen will be joining us in a few minutes to answer those questions that you have been sending in; myself – I'm Anne Osborne, the program manager; and you have met Sandra Kent, our analyst. This is our email [calable@treasurer.ca.gov](mailto:calable@treasurer.ca.gov). If you have any questions about the program, feel free to send us an email. Again, as Sandra mentioned, you can always reach us. This is our office number, and we do answer our phone and we do return phone calls. So again, really the purpose of this webinar today is to give you some resources. Can you see my screen?

**SANDRA KENT:** Yes, we're on slide 22.

**ANNE OSBORNE:** Okay, I just saw something else pop up. Please feel free to reach out to us. We love to hear your questions, and your questions are the ones that really help us develop content for these webinars so we're being as proactive as we can. Our Customer Engagement Center, they are open 9 to 5 Monday through Friday. This is the place you'd like to call if you have any questions about your actual ABLE account. I'm having problems with this, or can you help me do this? They are there to assist you and they are super friendly. We get rave reviews from them all the time. Customers are reaching out to us and saying that they were so thankful for the service

they got. That number is 833-225-2253. And then, you can also email them at [CalABLEsupport@calable.ca.gov](mailto:CalABLEsupport@calable.ca.gov).

We are also on social media – Facebook, Twitter, YouTube. As you heard, we have our own YouTube channel. You can find our webinars. And we're on LinkedIn. Sandra did show you where he could join our email distribution list is right here on [treasurer.ca.gov/ABLE](http://treasurer.ca.gov/ABLE). Again, this is our main source of communication with you, so any new updates to the program, we will certainly send out that information to you.

One item that we are tracking right now is the ABLE Age Adjustment Act, and that has just been entered reintroduced into Congress. They are going to be looking to pass that bill hopefully this year. That's something that we are tracking regularly, and we will definitely be updating you as we get the current updates on that.

So, we've asked you to submit your questions to the Question-and-Answer box. After we answer all those questions, if there's anyone in the audience, we would ask that you raise your hand. If time allows, we will call on you. We did talk about the Frequently Asked Questions, and we encourage you to look at those. It's here on our website and our YouTube channel. This is that link as well. We talked a lot about that. This is our disclaimer that we are sharing with you. That is the end of our presentation for right now, but I'm sure, Dante, there have been questions from people so I'll be turning this over to you.

**DANTE ALLEN:** Thank you, Anne. Thank you, Sandra. Hopefully, you all have experienced what I get to experience on a daily basis, and that is the knowledge and expertise that goes well beyond what I bring to CalABLE. Both Anne and Sandra are very dedicated knowledgeable folks, and I'm glad that you got this opportunity to hear from them directly.

There are couple of things that as they were both presenting that I thought of that I want to make sure that you all take away from today's presentation. As Sandra said, this is an additional resource, another tool to put in your box of tools regarding CalABLE. We are happy to help you with direct questions whenever you have them, but one of the main things about this Disclosure Statement is that it is great as a resource or as a reference guide. You should not feel like you need to study and memorize it, but it is written and designed to be an easy read. We've limited as much legalese as we could, and we've also made it where you can reference exactly what you are looking for and get the answer to it and keep moving. We know that there's not a lot of time in most people's days to study long documents about things that you may never really need to access, but for those very few things, we want to make sure that they are just a few clicks away from your ability to receive them.

The other thing that I think that they did an excellent job at is promoting the depth of other resources that are available on the CalABLE website. We get questions all the time and a lot of those times, those questions are the same half dozen or so. We get to say, "I'm really smart," like we really know all the answers, but it's important because we've answered them so many

times. The reality is that each of us have different experiences and may want to get a little bit more specific about what we are addressing. As you will see through the Q&A section of today's webinar, I've answered or tried to answer as many of those very specific questions, but I've held a few back that I thought were more general that the rest of the audience could hear and relate to. With that, I'm just going to read a few those questions but want to let you know that it you still have time to submit more. It looks like many of you already have.

