



CalABLE and Financial Literacy

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Slide #1

Anne Osborne: Good afternoon, everyone, this is Anne Osborne and I am with CalABLE. We just opened the webinar. We are going to give it just two minutes, and we will begin the presentation at 2:02. We still have people coming in, and we will start at 2:02.

Okay, as I promised it is 2:02 and I will begin the webinar. Good afternoon and welcome to CalABLE's webinar series. Today we will be discussing CalABLE and financial literacy.

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 their 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 all of the slides until a bar appears. Click and hold your mouse button to slide the bar to adjust the size. If doing this causes some of the slides to be cut off, go to view options in the webinar controls and change the zoom ratio to fit 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 longer running text if you prefer that option.

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CalABLE and Financial Literacy



Slide #3

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 the reminder email, the slides are also available on the treasurer's website at treasurer.ca.gov/ABLE, and then look for the webinar tab and you will be able to find the slides there.

Also, in this series of webinars are some of our more popular webinars. Our CalABLE 101, and special needs trusts webinar which was recorded in November of last year. We also have our tips and tricks video which was recorded in July of last year, and this video is a tutorial on how to open your ABLE account.

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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.

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To use the telephone option, dial 1-669-900-6833, and when prompted enter the webinar ID which is 860 7011 2516.

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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 topic, and then questions about the basics of CalABLE if time allows. So please listen to the presentation. A lot of times your questions will be answered throughout the presentation. So if you put your question in and we have already answered it, we will not be answering that question in the live Q&A session.



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. I mentioned some of those earlier. Again, that would be our special needs trust, the tips and tricks on how to open an ABLE account, there is also one on qualified disability expenses. So, there are a lot of resources available to you on our YouTube channel as well.

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

Fiona Ma: Good afternoon, everyone. I am California State Treasurer Fiona Ma and I would like to welcome you to the CalABLE webinar series. Today's topic will be on CalABLE and financial literacy. This is a subject that is near and dear to my heart. Financial literacy is the ability to understand and effectively use various financial skills including personal financial management, budgeting, and investing.

Since CalABLE launched in 2018, we have learned that many of our CalABLE account holders are first-time savers and investors. Some have expressed the largest barrier to achieving their financial goals was not knowing where to begin to learn finance basics such as budgeting, developing a savings plan, and investing.

We recognize the concepts can feel a little intimidating, but we are confident that with a little help and guidance we can all feel better equipped to plan for a brighter financial future.

Today's webinar will serve as a great introduction to financial literacy. We will highlight new resources available through CalABLE to further your discovery. We also hope to take some of the guesswork out of investing with a breakdown of each of the CalABLE investment portfolios to help you better understand the options available to you when opening or managing your CalABLE account.

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 have already taken advantage of tax-free savings and investments with more than 7,600 account owners and \$78 million deposited in their CalABLE accounts.

For the first time individuals on means tested benefit programs can save up to \$100,000 without having their benefits impacted. This is a game changer that is designed to empower this community to begin saving for their financial future.

I am committed to promoting this program and for doing all that 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 so much. As Treasurer Ma mentioned, my name is Dante Allen. I am the executive director for CalABLE. I'm very pleased to welcome you all to today's webinar. Also, very pleased that the treasurer, even with all of her responsibilities, takes time out each month as we do these webinars to have a message for our attendees. It's really a testament to her commitment to continuing to spread the message about this program and to help Californians make the most out of the resources that are available to them.

If you go to the next slide, we are going to do some things a little bit differently today.

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We are going to of course talk about the basics of CalABLE. But the real purpose of why folks are here is to learn some more about financial literacy. And so, before we do that, I wanted to play a video for you, and this is one of the introductory videos announcing our newest class of CalABLE ambassadors. So, I'm going to play the video.

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.

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: Thank you for sharing that. So just so you know a little bit about our ambassadors, we reached out to actual account holders and their legal representatives to see who might be willing to share their stories and how they are using their CalABLE accounts to better their own financial futures. And hopefully that will inspire others who may be a little more leery or maybe feeling intimidated about making a decision to begin saving and investing for the first time.

And so, this is just a snippet of who our ambassadors are. We have actually been introducing videos that highlight them individually where you can learn a little bit more about their



personal stories, and those videos will begin appearing on social media as well as on our website. So please stay tuned.

They will also be joining us in our various webinars, so you can hear directly from these folks rather than from the CalABLE team. They are more of an extension of our team, and the reality is that they are using their accounts. And so hopefully you can learn something from them. And maybe you can consider becoming an ambassador too for the CalABLE program.

Can you go to slide nine please?

Slide #9

So, I do want to go over the very basics of ABLE before we start talking about financial literacy. I know that a lot of you are tuning into this webinar for the very first time. I have seen already in the Q&A section that folks are asking what can I do with my account, and if I put my money in, can it grow and all of those sorts of things. So, I'm going to talk about that. I'm going to do it really quickly because we have some other ground to cover. But I want to make sure you know what ABLE is.

So, the Achieving a Better Life Experience Act is actually a federal law, and it is a tax benefit that was created specifically for people living with disabilities to help them reach their financial dreams.

The ABLE Act allows states to offer savings and investment programs for people with disabilities. CalABLE is California's version of the federal ABLE Act, and as the treasurer mentioned we now have more than \$78 million in assets under management and more than 7,500 people that have opened up these CalABLE accounts.

So, we launched at the end of 2018. So, in just a little under, what is it, 2022, so in under four years we have already reached nearly \$80 million in assets. So, we are very proud of what we have achieved in such a short time.

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So why should you save with an ABLE account? Well, first and foremost you can save up to \$100,000 without the risk of losing your benefits. If you receive SSI or SSDI or Medi-Cal, having an account won't impact your means tested benefits. You can actually save above and beyond those resource limits.



