



Using your CalABLE Account

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Slide #1

Anne Osborne: Good afternoon, everyone. It's 2:00 o'clock and we are going to give a few minutes to give everyone a chance to join the webinar, so we will be starting in about two minutes. So please hold tight.

Okay, well it's 2:02 and it looks like the majority of you have joined the webinar, so I'm going to begin today's webinar. Good afternoon and welcome to CalABLE's webinar series. Today we will be discussing using your CalABLE account. My name is Anne Osborne, and I'm the program manager with CalABLE.

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 you need to participate in the webinar and can result in problems with the audio or video feed. So please consider closing those that you don't need to have open at the moment.

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We also have two ASL interpreters available. You should be able to see the video feeds in the 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 feeds by hovering your mouse over the edge of the slides until a bar appears. Click and hold your mouse button to adjust the size of the slides. If doing this causes some of the slides to be cut off, go to view options in the webinar controls and change the Zoom window to fit to window. You can also use the view options to increase the size of the slides 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 a longer running text if you prefer that option.

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Next, the presentation slides are available to you. The reminder email that you received about an hour ago has a link to the slides at the bottom. You may have to scroll to find it. If you do



not have that reminder email, the slides are available on the treasurer's website at www.treasurer.ca.gov/ABLE.

As you can see here on the screen, this is the screen you will see. And you can scroll down to today's event to access the slides.

Slide #4

There are two audio options for the webinar today. 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.

Slide #5

To use the telephone option, dial 1-669-900-6833, and when prompted enter today's webinar ID which is 839 8801 0194.

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We will be taking questions at the end of the presentation. So please submit your questions using the Q&A box. You can submit those questions at any time during the presentation, and we will address them at the end of the presentation. We will be answering questions related to today's webinar, and then questions about today's webinar. A lot of times these questions may be answered throughout the presentation, so if you see a question or you have a question, you might want to wait until the end of the presentation before you ask it in case it has been answered.

A replay of this webinar will be available on our YouTube channel in about two weeks. Also available on our YouTube channel is a selection of other webinars that we have done in this webinar series. There's information on special needs trusts, how to open an ABLE account, qualified disability expenses, and we had a panelist last month which had the Department of Rehabilitation on it. So I encourage you to look at these additional webinars for additional content.

And next slide, slide 7.

Slide #7

And finally, I would like to introduce California State Treasurer Fiona Ma who has prepared some opening remarks that we would like to share with you.

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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 using your CalABLE account. This webinar will serve as a great introduction to CalABLE for prospective CalABLE account holders and cover the fundamentals of the program.

You will learn about what CalABLE is, the advantages of saving in a CalABLE account, how CalABLE accounts work, and much more.

As State Treasurer I believe that CalABLE is an excellent financial tool for Californians with disabilities. This program is a critical step towards ensuring that people with disabilities have access to opportunities needed to thrive economically. CalABLE account holders are already taking advantage of tax-free savings and investments with more than \$70 million deposited, and access to those funds at any time without taxes or penalties.

For the first time individuals on means tested benefit programs can save up to \$100,000 without having their benefits being impacted and can begin saving for their financial futures.

I am committed to promoting this program and for doing all I can to continue to help people with disabilities strengthen their financial position to achieve a better life experience.

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. Good afternoon, everyone. I really want to thank you for joining us. As the treasurer indicated, my name is Dante Allen. I am the executive director for CalABLE. And I really want to thank you and congratulate you for taking your time today to join us for this webinar. As our webinars go on, and this is a monthly series, we try to get to some other more specifics on the nuances of using a CalABLE account.

But we listen very closely when we hear your questions about the basics. We want to know what questions you have -- folks want to know about eligibility, they want to know what you can do with your accounts. And we are very pleased to have with us today some folks that are using their accounts, and they can tell you from their own direct experience. So we are looking forward to getting into that.

If you would go to slide number 8, Matt.

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The folks we have with us today are two of our CalABLE ambassadors for 2022. And just in case you haven't had the opportunity to learn about our ambassadors yet, here is a brief video that will give you a picture of who these folks are and what we are doing.

Fiona Ma: Hello, my name is Fiona Ma and I'm the California State Treasurer. I'm proud to serve as the board chair of the CalABLE program. I'm delighted to introduce our 2022 CalABLE ambassadors. We are so proud of this amazing group.

Anne Osborne: Would you accept an invitation to join our 2022 class of ambassadors?

Jennifer Obakhume: Yes! Yes!

Ashley Manheim: Wow, I didn't expect that.

Hector Ramirez: I would be so honored and privileged to have the opportunity to do that.

Patty Wong: I really want to because I really believe in this program.

Jennifer Obakhume: Thank you, seriously.

Ryan Hoag: I'm just honored.

Brenda Pascual: I would love to, it will be an honor.

Dominika Bednarska: We are CalABLE.

Hector Ramirez: Nosotros somos CalABLE

Jennifer Obakhume: We are CalABLE.

Patty Wong: We are CalABLE.

Ashley Mannheim: We are CalABLE.

Valerie Crisci: We are CalABLE.

Ryan Hoag: We are CalABLE.

Stephen Bell: We are CalABLE.

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Fiona Ma: We hope these ambassadors and their experiences serve as an inspiration to countless others who may be considering opening a CalABLE account.

Dante Allen: So, we are very excited about our ambassadors, and like I said we have two of them joining us today and I will talk to them in just a few moments. But if you would like to visit our CalABLE.ca.gov website, you can read about who the various ambassadors are. You can even see information if you want to join us as part of the 2023 class of CalABLE ambassadors. We would love to have you join us.

If you can go to slide number nine, please.

Slide #9

So, we would like to get started with asking a question. And this is an opportunity for you to use your imagination for a moment. Close your eyes and think that if you weren't limited by benefits resource limits, if you could save for whatever you wanted to, what would you save for?

And so, we will use this as part of our discussion, but just think about what CalABLE can open up for you. And so, imagine for a moment, and Matt you can put up the survey.

So, are you saving for a home or a vehicle? Or maybe some technology or assistive equipment. Just fill out the survey really quickly and we will tally it and give you the results right away.

All right, so it looks like at least one third of you are saving for a first home, and that's something that we hear very commonly. And as a matter of fact, one of our ambassadors is going to share his story today about how he used his CalABLE account for a down payment on a home.

It looks like a fair amount of you focused on health and wellness. And that can be anything from an unpaid or uninsured coverages like paying for deductibles or what not, or it could be a gym membership. Those are all things you can use a CalABLE account for.

And then I'm seeing education, technology, vacation are all very common things that come up. And again, these are all things that you can use your CalABLE account for.

Slide 10 please.

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So, this is the general basics of what we will go over. We will talk about what is ABLE, we will go over the basics of how these accounts work. We will talk about investments because this is a savings and investment program. We will talk about what it costs to maintain a CalABLE account and what you need to do to open your account. We will also talk about some of the additional resources that may make your decision on whether opening a CalABLE account a little easier. And we will give you exactly what you need to be able to reach out directly if there are any additional questions that you have.

And then finally, and this is usually one of the most valuable part of our presentation, we will go over some of your questions. So, you can ask us whether it is very specific or only related to you, or something that will be applicable to everyone else, we are going to go over your questions and try to answer everything that we can.

