



CalABLE Basics

Original Broadcast Date: January 26, 2022

Slide #1

Anne Osborne: Good afternoon, everyone, this is Anne Osborne with CalABLE. We are just letting people in and we will begin in a few minutes. So, we just want to give everyone the opportunity to join the webinar.

Okay, we are going to go ahead and begin. It's 2:02 and as I mentioned earlier, I want to welcome everyone to the 2022 CalABLE webinar series. My name is Anne Osborne and I'm the program manager for CalABLE.

We're going to kick off the series with the CalABLE basics, so today that is what we will be discussing.

Before we begin the presentation today, I want to go over a couple of housekeeping items to help with the broadcast.

First, we recommend that you close any apps or browser windows that you will not need during the webinar. Having too many apps open can take up the Internet bandwidth in order for you to participate in the webinar.

Next slide. We are here already, okay.

Slide #2

So, we have also two ASL interpreters available. Can we go back one Matt? Thank you. You should be able to see the video feeds on your gallery of presenters.

If you are joining us on your computer, you can adjust the format of your screen to increase or decrease the size of the presenter video feed. You do this by hovering your mouse over the edge of the slide and do this until a bar appears. Click and hold your mouse button to the slide bar to adjust the size. If doing this causes some of the slides to be cut off, go to view options in the webinar's control and change the setting to zoom ratio to fit window. You can also use the view options to increase the size of the slide if you need to.

We also have live captioning provided. To turn that option on, look for the CC icon in the webinar controls. You may adjust the settings for that if you need larger captions, and there



should also be a transcript option available for you which is longer running text if you prefer that option. Next slide please.

Slide #3

Next, the presentation slides are available to you. You should have received a reminder email that led you to our site, and you can find these at the top of the menu. You would see CalABLE Basics under the 2022 icon, and that is where the presentation slides are available. Next slide please.

Slide #4

There are two audio options for today's webinar. You can listen through your computer speakers or through a telephone. Don't forget to adjust the volume on your computer if you need to. Next slide please.

Slide #5

This is the telephone number. So, you can call the telephone number on the screen. Next slide please.

Slide #6

We will be taking questions at the end of the presentation, so please submit your questions through the Q&A box. I just want to remind you that a lot of the questions that we do receive will be answered throughout the presentation. So, we would ask if you could just wait a few minutes before you start asking those questions because a lot of those questions will be answered throughout the presentation.

If your question is not answered, certainly feel free to put that question in the question-and-answer box and we will answer it during the webinar.

A replay of this webinar is available on our YouTube channel. It's about two weeks before we post it. You will also receive an email when we do post it. Anyone that is attending today's webinar, as long as we have that email address, when we post it we will send you a notification that the webinar is available for you to view. Next slide please.

Slide #7

I would like to introduce state treasurer Fiona Ma for a few opening remarks.



We are getting that queued up right now, it's taking us a few minutes.

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 will be on CalABLE basics. This webinar will serve as a great introduction to CalABLE for prospective CalABLE account holders and a good review for current account holders.

You will learn about the CalABLE program and how an ABLE account can best suit your needs.

As state treasurer I believe that CalABLE is an excellent financial tool for Californians with disabilities. This program is a critical step toward ensuring that people with disabilities have access to resources that can help put them on the path toward financial stability.

I am committed to promoting this program as one of my top priorities to help Californians achieve a better life experience.

We are also deeply committed to expanding educational efforts regarding other tools and opportunities to achieve the same goals.

In just three years approximately 9,000 CalABLE accounts have been opened, and those account holders have entrusted us with more than \$70 million in assets.

This makes the CalABLE program the fourth largest in the US by account holders, and the fifth largest by assets owned out of 44 programs nationwide.

Thank you for joining us today and for your continued support of the CalABLE program.

Now I would like to turn things over to CalABLE Executive Director Dante Allen.

Dante Allen: Thank you Treasurer Ma for getting us started today. As she mentioned my name is Dante Allen. I am the Executive Director for CalABLE. I have been with the program since before we launched in December of 2018, and I really want to thank you for joining us this afternoon. And I am hopeful that this will be a very fruitful conversation and that we can introduce you to this wonderful program.

I think since we began our webinar series, we have learned from you and want to continue to learn from you. One of the things that we recognize is that we may not get to answer all of the questions that you submit during the Q&A section.



But I do want to let you know that you will have a resource to be able to contact us directly after today's presentation, and in addition to providing our contact information in this slide deck, we also have an evaluation sheet that should have popped up on your screen as soon as you opened the Zoom meeting.

If you have questions that we don't get to, when you fill out that evaluation form, please let us know that you would like to receive a call back and we will be happy to reach out to you.

Otherwise please do continue to share your thoughts on today's presentation, and even if you have suggestions on what we can cover in the future, we use those things to learn.

If you could go to the next slide Matt, that would be great.

Slide #8

So, in light of this being our first presentation of the year, we wanted to share a video that we created last year that gives a pretty quick broad overview of CalABLE. So, before we get started with my presentation today, I hope you will enjoy this video.

[VIDEO]

Tatiana Lee: Money can't buy you happiness. We've all heard that before, right? While that may be true, achieving your dreams often requires learning to manage your finances. Whether your dream is to own your own home get an education or just become more independent, saving money is often the first step.

I know talking about managing money can be very intimidating, especially for people with disabilities who also have to consider the added expenses of living a life with a disability and the limits placed on what we can save if we receive government benefits.

Your dreams can come true. It's happening for me. I have a disability and saving for my goals is now a reality. Since I opened my CalABLE account with CalABLE, I am investing some of my money so that it has a chance to grow.

I'm saving for an accessible home and to grow my business. Maybe you want or need to save for expenses like moving or getting a smartphone or a computer. Maybe you want to save for something big like a vehicle or to purchase a home. Maybe you don't have a lot of money and that's okay.

