



CalABLE Qualified Disability Expenses

February 16,
2022

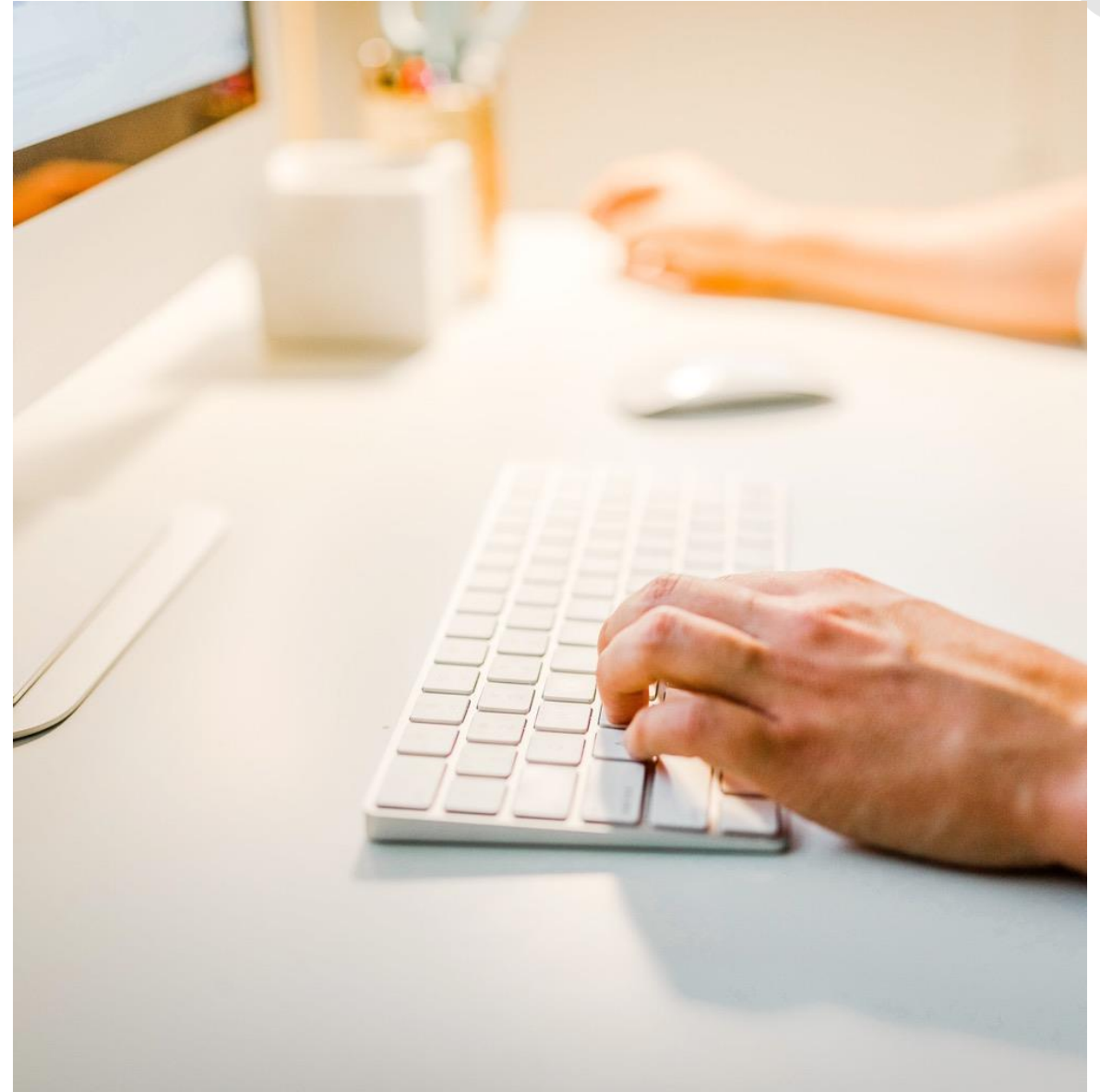
Webinar Setup

ASL Interpreters

- View the speaker gallery to find a video feed of our ASL interpreters.

Captioning

- Turn on Closed Captioning in the webinar controls.
- Adjust the captioning settings if needed
- A transcript view is also available.