Slide 11 please.

Slide #11

So, what is ABLE? If you go to slide 12, we will jump back into that.

Slide #12

So ABLE stands for the Achieving a Better Life Experiences Act. It was passed at the federal level, and it really is an addition to the IRS tax code. It's a benefit that allows people living with disabilities the opportunity to save for their financial futures, to help reach their financial dreams, and to ensure that those folks have the capability even if they are on means tested benefit programs to achieve some financial independence.

Since the program launched in 2018, we have seen more than -- and really this is an older number, I will give you our latest number -- we have about 7600 people that have opened up CalABLE accounts, and we are very close to surpassing \$80 million in assets under management. Now that is just in a little less than 3 1/2 years of CalABLE, so imagine what you could do by opening a CalABLE account.

Slide 13 please.

Slide #13

There have been some changes so I want to talk about a few things that you may have heard of and get those out of the way ahead of time.

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The first is you may have heard of an annual contribution limit. Each person or each account is able to receive a certain amount of contributions, and prior to 2022, that limit was \$15,000 per year. On January 1, 2022, that limit increased to \$16,000 per year. It's based on the IRS gift tax exemption, and when that goes up your ability to contribute to an ABLE account goes up.

Another element that changed with the calendar year is that the federal poverty level has increased. It's gone from \$12,760 in 2021 to \$12,880 in 2022.

There have been some new ABLE program that have come up, and I will do a little bit of comparing and contrasting ABLE plans, but I will also give you a resource where you can go to do some of that comparison on your own.

But the reason why the federal poverty level changing is important is because there is a component that allows you if you are working to contribute more than that \$16,000 annual limit. And you can contribute up to the amount of the federal poverty level for the state that you live in. So that's an important thing and it means that you can now contribute more than you could last year based on the federal poverty limit.

And then the last thing is that Medi-Cal updated its ABLE fact sheet, and it talks about what you can do with an ABLE account and how your resources will be counted, and what happens to your ABLE account when you pass away. So that is available on the state treasurer's website. If you go to treasurer.gov/ABLE, that information is available to you.

Let's go to slide 14.

Slide #14

So why should you save with an ABLE account? Well, first and foremost the accounts were designed for people with disabilities. You have the ability to save above and beyond resource limits if you were receiving benefits like SSI, SSDI, Medicaid. You don't have to worry about the risk of losing your benefits. As a matter of fact, for a program like SSI, your limit is only \$2000 that you can have in savings. But with an ABLE account you can go well above that, up to \$100,000 without jeopardizing your benefits at all.

You can choose between savings options for investing your money to grow, potentially over time. And our portfolios are designed to suit your risk tolerance and your savings goals.

And then the best part about a CalABLE account is that you can use the money at any time. There are no taxes or penalties for withdrawing that money early as long as you use it for what we call qualified disability expenses, and I will talk about those in just a minute.

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Slide #15

So, as I mentioned, there are several new states that have come online with their own ABLE programs. But this map is an illustration of the various states that offer ABLE programs. Now, federal law allowed each state to open up their own ABLE program, and some of those programs are national programs meaning you don't have to live in that state to open an ABLE account from that state's program. Some of them, you have to be a state resident and those are marked by the lighter color blue states like Arizona, Texas, Florida, New York. Those programs, you must live in the states in order to open an ABLE account there. The darker colored states, including California, we are a national program. Colorado, Kansas, Ohio, Pennsylvania, North Carolina, those programs are national programs meaning you can live anywhere in the United States and you can open up an account from that state's program.

The states in gray don't yet offer their own ABLE program, so if you live there and you wanted to open up an ABLE account, you would have to go to one of the darker colors states programs to open an account.

Now as I mentioned ABLE is a federal law. And so, the rules that govern them are essentially the same for every state. And so, there are many things that are very similar about these ABLE programs. The eligibility, the protection for benefits. You know, the qualified disability expenses, what you can use the money for. No matter what ABLE program you join, that's going to be the same across the board.

There are some subtle differences. Because each state operates their own ABLE program, there may be some differences in how the programs work. There are the choices that you have like with your investment options, or maybe the fees might be slightly different. One of the more important differences, though, is the state that you reside in may have passed laws that enhance the ABLE Act for people who live in your state. So it's always important if you are going to compare and contrast ABLE programs, make sure you look at your own state's program because it may have some additional laws. There are things like state tax deductions that may exist in some programs. California doesn't yet offer that, but if you live in a state that does offer that, it wouldn't apply to you if you joined the CalABLE program if you lived in that state. You wouldn't get that deduction that the people who live in that state and participate in their home state program do.

And then there are some states that have passed other laws. Like in California we have passed laws to enhance the protections on CalABLE accounts, and I will get into that in just a few minutes, but we can jump to slide 16.

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Slide #16

And then 17.

Slide #17

So, let's talk the basics. Who is eligible, who can open up one of these accounts? First and foremost, you have to have a disability. And the disability needed to begin before age 26. I have seen questions already in the Q&A that said hey, I have heard about a bill in Congress where we are looking to raise that age of onset for disability for ABLE eligibility. And yes, that Bill is still making its way. It's a slow grind to get to the lawmaking process in Congress, but we are looking to increase the age of onset to age 46. And so, if your disability -- if this passes, if your disability began anytime between birth and age 46, you would be eligible to open an ABLE account.

Until that passes, though, if your disability began before age 26, you can open up an ABLE account.

Now I said you have to have a disability. We use the same definition for disability that the Social Security Administration uses. And so, if it's included in their list of compassionate allowances, or the blue book, and that includes a vast array of disabilities, it includes things like mobility disabilities. If you need a walker or a wheelchair to get around, it includes things like that. It also includes sensory disabilities. If you have trouble seeing or hearing, it includes those types of things. It includes developmental and intellectual disabilities. It also includes many mental health conditions. Those are all things that would qualify for eligibility to open up an ABLE account.

If you meet -- if you have already met, if you are receiving benefits or you have already been evaluated for benefits programs and you have a disability that began before age 26, you are automatically eligible to open an ABLE account. All you have to do is go to the CalABLE website and get started right away.

But that's not to say that you must be receiving benefits in order to open up an ABLE account. If you go to slide 18.

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Let us talk about if you are not receiving benefits. And I will give myself as an example. I am an individual who was born with a disability. And I have also been working my entire adult life. And my salary is -- exceeds the qualifications for any benefits program, so I can't receive any benefits. But I still have an ABLE account. And one of the main reasons why I opened my ABLE

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account, in addition to being the executive director of CalABLE, was that I say this is a great opportunity to save money and then be able to access that money whenever I need to in a way you can't with other financial products like a Roth IRA. You can access the money, but you will be penalized. You would have to pay taxes on any growth that your account has.

But if you are not receiving benefits or have never qualified for a program like SSI or SSDI, you can still open up a CalABLE account. You just have to go through a few more steps that we call self-certification. And that is where you would have to confirm under penalty of perjury that you have a disability that began before age 26. And here at CalABLE we ask you to get a signed letter from a qualified physician that includes a diagnosis of a physical or developmental disability. And we don't even ask you to turn that letter into us, we ask you to hold onto it because there are some folks you may ask for it. But it won't be CalABLE.