The first step is to set goals and to create a plan to achieve them. CalABLE is a great tool that can help you get there.

CalABLE Basics



Opening accountable account is quick and easy. Once your account is open you can begin to save regularly, maybe for the first time in your life.

A CalABLE account is for those of us who have a disability that began before turning 26 but they can be opened at any age. The sooner it is open, the more time your money has a chance to grow.

Earnings in an able account are not counted as income. It's tax free and you can use the money whenever you like as long as you use the money to pay for expenses of living life with a disability.

So many times, those of us with disabilities have been held back from reaching our dreams. We are told to limit our earnings and savings to keep any benefits we may need just to cover our basic living expenses. With a CalABLE account, we don't have to hold back. In fact, you can save up \$100,000 and still be eligible for public benefits such as housing, food assistance, or health coverage. Best of all, when friends and family contribute to your ABLE account, those contributions won't count against your benefits like crowdfunding apps can. So, if you're like me or have a family member with a disability and you wish you could save money to help towards expenses today or in the future, join me and thousands of others like me from across the country and open your very own CalABLE account.

With accountable savings, I can plan for the future and so can you.

Narrator: Call the number on your screen or visit calable.ca.gov to become a CalABLE saver. if you would like to learn more about financial planning like setting a budget, saving to buy a house, or even understanding your credit score, visit the California state treasurer's website.

The National Disability Institute and ABLE National Resource Center provide information specifically for people with disabilities on the path to saving and investing with CalABLE.

Dream, plan, succeed, CalABLE will help you plan for your best possible life. Dreams can come true, and you can make it happen.

Follow these three simple steps. Ask yourself what it would take to change your life for the better. Make a list of what you are saving for and estimate the costs for each item on your list. to set your savings goals. Share your goals with family and friends and see how you can all contribute to your account to meet those goals. Keep your loved ones up to date.



Stick with your plan learn more as you go and celebrate when you achieve your Goals. Let's dream, plan, and succeed together

Dante Allen: So hopefully that video gives you a quick look at what is possible with a CalABLE account. We developed that as a tool that could very quickly share the information and put you on a path to understanding what is possible with an ABLE account as well as sending you to the place where you can get additional information.

We have a whole lot of resources and I want to get started with our conversation, so if we can go to the next slide.

Slide #9

I want to start off, and I have been doing this lately with a poll, and as you saw in the video, an ABLE account provides you with the opportunity to save in a way that you may not have been able to before. Whether you receive benefits or you are concerned that if you are saving money in a special account, you wouldn't have access to that money, and so now with the possibility of CalABLE, I want to ask the question: what would you say for if you have the opportunity to savor anything?

Would it be for a home or education? Or maybe it's assistive technology. Let me know by checking in to our survey and we will see what are some of the goals that you have.

I will give you just a few seconds to let that happen.

And I see in the Q&A that someone says they lost the ASL interpreters, and you can spotlight those to make sure that they don't go away.

And let's see what the responses to the survey are, Matt.

Alright, it seems like many of you are saving for a home I see high on the list is recreation and vacation as well as new technology. And many of you said other, so I would be curious to hear what those things are and maybe we can get to it in the Q&A. We will have time to address those questions at the end of today's discussion. Next slide.

Slide #10

We are going to go over the basics in today's presentation and talk about what is ABLE and how these accounts work. We will talk about a component known as eGifting which is very similar to Go Fund Me or crowdfunding websites that are available.



We will talk about investments because CalABLE is an investment account.

We will talk about what operating a CalABLE account would cost and go over all of the steps of what you need to open a CalABLE account.

Like I said, we will end with some resources and even our contact information for you to be able to reach us directly.

And we are going to go through Q&A. Next slide.

Slide #11

So, let's get us started with answering the basic question what is ABLE? If you can go to the next slide.

Slide #12

ABLE stands for the Achieving a Better Life Experience Act. It's a federal law that was passed in 2014 that allowed states to create tax-advantaged accounts specifically for people with disabilities to help them reach their financial goals.

Since the launch of this program, more than \$70 million in assets under management, and as of this week, we have had more than 10,000 people enroll in CalABLE. So, this is a very exciting time. Yes, we are still in the very early stages of this program, but as you can see by the success that we are achieving, this program makes sense to a lot of people. Next slide.

Slide #13

Before I get into all the details, I want to update those folks. Many of you may be joining us for the first time, but there are some folks who are aware of ABLE, and this may be a new opportunity I wanted you talk about. Because this is the beginning of the year, we want to talk about what other things that have changed with ABLE in 2022.

And the first thing that has changed is how much you can contribute to an ABLE account each year. As you may be aware, the annual contribution limit to an ABLE account is based on the IRS gift tax exemption. And in 2022, that amount rose from \$15,000 year to \$16,000. So now an individual can contribute up to \$16,000 per year in their ABLE account.

In addition, the federal poverty level has changed between 2021 and 2022. And this affects the program known as ABLE to work which says that if you are working, you can actually contribute above that \$16,000 annual contribution limit.



And so the federal poverty level for the 48 contiguous states has risen from \$12,760 to \$12,880. So, you have that ability to contribute that much more to your ABLE account if you are working.

Three new ABLE programs have launched in the United States and those include Hawaii, Maine, and Utah. These are all new programs and there are a number of programs across the United States, and I will talk a little bit about the similarities and the differences in just a moment.

And also, Medi-Cal just recently updated their fact sheet and how they look at and make assessments about ABLE accounts. So that is available on our website, and you can access that information at any time. Let's go to the next slide.

Slide #14

So why should you save in an ABLE account?

First and foremost, you can save up to \$100,000 without the risk of losing your benefits. There are a variety of professionally managed investment portfolios where you could potentially grow your money over time.