Let me just get started with some of the questions that we have already received. The first is: do we need to open a savings or checking account separate from our SSI rep payee account in order to access a CalABLE account? The short answer to that question is no, you do not have to have another account outside of your ABLE account if you already have an SSI rep payee account. It may be helpful if you are planning to use money from different sources. If you as a third party, if you want to contribute to an individual's CalABLE account, it may be helpful to link any commercial checking or savings account to that ABLE account. With a rep payee account, you can link that and move money from the rep payee account to a CalABLE account, but unless you wanted to do all of the deposits via sending it through the U.S. Postal Service to our Customer Engagement Center, you still may want to link another account. That choice is yours. There are multiple ways to be able to put money into your account, and there are multiple ways to get money from your account. It's not mandatory, but it may be a convenience factor to be able to link another account to your ABLE account.

The next question and there are actually a couple related to Medicaid recovery. I'll talk in general about Medicaid recovery and then get to a little bit more of the specifics. Based on the federal ABLE Act, it allows for Medicaid to reimburse itself on healthcare expenses incurred by Medicaid during the course of an ABLE account holder's life when that ABLE account owner passes away with money left in their ABLE account. That's what recovery is. It's only for certain people who have received Medicaid, and California's version of Medicaid is Medi-Cal. If you are a Medi-Cal recipient, and you use Medi-Cal to pay for healthcare expenses, there is a possibility that Medi-Cal could attempt when the Beneficiary or the account owner of a CalABLE account passes away, there is a potential that Medi-Cal could seek to recover money from that.

What we've done here in California though is, we have passed a law that says that Medi-Cal will not seek to recover to reimburse itself for healthcare expenses incurred for a CalABLE Beneficiary . That's a law that we passed that is a special incentive for California residents to open CalABLE accounts. Based on our probate laws, there is a second opportunity for Medi-Cal to recover money from not the CalABLE account of the deceased Beneficiary , but from the estate of that deceased Beneficiary . Medi-Cal is very specific under what circumstances they would do that.

First and foremost, the deceased individual's estate would have to go through probate, meaning that the value of their entire state is worth \$150,000 or more. So, if that estate is required to go through probate, Medi-Cal has been very specific on who they would seek to recover from. Unless all of these elements apply, Medi-Cal will not seek to recover any money from the estate

of a deceased CalABLE account holder. First and foremost, the deceased would have to be age 55 or older at the time of their death. If they are under 55, Medi-Cal will not seek to recover from the estate of a deceased CalABLE account holder. In addition, that account holder would have had to be a user of comprehensive Medicaid services. That includes things like in-home support. It includes things like skilled nursing. It includes things like prescription medication. Unless you're one of those high-end users of Medicaid services, Medi-Cal will not seek to recover from the estate of a deceased CalABLE account holder. In addition, in order for Medi-Cal to seek recovery from your estate, the deceased individual cannot be survived by a spouse, a child under the age of 18 or a child with a disability of any age. So, if any of those things apply, anyone of them, let's say if a person was deceased before the age of 55 but they are survived by a spouse, Medi-Cal will not seek to recover from your estate when you pass away. All of those things must apply, meaning that you have to have enough money to require probate; you have to be aged 55 or older; you have no spouse, children under the age of 18 or children with a disability; and you had to have been one of those high-end users of Medicaid services. If all of those do not apply, then Medi-Cal will not attempt to recover from you.

One of the other questions that we received that is in some ways related to this is: what other benefits exist for California residents beyond Medicaid recovery, or should we look at other states? We highly encourage folks that if you are interested in exploring other states' ABLE programs that you should do that. Let me tell you sort of what you are comparing when you do that. The first thing that you should know is that the ABLE Act is a federal law, so most of the elements that guide CalABLE also guide the other programs. Things like eligibility, things like what are the major benefits of the program, and even how the programs work are usually the same, or very close to the same, no matter which program you join.

The things that may be different the first thing that may be different that you may want to look at are the fees. Anne and Sandra did a great job of listing all of the fees associated with the CalABLE account. Some programs may charge different fees. Usually, they are in the ballpark. All of these programs were meant to be affordable. Of course, depending on where you live, affordable mean may mean something different to you than it means to someone else. So, I can say that California, we are not among the highest fees. We are not among the lowest. We are somewhere in the middle in relation to fees.

The other thing that may be different from program to program are your investment choices. Here in California, we talked about we have three target risk portfolios, and we also have an FDIC-insured portfolio. We have four savings and investment choices. Other programs may have more, some may have fewer. So, if the variety of options to better meet your needs suit you in another state, by all means, you should look at those other programs as well.