But who would ask for it? It could be potentially the IRS if you are ever audited. It could be potentially Social Security if at a later date you receive benefits and they wanted to confirm whether you were truly eligible to open up an ABLE account, they may ask you to present that letter because you went with self-certification.

Slide 19 please.

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So, as I mentioned, your disability had to begin before age 26. But that doesn't mean that you had to open up a CalABLE account before your 26th birthday. You can actually open up an account at any age as long as the disability began before age 26. And when I say your disability began, it doesn't even mean that you had to have received a diagnosis before your 26th birthday. Because for the purposes of ABLE accounts, we are not looking at a diagnosis date. We are looking at the age of onset. So what age were you when your disability likely began.

And as we know, there are many disabilities where you may have been experiencing symptoms long before you received a diagnosis. And so, we go by when you actually started experiencing any type of onset of that disability. So, it really can be a broad range based on when the actual onset of your disability began.

Slide 20.

Slide #20

So here are a few other things that you need to know about ABLE accounts. First and foremost is that you are only allowed to have one ABLE account. So, if you opened up a CalABLE account for a person with a disability, that person could only have one ABLE account. It doesn't mean

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that they can have an account in California and then go open up an account in another state, it doesn't work like that, you are only allowed to have one ABLE account at a time.

What you can do is you can rollover your account. Let's say you open an account in Texas but then you moved to California, and because Texas doesn't allow out of state residents to have a Texas account, you have to move that account over to California or to any other national program if you wanted to maintain your eligible -- your ABLE eligibility.

Now, the person with a disability or the beneficiary is always the owner of the account. And that means that any money in the account belongs to that account owner. And that includes whether that beneficiary is a minor or if they are conserved. It's still their account, they are the owner. And then anything that is in the account belongs to that individual.

Now, that doesn't mean that minors can go and open their own CalABLE account and go start spending money however they want to. You still have to be of legal age to contract, so an account can be opened by the beneficiary if they are of legal age, or it can be opened and controlled by what we call an authorized legal representative.

And the law when the ABLE act was first passed is very specific. It says that a parent, a legal guardian or conservator, or someone with power of attorney over the financial matters of the beneficiary can become an authorized representative.

The regulations that guide ABLE have since expanded, and you will see that most ABLE programs are expanding the definitions of authorized legal representatives to include siblings, spouses, really just about anyone that the beneficiary chooses can become an authorized legal representative.

Programs like CalABLE are still working to implement that, so when you register, if you are signing up as an authorized legal representative we still require you to be a parent, legal guardian, conservator, or someone with power of attorney.

Slide 21 please.

Slide #21

As I mentioned just a moment ago, there are changes that are coming to CalABLE. The first is this idea of expanding who can become an authorized legal representative. Like I said there will be a new hierarchy. You can be a spouse, a sibling, a grandparent. A Social Security representative payee, that's a question that we get very, very often, can the rep payee become an authorized legal representative? Previously you were required to have power of attorney, but once we initiate these new changes that power of attorney will no longer be required

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because the law now allows you to be an authorized legal representative even without power of attorney.

So, we will be sure to keep you posted when that is part of the CalABLE program.

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Slide #22

And we can go to slide 23. So how do these accounts work?

Slide #23

The thing that you need to be aware of is that these accounts are designed to protect your assets. They are not a shelter for your income. So what do I mean by that? In the example that I gave of myself, I work and I earn money. Now, even if I put my earnings into a CalABLE account, just the fact of putting them into the CalABLE account doesn't turn my earnings into non income that would then allow me to go and qualify for benefits like SSI. It doesn't work like that.

So while SSI does a means test for income, they also do a means test for resources. How much money do you have saved in the bank, what other property do you own?

So ABLE was really designed to protect your resources. So, you can actually put more into the bank and they would usually allow and still maintain your eligibility for benefits program. But your income will always be counted as income even when you put it into an ABLE account.

With an ABLE account you can select to put your money into something that is just like a savings account, or you can choose to invest your money to potentially grow it over time.

If you choose to invest it, any earnings that you make are tax-free as long as when you withdraw the money, you use it for qualified disability expenses.

An account holder can split their money anywhere they want to. You can put part of it in savings, you can put part of it in investments. And anyone can contribute to an individual's ABLE account. So, if friends or family members or your church wants to put the contribution into your ABLE account, they can do that. And the great thing is if you are receiving benefits like SSI, those contributions by a third party, anyone other than the beneficiary, are not counted as income. And so it won't affect your benefits if you receive contributions from third parties. And I think one of our ambassadors is going to talk about their experience with that and how that helps them out.

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Let's talk about contributions. Before ABLE if you were receiving SSI, you could not save more than \$2000 without having your benefits impacted. And what typically happens is if you go above that \$2000 threshold, you will get a letter from Social Security that says hey, we have detected that you have an excess in resources. You need to spend that money down. If you don't spend that money down within the timeframe that we give you, we are actually going to suspend your monthly benefit until you do get below that \$2000.

Well, now with an ABLE account you can save up to \$16,000 per year, or even more in a certain number of cases, and up to \$100,000 in total before your SSI is impacted at all. As a matter of fact, Social Security has been told to disregard any money in an ABLE account that is below \$100,000. So, they are not counting that against you in any way whatsoever.

Slide 25 please.

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So just to give you a visual of what you can put into an ABLE account. You can put in up to \$16,000 from all contributors into an ABLE account. If you are receiving benefits, you can build that over a number of years up to \$100,000 without it impacting your benefits at all. If you are not worried about benefits, you can actually go well above the \$100,000. You can actually contribute up to \$529,000 in an ABLE account, and even if you get to that \$529,000, your account because it is an investment account can still continue to grow. You are just no longer able to contribute to it.

And just to let you know that once you get above that \$100,000, you will probably off benefits. But you can still continue saving to get up to half of \$1 million, and by then, you may be better off continuing to save rather than staying on your benefits.

And just to let you know, CalABLE automatically rejects excess contributions. So, if you try to put in more than \$16,000 in a year, we will let you know that hey, you are trying to put in too much money and we will reject the part that goes above that limit. It is the same thing for the \$100,000, we will send you a warning that says you may be putting your benefits in jeopardy if you go above that \$100,000.

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I did mention earlier that there are some people that can actually contribute more than that \$16,000 per year. And those are people who are working. And so, there was a provision that was part of tax reform in 2017 that said that if you are working and you were not participating in an employer-based retirement program, you can actually contribute in excess of that \$16,000. You can actually go up to, if you are taking money directly from your income, you can contribute up to the federal poverty limit for the state that you live in.

Slide 27.

Slide #27

So, as I mentioned, the amount that you could contribute has increased in 2022. So, the federal poverty level here in California is \$12,880. So, in addition to the 16,000 that you could contribute from all sources, if you are working and not participating in an employer-based retirement program, you could actually put in from your own salary another \$12,880 for a potential maximum of \$28,880 in a single calendar year.

So that's a significant way of building up your ABLE account and potentially saving for retirement if you are working or able to work.