And then you can have access to that money at any time for qualified disability expenses, and when you withdraw money from an ABLE account for those qualified disability expenses, you won't pay any taxes or penalties for accessing your money. Next slide

Slide #15

As I mentioned previously, there are three new states that offer ABLE programs. The map here indicates what all states have an ABLE program, and those listed in dark blue which includes California, those are considered national programs meaning you don't have to be a resident of that state to open an ABLE account in that state's program.

The lighter, turquoise-colored states, those also offer ABLE programs, but you must be a resident of that state in order to participate in that state's program.

Those states in grey don't yet have ABLE programs, so if you live there, you would need to join one of the darker colored states in order to participate.

So, as I mentioned at the beginning, the ABLE Act is federal law. So what pertains to those programs is essentially the same no matter what state you join. Things like the eligibility, who can open an ABLE account or the benefits of an ABLE account, the tax advantages that you



receive from an ABLE account. Those things are usually all the same to matter what ABLE program that you participate in.

But there are some differences. For one, the investment choices that you have. Because each program is different, there may be slightly different choices that you can participate in for how you choose to save or invest.

The fees associated with these accounts may differ from program to program, and I will run through what some of those elements may be.

And the one thing that may be different, and this is where you really should pay close attention, is that some states may have passed additional laws that offer even more benefits if you participate in that state's program, and you are a resident of that state. And I will walk through a couple of those that we have done here in California just a moment. Next slide.

Slide #16

Let's talk about the basics. That is what we are here for after all. Next slide.

Slide #17

So, who is eligible? You can open an account if you have a disability that started before age 26. If you meet the criteria for disability benefits programs like supplemental security income or SSI or Social Security disability insurance, SSDI, then you are automatically eligible to open an ABLE account.

We use the same definition for disability as the Social Security Administration uses in their list of compassionate allowances or their blue book listing, and that can include anything from an intellectual or developmental disability to physical or mobility disabilities to blindness to a number of mental health conditions. We use the same definition. Next slide.

Slide #18

Even if you are not on benefits, you can still qualify to open an ABLE account, you just have to go through a few more steps. We call it self-certification. With self-certification you must confirm under penalty of perjury that you have a disability, and it began before age 26.

We also ask that you get a letter from a qualified physician that lists your physical or developmental disability diagnosis and indicates that it results in a functional limitation that is expected to last a year or longer. Next slide.



Slide #19

At CalABLE we don't ask that you turn in that letter to us. We ask for you to hold on to it. And while we will never ask for it, there are some folks that may. The IRS might ask for it if you ever experience an audit and you have an ABLE account, or the Social Security Administration could ask for it if you ever qualify for benefits and go through a recertification process.

Now remember that you can open your ABLE account at any age as long as the onset of your disability began before age 26. And when I say onset of disability, I don't mean the date that you received the diagnosis. It is based on when the diagnosis actually began. When did you experience the first symptoms? And a doctor's letter can indicate when the likely onset of that disability was. Next slide.

Slide #20

A few more basics about an ABLE account. The beneficiary or person with a disability can only have one ABLE account open at a time, and that includes one ABLE account in California. You can't open another one in another state. If you want to roll over your account, meaning you want to move from one state's program to the next, you have to close the ABLE account that you are in to open the other, and we have some tools that can make that a little easier for you.

Now the person with the disability or the beneficiary is always the owner of the ABLE account. And the important aspect of that means that any money included in an ABLE account belongs to that account owner. So, the money that an ABLE saver has is in their own name and they can do whatever they want to with that money.

The account can be opened either by the beneficiary or by their authorized legal representative. The law is fairly specific about who can become an authorized legal representative, and initially it was a parent, a legal guardian, or conservator, or someone with power of attorney over the financial matters of the person with a disability.

Later this year, we will be expanding that definition to include essentially any person of the beneficiary's choosing, and that could include Social Security representative payees, and that is something that will be coming to CalABLE here in 2022. Next slide.

Slide #21

And this is as I mentioned the authorized legal representative. Currently for CalABLE, it's a parent, conservator, legal guardian, or someone with power of attorney. And we jump to the next slide.



Slide #22

There has been a new hierarchy created that says that a spouse, a grandparent, a sibling, or a representative payee could become an authorized legal representative. And in this circumstance once we bring this online, the person becoming the authorized legal representative will need to attest again under penalty of perjury that there is no one higher in the hierarchy that is willing or able to manage that ABLE account.

But this expands things considerably about who can actually control the account. Next slide.

Slide #23

I am going to ask another question here. This is more of our polling. And I want to know if you are attending today, do you know anyone who already has a CalABLE account, whether it is you or a friend, I want to know if this is new to you or are you beginning to encounter folks who may have already opened an ABLE account?

I will give you just about half a minute or so to answer this question and we will see who knows someone with a CalABLE account.

And if you can show us the answers to that, Matt. Okay, it looks like the majority of those of you here don't know someone. Hopefully we can convince you all today that maybe you should be the person that our future presentations, when they say do I know someone, they will be talking about you. Let's go to the next slide.

Slide #24

How do ABLE account work? Next slide.

Slide #25

The accounts are designed to protect your assets. But they are not a shelter for income. What do I mean by that? Like I said, you can work with a CalABLE account, but just putting that money into your ABLE account, it doesn't turn that money into non income that will allow you to qualify for different disability benefits.

So, the ABLE accounts are designed to protect your assets, but they aren't meant to change your income into non-income.



These accounts function like a savings account or you can potentially grow your money over investments over time. Any earnings in an ABLE account are tax-free as long as when you withdraw the money, it is spent on a qualified disability expense.

And account holders can make different choices of where they put their money. They can put the money in savings or investment opportunities.

And anyone can contribute to an ABLE account, and I will talk about third party contributors in just a moment. Next slide.

Slide #26

Before the ABLE act, a person with a disability who is receiving SSI could not save more than \$2,000 without impacting their SSI benefits.