Then, the final thing and this is one of the most important that you should probably look at if you are deciding whether California is the right program for you or maybe another program may be better for you is related to additional laws that have been passed to further augment the

ABLE program. So, I mentioned here in California we passed a law that said that Medi-Cal will not attempt to recover on the CalABLE account of a deceased CalABLE account holder. We also passed a law that exempts CalABLE accounts from monetary judgments. So, if you are ever sued or if you owe a large debt to a creditor, those creditors can't go into your ABLE account to satisfy those money judgments. That's not legal.

But you have to keep in mind that those benefits only apply if you are a California resident with a CalABLE account. If you live here in California and you open an account any other state that offers an ABLE account and you are sued, unless that state has passed a law that says that they can't do that with that program, then they may be able to go into your account to satisfy those money judgments. That was a special protection that we wanted to make sure that these ABLE accounts are truly able to be used to help you plan for your financial future and cover the cost of living the life with a disability rather than being another mechanism for someone to involuntarily settle a debt from you. Those are all the things that I would advise you to consider when you are looking at other ABLE programs. Sandra and Anne pointed out that the [ABLE National Resource Center](#) is a great resource to be able to do that side-by-side, apples to apples comparison.

I'm going to some additional questions. Here is a great question and it's also a timely question. What made the decision to be age 26 as the cap for qualification for eligibility for an ABLE account? That's a fantastic question. The answer is really it's sort of arbitrary, meaning that there is no real explanation of why age 26 was chosen as the cutoff for the start of your disability to be age 26. The explanation that I can offer is that as the federal ABLE Act was moving through Congress, the estimates that Congress made if everyone with a disability went and opened these accounts and they contributed the maximum of \$15,000 a year, that could lead to a major decrease in federal tax revenue. So, they said the way that we can control that somewhat is to limit who can join. So, they added this age 26 as the cutoff point.

But as Anne mentioned, the ABLE Age Adjustment Act is looking to make that change and it's not because we want to limit the federal government's ability to collect tax revenue, it's because some of the estimates that they were using to make the decision for 26 to be the cutoff did not actually come to fruition. The first thing is everybody whose disability began before age 26 hasn't run out and opened an ABLE account. Even amongst those who did, most folks are not contributing up to the maximum of \$15,000 per year. The estimates they made in the potential loss of revenue aren't really the reality of ABLE. We think that a lot more people can be helped if they change that age from 26 to 46. So just this week, Senator Bob Casey of Pennsylvania introduced into the new Congress this year's version of the ABLE Age Adjustment Act. There is a lot of optimism that it can make its way through and be passed this year, and then if it does, if your disability begins before age 46, then you are now able to open an ABLE account. We are really excited about that.

There are ways that you can help. One of the ways to help see this passed if you're interested is to write to your elected officials, to your senators and to your Congressman and tell them that you want them to support the ABLE Age Adjustment Act. The most effective thing that you can do is write a letter. The next most effective thing you can do is send an email. The next most effective thing you can do is give them a call. If you let them know that you're in support of it, that will bring more support in for the ABLE Act and that will increase the likelihood that it will be put up for a vote in this Congress. We are really excited that that can happen. We also have some tools available on the Treasurer's website that can help you if you need help writing a letter, we have some templates there for you. If you need help finding out who your Congress folks are, who your Senators are, we can point you to websites that will make that easy for you. If you're interested, please take a look at those things.

**ANNE OSBORNE:** Dante, I'll just add that when Sandra was showing people the Quick Links on the Treasurer's website, there is a link there is says "[ABLE Age Adjustment Act Letter](#)." That is a template that people can use for their congresspeople.

**DANTE ALLEN:** Okay thanks, Anne. We received a question and this one is you may be assuming that we are little more sophisticated than we are. They are asking: can you share a contact for your media department? We are a small team. You are looking at the entire CalABLE team. We actually don't have a media department, but you are invited to contact us if you have media concerns. Send us an email at [calable@treasurer.ca.gov](mailto:calable@treasurer.ca.gov).