A CalABLE account offers a variety of professionally managed investment portfolios to fit your situation and your tolerance for risk and meet your savings goals. You can use the money at any time without penalty as long as when you withdraw the money, you do it for qualified disability expenses.

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And so, who is eligible to open an ABL account? You can open an ABL account if you have a disability, and that disability began before age 26.

Now, we have received lots of questions on whether or not you need a diagnosis before your 26th birthday, and really what you need is -- or what we ask for when you open a CalABLE account is that you provide a letter from a physician that says that you have a disability, and that the likely onset of that disability began before your 26th birthday.

We don't ask you to turn that letter in to us, we ask you to hold onto it in case you were ever asked whether by a benefits provider down the line or maybe even by the IRS. Because this is in fact a change to the tax law.

If you meet the eligibility criteria for programs like SSI or SSDI, or you have a disability that began before age 26, you are automatically able to open up a CalABLE account.

And just so you know, we use the same definitions for disability that the Social Security administration uses in its list of compassionate allowances or in that blue book listing. So, it is a very broad range of disabilities that includes everything from developmental and intellectual disabilities to physical mobility disabilities, visual and hearing impairments, even mental health conditions can qualify you to open a CalABLE account.

If you would go to slide 12.

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And even if you are not receiving SSI benefits, you can still benefit from having a CalABLE account. That's when you would go through that self-certification process, so when you are signing up you have to confirm under penalty of perjury that you do have a disability, that the disability occurred before your 26th birthday. And that is where you would get the letter from a physician and hold onto it.



But the reality is if you have already been qualified for SSI or SSDI, your disability began before age 26, you can just go to our website and begin opening up your ABLÉ account.

If you don't receive SSI or you have never been qualified or made eligible to receive SSI, you can still open an account. One of the great things about ABLÉ accounts is even if you are not protecting your benefits, you can still save and grow your money tax-free and have access to that money anytime you need it.

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So how do these ABLÉ accounts work? ABLÉ accounts are designed to protect your assets. They are not a shelter for income. And let me explain a little bit about what that means. So, for instance an individual who is working and earning too much money to qualify for SSI; they can't just open an ABLÉ account and put their earned income into that ABLÉ account and then that would reduce the income enough to qualify for a program like SSI. It doesn't work that way.

The way that it does work is it protects your assets. So, if you are earning income, that money will always be counted as income. But if you have assets, that money is only counted as an asset, and you can still have that and maintain your benefits.

So, you have the ability to select an FDIC insured savings option, or you can potentially grow your money through investing through one of our CalABLE investment options. And we have our program administrator here today to talk about what it is and actually what it means when you are investing in CalABLE.

And you should know that any earnings in a CalABLE account are tax-free as long as when you withdraw them, you spend them on qualified disability expenses. And I will explain in just a minute what those expenses are.

Account holders have the ability to split their saving -- the money they put into their ABLÉ account between savings and investing. And you can actually move that money around a couple of times a year if you need to.

Another great thing about an ABLÉ account is that anyone can contribute. So, if you are the beneficiary, if you are the owner of the account, you can put your own money in there. If friends or family or anyone else want to help you, they can put money in there. And the great thing about that is when a third party, anyone other than the beneficiary, puts money into a



CalABLE account, that doesn't count as income against his or her Social Security benefits. So, it is a way of being able to get the help that you need and not having it count against you.

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So, what do you need to open a CalABLE account? The most important thing you need is web access. CalABLE is an online program. The way that you sign up for an account and even how you access your account and make transactions is done through our website at CalABLE.ca.gov.

You need the funds to put into the account. And we only require that you start with a minimum of \$25 into the account. That is not an enrollment fee. That money goes directly into your account. And we recommend that you put in more than that \$25 because if you just put in \$25 and you don't do anything with it, it doesn't take very long for that money to be eaten away by the maintenance fees. So, we encourage you to set up a plan to continue to contribute money into the ABLE account.

You should also, if you have a bank account that you would like to link to your ABLE account, we highly recommend that you do that because that makes moving money back and forth between the accounts really, really easy.

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So, one of the things that I wanted to talk about, and we hear these misconceptions quite often, that people think oh, you shouldn't open an ABLE account because of this reason or that reason. So, I wanted to address a few of them head-on since we are only going to spend a little bit of time on the CalABLE basics. I wanted to address a couple of things that I have heard very often directly.

First and foremost, the fees for CalABLE are expensive. And CalABLE is a program that we specifically designed to be affordable. And we know, especially people receiving benefits like SSI don't have a lot of money at the end of the month to pay for even basic living expenses. So, we wanted this program to be as affordable as possible.

And so, the average CalABLE account, the annual account maintenance fee for a CalABLE account is just \$37 per year. That's less than or just a little more than, what is it, a little more than three dollars per month. And that is less than many commercial banking accounts. There



are also some additional fees depending on how you choose to invest your money, but again that is based on a percentage of the money that you have in your account, and the more money you have the better you are able to grow that money.

So again, it is still a very highly affordable program. I think if you had a minimum of \$3,000 in your account, the most that it would cost you to operate a CalABLE account for up to 12 months is less than \$60. So again, less than five dollars a month which really, a commercial checking account or savings account could actually cost you more than that. And with those accounts you don't have the ability to grow your money like you do with a CalABLE account.

Transferring money to and from a CalABLE account is complicated. And that is something that we hear quite a bit. And like I just mentioned, you can actually link your checking or savings account to a CalABLE account, and you can move money back and forth at no charge between the accounts.