Now with an ABLE account, you can save up to \$16,000 a year and more in certain cases, and up to \$100,000 in total without impacting your SSI at all. As a matter of fact, the Social Security Administration is instructed to disregard any money in an ABLE account below that \$100,000 threshold. Next slide.

Slide #27

So, let's talk about these contributions. I mentioned that most people can contribute up to \$16,000 in an ABLE account, and that is not per contributor, that is per account. So, you can put up to \$16,000 a year into an account.

If you have \$100,000 or less, that money won't count against the resource limits for programs like SSI.

We often get the question how does that apply to SSDI, and SSDI does not have that same resource limit that SSI has. You can actually save up to \$100,000 and not affect your SSI benefits.

And if you are not worried about benefits, you can actually contribute a lot more in your ABLE account. You can contribute up to \$529,000 in your ABLE account. Just keep in mind that if you get up that high, you are long off benefits because once you got above that \$100,000 threshold, any additional money you put into that CalABLE account would count against any benefits that you may have. Next slide.

Slide #28



There are certain individuals who can actually contribute more than \$16,000 a year, and that is thanks to the tax reform of 2017. It allowed for workers who weren't actively participating in an employer-based retirement program to put in a portion of their own income up to the federal poverty level in the state that they live in as an additional sort of retirement opportunity. And you can go to the next slide.

Slide #29

An individual could put in whichever is the lesser of an amount equal to their annual gross salary or the federal poverty level which this year is \$12,880, for a potential maximum of \$28,880 per year. That's the \$16,000 plus the additional \$12,880.

Now remember, the \$16,000 can come from all sources. The additional \$12,880 must come from the earnings of the beneficiary who is not participating in an employer-based retirement program. Next slide.

Slide #30

With an ABLE account you can save but you can also spend the money. The money can stay in the account as long as you want. But if you need to access the money, you have the ability to pull it out at any time. And when you do, there are no taxes or penalties as long as you are spending that money on qualified disability expenses. Next slide.

Slide #31

So, what is a qualified disability expense? It is any expense related to the ABLE account owner as a result of living a life with a disability that helps to maintain or improve your health, your independence, or your quality of life.

Now these are intentionally broad categories, but they can include things like education, employment, housing, transportation, health care expenses, and much, much more.

If you go to the next slide.

Slide #32

It can include anything on this list, and I know that many of you said that you wanted to save to purchase your first home. And yes, a down payment for a home is considered a qualified disability expense.



A number of you said that you wanted to use it for entertainment or going on a vacation, and yes, a vacation and entertainment are qualified disability expenses.

The reality is that there are very few things that would make it not a qualified disability expense because these accounts are meant to be used. The intent is not to be able to put money away and not access it. It's meant to be something that is readily available for you to use.

And let me just say that it is not illegal to take money from the account for a nonqualified expense. The thing that you just need to be aware of is that taking that money out, you will be subject to income tax on any growth that you have had in your account, plus you will get a 10 percent tax penalty from the federal government and an additional penalty from the state government.

Also, if you are receiving benefits, when you use money for a nonqualified disability expense, that money may be considered a resource countable against your benefits program. Next slide.

Slide #33

Before I talk about eGifting, I will talk about qualified disability expenses a little bit more. The one thing that you should know is that CalABLE doesn't make a decision on whether or not your withdrawals are for qualified disability expenses. We don't ask. But we do suggest that you keep records because you may be asked.

Again, you may be asked by the IRS if you are ever audited, or you may be asked by Social Security. If they know you have an ABLE account, they want to know that you are using it as intended. So, we recommend that you keep notes and receipts that you can match up with any withdrawal that you take from your ABLE account.

So, let's talk a little bit about eGifting, and if you could go to the next slide.

Slide #34

We have a great portal on our CalABLE website that allows you to ask your friends and family to help you out. And they can, using a unique link, they can send you money that can go directly to your ABLE account. It can allow you to save for those expensive items. You can let your friends know hey, I am saving for a new computer or a wheelchair accessible van or I am saving to go away to school, and you can ask folks to help you out.

And the great thing is when third parties contribute to your ABLE account, those aren't counted as income by your benefits. And so, you can actually receive help and not be penalized from a benefits standpoint.



And with the eGifting feature they can put the money directly into your ABLE account with no problem. Next slide.

Slide #35

I talked about ABLE being an investment program, so we are going to talk a little bit about the investment options. If you go to the next slide.

Slide #36

Our investments are managed by TIAA-CREF. Money can be deposited into an FDIC insured portfolio which is just like your savings account, or it can be invested in one of our target risk investment portfolios.

The fees associated with putting money in these accounts are based on what investment options you choose. And once the money is in your ABLE account, they can be transferred between the investment portfolios up to two times per year. If you can go to the next slide.

Slide #37

Before I talk about investments, I want to let you know about risk. In general, investing always comes with some risk. When choosing your investments, understanding your tolerance for that risk is one of the most important things you can do. At CalABLE we have designed our investment portfolios to be easy to understand with clear information on the risk level for each of our categories.

We also offer educational resources about the portfolios to help you understand the risks that you may face when you choose one of our investment opportunities. Next slide.

Slide #38

As I mentioned, we have an FDIC insured portfolio. This is designed to give you a simple interest. It's a very small interest and it is protected by the federal government, so it is essentially guaranteed that you won't lose money by putting money into that FDIC insured portfolio.

We also offer three investment portfolios including a conservative portfolio which is made up mostly of bonds. And those bonds are a safer long-term investment. They don't fluctuate like the stock market does. But 20 percent of our conservative portfolio is based on stocks. The other 25 percent is the funding agreement.



It's similar to a savings account. It's based off a TIAA-CREF life insurance product, but it is intended that you don't lose money. It gives you a more robust interest than you would with our FDIC insured portfolio.

It does not offer the FDIC insurance against loss though.