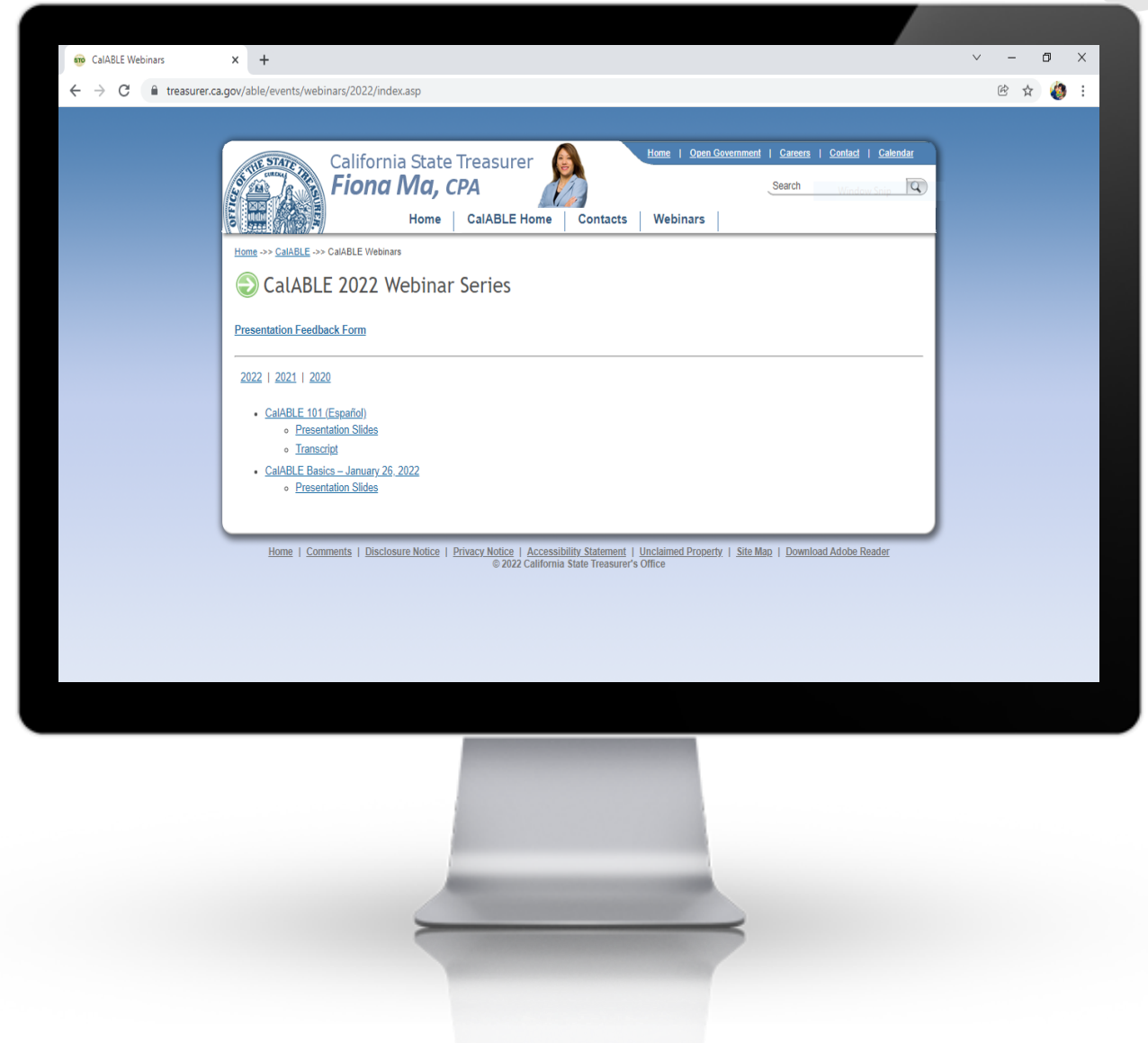


Webinar Setup

Presentation Slides

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

<https://www.treasurer.ca.gov/able/events/webinars/2022/index.asp>



Audio Options for the Webinar

Via your computer speakers

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

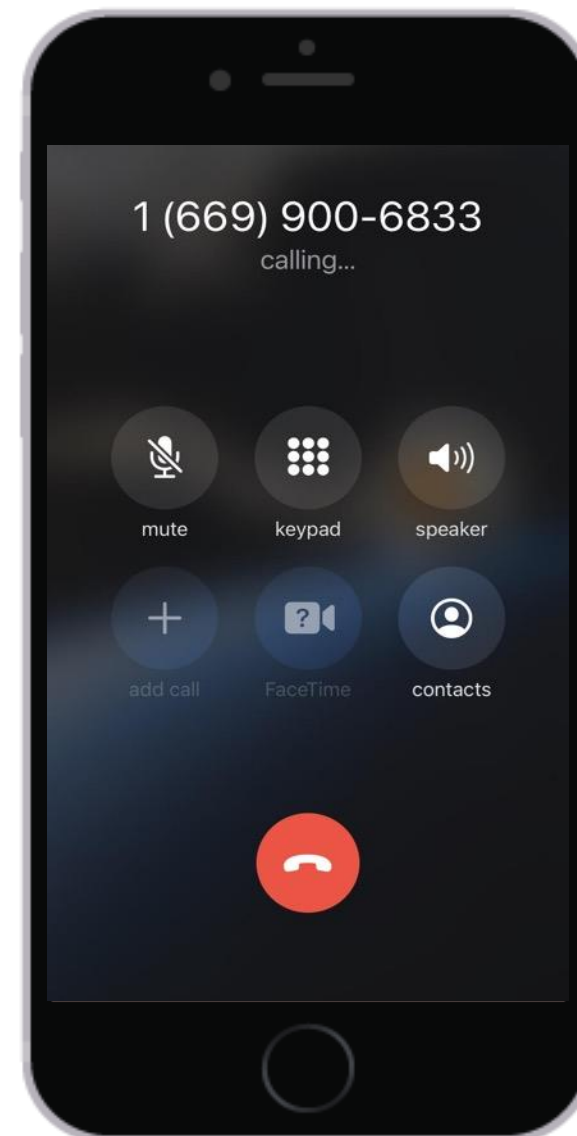
Don't forget

- You can adjust the volume if needed.

Audio Options for the Webinar

Via telephone:

1. Call: [1-669-900-6833](tel:1-669-900-6833)
2. Enter Webinar ID: [837 6130 2695](tel:837-6130-2695)



Submitting Questions

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

Q&A box

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

Audio-only participants

Audio-only participants may email us at CalABLE@treasurer.ca.gov.



Welcome

Fiona Ma
California State Treasurer

FinanciallyABLE

Poll #1

What Are You Saving For?

Share your saving goals in the Zoom poll!

First home

Education

Service dog

Recreation and vacation

Accessible vehicle

Technology or equipment

Health and wellness

Other



Today's Topics

1 **ABLE Basics**

2 **Qualified Disability Expenses**

3 **Account Fees**

4 **Opening an account**

5 **Resources and contacts**

6

Connect with CalABLE

7

Q&A

ABLE Basics

Achieving a Better Life Experience (ABLE) Act

- **ABLE** offers a tax benefit specifically for people living with disabilities, helping them reach their financial dreams. The act allows states to offer savings and investment plans. :