But there are also other ways that you can put money in and take money out of your CalABLE account including sending money in and receiving money by mail. If you received checks from CalABLE, there is a cost associated with that, but again those electronic transfers are free.

And we also offer a CalABLE prepaid Visa debit card where you can load money directly onto that card, and then use that money everywhere that Visa debit cards are accepted. And so, the idea is it's not really all that difficult to access the money in your CalABLE account.

Let's see. If you were diagnosed as having a disability after age 26, you are not eligible to own a CalABLE account. And again, that statement is only partially true. So, the reality is yes, there is that age of onset of 26. But notice I said age of onset, I didn't say diagnosis.

So, the test for whether you qualify for an ABL account is not if you received a diagnosis from a physician before your 26th birthday. It is really whether the physician will say, or any physician that will say that the disability likely began on or before your 26th birthday. If it began before your 26th birthday, even if you are in your 30s, 40s, or 50s, you can still open a CalABLE account. So that is not necessarily true that you had to have a diagnosis before your 26th birthday.

The other thing that you should know is that on the federal level we are working to try to get that age raised from 26 to 46. So, if you are interested you can reach out to your congresspeople and your senators and let them know that they should pass the ABL Age Adjustment Act, and therefore you would be able to open an ABL account as long as your disability began before your 46th birthday.



The final thing that I want to talk about is that I have heard lots of people say that Medi-Cal will go ahead and take the money from your CalABLE account when you pass away if you have ever used Medi-Cal services over the course of your lifetime.

And here in California that is not true, because we passed a law that said that Medi-Cal won't do that if you are a Californian with an ABLÉ account. And so, what happens when an individual passes away is that that money can be used to pay for any outstanding qualify disability expenses. Even death and burial expenses could be considered a qualify disability expense. And once all of those qualify disability expenses have been paid, that money would then be transferred to the deceased individual's estate.

Now, if you are familiar with California state laws, Medi-Cal does have the capability to try and seek to recover any money that they have spent on an individual's health care from their estate. But there are only a very limited number of circumstances where they would attempt to do that.

And so, this is not a good reason not to open an ABLÉ account because we have gone a very long way to make sure that when a person passes away, they have the ability to send their money for inheriting by heirs, just like what other people do. So, you don't have to worry about having a CalABLE account and being certain that Medi-Cal will take your money when you pass away.

Let's go to slide number 16 please.

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Now I know that I went very quickly through some of the basics of CalABLE. I didn't talk in great detail about what a qualified disability expense is, but I will make sure that we leave some time in the question and answer to do that. But I really wanted to talk about something that we have heard over and over again from folks, whether it is before they open a CalABLE account, and even for some people even after they open a CalABLE account.

It is that understanding that the financial markets can be very, very difficult. As Treasurer Ma said, many of our CalABLE account holders are saving money for the very first time. And for even a select few of them, it's the first time they have ever had a bank account. So, the reality is, especially when we are understanding about people with disabilities, there are additional financial challenges that come with disabilities.

For many of you, you have been unable to save for all your life for fear of losing the benefits that you require in order to meet your basic living necessities. And you understand that



earning too much can jeopardize things like cash, food, and help get benefits. And that is a reality that we all have to deal with. And so, it has kept you -- for many it has kept them from participating in our financial systems, whether it is saving money in bank accounts or taking advantage of investment opportunities, or even planning for a future because we know how difficult it can be for many of us when it came to having just a small savings. The goal has been we've got to spend that money down right away so we don't lose our benefits.

And so, it makes a lot of sense now that you have the opportunity to save with a program like CalABLE that you may want to know the basics. And so, we receive that question over and over again, where can we go to find out the basics?

That's why we decided to present today's webinar on financial literacy.

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Before I go into financial literacy, I want to talk a little bit about some statistics. And these aren't to make you feel bad or to get you down. It's just to talk about the very real environment that we live in that people with disabilities are more likely to have financial concerns because they are much more likely to be unemployed or underemployed than a person without a disability.

So according to a recent study, a person without a disability is much less likely, almost half as likely to be unemployed or underemployed than a person with a disability. As you can see those employment statistics for a person with a disability are just at 30 percent, and so for a person without a disability, that is more than 70 percent. So more than twice as likely to be unemployed than an individual without a disability.

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Here are some others, and this is what is known as the disability tax. And that is that unexpected costs of living a life with a disability. There are an estimated 20 million working age adults in the United States that live with some type of disability. And these statistics are based on a National Disability Institute study from 2020, and we give you the link if you are interested in looking at the study for yourself.



But their studies show that a US household that contained one adult with a disability, that they must spend an estimated 28 percent more income to obtain the same standard of living as a household without an individual -- of a family without a disability.

That means that each household has to earn an additional \$17,690 per year just to maintain a similar lifestyle to a family that doesn't include a person with a disability.

Adjusting for poverty to account for the extra costs of a disability could result in the expansion of access to critical programs and services for 2.2 million more people with disabilities. They made some policy recommendations that would subtract disability related costs from income calculations for programs like Medicaid and food stamp programs to increase opportunities for people with disabilities to deduct extra cost items from their income taxes and to expand upon existing policies to help people with disabilities to meet the additional financial burden of living a life with a disability.

Those are great things to consider, and definitely if you are reaching out to your congress people, you can encourage them to consider some of these things to help level the playing field for people with disabilities.

An additional \$17,000 a year is a pretty big gap, especially when we are talking about a community that is more likely to be unemployed. So, we are more likely to earn less than people without disabilities even though we need to earn much more in order to achieve the same standard of living.

Those are some pretty big gaps that we need to cover. And hopefully programs like CalABLE can help you.