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Now, one of the great things about an ABLE account is that you can save, you can put the money away, but it doesn't limit your access to that money. You can withdraw the money at any time. And the great thing about it is that it is tax-free when you withdraw the money as long as you use it for what we call qualified disability expenses. You don't have to wait until a retirement age. You don't have to -- you are not required to hold onto the money for any particular length of time. The money is always available to you. You can put the money in today and you could withdraw it a week from now, and as long as it was for a qualified disability expense you pay no taxes or penalties for accessing that money. That's one of the most significant things about a CalABLE account.

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Let's talk about what is a qualified disability expense.

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So, a qualified disability expense is an expense related to the ABLE account owner as a result of living a life with a disability that helps them to maintain or improve their health, their independence, or their quality of life.

I know that that is a very broad definition, and frankly just about anything that you could imagine could fit into this realm of qualified disability expenses. And really the important thing to know is first, CalABLE will never make a decision on whether an expense of yours is a qualified disability spent or not.

The folks who may have questions about your withdrawals could be the IRS, it could be the Social Security administration if you are receiving benefits. So, what we do recommend is that you keep a good record. That you keep receipts when you take money from your ABLE account and use it to make a purchase. That you keep a receipt and keep some notes to say here is the reason. And because the definition is so broad, it helped to improve my health, my independence, or my quality of life in this way.

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If you go to slide 31, it will give you some more examples of qualified disability expenses. These are just examples. It's not limited to these things. It can include a great many other things. But it could be education expenses, housing, transportation, assistive technology, legal fees, prevention and wellness, basic living expenses. Death and burial expenses are considered qualified disability expenses.

And we get questions all the time, would this be a qualified disability expense, would that be a qualified disability expense? And frankly it's a little easier to tell you what might not be considered a qualified disability expense, because to this date -- and the first ABLE accounts opened in 2015 -- I am not aware of anyone who has ever been denied a qualified disability expense. Social Security did say very specifically that there were certain things that they will consider to not be a qualified disability expense. Things like gambling. The IRS has said previously that the purchase of any illegal item will not be a qualified disability expense. But just about anything that you could imagine is a qualified disability expense. And one of the questions that we received most often is would a vacation be considered a qualified disability expense?



And again, the litmus test is does it help to maintain or improve your health, your independence, or your quality of life. And yes, I would very much argue that a vacation could improve all three of those. So, it definitely could be a qualified disability expense.

Slide number 32 please.

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Before I turn it over to Hector, I just want to say one important thing is that it's not illegal to take a nonqualified disability expense. So, let's say you wanted to take money from your ABLE account and then go gamble with it. You can do that. You just may be subject to taxes and penalties for withdrawing that money for a nonqualified disability expense.

The other thing that it could do is if you are receiving benefits, it could impact your resource limits if you are using money for your ABLE account for nonqualified expenses. You may be subject to state income tax plus penalties.

So, whenever you withdraw money from a CalABLE account, we highly recommend that it be for qualified disability expenses.

Now I want to introduce you, and Hector, I hope you agree with me, I consider you a friend of mine. I want to introduce you to Hector Ramirez. Hector is Apache and Mexican. He lives in Southern California. He is a CalABLE account holder, is an activist, he has been very involved with ABLE since before there ever was an ABLE Act. He has been very involved, and he was one of our original CalABLE account holders who opened up his account during the first month of availability here.

So Hector, welcome. I would love for you to talk a few minutes about your story and how you use your CalABLE account to pay for qualified disability expenses.

Hector Ramirez: Thank you so much. I do consider you, my friend.

My name is Hector Ramirez, I am Apache and Mexican. Just to give a quick video description for folks. I am wearing a yellow gold shirt and I have long hair that I have back, and I'm 47 years old and a Mexican looking guy. Very good-looking. I have two hearing aids and my background has a CalABLE background, and I am very, very happy to be here with all of you today.

I live in Los Angeles County and as a person with a disability housing for me is the top of the list. I was diagnosed with Autism when I was four, so I had a qualified disability. I also knew that firsthand having money in the bank or saving money and even working impacted my benefits and many times cancelled my benefits. And as a result of that when I grew older when I would

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work and make too much money, I would lose access to my doctor or my services. And on one occasion I ended up actually homeless in the streets. I ended up moving in with my mom to a one bedroom apartment, and she is in her 60s. So, we shared a one bedroom apartment for almost 10 years and I slept on the floor of her dining room/kitchen but we would move the table at night and I would move my stuff and I would sleep there. And that was it, I couldn't afford, even if I worked, I couldn't afford a house or even rent for the house or an apartment.

So, the CalABLE bill was for me a very important thing and I was really glad to be able to work it out at the federal level and the state level to get it going because I know that without the ability to save money for things that we all need, people with disabilities including myself really could not move forward that much. And I knew that for poor families that also was limiting.

So, when CalABLE was started here in California I jumped on it right away. And I remember thinking to myself what am I going to do with this, or how much money am I going to put in here? And I started with a couple of dollars that I had saved from recycling money and opened my CalABLE account right away.

And then I was like how am I going to get money for this, it's a great thing but how will I get the money? My birthday was coming up and I found out that we can get contributions through electronic giving, and that deliverability on my Facebook and my Twitter account, that I was doing this for my birthday. And I said instead of socks, can I get a contribution for my birthday? It's both a political act and it's in support of people with disabilities like myself, but I also wanted to do something with it.

And I just left it like that. And little did I know a lot of my friends would contribute all sorts of money, and I ended up getting enough money to put a down payment for a house. I know that's not a lot, but for somebody who had been sleeping on the floor for almost 10 years it was a lot. And in a couple of months it ended up going into escrow which I had never done. I got the key for my two bedroom mobile home in a nice area on Mother's Day and I gave my mom that key, you know, as a man, as a person with a disability, to be able to reclaim my independence was good, but to be able to contribute and provide something especially during the pandemic when housing was so important really has enabled me to really grow as a person, as a person with a disability and contribute.

And for me paying my monthly house bill is my qualifying expense, medical expense. I mean during the pandemic we saw that folks that were on benefits had worse outcomes, and another first-hand. In my family we lost seven people to COVID. And I ended up getting COVID later on.

So having a safe place to heal was essential, and it is essential for all of us. Housing really should be a human right, definitely something that is capable, that we all have the ability to get



with CalABLE accounts. I know housing pressures are different, but this was a great opportunity for me to save without really having to give up my benefits and ending up on the streets.

So ABLE, for me, allowed me to really change my life of a better, and so did my family. So I am CalABLE and I'm really glad to share my story with all of you. And I hope that this can help you or your loved ones be more independent or really use this to launch their lives.

Dante Allen: Hector, thank you so much for telling your story. I really appreciate each time that I have the opportunity to speak with you, you just -- you make it seem very simple. So really, I want to thank you for your time and for continuing to join us as an investor.

Slide 33 please.

Slide #33

So, I did mention already about qualified disability expenses, so I won't spend any more time here, you can go to slide 34.

Slide #34

Here are a few examples of those nonqualified disability expenses. Alcohol, drugs, illegal purchases, gambling.