We have a moderate portfolio which is about half stocks which means that it can fluctuate over time. A little less than half in bonds. Again, a conservative -- or a more conservative investment tool, and then that funding agreement again.

And then our aggressive portfolio, and this is where you may fluctuate more on a day-to-day basis, but the idea is that your money may go up more quickly. There is also a potential that it could go down more quickly. It's 80 percent stock and 20 percent bonds.

These are all mutual funds, so you are not saying I want to go and buy Apple stock or go and buy the company of my choice. You are actually investing in mutual funds, and when the portfolio goes up, then your investment in that portfolio goes up. Next slide.

Slide #39

Let's talk really quickly about the fees associated with an ABL account, and I mentioned, this is one of the areas where the programs differ. Each program may have its own fees. And I want to encourage you to make sure that you take a close look at your state.

Even if the fees may be a little more or a little less, you still may have advantages by joining your own state's program. So, let's talk about the fees associated with a CalABLE account. Next slide.

Slide #40

CalABLE accounts are designed for affordability. There are no enrollment fees. Any money that you put into your CalABLE account goes directly into your account. And like I said the fees may vary based on your investment choices. Next slide.

Slide #41

There are a few types of fees for an ABL account. One is an annual account maintenance fee. That is a fee that is incurred every month that you have your ABL account. Money is taken directly from your ABL account to satisfy that fee.



There are asset-based fees and expenses and that includes the state administrative fee, the things that pay for the outreach that we do for CalABLE, it pays for the salary of the staff who work on CalABLE.

There are also underlying investment fees and expenses. If you choose one of our investment options, there are additional fees that are based on a percentage of the amount that you put into each portfolio.

There are some occasional fees like if you choose to have your statement delivered via US mail, there is a fee for that.

If you ever overdraw your ABLE account, there is a fee for that.

Also, if you request a check to be issued to the authorized representative or the beneficiary or to the payee, there is a fee for that.

And rather than let you know that they are just fees, I want to walk you through an example of an ABLE account and show you exactly what it would cost to operate that account over the course of the year. Next slide.

Slide #42

So, this example is a CalABLE account with \$3,000 in assets kept in that account.

What you will see is that if the account holder put all of their money in the FDIC insured portfolio, the only thing that it would cost to operate that account for a year is \$37. That \$37 is taken out in monthly installments of just over three dollars.

If the individual with \$3,000 in their CalABLE account chose to invest part or all of that money, in addition to the \$37 annual account maintenance fee, they would also be charged an underlying investment fee of just over -- anywhere from \$2.40 to just over that, and there would also be a state administrative fee of \$13.20, so the most that having an ABLE account with \$3,000 of assets in it would cost anywhere between \$52.60 to \$52.90.

So again, this is intended to be a very affordable way to increase your opportunity to grow your money over time. Next slide.

Slide #43

We are going to talk a little bit about Medicaid and ABLE accounts. You may be aware that when the ABLE act was passed, the law said that the states would have an opportunity to



collect and reimburse itself for any Medicaid benefits that were provided on the beneficiary's behalf during the course of their lifetime.

In some states, California being one of the most unique, have passed a law that said that Medi-Cal will not seek to recover money from the ABLE account of a beneficiary when they pass away.

So, let's talk a little bit about what happens when a beneficiary passes away.

First and foremost, any outstanding qualify disability expenses can be paid from the ABLE account. And that can include things like funeral and legal expenses that don't occur until the beneficiary has passed away.

The account will then be transferred into that deceased individual's estate. Next slide.

Slide #44

And I talked about Medi-Cal just updated their guidance for CalABLE accounts, and as I mentioned here in California, if you have an ABLE account and you pass away, Medi-Cal will not seek to recover directly from your ABLE account.

But there is a circumstance where they may seek to recover any leftover money from your estate provided that your estate is required to go through probate, meaning that the value of your entire estate is worth more than \$150,000.

But they said that they will only seek to recover if the beneficiary was aged 55 years or older when they passed away, that the individual was a user of those higher cost Medicaid services like in home support, skilled nursing, and a number of others, and that the individual is not survived by a spouse, a child under the age of 21, or a child with a disability of any age.

Now unless all of those things apply, Medi-Cal will not seek to recover any money from the estate of that CalABLE account holder. Next slide please.

Slide #45

If you have heard all that you need to and you are ready to open an ABLE account, you can go to CalABLE.ca.gov to get started. It really only takes a few minutes and there are really only a few things that you need. Next slide.

Slide #46



I want to walk you through a few resources that we have set up for you. We have a section called achievable corner that provides information on the differences between the various ABL accounts as well as how you can make the most of your ABL account.

We have some additional resources for CalABLE on the state treasurer's website, and also one of the things that we get questions for a lot is how would Social Security look at my ABL account in this circumstance.

So they have a website where you can look at the same information that is used to train the Social Security representatives on ABL, and often times, you may have to share and provide that because while you may be knowledgeable about ABL, Social Security, even though it is a program that they fully approve of, some of their representatives may be less informed and so often you may have to share that information with them. Next slide.

Slide #47

Here is the CalABLE staff, and you can reach us directly either at the email address included here or at the phone number. You have myself, you have Anne Osborne who started off today's presentation, and you also have our newest CalABLE staff member, Matt Harmetz. Matt has been driving the slides today and is working everything from behind the scenes and is a great addition to the CalABLE team. Next slide.

Slide #48

If you ever need help with your CalABLE account, you can call our customer engagement center. And they are available at 833 CalABLE, and that's 833-225-2253. They are available Monday through Friday, 9 AM to 5 PM Pacific time, and they can answer any questions you have, and they can even look into your CalABLE account if you have questions or concerns about executing a transaction. They can help you out considerably. Next slide.

Slide #49

If you want to connect with us, we are available on social media. Facebook, Twitter, LinkedIn, Instagram. Pretty soon we will be doing TikTok dances to share and spread the word about CalABLE. We want as many people to know about this program as possible.