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So, we want to talk about financial literacy, and as Treasurer Ma explained, financial literacy is the ability to understand personal financial management, budgeting, and investments. It's an opportunity to learn how money works so that you can set and achieve financial goals. Maybe your goals are to move out on your own for the first time. Maybe it's to purchase your first home. Or maybe it is to one day retire. Whatever your goals are, understanding the ways that money works and how to set up a budget and how to invest and grow your money are critical lessons that you need to learn before you can even think about achieving those goals.



So financial literacy includes topics like personal finance, bank accounts, understanding credits and debits, budgeting, investing, and even saving for retirement. These are all basic, fundamental lessons that are critical for achieving a financial future. And we are hopeful that a CalABLE account can help. But we know that there are other questions even if you opened a CalABLE account that you may have, and so we want to be able to provide some of the answers and some additional resources for you.

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And so why is it so important to learn about financial literacy? The first is the idea that I have already spoken for, planning for the future. The first step to get to your future is to make the right moves today so that you can be prepared for the future.

It also allows you to be ready and prepared for unexpected financial challenges. Many of us may have, we know that it costs this much to pay our rent and to buy our food. But what happens if an unexpected thing happens? If you have something stop working in your home or you have a car problem. If you don't have a budget that accounts for those things, those can be life-changing unexpected challenges. And so, building those things into your financial planning is really helpful to help you make informed decisions. And even if you have a little bit of money left over at the end of the month, if you know that you were saving for a goal and you want to be prepared for those unexpected challenges, you may be less inclined to use that money for something that you haven't planned for. You may be less inclined to go out to an expensive dinner if you know that you can achieve your goals if you just stick according to your plan.

So financial literacy is critically important, and we hope to give you some good information about that.

Slide number 21 please.

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So, one of the things that we want to help you with is knowing where to look for financial literacy information. And we know that this can be intimidating, and many of us if you are like me, I didn't learn about finances when I was in elementary, middle school, high school. Even college didn't tell me this is how you set up your household budget. Or this is how you understand what credit is.



And so, a lot of us assume that if somebody drives a nice car, they must make a lot of money or they must make smart financial decisions. And what we have come to understand, or at least what I have come to understand as I have gotten older is that that is not necessarily true. A lot of people can make financial decisions, but that doesn't mean that they are always smart. And it doesn't mean that many folks aren't living above their means.

So really understanding what are the ways to plan for your future and make smart decisions and where to go to get that information, who to ask even, can be intimidating.

So, we wanted to point out some resources that are available to you. Many of these are government resources. The rest are nonprofit resources that aren't trying to sell you something as they tell you or help to educate you about financial literacy. So, these are some great resources. Mymoney.gov, the National Disability Institute, financialliteracy101.org. These are all great places to start your financial literacy journey.

At the end of today's presentation, we will tell you about some new resources that we are putting on the CalABLE website that will help you to gauge your own financial fitness and then build through education models build your fitness level in order to plan for your future.

Slide 22 please.

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So, I want to ask you our first poll question for today. What is your current experience level with investing money? So, we are going to do a poll here, and you can answer I am very experienced and I make my own investments; I have some experience, I have worked with investors before who handle investments on my behalf; or no experience, I have never made any investments.

So, if you can put up the poll, we will see what folks are talking about. We will give you a few seconds to answer that question. And please don't feel embarrassed. Answer honestly because we are here to go over the basics even if you feel like you don't know.

All right Matt let's check the results there. Okay, so as I thought there a few of you, only 10 percent say that you are very experienced and make your own investments. About half and half, some or a little experience. And many of you, no experience at all.

Thank you for sharing your answers. It's partly what we put together today's webinar and why we want to go over some of the basics.



I talked a little bit about what CalABLE is, and when I talked about that I mentioned that we have -- or you can save your money in the same way that a savings account would work, and you can earn simple interest. Or you can invest your money and potentially grow that over time.

So, we have invited one of our colleagues. Our program administrator from TIAA-CREF will talk about the investment portfolios available through CalABLE and help you understand a little bit more about what it means to be able to invest.

Can you go to slide 23 please?

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So, I want to introduce Chris McLeod. Chris is from TIAA, and he has been helping individuals with their finances since 2009. He primarily works with college savings programs since 2014, but he has some knowledge about CalABLE and wants to share some things with you. So, Chris, I will turn things over to you now.

Chris McLeod: Perfect, thank you Dante. It always sounds better when somebody talks about my intro, so I appreciate that.

Like Dante said I have been in the financial services field for over 10 years. I started out in 529 college savings plans, and then a few years after that, the ABL program was introduced. Both products were very similar, and both have very different goals that is the end result. So, it makes perfect sense that families would want to start planning about their futures.

So that is what my days typically include. Working with families on specifically setting up ABL accounts or setting up 529 college savings accounts.

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So again, I am with TIAA. Just a little background, we are a financial services company that started in 1918. So, we celebrated our 100th anniversary couple of years ago. And what we do primarily is work with different institutions on their retirement accounts, typically in the college sector. So, unless maybe you have somebody that works in that college environment, or maybe if you work in a college environment, maybe you have heard of us before.



With that being said though my job here today is just to shed a little bit of light on the investment options. One thing you will notice with the investment options, most of them are going to be managed by TIAA. And what we are going to be doing for the next 10 minutes or so is start kind of high-level talking about investment options, and then slowly working our way down talking about each specific investment option.

The one thing that I want you to keep in the back of your mind is the flexibility with the investment options. And you will start to see that on some of the investment options when we are talking about what you can and can't do with some of the investment options.

Dante mentioned this and I will start out by mentioning this once and you will probably hear me say it one more time. The biggest component with the flexibility is this last bullet point. Please remember that you are going to be able to transfer assets from one investment option inside the 529 ABLE to another investment option. So maybe you just want to get the account open, so you get the account open, you pick your investment option. Don't feel that you are stuck with that investment option. But you are limited to only making two changes every calendar year. So please do keep that in mind.