- Since Launch people have entrusted CalABLE with over 70million in assets under management and opened over 7,000 accounts.



ABLE Updates for 2022

- The annual contribution limit is now \$16,000 compared to \$15,000 last year.
- The federal poverty level has increased from \$12,760 to \$12,880.
- Three new ABLE programs launched in Hawaii, Maine, and Utah.
- Updated Medi-Cal Program Facts Sheet:
<https://www.treasurer.ca.gov/able/Medi-Cal-FS.pdf>

Achieving a Better Life Experience (ABLE) Act

Why save in an **ABLE** account?

- You can save up to \$100,000 without the risk of losing your other benefits.
- Offers a variety of professionally managed investment portfolios to fit your life situation, risk tolerance and savings goals
- Use money for qualified expenses without taxes and penalties.



Who is Eligible?

- You can open an ABLE account if your disability began before age 26.
 - If you meet the eligibility criteria for disability benefits like Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI).
 - Your disability is on the SSA List of Compassionate Allowances or Blue Book listing.
-



What if I'm not on benefits?

- You can [self certify](#).
- You must confirm under penalty of perjury you were disabled [before age 26](#).
- You simply need a signed letter from a [qualified physician](#) that the applicant has a physical or developmental disability resulting in marked and severe functional limitations that is expected to last at least one year.