One of the things that you should know about a nonqualified expense, and this comes directly from the Social Security administration, if you change the intent -- let's say you were using money from your ABLE account to go back to school, so you withdraw the money from your ABLE account and then you get a new job and so instead of going back to school you say I am not going to use that money for school, I'm going to use it for something else.

It never turns what was originally a qualified disability expense into a qualified disability expense unless you use it for something else like -- that would help to improve your health, your independence, or your quality of life.

So those are important things. Intent matters. And if you change your intent that could change whether or not it is a qualified expense.

Slide number 35 please.

Slide #35

Using your CalABLE Account



Hector mentioned the idea of gifting for a CalABLE account, and it actually was very fruitful for his living situation.

Slide #36

We have an eGift portal -- if you go to slide 36 -- where you can actually get a unique link that you can send out to your friends and family, and then they can make contributions by clicking on that link. They can make contributions directly to your ABLE account. They don't need any passwords or any other additional information. It's kind of like Go Fund Me but this is a way that you can do it without it affecting you, especially if you are receiving benefits. It makes it really easy.

And I know that there are folks, Hector included, that have said you know what, I am saving for something very specific and this is the best way that you can help me to reach my goal. And that makes it very easy because, I will use myself as an example, when it comes to birthday time, I have friends and family and I'm like I don't know what they want. Let me just give them X, Y, or Z. Sometimes I hit it on the mark, sometimes maybe not so much.

This is a way that if you have a CalABLE account you can make sure that anyone who was to give a gift to the ABLE beneficiary, they hit it on the mark and they don't affect your benefits. It's a win-win for everybody.

Slide number 37 please.

Slide #37

So, let's talk about investments. I mentioned that the very beginning CalABLE is a saving and investment program.

If you go to slide number 38.

Slide #38

I will talk about our investments first; our investment program is managed by TIAA-CREF. They are one of the world's largest financial investment firms. They have over \$1 trillion in assets under management nationwide. They have designed our portfolios for us. And when you open up a CalABLE account you can decide whether your money goes into an FDIC insured savings account that is not attached to the market so you are guaranteed not to lose money. Or you can choose one of our investment portfolios. And that money can grow over time. And the choices are based on your tolerance for risk.

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Now, the fees for these accounts vary depending on what investment choices you make, and even when the money is in the account you have up to two times a year if you want to move it from one portfolio to another or you want to move it from investments to savings, you can do that up to two times a year. You can also do that anytime you put money into the account. But while the money is in there you can move the money up to two times per year.

Go to slide 39 please.

Slide #39

Now I want to introduce you to my other friend and CalABLE ambassador for 2022, Brenda Pascual. I have been thoroughly impressed by Brenda since I first met her. She is so thoughtful and so just well-planned for a young CalABLE authorized legal representative. When I first heard her story, I said we have to include her. She is the mother of a son with a disability, and I'm going to let Brenda talk about her investment experience and talking about what it took her, because she first heard about ABLE at one point, but it actually took a while before she opened up her CalABLE account.

So, Brenda, please let us know about your experience and your opportunity with CalABLE.

Brenda Pascual: Thank you Dante. Good afternoon, everyone. My name is Brenda, and I am single parent with a child with a disability. He is 10 years old. I didn't know about CalABLE until approximately a year and a half ago; I opened a CalABLE account for my son in July 2021.

The reason why I opened it is because I did my research. I wrote down my questions, I attended these types of webinars, and that way I was more able to understand it and how it works, the benefits, etc.

I used to save Gael's money in just a jar because I didn't know any better until I learned that CalABLE was the place to go. There is a number that you can call and I had a few questions and I called and it got solved pretty fast.

What else can I say? Yeah, I encourage everyone that is able or eligible to open an account. I believe this is not temporary but once you open a CalABLE account, it's for a lifetime. And we have to think about our children, their future, and it's a great benefit. Who wouldn't want to save part now? I see it as a goal, I would like to save up to \$16,000 a year without getting any penalties like you were doing something bad. No, this actually I believe is a pretty good deal, and let's think about the future, let's think about our kids, or even if you are the person with a disability yourself, I encourage everyone to go ahead and open a CalABLE account.



Dante Allen: Thank you so much, Brenda. Just one question for you. Before you opened your son's CalABLE account, had you ever invested before?

Brenda Pascual: No. I had never -- I didn't even know about investments until I learned about CalABLE. I was like wow, this is actually pretty interesting. So CalABLE was my teacher.

Dante Allen: I said one but now there is two. Was it a difficult process having never invested before? Was it a difficult thing to figure out how to navigate CalABLE and choose investments, etc.?

Brenda Pascual: It was, but again I had attended these types of webinars, I had my questions answered, and that was the key.

Dante Allen: Okay. Thank you so much, I hope Gael is doing well, and we will talk you again soon.

Brenda Pascual: Thank you, Dante.

Dante Allen: Slide 40 please.

Slide #40

One of the things you should be aware of if you are investing, and it doesn't matter if you are investing with CalABLE or any other place, investing comes with risks. There is the potential that you could lose money. So, understanding risk and your tolerance to be able to weather the storm as well as accumulated earnings; you need to be aware of those things before you make an investment.

We have designed our investment portfolios with CalABLE to be easier to understand and come with clear information about the risks that you will face. And we also offer some educational resources about our portfolios to help you choose.

We are unable to give you advice on what may be best for you, but we have designed what we think will be helpful information for you as you make your own decisions for investing.

Slide number 41 please.

Slide #41

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As I mentioned we do have an FDIC savings portfolio. This is an interesting bearing account. The interest is relatively low. It has hovered right at zero for the longest time. I think it has moved up to .03 percent interest right now which is still almost 0 if not totally zero.

But we also have our target risk investments. We have three portfolios. A conservative portfolio, a moderate portfolio, and an aggressive portfolio. Those portfolios are designed to perform just as they sound. The conservative portfolio won't grow very fast. It's also designed not to lose money very quickly.

On the other end of the spectrum is the aggressive portfolio, it's mostly based on stocks as the underlying funds for it. And when the stock market does very well, it can grow very quickly. When it does not so well, it can go down quickly.

So, understanding what makes up these accounts is important. There are stocks and bonds as well as a funding agreement which is a guaranteed issue interest bearing account based on the TIAA-CREF life insurance product. Those things, understanding how much are in stocks and how much are in bonds will help you understand the risks that you may face.

And we are happy to answer any questions that you have on these. But keep in mind that the conservative, as it is designed, is designed to not gain or lose money very quickly. The moderate, you are exposed to a little more risk, but potentially the reward can be a little more rapid. The aggressive portfolio, you are exposed to more risk, but the rewards can be that much quicker as well.

An important thing to remember is that past performance of any of our portfolios is not an indicator of future success. So, if I give you a number and say our portfolios have gained by this much, it doesn't mean it's going to continue to do that. It just means that was the historical analysis for it.

Slide 42 please.

Slide #42

Let's talk about fees. Slide 43.

Slide #43

So CalABLE like all other ABL programs has fees associated with it. The CalABLE board has set up our fees to be what we consider affordable. There are no enrollment fees. And the fees may vary a little bit based on what investment choices that you choose.

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Let me walk you through a scenario with a CalABLE account to let you know how much it would cost to operate.