If a conservator or a limited conservator has power for contracting and the account owner has a rep payee, do they have access to the ABLE account, or is it through the conservator or rep payee? That's a great question. Right now, a CalABLE account can only be managed by one person. That one person is the individual who is signed up as the Authorized Legal Representative. Now, that Authorized Legal Representative can be a parent, it can be a guardian, it can be a conservator, or it can be someone with power of attorney over financial matters. That doesn't mean that that person has control of everything in that individual's life. For instance, if someone has power of attorney and is the Authorized Legal Representative of a CalABLE account, there could still be a conservator. In order for the conservator to be able to manage that CalABLE account, they would have to be signed up as the Authorized Legal Representative. Or vice versa where a conservator is the legal representative but someone else wants to be able to contribute or manage the CalABLE account, and that person would have to be a parent, guardian, or have power of attorney and sign up as the Authorized Legal Representative.

There are changes that are coming to ABLE that will allow a rep payee to become an Authorized Legal Representative. That's something that was made possible through final regulations issued by the IRS on ABLE accounts, and we are working right now to ensure that that change is added to CalABLE. Please stay tuned and we will let you know once that is available.



Is there a template for a physician to certify diagnosis likely before age 26? That's a great question and something we received previously. Currently, we don't have a templated letter, but we do know that on the [ABLE National Resource Center](#) website, they do have a templated letter for folks who are looking to self-certify for an ABLE account. That's one of the reasons why we provide that resource to you. Please visit [ABLENRC.org](#) if you're interested in that letter. We are in the development phase of creating our own letter. It has to go through a substantial legal review for us to be able to post it because we want to make sure that we are giving you appropriate tools that you can use for your own purposes.

Who could manage my CalABLE account if I become temporarily so disabled that I'm unable to manage it on my own? Would a financial proxy document work? So here's where I want to be a little cautious. I'm not an attorney and I can't provide you with legal advice. What I can say that we accept, and the reason why I'm saying that is because I fully don't understand the definition of what a financial proxy is. If a financial proxy is the equivalent of providing legal power of attorney, that could be sufficient, but what we require for someone to step in as an Authorized Legal Representative is that they are a conservator, a legal guardian, someone who has legal power of attorney over financial matters, or if they are a parent.

What happens if I move to a different ABLE state that allows Medicaid recovery? Because I am a current resident and have a CalABLE account, but I might move in the future. So that's a complicated question and a very good one. So, first and foremost, if you open a CalABLE account and you are a California resident and you pass away, like I said, we've passed a law that said that Medi-Cal won't seek to recover from your CalABLE account. But let's say that you open your CalABLE account when you were a California resident and then you moved to another state and you maintained your ABLE account in California. When you pass away, the state that you moved to may attempt to recover from your CalABLE account when you pass away. The protection they received as a California resident would no longer apply. The same would be that if you stayed in California but moved your account to another ABLE state, that state may attempt to recover from your CalABLE account because you no longer receive the protections that you had as a California resident.

Here is another question that we received fairly often, and I know we are approaching time, so I want to be quick. What happens to the funds of the CalABLE account when an account holder becomes deceased? Which is a great question. The first thing that will happen in the circumstance is that all outstanding Qualified Disability Expenses may still be paid even after the death of the account holder. So, the account is managed by an Authorized Legal Representative, that legal representative can use it to pay for Qualified Disability Expenses. It's important to note that things like death and burial expenses are Qualified Disability Expenses that can still be paid posthumously. The next thing that happens is that after all those expenses have been paid, the money in that ABLE account is transferred into the deceased individual's estate. Now, depending on how the deceased has organized their estate, that estate could be held in trust and the rules

of the trust would then apply, or it could go into probate. If an estate is required to go through probate, the potential that I talked about earlier could apply and Medicaid could attempt to recover from an estate but only under the circumstances that have already outlined and won't do again. If there is no Medicaid claim to any of the money in the ABLE account after the account has gone through the probate process, then that money can be divided amongst living heirs the same way that the estates of everyone else when they pass away can be done. So, that is what happens to an ABLE account when the account holder passes away.

Is there another program that supports adults that are over 26? That's a great question. I'm not aware of any tax-advantaged savings or investment programs that will do that. There are Special Needs Trusts that offer some of the similar protections that allow folks to have money in a trust that be used to support individual's well-being while still being able to receive benefits, but there are no savings and investment opportunities that I'm aware of that provide the benefits of ABLE accounts for folks who were over age 26 when their disability began.