How do **ABLE** accounts work?

- Accounts **protect assets**, but cannot shelter income
- They can function like a **savings** account to potentially **grow your money** through investing
- Any earnings are tax free as long as they are spent on “Qualified Disability Expenses”
- Accounts holders can split their funds between savings and investments
- Anyone can contribute

Account Contributions

Before the ABLE Act

- A person with a disability could not save more than \$2,000 without impacting their SSI

Now

- You can save up to \$16,000 per year (or more in certain cases) and up to \$100,000 in total before SSI is impacted.

Save, but also spend

- The money you save is for your needs and goals and can be spent any time for qualified disability expenses.
- No waiting until retirement age to take out money like a 401k or other accounts

Qualified Disability Expenses

QDE Quiz

Could a monthly bus pass be considered Qualified Disability Expense?

Share your answer in the Zoom poll!

Likely, yes

Likely, no

Not sure



QDE Quiz

Could a vacation to Disney World be considered a Qualified Disability Expense?

Share your answer in the Zoom poll!

Likely, yes

Likely, no

Not sure



QDE Quiz

Could lunch with friends be considered a Qualified Disability Expense?

Share your answer in the Zoom poll!

Likely, yes

Likely, no

Not sure



QDE Quiz

Could the down payment for a car in the name of the account owner's parents be a Qualified Disability Expense?

Share your answer in the Zoom poll!

Likely, yes

Likely, no

Not sure



What Is a Qualified Disability Expense (QDE)?

Any expense related to the ABLE account owner as a result of living a life with a disability that helps maintain or improve health, independence or quality of life.

Categories are intentionally broad and include education, employment, housing, transportation, healthcare expenses and more.

Program Operations Manual System (POMS) (4/16/2020)

<https://secure.ssa.gov/apps10/poms.nsf/lnx/0501130740>

Examples of QDEs

- Education
- Housing
- Transportation
- Employment training and support
- Assistive technology and related services
- Personal support services
- Basic living expenses
- Health
- Prevention and wellness
- Financial management and administrative services
- Legal fees
- Expenses for ABLE account oversight and monitoring
- Funeral and burial

IMPORTANT NOTE: If CalABLE money is used for a non-qualified disability expense (non-QDE), the expense would be subject to regular income taxes, plus a 10% tax penalty on account earnings – and benefits may be at risk. Money used for non-QDEs may now be considered a resource.

Example: Change of Intent on the Use of a Distribution

In June, Jennifer takes a \$7,000 distribution from her ABLE account to pay an educational expense that is a QDE. Her educational expense is due in September. In August, Jennifer gets a job offer and decides not to return to school. The \$7,000 becomes a countable resource in September because she no longer intends to use it for an educational expense that is a QDE, unless Jennifer re-designates it for another QDE or returns the funds to her ABLE account prior to September.

Housing Guidance

Reinforces the language and spirit of the Federal ABLE Act

- HUD will exclude:
 - ABLE funds in determining family income
 - Third-party contributions
 - The entire value of an ABLE account from household assets
 - Distributions from an ABLE account are not considered income

- Wage income received will be included as income

* *Withdrawal and payment of housing expenses must occur in the same calendar month to avoid problems with program benefits*

POMS Housing Expense Examples

Housing expenses for purposes of an ABLE account are similar to household costs for in-kind support and maintenance purposes.

However, for ABLE purposes, food is considered a qualified disability expense (basic living expense), but not a housing expense.

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

Housing Expense Example

Amy takes a distribution of \$500 from her ABLE account in May to pay a housing expense for June. She deposits the \$500 into her checking account in May, withdraws \$500 in cash on June 3, and pays her landlord. This distribution is a housing expense and part of her checking account balance as of June 1, which makes it a countable resource for the month of June.

What Is a Non-Qualified Disability Expense?

Any expense related to the ABLE account owner as a result of living a life with a disability that does not help maintain or improve health, independence or quality of life.

Because the categories are intentionally broad, there are very few purchases that would be considered nonqualified disability expenses

Examples of Non-QDEs

- Alcohol
- Drugs
- Any illegal purchases
- Gambling
- Gifts for others

IMPORTANT NOTE: If CalABLE money is used for a non-qualified disability expense (non-QDE), the expense would be subject to regular income taxes, plus a 10% tax penalty on account earnings – and benefits may be at risk. Money used for non-QDEs may now be considered a resource.