Next slide please.

Slide #25

One of the benefits of choosing a CalABLE account is again going to be the opportunity to invest. Now one of the difficulties with that is we want to make sure that we have enough investment options available for everybody, but at the same time we don't want to make it too complicated, so nobody knows what to invest in, right?

That being said there is going to be four different investment options to choose from in the CalABLE accounts. When we sat down prior to 2018 to figure out what type of investment options to offer in a CalABLE account, these were the things that were top of mind.

One, diversification. You don't want to have all of your eggs in one basket so to speak. So, we wanted to make sure that the investment options provided had a good selection from many different sectors as well as many different products.

Also, again as that poll demonstrated, we are all coming to this with varying experience when it comes to finance. So, we want to make sure that the investment options are simple.

Sometimes one of the more difficult decisions when you are deciding to invest your funds is how do you want to invest it, right? And if you have all of these different options, it can be so confusing that maybe you just end up doing nothing.



So that is not what we wanted to do when we sat down and created the CalABLE accounts. We wanted to make sure that it was simple. That maybe you have a couple of questions, but you can get those questions answered so you can make an informed decision.

As well on the other end we want things simple, but we also want to make sure we have enough investments for everybody to be happy. You will see here when we start talking about the different investment options about the different variety that you can choose from.

And of course, like Dante said, cost was top of mind obviously. With some investment options sometimes, you are paying so much in fees that it's eating into your actual returns. We did not want that with this type of a product with CalABLE. So, the fees are going to be on the lower end of the spectrum, and that information is obviously on the website if you did ever want to take a look at that.

Okay, next slide please Matt.

Slide #26

Okay, so I am going to start with this slide, but I am more of a visual person. So, in a couple more slides, I think it is two more slides, you will actually be able to see what I'm talking about here in a pie chart so you can see exactly how these are made up.

But in a nutshell these are going to be the four different investment options that you are going to be able to choose from in the CalABLE account.

Again, we wanted to make sure that we had enough for everybody, but at the same time we did not want to make it overly complicated. And I think we achieved that with these four different investment options.

So just really high-level again, remember we are starting high and then going into the weeds in the next couple of slides. We have our FDIC insured portfolio. This is going to be a very conservative portfolio. Think of this as going down to your local bank or credit union and opening a savings account. It is going to work very similar. And the funds are going to be FDIC insured. So, when we are talking about the different investment options, this will be the only product that is FDIC insured. So please do keep that in mind.

And then from there we have a conservative portfolio. This would be for individuals who don't want to lose too much money, so you are not taking on too much risk. But you still want to



have some stock market exposure and hopefully take advantage of any market upswings. So, in that case we do have a conservative portfolio.

We also do have the moderate portfolio which is obviously somewhere in between, and then again, we have the aggressive portfolio.

So, when you are opening a CalABLE account and deciding how to invest, you will be selecting one of these four investment options. Sometimes I will get the question can I invest in a particular stock, for instance. Maybe you have a family relative that works at Apple, and you want to buy Apple stock for instance. That's not going to be possible in the CalABLE account to buy one particular stock or maybe even one particular mutual fund. When you are opening the CalABLE account, you are deciding what to invest the funds in and your decision is going to be between one of these four.

Also, you can choose to invest in more than one investment option. So maybe if you like the aspect of that FDIC insured funds, but you also want to see if you can invest some things progressively, that is also an option you can do where maybe you would have, hypothetically here, maybe 80 percent of your funds in an FDIC insured portfolio, and the other 20 percent in the aggressive allocation. So please keep that in mind as well.

Next slide please.

Slide #27

Okay, now before we talk about specifically the break downs of those investment options, it's super important to understand the risk that you are taking on. Obviously that first investment option, the FDIC insured investment option, is going to be the only investment option that is insured.

The other three investment options, there are going to be market risks associated with them. You will see here in a little bit the exact breakdown of what is invested in the stock market, maybe what is invested in the bond market. So, know that there is going to be a chance of market loss in those investment options.

One thing to always be considerate of is your time horizon. Over the course of time the stock market has been on the positive side. And we hope that continues in the future. Obviously, nobody has a crystal ball, but that is something that you will want to think about, your time horizon. If you have funds in your account that you plan on using within the next year or maybe the next two years, one of the questions you will need to ask yourself is how much risk you want to take at that point in case there is going to be a stock market correction.



If you are close to using those funds and there is a stock market correction, how much is that going to impact your life. How much is that going to impact your other financial decisions. So that is definitely going to be one thing that you want to think about when you are opening your CalABLE account and then deciding how to invest the money.

Obviously bottom line we all want to sleep well at night and nobody wants to stay up at night worrying about how your investments are in your CalABLE account. So, you just want to make sure that when you sit down and get that account open that the investments not only make sense for you, but also makes sense given your overall risk tolerance as well as any time horizon that you may be considering as well.

Next slide please, Matt.

Slide #28

Okay, so now we are going to get into the nuts and bolts as far as how the investment options are made up.

Please keep in mind I am a visual person, so for me this is helpful. Maybe I am going to spend too much time here, but we will see.

The first we are going to talk about is the FDIC insured portfolio. Again, this one is going to work no different than if you walked down again to a local bank or credit union and opened a savings account. It's going to work the same. It is again FDIC insured.

The downside to that I guess is going to be the returns are going to be relatively low in this environment. Obviously, that could change in the future, but right now anything that you are going to be putting into this account is going to be paid at .12 percent of your funds.