I see question here about an individual who was disabled after age 60 and it would be great to see a program that supports people his age. I agree wholeheartedly with you. I think the ABLE Age Adjustment Act to increase things to 46 is another step in the right direction, but here at CalABLE, we treat this as, this is a long-term solution for the financial needs of people with disabilities. So, like with many laws that preceded the ABLE Act, if we continue to chip away in making it better and better, we think that it will have more and more impact for people with disabilities. Keep up your advocacy if you are interested in seeing these things improve.

Here is an individual whose disability started at age 48. They ask if they are eligible for a CalABLE account. At this time the answer is no. Your disability had to have begun before age 26, or feasibly you must be able to get a doctor to say that even if your major symptoms did not show, the likelihood that your disability did begin before age 26 is possible, and you could potentially be eligible for an ABLE account.

Here's a question we receive often: why do we mail materials for CalABLE to a Florida address? Florida is the location of our Customer Engagement Center. Intuition ABLE Solutions is a vendor that we have contracted with. They are the recordkeepers for CalABLE. They are also asking where the funds are held. Intuition does not hold the money. They are simply the recordkeeper for CalABLE. Our money is actually a municipal security, and it is held in a municipal trust by TIAA-CREF. They are not located in Florida so the money is not held in Florida.

Does the person have to have been diagnosed before age 26 or when the actual onset of the condition? That's a great question and the answer is it is the age of onset of disability. There are many conditions where you may not be diagnosed until later in life, but there's a high likelihood that the onset of the disability began much earlier. Specifically, a lot of mental health conditions would be qualified for ABLE eligibility even if you did not receive a diagnosis until after 26 if you can get a doctor to say that the condition likely onset before your 26th birthday.

I think I've answered just about everything that we had. I also answered about 34 questions as the presentation was going on. There was one question that I could use a little bit of help with. It said: how much limit income in my account? What kind of program is it? I didn't fully understand but I'll do my best to try to answer this. The limit to what you can contribute to your account is \$15,000 per year. If you're working and you are contributing a portion of your own income into your ABLE account, you can put up to an additional \$12,760 into your ABLE account.

What kind of program is ABLE? It is a savings and investment program. You can put your money in an FDIC-insured savings type account, or you can invest your money in one of our target risk investment programs. These are municipal securities. It's not the same as buying a stock, but you are investing in mutual funds. So, you are putting money into this account as those mutual funds grow, the amount of money in your account can grow as well. It's tax-advantaged, meaning any growth on your account is tax-free if when you withdraw the money from the account, you use it for Qualified Disability Expenses. With that said, I've gone through the full list of questions that came through.

Here's a new one that popped up. The 1099 that would be sent is for interest on the account. Is that correct? Yes, that is correct. At the end of the year, CalABLE sends out a 1099 form to show any interest that was earned in the account over that calendar year. Remember, there are no tax implications until you withdraw money for that account, and CalABLE accounts are exempt from income tax or penalties if the money is used for Qualified Disability Expenses.

**SANDRA KENT:** It looks like we are at time so are there any other questions?

**DANTE ALLEN:** I have one more was like a clarification. "I think your last sentence is maybe a mistake. I think you meant it does not mean you can only have \$15,000 total savings." This was to a question that I answered during the chat. Yes, so the question that came in was related to if you put money in one year, if you put in up to \$15,000 one year and you put \$15,000 in another year, when you take money out which year does it come out of? It doesn't really work like that. ABLE accounts can grow well beyond the \$15,000. You're only allowed to put in \$15,000 a year, but when you take the money out, it's not counted in what year did you put the money in. It's only counted but when you took the money out. That's what I meant to convey in that. Yes, you can have more than \$15,000 in your ABLE account at any time.

Will CalABLE interfere with Section 8? No, HUD looks at CalABLE accounts the same way that Medicaid and SSI look at it. If the account has under \$100,000 in it, it's not counted against your housing benefits.

I know that that's all we have time for today. I really do want to thank you. Thank you, Anne and Sandra, for all your help. Thank you to our captioner and to our sign language interpreters. We really are committed to making these very accessible events, so please if you have questions or concerns for us, reach out to us and let us know, and we'll do what we can to continue to make

these events more accessible and more informational for you. Thank you again, and we'll see you next month.

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

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

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

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These stories describe(s) the circumstances and experiences of specific CalABLE account owners. It may not be representative of the experience of other CalABLE account owners and is not indicative of future performance or success. Individual results and experiences will vary.

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

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