What if I am unsure whether a specific expense is a qualified disability expense?

Best Practices for Record Keeping

- Keep receipts in a secure and safe area
- Record notes (records of the purchased item and the amount of the ABLE withdrawal)
- The IRS recommends keeping records for 3 years from the date you filed your original return or 2 years from the date you paid the tax.
- Organize receipts by date to easily find them
- Scan receipts and notes, store them on a computer



Account Management Fees

Account Fees

- CalABLE accounts are designed for affordability
- There are no enrollments fees
- Fees may vary based on your investment choices

Types of Fees

- Annual Account Maintenance Fee (Time based)
- Asset based Fees and Expenses
 - State Administrative Fee
 - Underlying Investment Fees and Expensives
- Other Account Fees
 - Print & Paper statement delivery fee
 - Insufficient Funds fee
 - Outgoing Check Processing Fee

CalABLE Fees

\$3,000 Assumed Assets

Investment Option	FDIC-Insured Portfolio	Investment Portfolios
Account Maintenance Fee	\$37	\$37
Underlying Investment Fee 0.00% FDIC 0.09% Conservative 0.09% Moderate 0.08% Aggressive	\$0	\$2.40 to \$2.70
State Administrative Fee	\$0	\$13.20
Total Annual Fees*	\$37	\$52.60 to \$52.90

*Paper statements will include an additional annual \$10 fee



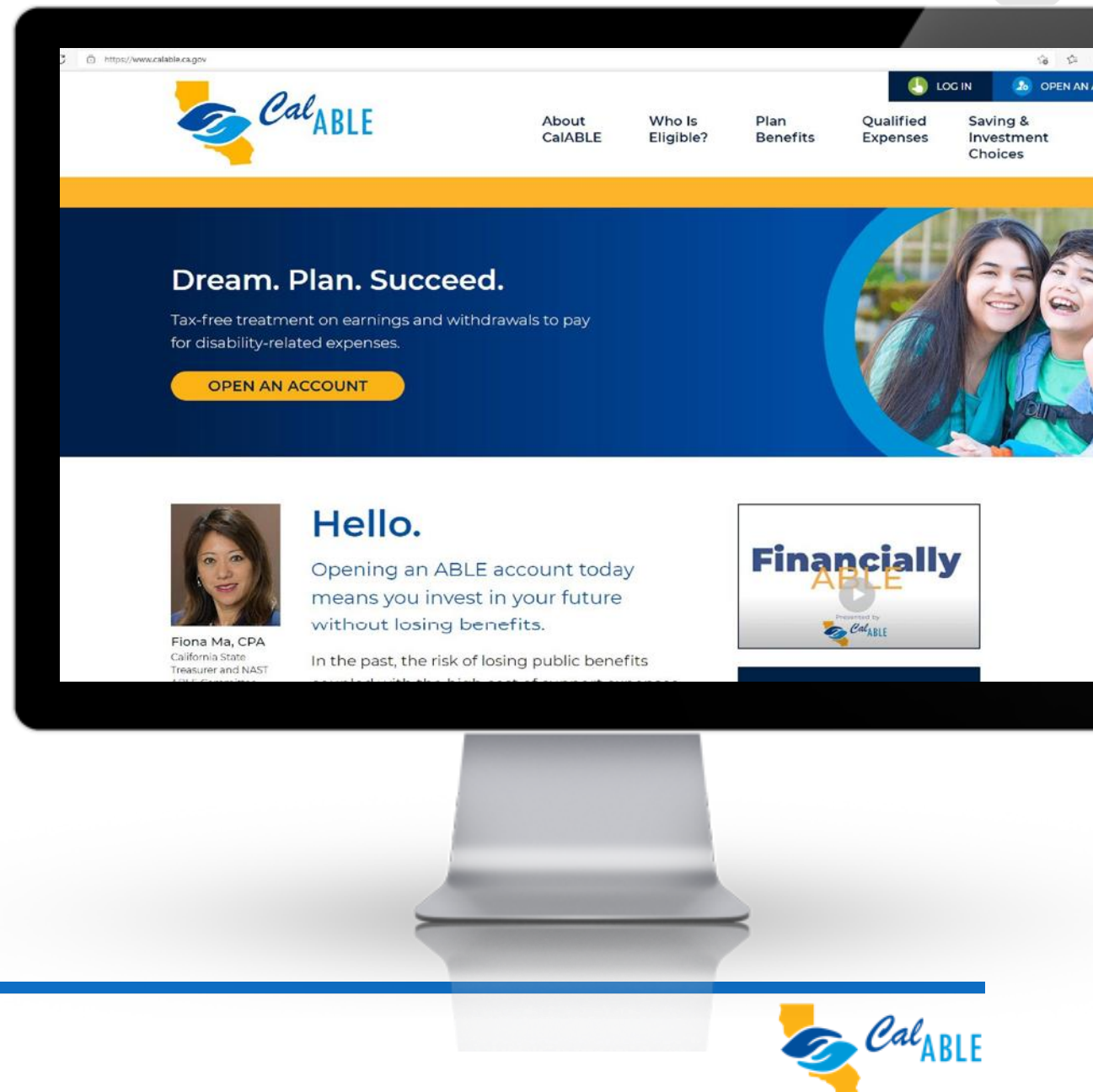
Ready to Open Your Account?