Again, the positive of that is it is FDIC insured. But again, the thing you want to consider is are you okay with your funds inside that account even though you are only earning that .12 percent.

Okay, the next slide please.

Okay, so the next one is going to be the conservative portfolio. Again, this one is going to be designed to limit your market risk, but at the same time if there is going to be a good stock market, it's going to also hopefully take advantage of some of that as well.



When we are talking about the makeup of these next three investment options, you will notice you will see the 20 percent stocks, 55 percent bonds, and in this one we have a funding agreement. So, I'm going to take a step back and explain what we mean by that.

The 20 percent stocks. When you are seeing the stocks think of that as the stock market. After this webinar if you go home and watch the news and hear a report on what the markets did today, often times this is what you are going to hear about, the stock market.

Historically the stock market has been more volatile than the other options there, so what that means in essence is it's going to have higher highs and lower lows than for instance the bonds market. So keep that in mind. It's going to be much more volatile. You will notice in the conservative portfolio here we have a 20 percent exposure to the stock market.

The other thing you are investing there is going to be the bonds. In the bonds you can still lose money in bonds, so don't think that they are completely safe because there is still market risk in bonds. But historically they have not had the same lows, so the lows aren't quite as low as the stocks, nor are the highs quite as high as the stocks. And that is historically speaking. So that is not to say that it couldn't happen in the future, but historically that is how they have correlated with the stock market.

Stocks are going to be more volatile. Bonds aren't quite as volatile, but you still have the market fluctuations.

We also have a funding agreement in the conservative portfolio. The funding agreement is a little unique. It works a little bit similar to the FDIC insured portfolio. The difference is it is not FDIC insured. Rather it is guaranteed up to the paying ability of the life insurance company. So the funds that are in there are going to be guaranteed up to the TIAA-CREF life insurance company.

So, with a conservative portfolio again it's not going to be that risky because the stock market exposure is at 20 percent. And then the bonds are at 55 percent, and 25 percent of that will be guaranteed up to the paying ability of your life insurance company.

That is not to say you could not lose money in the conservative portfolio, but again hopefully the losses would be limited just because your stock market exposure is not nearly as high as the other two investment options.

Okay, so moving on to the moderate portfolio. The moderate portfolio, you will see we have increased the stock portfolio. The bond portfolio has gone down a little bit as has the funding agreement. So, the overall goal with a moderate portfolio is just to be moderate, right?



In a good stock market hopefully, you will be able to take advantage of that. In a bad stock market and bond market, obviously you're going to lose a little bit there. But hopefully over the course of time things will work out.

Then moving on to the aggressive portfolio. You will notice with the aggressive portfolio we have again increased the stocks and decreased the bonds to make the portfolio more aggressive overall. Again, this isn't going to be right for everybody, and that's why we tried to have enough of a selection to have something for everybody.

Also keep in mind here that you are going to be able to choose more than one investment option. So that's important again when we go back to the time horizon. Depending upon how much somebody is going to be able to contribute to the CalABLE account, maybe if you have a shorter time horizon for some of your assets maybe you would want to choose an investment portfolio on the left side, one of the more conservative options for instance.

But then with the more aggressive portfolios, maybe if you have a longer time horizon something like that makes sense.

But again, bottom line, everybody is going to come to this differently with different goals. What may be right for one person could be completely opposite for the next person. So, this is going to be one thing where you will want to take your time and look at the investment options. There are resources available to help you make those investment decisions. And again, bottom line when you are opening the account, you will be naming your initial investment option, but don't feel you are stuck with that. You are able to make changes two times every calendar year. So do please keep that in mind as well.

And I will be staying on for the entirety of this, so if you have questions, I will be more than happy to answer those at the end.

Dante Allen: Thank you Chris so much for that overview. And it really is very, very helpful for folks who, like our audience today, has indicated that this may be their first time in considering investments. So, we will come back to you when we open the Q&A segment.

Chris McLeod: Perfect.

Slide #29

Dante Allen: So, we have been receiving questions in the question and answer. I have been trying to answer as many as I could along the way. But I want to say right now if you have



heard enough and are interested in learning more about CalABLE and what it takes to open your account, you can go to our website. That's CalABLE.ca.gov and you can go right to where it says open an account. It tells you exactly what you need to get started to open your account.

Can you go to slide 30 please?

Slide #30

I will turn things over to Anne Osborne now and she will talk about some resources that are coming to the CalABLE website.

Anne Osborne: Thank you, Dante. This is a really exciting adventure for CalABLE. We have partnered with an educational firm and they are offering free digital curriculum modules related to financial fitness. So, this will be available on the CalABLE.ca.gov website and also on the treasurer's website. And you will see a tab that says financial fitness center. And when you click on this tab you will see a menu of items displayed on the screen. And there are different modules that you can go through, and they will just give you a little more education as we talked about. A lot of us are first time investors and savers, and I fall into that category as well. So just being able to click on these different modules will give you just a few pointers and give you some tips and tricks, that kind of module.

We have several here. The first one is building financial capability, invest in your future. Again, Chris talked a little bit about stocks and bonds. These modules will have information related to those topics.

We have financial caregiving, financial foundation, growing your small business. We have heard a lot of account holders who are interested in starting their own business, so this is a great module for people that are interested in starting their own business.

Planning for retirement. You are never too young to start planning, so again there is some more information there on how to start that plan.

Owning a home. This is one of the popular topics we see when we ask people what their savings goals are. Owning a home, how you would start saving for that. And even different documents that you need. There's a lot that goes into when you are ready to purchase a home. A lot of the things you need to have prepared. So just knowing how to plan for that.