Because you registered for today's webinar, we have added you to our email list. I promise you we don't send out lots of information and spam. We really only provide new information when we update the program. Next slide.

Slide #50

CalABLE Basics



We want to hear your story. So please, one of the best ways to help others understand the benefits of having a CalABLE account is to hear from people who already have one and understand what they are doing and how it is opening new doors for them. So, we want to hear your stories.

So, in 2022 we are going to be sharing those more and more often, including our new class of ambassadors which we are going to be announcing in the very near future and we are going to be asking them to join us in our webinar series. So, we are hopeful that you can join us and hear from those folks and maybe it can inspire you on what you can do with your ABL account.

So please do stay tuned for that information that will be forthcoming. Next slide.

Slide #51

So here is another question for our survey. I want to know; will you tell three people about CalABLE? And you can answer that yes or no and we will give you about 30 seconds to tell us your answer. Have you heard enough, or do you need to know more before you can share that?

And remember if you do feel like you need to learn more and you want to have a conversation with us, please fill out and submit that evaluation. Let us know that you want a call back from us and we will be reaching out to you to get in contact with you.

So please, will you tell us if you will share CalABLE with three friends?

Okay, and yes! It looks like we are doing a great job. 76 percent of you said you are going to share this, and we need your help to do that. I see that about 24 percent if you say you still need to learn more, and we are happy to help you as well. And we definitely want to get as many people as we can sold on this idea because this is such a great program for you to take advantage of.

Remember, that evaluation form should be on your computer on your desktop just behind this Zoom window. All you have to do is fill it out and give us your phone number or your email address and we will be happy to reach back out to you. Next slide.

Slide #52

So here is a quick to do list for you. For those 76 percent of you that said yes, I want to share, and hopefully you are ready to open an ABL account as well, explore our important resources including our disclosure statement. That disclosure statement gives you all the rules on what it takes to open and operate your ABL account.



You can open your CalABLE account, you can do it today. It's available online at any time. It just takes about 15 to 20 minutes to get up and running.

Share the information with at least three others. That will help us expand the program exponentially.

And then think about it. Do you have a circle of support? Are three family members or friends that can help contribute to your ABLE account to help you grow your resources, and even if you are receiving benefits, it won't jeopardize you from utilizing your benefits. Next slide.

Slide #53

We do want to let you know that we have already planned our February webinar. It will be on February 16 from 2 to 4 and this webinar will focus on qualified disability expenses. I only spent a small amount of time with what makes up a qualified disability expense today. On that one, we will spend a considerably longer period of time talking about what makes up a qualified disability expense.

So, if you are curious you can register for that beginning today. The registration is open, and again, our webinars are free and open to the public. If you can't make it to that event live, just like this one, it will be posted to our YouTube channel. And next slide.

Slide #54

Okay, so now we get to the question-and-answer portion. If you would like to submit a question to our Q&A, you can do that now and we will be happy to answer those questions.

Remember, if we don't get to all of your questions, use that evaluation to say I want a call back because we do want to engage with you and make sure that we can answer your questions. Next slide.

Slide #55

Before I stop sharing the presentation, I wanted to give you, our disclaimer. This is the fine print. It says what I have already sent to you. That any investment program -- CalABLE like any investment program is subject to risk. There is a potential that you could lose money. It's attached to our financial markets that go up and down from time to time.

So before investing in ABLE or any other investment program, you should consider your tolerance for being able to potentially risk money.



You should also consider whether your home state provides additional benefits and explore the balance between the fees and the benefits that your state's program provides in order to make a good choice on what program may be right for you.

So, with that said, we can stop sharing the screen now and I will turn things over to Anne Osborne because she has been monitoring the Q&A since I began speaking.

Anne Osborne: Okay Dante, we have received several questions and I will start off with the first one.

The first question we have is are CalABLE accounts safe from child support garnishment?

Dante Allen: That's a great question. One of the things that the enhancements that California has made to the ABLE Act is that we passed a law in 2018 that protects CalABLE accounts from monetary judgments.

So, if you are ever sued or you owe money to a creditor, you can't have your CalABLE account garnished in order to satisfy that judgment.

Now that is unique to California. So, if you live here in California but you open an ABLE account in another state, you don't have that protection because that protection only applies to a CalABLE account here in California.

Anne Osborne: Great. And we have somebody asking if there has been any update to the age adjustment act.

Dante Allen: The ABLE Age Adjustment Act, that's a great question. There are bills in Congress right now in both houses that are looking to increase the age of onset for eligibility for an ABLE account from 26 to 46. And there is lots of hope that that can pass within this Congress here in 2022.

There is no significant update that I can provide you right now other than there is hope that the ABLE Age Adjustment Act may be included with a number of other bills, and that could increase its likelihood of being passed with this Congress.

If you would like to support the ABLE Age Adjustment Act you can write to your congressman or to your senators and let them know that you would love to see them sponsor the ABLE Age Adjustment Act, and we do have resources on our website that can help you know what to write and even how to locate who your congressional representatives are.



Anne Osborne: We have a few questions about unqualified and qualified disability expenses. The first one was if I make an unqualified withdrawal, are the taxes and penalties to the whole account or just the amount of the unqualified withdrawal?

Dante Allen: So, if you make a withdrawal from your ABLE account for a nonqualified disability expense, any growth to your account may be subject to income tax.

So that could include the entire amount of that withdrawal. But the only time that you will have to address that is when it's time to file for your income taxes and you find yourself being the subject of an audit where you have to indicate that it was a nonqualified expense that you took.

Anne Osborne: And Dante, could you just give an example of a nonqualified disability expense? We have had several questions about that.

Dante Allen: Sure, that's a question that we receive often. The caveat that I will give is that it may be hard to name a nonqualified disability expense because to the best of my knowledge, the IRS has never declared that anyone who has made a withdrawal, any expense that they made it for was a nonqualified expense.