Get started at CalABLE.ca.gov



Resources

- A collaboration between NDI and CalABLE:
nationaldisabilityinstitute.org/achievable-corner
- **CalABLE** Resources:
treasurer.ca.gov/able/resources.asp
- **ABLE** National Resource Center: ABLENRC.org
- Disability Benefits 101: DB101.org
- **POMS**:
<https://secure.ssa.gov/poms.nsf/lnx/0501130740>



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GET IN TOUCH

Need Help?

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 CalABLESupport@CalABLE.ca.gov

Open

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



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https://twitter.com/calable_board



<https://www.linkedin.com/company/california-able-act-board/>



https://www.instagram.com/calable_act_board/

[Sign up for our emails here.](#)



Share your story with us!

- CalABLE account holders have incredible stories about how saving is impacting their financial future
- As we continue to promote this important program, we need your help!
- Stay tuned for an invite soon on how to share your story with us in a testimonial video, interview or on social media

Poll #3

Still undecided? What would help you open up a CalABLE account ?

Share your answer in the Zoom poll!



Hear from CalABLE account owners



Receive a call from a staff member



I have all of the information I need



March Webinar

Working with a Disability

Date: Wednesday, March 23, 2022

Time: 2:00pm -4:00pm

Register today:

https://us06web.zoom.us/webinar/register/WN_UjQQPJiQQrSjLZvFYFBQsQ



CalABLE Working with a Disability

March 23, 2022
2:00 P.M. - 4:00 P.M.

This program is free and open to the general public. For more information about CalABLE events and to register now, visit:

https://us06web.zoom.us/webinar/register/WN_UjQQPJiQQrSjLZvFYFBQsQ



CalABLE Monthly Webinar Series



CalABLE is a savings and investment program offered by the state of California to people with disabilities that began before reaching age 26.

- In this webinar, you will learn:
- Where to get started with first time employment
 - Resources for working with a disability
 - What is supportive employment
 - An overview of CalABLE

For a more comprehensive overview of the program, please view our CalABLE Basics webinar on YouTube: <https://www.youtube.com/watch?v=u6bNh7YXhIM>

TIAA-CREF Tuition Financing Inc. (TFI), program manager.
TIAA-CREF Individual & Institutional Services, LLC, Member
FINRA, distributor and underwriter.



Submitting Questions

Please use the Q&A box to submit any questions you have. We will try to answer them all.

Additional Resources

- Frequently Asked Questions: treasurer.ca.gov/able/final.pdf
- CalABLE YouTube channel: youtube.com/channel/Uck02cbbE8PCKHATlvrsTfIA has additional information on topics such as CalABLE 101, Special Needs Trusts, Qualified Disability Expenses, and Rollovers.

CaABLE Popular Resources

CaABLE Basics Webinar:

https://www.youtube.com/watch?v=kmZvXudyV1w&list=PLPCkdg82mloZ3wEdKQN4MNHzsmL_9KB7C&index=2

Tips for Opening a CaABLE Account:

<https://www.youtube.com/watch?v=rWKMsYaiE0A>

CaABLE and Special Needs Trusts:

<https://www.youtube.com/watch?v=BOIkQHhZGb8>

Disclaimer

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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Thank You.