Small business essentials. And then the last one is building financial resilience. Again, all of these are going to be available to you probably by the end of the month. We will be sending out on our social media channels when this is available, and it is free to you. You don't have to



be a CalABLE account holder. It's anybody who is interested in furthering their financial fitness, as we like to call it. It's going to be a great tool, and we really encourage you to take advantage of this tool as you begin to plan for your financial future.

Dante?

Slide #31

Dante Allen: Thank you, Anne, for sharing that information. And we are very excited to get these resources to you. As I have said, we have heard a number of times that this is one of the biggest questions that you have, or you may see this as one of the largest barriers from opening an ABLÉ account, is not really having a great understanding of finances to make those decisions. So, we are very happy to be able to point you to some resources that can help you.

Some additional resources that you may want to consider that are already available on the CalABLE website. I talked a little bit about the National Disability Institute. And so, links to achievable corner which will help you understand how to make the most of your ABLÉ account and understand the inner workings of ABLÉ accounts is also available.

On the state treasurer's website, we have some additional resources including information about how CalABLE got started and the actual laws that we are following in offering ABLÉ.

The ABLÉ National Resource Center, ABLENRC.org, allows you to compare and contrast different programs. Currently 46 states and the District of Columbia offer their own version of the program. Many of those programs are similar to CalABLE where you are not required to live in that state in order to open an ABLÉ program for that state. So, you may want to do some comparing and contrasting. You want to look at fees and investment choices and the laws those states have passed that may be enhancing the federal ABLÉ Act before you make your decision.

And one of the most important resources that we refer folks to is actually available on the Social Security administration website, and it is their program operating manual system. These are the actual rules that the Social Security agents look at when they are talking about ABLÉ. So, when they are making their determinations based on how much money you can have in your ABLÉ account. This is the very document that they will be using, and often times when we have folks who say they may be experiencing a problem with a Social Security representative because of their ABLÉ account, we often give them information directly from this POMS documents to share with the Social Security agent, and very often that helps to alleviate any problems they may be experiencing.



So, these are all great resources for you to have. Again, these slides and this entire presentation will be presented on our YouTube channel. If you registered for today's presentation, you should have received an email of today's slides so that you can have them available to you whenever you need them.

Slide 32 please.

Slide #32

Some of our previous webinars are available currently on our YouTube channel. Tips for opening a CalABLE account. CalABLE qualified disability expenses where we go into detail, and we have some questions today about would this be considered a qualified disability expense, would that be considered a qualified disability expense. We are going to answer those questions for you, but there is also a previous webinar where we went into a lot more detail about that.

And CalABLE and special needs trusts. We are often asked is it better to have an ABL account or special needs trust or both, and how do they work together? So, we spent a considerable amount of time going into those specifics, and so those are available on the CalABLE YouTube channel via our previous webinars.

There are others that are available there too, but these are some of the most recent that we feel like you can find most interesting.

Slide 33 please.

Slide #33

This is the CalABLE team. You have heard from myself and you have heard from Anne, and Matt is the person behind the scenes making today's webinar possible. And we are available. If you call us or send us an email, one of us will actually answer the call and get back to you. And don't be surprised if you call one day and I pick up the phone or Matt picks up the phone or Anne does. And we are happy to help with any questions you may have.

Even when you think this is something that is so specific that it can only apply to me, the reality is we have probably heard that question before and are pretty good at answering.

Next slide please.

Slide #34

CalABLE and Financial Literacy



If you do find that you need some additional help, maybe you have already opened your CalABLE account and you are having some trouble making a transaction, or you have questions about your statement, the place to go is to our call center. And that is open Monday through Friday, 9:00 AM to 5:00 PM Pacific Standard Time, and you can call at 833 CalABLE. That is 833-225-2253. Or you can send us an email at CalABLEsupport@CalABLE.ca.gov, and they even have folks there that can talk to you in your preferred language. So please do reach out to us.

Slide 35 please.

Slide #35

You can follow us on social media. If you have registered for today's webinar, you automatically have been added to our email list, and I promise you we don't send out a lot of spam. We really only send information when we have special events coming up or when we make changes to the program. Just so you can stay aware of what is going on. You can like and follow us on social media, Facebook, Twitter, LinkedIn, Instagram.

And we want to hear from you. So just like we have our ambassadors that are trying to share their experience with you, we want to hear about your experiences as well. So please feel free to share those with us. You can share today in the Q&A section. You can send us an email or share things in the future.

Slide 36 please.

Slide #36

So again, please stay tuned. We have just introduced our new class of ambassadors, but at the end of this year we will start soliciting for the 2023 ambassadors. We want to make sure that the people who were using their CalABLE accounts are sharing their stories, and we would love to hear your story and to be a part of them as well. So don't hesitate to reach out.

Slide 37 please.

Slide #37

So, this is our last poll question for today. Has our presentation helped you improve your financial literacy? So let us know if you still feel as confused as before or that your knowledge has improved a little bit, and that you want to go to the resources we have pointed out. Or yes, this information has been so helpful that you feel a lot more confident even if you don't know



everything you need to know about financial literacy, you know where to go now. So please answer the final polling question. And I will give you just a few seconds to do that.

Okay, so it's good news that about 78 percent of you say that your knowledge has improved a bit and you know where to get that information. That is very meaningful to us. It helps us know that we have done a good job and that another one of these presentations will probably be beneficial in the future.

For 22 percent of you to say that it has helped you a lot, we encourage you to take the next step. Consider visiting us at CalABLE.ca.gov. If you still have questions about how the accounts work our program disclosure is there to help you. Review that, and I know it is a lengthy document and is not fun to read the fine print, but it will answer some of your questions.

And if you feel like you don't have the time or energy to fully read that document, I really do encourage you to reach out to us because we can help walk you through some of your more specific questions.