But the examples that are provided are things like let's say you decide to withdraw money to go back to school, and then along the way you change your mind are not going to use that money for school. Well that now is a nonqualified withdrawal that you have made unless you identify a new qualified expense to use that money for.

One of the examples that I can give you because it was specifically outlined in the regulations for ABLE is that if you use ABLE funds to purchase an illegal item, that would be a nonqualified disability expense. And you may be subject to taxes and penalties withdrawn for that reason.

It also could count against your benefits.

Anne Osborne: Can I use money for crypto investments? Profit goes to -- profit goes back to the ABLE account say from tax.

Dante Allen: So that's a complicated question. First and foremost, the only thing that can go into an ABLE account is cash. So, we don't have the ability to take any kind of crypto digital currency into the ABLE account. So, the only way that you would be able to invest money into cryptocurrency is to take the distribution.

And it's possible, I'm not certain that using ABLE funds for another investment may be a qualified disability expense. The thing that you will have to consider is that if you are investing



in non-ABLE things using ABLE funds, number one you are not getting the tax advantage protection from an ABLE account.

Number two, there is potential that that may not be considered a qualified disability expense, and I will have to do a little bit more research before I can give you a definitive answer on whether or not it is a qualified expense.

Anne Osborne: Along the same line we have had a few questions about rollovers. Can I convert my son's 529 plan to a CalABLE account and are there any penalties?

Dante Allen: That's a great question, and yes, the 529 college savings accounts can be rolled over into the ABLE account with a college savings account though going into an ABLE account, you are limited to that \$16,000 annual contribution limit. So, if the college savings account is more than \$16,000, you will have to do it year-over-year rather than moving it all at once.

There are no taxes or penalties on the federal or state level for making those kinds of rollovers.

Anne Osborne: Another question about a parent buying savings bonds. Is there a way to transfer those to a CalABLE account without depositing them into the beneficiary's bank account?

Dante Allen: So, you are required to liquidate those bonds before can put it into an ABLE account. The only thing that can go into an ABLE account is cash. You don't have to liquidate it into that beneficiary's bank account, that is not a requirement of CalABLE. And there are a number of ways that you can actually put money into an ABLE account including an electronic transfer from any bank account.

You can have a check sent to our engagement center.

So, there is no requirement that you have to put it into the beneficiary's bank account, but you do have to turn it into cash before you put into an ABLE account.

Anne Osborne: We do have a question about what's the difference between a special needs trust and an ABLE account.

Dante Allen: I am going to say we do have an entire webinar on it. We did it just this last fall and it's available on our YouTube channel, and I highly recommend if you are interested to go and watch that video.



I will give you the quick answer. ABLE accounts and special needs trusts vary in who has control of the money, the expense that it takes to set up either option, and what you can do with the money in each account.

I can also say that having an ABLE account or special needs trust doesn't have to be an either/or proposition. I know many people who have a special needs trust, and they use that to fund their ABLE account. And so, there are opportunities to be able to take advantage of either or both, but again, if you want to go into further detail, I highly recommend you check out our YouTube channel where we have that latest video.

Anne Osborne: If you are receiving a rent subsidy from the Housing Authority, will there be any adjustment to the rent for the amount in the CalABLE account?

Dante Allen: There will not be. Having money in an ABLE account and even using money to pay rent from your ABLE account will not result in any adjustment in your housing subsidy provided that you withdraw the money from your ABLE account and use it to pay for that housing expense within the same calendar month.

If you do that it is considered a qualified disability expense and not countable against your housing subsidy.

If you take the money out in one calendar month and make the payment in the next calendar month, you may be subject to some penalties. And that money may be considered additional income by your housing subsidy, and that could affect the cost.

But as long as you are doing it all within the same calendar month, you won't have any issues with having an ABLE account.

Anne Osborne: Can you close an ABLE account at any time?

Dante Allen: You can close an ABLE account at any time. But keep in mind that when you take the withdrawal, unless you are using the money that was in the ABLE account for a qualified disability expense, you may be subject to taxes or penalties and potentially if you are using it for a nonqualified expense, you could be putting your benefits in jeopardy for the month that you make the withdrawal.

Anne Osborne: And a follow-up question, people are asking if checks are available, and I know that CalABLE doesn't offer checks. But you can request a check for five dollars.

Dante Allen: Yes, so CalABLE is not a checking account so to speak. So, you won't get a book of checks that you can write to have money taken directly from your CalABLE account.



But you can request a check to be issued to the beneficiary, to their authorized legal representative, or to a payee of their choosing. There is a five dollar per check fee for that.

You can avoid that fee by linking your checking or savings account a CalABLE account, and then you can move the money electronically. There is no fee associated with that. And then you can use the money once it has been transferred over to any payee of your choosing.

Anne Osborne: We have a question about rolling over from one state to a CalABLE account. Maybe touch on how that process works.

Dante Allen: Sure. If you want to roll over, let's say you opened an account in another state before California's program was up and running, and then once CalABLE opened up, you wanted to roll over to California.

You can do that. You can reach out to the state where you opened the account and say that I would like to close my account here and roll it over to California, and they can initiate the steps that are required to do that.

And you are required to follow the money at once. You don't have to worry about if it is more than \$16,000 in a year. You can do that rollover all at once.

That essentially is the step that you have to take. If you are rolling out of the program and you started with CalABLE and said hey I want to open an account with CalABLE but I am rolling over from another state, you would still have to reach out to that state to make that transfer of funds. We can initiate the paperwork, but you actually have to initiate the transfer.

Anne Osborne: Are there any reasons why you would not want to open a CalABLE account for our disabled son? We are his conservators.

Dante Allen: You know, I think that is really a question based on your individual circumstances. There are no downsides opening an ABL account. The one thing I can think of is if you just want to put a small amount of money into an ABL account and not add to it and try to build over time. The fees, even though they are very small amounts, they will eat away at a small amount of money over time.