Slide 44 please.

Slide #44

So, there are several types of fees that are associated with a CalABLE account. There's an annual account maintenance fee. There's a state administrative fee depending on what kind of investment you choose. That could be underlying investment fees. There could be other fees like if you choose to receive your statements via the mail there is a fee associated with that, but if you choose to have your statements sent you via email there are no fees for that.

If you ever overdraw your CalABLE account, there are fees associated with that.

If you want a check issued to the beneficiary, to the authorized legal representative, or to a payee there are fees that are associated with that. But if you link your checking or savings account to your CalABLE account, you can transfer the money and there are no fees associated with that.

So, on slide 45 we will walk through an example.

Slide #45

In this example the amount in the CalABLE account is \$3000. And so, the variables are if the individual put all of that \$3000 into the FDIC insured portfolio, the only fee to operate that account for the entire year would be the \$37 annual account maintenance fee. It's taken out in monthly installments of just over three dollars per month, but the total is at the end of the year it would have cost \$37 to maintain that CalABLE account.

Now, if that individual had that same \$3000 and they put that money into any combination of our investment portfolios, in addition to the \$37 annual account maintenance fee, they would have also been charged anywhere between \$2.40 to \$2.70 in underlying investment fees. In addition, they would be charged a \$13.20 per year state administrative fee and that pays for things like my salary and the promotion that we do for CalABLE.

That fee is waived if you put all of your money into the FDIC insured portfolio but remember with the investment portfolio you are growing your money and hopefully your money will grow much faster than the fees associated with growing your money.



So, with the maximum of \$3000 in your ABLE account, the total that it would cost you for the entire year to operate that account is anywhere between \$52.60 to \$52.90. So really just over six dollars a month, or just over five dollars a month to operate your CalABLE account for \$3000. You are investing your money and you have the potential to grow it over time. And in a lot of cases that's less than a commercial checking or savings account.

And while you might earn some simple interest with that account, you certainly are not going to be able to invest and grow your money over time.

And you don't get the benefits protections that you would with a CalABLE account.

Slide number 46 please.

Slide #46

I wanted to talk a little bit about some of the misconceptions about CalABLE accounts. One of the things that we hear often is so, I have heard that the fees are so expensive. We think that's a misconception because like I said if you compared the fees associated with a CalABLE account with a standard checking or savings account, and I know that some banks offer free checking or savings but that requires that you do direct deposit, or it requires that in addition -- you have to have a certain balance to get those benefits. But we are talking about if you are just paying for a standard checking account, it very often is more expensive than it would be for a CalABLE account and you don't get those benefits that I talked about.

That transferring money to and from a CalABLE account is complicated. And the reality is that CalABLE is an online program. There are no bank branches to go to so you can't go and deposit, you can't go and give your check to a teller to say here, put my money in.

But we make it easy for you so you can conduct transactions online. If you link a basic standard commercial checking or savings account to your CalABLE account, you can move money back and forth electronically.

We also have a customer engagement center where you can mail a check to or have checks mailed to you. I mentioned there is an expense to have checks sent to you, so the best thing to do is link your account.

We also offer a prepaid Visa debit card that can be used anywhere that debit cards are used if you want to make online purchases or in store purchases. You can load money directly from your CalABLE account and then use that card to actually make the purchase.

So, we try to make it as simple as possible to access the funds in your CalABLE account.

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Another misconception that we hear frequently is if you were diagnosed as having a disability after age 26, you are not eligible to have a CalABLE account. And like I said, and this may seem like a nuance, but it's really not based on when you received your diagnosis. It's when the onset of your disability began.

So, you may have not received a diagnosis until age 30 which would mean that you believe that you are not eligible for a CalABLE account. But if you go and talk to a physician and they say that the condition that you have, you may not have noticed the disability until age 30, but the likelihood is that it began in your early 20s, and I will write you a letter that says that you have this condition and the likely onset was age 20, then you would still be eligible to open up a CalABLE account.

Another thing that we hear very frequently is well, I'm not going to open a CalABLE account because I heard Medi-Cal will take any money remaining in the ABL account when the beneficiary passes away. And that is something that can be true in certain cases, but here in California we passed a law that says that if you have an ABL account and you pass away, Medi-Cal will not seek to reimburse itself for any health care expenses it has paid on your behalf directly from your CalABLE account.

So, if that's the thing that's holding you back from opening a CalABLE account, let's stop that today because we have already taken care of that here in California.

Slide 47 please.

Slide #47

So, I have mentioned that Medi-Cal will not seek to recover from an ABL account. So I have talked about what happens when a CalABLE account holder passes away, what is supposed to happen.

Well, first and foremost any outstanding qualify disability expenses -- and remember I mentioned that funeral and legal expenses of disability expenses, and those things can actually be paid after the death of the beneficiary -- all of those things can be paid for out of the CalABLE account.

And then what would happen to your CalABLE account is that any remaining funds within be transferred into the estate of the deceased beneficiary.

Slide 48 please.

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Slide #48

And so Medi-Cal, this would technically give them a second opportunity to recover from your estate, not from the CalABLE account, but from your estate. And so Medi-Cal has issued some guidance to say here are times when we will look to recover money from an individual's estate, but all of these things must apply in order for us to make that attempt.

And it means that the deceased would have to be age 55 or older at the time of death. They would have to be a user of those extensive Medicaid services like in home support, skilled nursing, and several of those other high dollar items.

The state would be required to go through probate meaning that its total value is \$155,000 or more, or the individual cannot be survived by a spouse, a child under the age of 21, or a child with a disability of any age.

Unless all of those things apply then Medi-Cal will not seek to recover from any California resident with an ABL account from their estate.

So again, if you think that this is the thing that is holding you back from opening a CalABLE account, you may want to think again.

Slide number 49 please.

Slide #49

Here's an example of our website. It's CalABLE.ca.gov, and as you can see you can go right in to open an account. It takes about 15 minutes.

Slide 50.

Slide #50

So, if you can let us know really quickly, because I want to make sure that we have some time for your questions, what topics would you be interested in learning more about? Do you want to know more about saving and investing, information about Medi-Cal and other benefits, or additional technical information about operating your account?

Matt, if you can put up the survey and we will give you just a few more seconds to respond.



And it's all of the above. Okay, so you want to hear about benefits, you want to hear about how to operate your account, you want to hear about savings and investments. We will be sure to do all of those things.

Let's go to slide 51.

Slide #51

I told you that there are some additional resources that you may want to check out. One of the most important is the ABLE national Resource Center. They have that comparison tool where you can look at the CalABLE program and compare it to other programs across the nation, and you can compare things on fees, on additional laws that have been passed, on investment choices. Just about anything that you could consider to differentiate these ABLE programs. That's a great resource to go and take a look at.

There are additional resources for CalABLE on the state treasurer's website. That's treasurer.ca/ABLE and we welcome you to take a look at those as well as the additional resources here. And as Anne said at the beginning of today's presentation, the slides are available to you. I am not going to walk through all of them, but please feel free to take a look at these additional resources.

Slide 52 please.