So, if you are going to open an account, you should really consider establishing a discipline that you are going to make regular contributions to it. Otherwise, the fees will take it back down to zero and it's like just not having an ABL account.



Anne Osborne: If there is money in my disabled daughter's account, can her disabled son retrieve her money and put it into his account?

Dante Allen: So, you are able to establish a successor beneficiary for an ABLE account.

Right now, the IRS allows you to transfer upon the death of one beneficiary to a family member which a family member is limited to a sibling, without any tax implications associated with that transfer.

You can identify another ABLE beneficiary, someone who is also eligible for ABLE. They may be subject to taxes and penalties when a beneficiary passes away, and even in this case of a mother-son, there may be some tax implications and you should consider having a conversation with a tax advisor if that is your plan.

Anne Osborne: Can a 401(k) account be rolled over into a CalABLE account without any penalties?

Dante Allen: The only way that you can move money from a 401(k) into an ABLE account again is to liquidate that money and there are taxes and penalties associated with that.

So that is probably not the best opportunity. You may consider the tax hit that you will take for doing that may be worthwhile if it will allow you to qualify for benefits long-term. But that may not be the best idea for you.

Anne Osborne: We are having a few questions about putting money in through their employer. can you just review that section again? We have several questions related to that.

Dante Allen: Sure. So, a couple of things. ABLE accounts may be able to accept a direct deposit from an employer if that employer can satisfy our direct positive requirements.

So, if that is what the question is about, it really depends on if your employer system has the capability to do that.

If the question is more directly related to ABLE to work, an individual is working and is not participating in an employer-based retirement program, in addition to the \$16,000 that can be contributed for anyone, a person may be able to contribute up to an additional \$12,880 of their income into their ABLE account as well.

So that can come from -- only from your earned income going into your ABLE account when you are not participating in another employee-based retirement program.



Anne Osborne: We do have a question about the fee structure and doing those state-by-state comparisons, and I know we did talk about that a little bit. It says do you present a clear table that compares the fee structure of CalABLE account options, also do you present a table that compares all the state programs?

Dante Allen: So, we do on the CalABLE website and in our disclosure statement, we give you a very clear indication of what all of the fees are and whether it is a dollar-based fee or a percentage of your balance fee. You can see that on our website.

We don't do the comparison on our own website, but there is a resource we do provide for you. It's the ABLE National Resource Center that is available at ABLENRC.org and it allows you to do side-by-side comparisons of ABLE programs including a side-by-side comparison of the fees associated with these accounts.

Anne Osborne: Can a special needs trust be listed as a successor beneficiary?

Dante Allen: I would have to say that you should probably consult a trust attorney regarding that. I'm not an expert on special needs trusts.

And I don't know if the trust when the beneficiary passes away if it can accept money back from the ABLE account. There certainly probably will be tax implications and so the best thing to do is have a conversation with a trust attorney.

Anne Osborne: We have several questions regarding different types of qualified disability expenses, and Dante, I know we are going to be discussing that in our next webinar. I'm looking here -- about automatic transfers, people can do that when they are setting up their CalABLE account as far as linking their bank accounts to CalABLE.

Dante Allen: Yes.

Anne Osborne: And we still have a little confusion on the \$16,000 annual contribution. That's per ABLE account. So, if you have a mom and a dad, between the two of them, they can only contribute up to \$16,000.

Dante Allen: Right. That limit is a per account limit, not a contributor limit. Remember, that a person can only have one CalABLE account, so mom and dad and any other contributors to that CalABLE account can only put up to \$16,000 into that account, and that is \$16,000 from all sources.

Anne Osborne: And that includes eGifting as well.



And what happens if somebody is making a deposit and they have already reached their limit?

Dante Allen: CalABLE will automatically reject any excess contributions including the \$16,000 contribution limit and they will also notify folks if they are getting close to that \$100,000 limit, that they may be putting their benefits in jeopardy.

Anne Osborne: And if somebody is receiving SSI, what documentation what documentation would they need to open an ABLE account?

Dante Allen: It's really a simple proposition. If you are receiving SSI, you simply have to fill out the application. You need a government issued ID for the beneficiary and for the authorized legal representative.

You need a Social Security number or a taxpayer ID. You just have to indicate that you are receiving SSI benefits and are eligible to open the ABLE account. It really is as simple as that.

You also need \$25 as an initial deposit, and that is not a fee. That money goes directly into your ABLE account.

Anne Osborne: And then I know we had just briefly talked about Medi-Cal, and that was that Medi-Cal had given us an updated fact sheet. And that is what is available on the website. Somebody came in a little late and they just heard Medi-Cal, so I just wanted to let them know that that is what we had discussed, that there was an updated fact sheet.

Dante, I think we have answered the majority of these questions. There are some that we need to take off-line, but for the most part, I believe we have answered them all.

Dante Allen: So, with that, let me say thank you CalABLE staff as well as our ASL interpreters and our captioner.

And to all of you who have attended today and taken your time, if you still feel like we haven't answered your questions to your understanding, please do use that evaluation form. It should have popped up right when you entered today's meeting. All you have to do is hit submit and we will receive that.

Let us know in the comments that you would like to get a call back and let us know what your question is, and we will be happy to reach back out to you and have a one-on-one conversation.

I fully understand that many of these questions are based on your individual concerns. So, while listening to today's presentation may have been helpful so you can hear questions that you may



not have thought of, I certainly understand if there are additional questions that apply directly to your own needs that we are happy to address.

With that said, again thank you for attending. Please join us on social media. Know that we are coming back in February with another webinar, and we will be happy to see you and engage with you again.

But with that said, please I hope you enjoy the rest of your day and the week, and we look forward to connecting with you again in the future.

Thanks a lot everyone.

Anne Osborne: Thank you.