Slide #52

We also have a variety of our previous YouTube videos, and this one will also be posted to our YouTube channel. So please take a look at those if you want to get some additional information or you want to revisit today's presentation. We hope to have it up in a couple of weeks.

Slide 53 please.

Slide #53

Here is the CalABLE team, you can give us a call. We do answer the phone. You can send us an email and we will be sure to get back to you but in addition to myself there is Anne Osborne, and Matt Harmetz has been doing things behind the scenes this afternoon, so I want to say thank you to the CalABLE team. And please feel free to reach out to us. We are friendly people and we are happy to help.

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Slide #54

We also have our customer engagement center. It's open Monday through Friday, 9:00 AM to 5:00 PM. You can give us a call at 833-225-2253, or you can send us an email at CalABLEsupport@CalABLE.ca.gov.

And slide 55.

Slide #55

You can follow us. We are all over social media. Facebook, Twitter, LinkedIn, Instagram. Please join us. Like us and follow us for more information. We promise we won't spam you.

And slide 56.

Slide #56

If you want to share your story with us, send us an email. Tell us hey, I loved what Hector was doing with his CalABLE account. I have a similar story. We want to hear this because we want to share them with other folks who can benefit from that. So please do share those with us and stay tuned to see more ways to continue to share.

Slide 57.

Slide #57

We are going to do one last poll. Are you still undecided? What can we do to help you make the decision to open up a CalABLE account? Do want to hear from our CalABLE account holders like Brenda and Hector? Would you like to receive a call from one of the CalABLE staff members? Or do you think you have all of the information you need.

Let's see what folks say. This is fantastic, we have done a great job sharing information. 72 percent say you have everything you need. So I expect -- we have more than 100 people on the call today, we are going to get more than 70 new enrollments from today's presentation. And if that is the case, we will be very happy and look forward to having you join us in CalABLE.

If not, if you need some additional information, don't hesitate to reach out to us.

Slide number 58 please.

Slide #58

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We already have our May webinar scheduled. This will be based on CalABLE and financial literacy. Understanding the ins and outs of finances helps you have a better future, and we will give some information and some resources that we are introducing to teach you more about understanding finances and to help you make the most out of your CalABLE account.

So please join us on May 18 from 2:00 PM until 4:00 PM for that webinar. You can register today and again that link will be available to you to go and register.

Slide 59.

Slide #59

There are more resources. We are going to open up the questions. Before I do that so I don't have to come back to the presentation, I'm going to read the fine print for you. Not going to read it but I'm going to tell you what the fine print says. And it says what I have already said. That investing in CalABLE or any other investment program is subject to risk and you should be aware of that risk before opening up a CalABLE account.

So, if you have any additional questions on the investments or even our FDIC insured portfolio, please don't hesitate to reach out to us. And we are happy to share that information with you.

With that we can stop the presentation. Thank you to Hector and Brenda and the CalABLE team, and we are going to open things up for questions. I will turn it over to you, Anne.

Anne Osborne: Thank you, Dante. Our first question came in early and it was about a CalABLE account being a generic resource. And somebody wanted to know some more information about this because they were told by a regional center staff that CalABLE is considered a generic resource.

Dante Allen: And we have heard that previously and I have talked to many of our colleagues at the regional centers, and we do go and present at regional centers very often. And we also present to the Department of Developmental Services who is in charge of the regional centers. And we believe that that is information that is provided in error.

That is because regional centers are not means tested programs, that having money in an ABLE account should not preclude you from receiving any regional center services, and you should not be required to exhaust your ABLE account before receiving regional center services.

If you want to talk to me directly about the specific regional center that you are facing, I can see what I can do to help you out. But we have had several conversations with our regional center

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partners and believe that most of them are in agreement with us, that having an ABLÉ account does not affect your ability to receive services.

Anne Osborne: Thank you, Dante. The next question we have is about if you are on SSI, personal savings is limited to the \$2000. Does that include your personal checking account as well?

Dante Allen: So let's talk about with an ABLÉ account and without an ABLÉ account. With an ABLÉ account if you are receiving SSI you were not allowed to exceed \$2000 in resources. And that is from all sources. Whether you have part of the money in a checking account, part of the money in a savings account, part of the money in a Roth IRA, once you get above that \$2000 you have exceeded the resource limit and your benefits are in jeopardy of being suspended.

So, with an ABLÉ account I mentioned that you can have up to \$100,000 in an ABLÉ account and it will not affect your benefits at all.

If you go above that \$100,000 with your ABLÉ account, that money will start to count just like that \$2000 would. So technically if you have more than \$100,000 in your ABLÉ account, then you can have your benefit suspended just like you would with that \$2000.

Let's say you have \$10,000 in an ABLÉ account and \$2500 in a checking account but you still run the risk of having your benefits suspended because any money outside that ABLÉ account is being counted as a resource against your benefits.

Anne Osborne: Great, thank you Dante. The next question is we have a grandparent who has power of attorney and they want to open an ABLÉ account for the grandson. Do they open it in their name with him as the beneficiary? So just a little clarification.

Dante Allen: Yes, so with power of attorney over your grandson you can open up a CalABLE account. It would be in his name and you will serve as the authorized legal representative.

You don't have to have a checking or savings account in his name. If you want to move money back and forth between the accounts, you can use your own checking or savings account and move money into the CalABLE account. You just have to keep good records of it.

And just so you know, with a CalABLE account, you can't go to wherever you would go to open a checking or savings account and say hey, I want this to be a CalABLE account. You actually have to go to our website CalABLE.ca.gov to open a CalABLE account. It is the only place that it's available.



Anne Osborne: And if you are a parent with minor children, how should that account be opened?

Dante Allen: So again, the owner of the account is always the beneficiary or the person with the disability. The parent or guardian can serve as the legal representative. If they are opening a checking account, it can be in anyone's name. It doesn't matter the name for the checking account to be linked to the CalABLE account, that's just a pass-through to be able to move money into the account.

Anne Osborne: I am not sure about what this means, Dante. I have a Social Security payee. Can I control my own CalABLE account?

Dante Allen: You absolutely can. Just because you have a Social Security payee, that doesn't stop you from having or operating your own CalABLE account.

Your rep payee may have control over your benefits, and you can make the request that if you have any excess money left over at the end of the month it be transferred to your CalABLE account, and that would give you the ability to control those funds rather than having that rep payee do it.

Anne Osborne: The next question is how do I know if I qualify for ABLE to work?

Dante Allen: You have to be working first. If you have a job and you are earning money is the main point. The other thing is that you can't claim ABLE to work and receive or participate in an employer-sponsored retirement program. So, if any of your money or your employer's money is going toward your retirement benefit, then you would not be qualified for ABLE to work.

But if you are working and you don't have an employer-based retirement program or you are not participating in that employer-based retirement program, then you would be qualified to make ABLE to work contributions.

Anne Osborne: Are there any tax incentives or other contributors to the CalABLE -- so are there any tax incentives?

Dante Allen: Not currently. I mentioned that some states offer state income tax deductions for third party contributors. California isn't one of those states.

Every CalABLE beneficiary, if they are using their own money, may qualify for the federal savers tax credit. But that wouldn't apply to third party contributors, only the beneficiary.

Anne Osborne: And this third party contribution, is it pre-tax?

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Dante Allen: No. The only money that can go into a CalABLE account is post tax

Anne Osborne: Do banks charge a fee to transfer money to a CalABLE account?

Anne Osborne: I can't say definitively. Most banks do not charge for -- it's called an ACH transfer. Most banks don't charge for those when you make a transfer back and forth between a CalABLE account. But I can't say all because I'm not aware of all checking or savings accounts.

Anne Osborne: This person, they have a family investment advisor manager and they want to know if they could have that person manage their CalABLE account.

Dante Allen: So CalABLE accounts are designed to be managed by the beneficiary or their authorized legal representative. Because they are mutual funds you don't have the choice of what the individual investments that you are making are. So you're not buying a particular stock or a particular bond. You are investing in a category of underlying funds. So, the money has to be managed in the CalABLE account. You are allowed to make the selection of portfolio, and again you can move the money up to two times a year. But having an investment advisor for those is not something that we offer currently.

Anne Osborne: And the insured portfolios which one is that again, Dante?

Dante Allen: Our FDIC insured portfolio is essentially the same things as a savings account. It is not attached to the markets and so it won't go up and down like the investment portfolios. FDIC insurance generally insures up to \$250,000.

Anne Osborne: This is a good question and I don't believe we have a dashboard to do your account balances online.

Dante Allen: We don't currently offer a dashboard. But you do receive those statements and those statements will show you whenever you make a withdrawal. So like I said, keeping a good record is a great idea. And we will look into that dashboard.

Anne Osborne: Somebody would like to do direct deposit to the CalABLE account.

Dante Allen: So direct deposit is possible with a CalABLE account. What we cannot currently offer is you can't have your SSI benefit directly deposited into your CalABLE account. You can have that money going to a standard checking or savings account and then moved over to your CalABLE account. But what we have to do is essentially called a pull where CalABLE will pull the money from your account that you want to have the money deposited into. So it is possible. Not possible currently with SSI benefits.

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Anne Osborne: Okay, if the account owner is the beneficiary, is the second beneficiary stated after the account owner pass away?

Dante Allen: Right. So currently with CalABLE you cannot name a successor beneficiary. So, what happens is that if the account owner passes away, that money goes into the beneficiary's estate. And then whoever is managing the estate can distribute the funds to the heirs.

With the final IRS regulations that are going to take effect later this year there will be the possibility of naming a successor beneficiary. So, if that person is ABLE eligible meaning they have a disability that began before 26, you can have that money transferred directly to that successor beneficiary. You can have that person pre-named and that money will go to them without any problem. That's something that we don't expect to have in place until later this year, probably October.

Anne Osborne: We have another question regarding the \$16,000 annual contribution. They wanted to know if they could deposit for example before April 23 for the year 2022 contribution or if it is strictly January to December for each year. So, they want to know when they could deposit.

Dante Allen: No, that \$16,000 limit is a calendar year contribution. So, you need to make a contribution anywhere between January 1 and December 31 in order to be counted as a contribution for this year. Unfortunately, you don't get the grace period that you do with some other tax benefits.

Anne Osborne: What information is the account holder required to give to SSI each month for each year?

Dante Allen: So, you should have a record of any distributions that you have taken from your ABLE account and what you use that money for and how it is a qualified distribution.

And any contributions that are made to the ABLE account, you should be able to provide them with information on where those funds came from.

Anne Osborne: Okay. We do have a question, can you tell the difference between CalABLE and special needs trusts?

Dante Allen: We do have a full webinar that goes through all of the differences. But I will give you just a very quick answer right now. Before CalABLE accounts existed, special needs trusts offered many of the protections for benefits that ABLE accounts now offer. The challenge with a special needs trusts are they can be a lot more expensive to set up and maintain. The

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beneficiary with an ABLE account can control it. With a special needs trust they need a trustee or someone in charge of the monetary decisions. And there may be certain limitations on how you can use the money with a special needs trust.

So, I really advise you to talk to someone who does that kind of trust planning if you are considering between an ABLE account and a special needs trust.

Also please feel free to go back and look at our most recent webinar that looked at CalABLE and special needs trusts.

I will also offer that many people who have special needs trusts have an ABLE account too. That makes it a little easier to conduct business without needing a trustee to make every single decision. They can just load money onto the CalABLE account and then the beneficiary or the legal representative can conduct transactions.

Anne Osborne: Okay. If I give my child money that is counted as income, correct? And if I put the money in his ABLE account, it is not counted as income, is that correct?

Dante Allen: That is absolutely correct. Previously if you gave your child money, let's say you were helping them to pay their rent, that money is considered an in kind or a family contribution that would affect their benefits.

If you do the same thing but instead of giving the money to your child or giving the money to the landlord and you put it in the ABLE account, that money is now considered a non-countable resource and will not affect their benefits. So, it's a little loophole that allows you to do the same thing that you may already be doing, but not suffer any consequences for doing it.

Anne Osborne: We have a prepaid debit card that we haven't used. How many fees have been charged against the card?

Dante Allen: It depends. If you have a CalABLE prepaid Visa card, the fee associated with that is a monthly fee. It's \$1.25 per month. If you haven't made any transactions, you haven't loaded anything on or take anything off the card, it is just \$1.25 and it's taken from your CalABLE account.

If you have another ABLE program's prepaid card, I am not sure what other fees may be associated.

Anne Osborne: Dante, that is the end of our questions here. I'm checking through. We have a couple of questions here about the recording, and yes, this will be available in about two weeks. The presentation is currently on the treasurer.ca.gov/ABLE website, so if you would like

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a copy of the presentation, you can see if there. Otherwise, the recording will be available on YouTube.

Anyone that has registered for the webinar will get a notice when this YouTube video is available. So, you will be notified when it's available.

And that is all right now, Dante.

Dante Allen: All right. Well, thank you everyone for attending. I really do appreciate your participation today. The questions that you gave were excellent. I know that we may not have answered everyone's question, or maybe you have something that you feel like it's so specific to me I don't want it answered in this public place. Please feel free to reach out to us directly and we are happy to answer even those very specific questions.

I want to thank my panelists who joined me, Hector and Brenda. Thank you so much for taking the time to share your story with us. I know that folks asked us in the Q&A wonder what the ambassadors do. They do stuff just like this. They tell other folks what they are doing with their CalABLE accounts. They appear in some of our videos and they can share our things on social media. They are people just like you because we reached out to people just like you to join us as ambassadors.

So please consider once we ask folks to participate next year, please consider joining us.

In addition to that I want to thank the CalABLE team. That includes Anne and Matt. Matt is unseen and unheard but he is always busy and doing work for us, and Anne is managing a million things a minute during this webinar including all of your questions. So, thank you to them.

I also want to thank our extended team: our captioner and our sign language interpreters, all of those folks you make this webinar more accessible. Thank you for everything that you do. We couldn't do what we do without you. So, we really appreciate you.

Please join us next month for our CalABLE webinar and reach out to us in between if you have questions that you need from us. I will sign off and give you back some time of your lives. Thank you for joining us, talk to you soon. Goodbye.

Anne Osborne: Goodbye.



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

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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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