We really do appreciate the time and energy that you have spent with us today, and we are going to turn some things over to our Q&A. But before we do that, I do want to go over our fine print.

Slide number 37 please.

38.

Slide #38

Before I go over the fine print, let me talk about next month's webinar. Another thing we have heard loud and clear from many of you is you know what, it just takes too long to learn about CalABLE. So, we are trying to condense the most important information to learn about our program into just 30 minutes. So, this will be our shortest webinar ever, and we want to be able to make sure that you can get the important facts and get out of that webinar so you can get onto your life, right? The sun is coming out, it is getting very, very close to summer time. We are super happy to get out and start enjoying our lives, and many of us don't have as much time as we would like to dedicate to learning about a government program about savings and investments. So, we are going to give you CalABLE in 30 minutes, so please join us next month. It will be quick and brief, hopefully you will come away with a better understanding of CalABLE and know exactly where you need to go if you require additional information.

Slide number 39 please.



Slide #39

There are additional resources for you. We have our frequently asked questions, we have our YouTube channel. If you haven't already, please feel free to submit a question in our Q&A section here.

Slide #40

And as you do that, I am going to go to slide 40, and now we are really going to go over the fine print. And this is a disclaimer, and it explains to you that like with any investment program, there is a risk involved, that there is a possibility that you could lose money. And so, you should be aware of that before you make your decision to join this program.

And just so you know, if there is any investment program out there that is guaranteeing that you will never lose money, it's probably not a reputable program because it is actually a violation of the securities and exchange commission to make those kinds of guarantees. Every investment program has risk associated with it and you should be aware of those risks before making those decisions.

Available on the CalABLE website you can see all of our fees. You can see our investment performance. And as Chris said, previous performance is not indicative of future success. So, you should just be aware that there is risks associated with all of these things.

So, with that said I am going to stop talking for just a moment and I will let Anne Osborne take over the Q&A portion of today's presentation. Anne?

Anne Osborne: All right, Dante. We have a few questions. I think you are getting better because our questions are getting lower. So, I think everyone is starting to understand CalABLE, so that's great.

The first question we have, Dante, and I will give this one to you -- how do friends and family put money into the CalABLE account?

Dante Allen: That's a great question. There are a number of ways that you can put money into an ABL account. One of the ways that we are most excited and proud about is our eGifting portion of our website. So, the account owner or their authorized legal representative can set up an eGifting event. And eGifting works sort of the way that Go Fund Me accounts work where you can get a unique link that will allow you to put money directly into an individual's account, and that individual can send out that link to their friends and their family,



their church or whomever and say hey, I am saving money for this particular reason. I want to get a new computer or I want to go to college. Please help me by contributing to my CalABLE account.

And folks can use that link to contribute money directly to the account.

There are other ways including sending money by mail or doing the electronic transfer that I talked about. But the eGifting is probably the best and easiest way to be able to do that.

Anne Osborne: Thank you, Dante. The next question is for Chris. When withdrawing money from CalABLE, can you specify which portfolio the account draws from. For example, if you had 75 percent in aggressive, 25 percent in FDIC insured, could you just withdraw from the FDIC insured?

Chris McLeod: Yes, I believe so, and Dante, you may want to back me up on that, but yes. You can specify which investment option you would like it to come out of.

Dante Allen: And the same goes, and Chris, I saw a couple of questions about it so you can move the money around two times a year, but what is less clear is that each time that you make a deposit, you can choose where that money goes. So, say you've got some extra money and you are not worried about holding onto that money, you don't need to use it in the short term, so you say I want to put this all in the most aggressive portfolio to try to build that money quickly. You have the ability to do that.

So, every time you make a deposit, you can choose where the money goes. If you don't choose then it will go the way that it went the first time you set things up in the same percentages. The same when you make a withdrawal. If you don't make a distinction, it draws equally from wherever you have your money distributed.

But you can make a choice of what portfolio it comes from.

Anne Osborne: Okay. The next question, Dante, is this person was notified by the company that has issued CalABLE debit cards they are terminating the CalABLE card. When will we be notified who the new company will be and how will they get a new card?

Dante Allen: That's a great question and one we did expect. If you are already a CalABLE account holder or you have gone to our website, you see that if you already have a CalABLE prepaid debit card, you will only have a certain more amount of time to be able to load money and then use that card before we go to a new vendor.



So, the communication that you received is mostly true. But the reality is that we decided to make a change of our prepaid card vendor. We listened to some of the concerns that many folks had with our previous vendor. In order to be able to address those concerns, we made the decision that we are actually going to need to stop using our current card and go to a new card.

That card is going to be much better and we anticipate that it will be -- there will be some affordable changes is really all I can say right now. But in the very near future, within the next month or two you will hear new information about who that new cardholder will be and what will be associated with the process of getting the new card.

Anne Osborne: Okay, the next question is settlement money. Is it taxed if they put it in CalABLE?

Dante Allen: It really depends on the settlement. We are not tax advisors, so I won't give you tax guidance. I would encourage you to speak to your chosen tax provider for that guidance. But typically, settlements aren't automatically taxed. And so, putting it into the CalABLE account or not won't change what the tax obligation is for that money.

You should know that growing that money over time, as long as when you withdraw the money from your CalABLE account there are no income taxes associated with that.

But for the question of depending on what type of settlement, there may be some income taxes associated with that. But in most cases that is unlikely.

Anne Osborne: What is the POMS? I have a question from -- they are not familiar with POMS and they would like to know what that is, and I believe that will answer some other questions as well, Dante.

Dante Allen: Sure. POMS is a Social Security Administration document. The letters POMS actually stand for program operating manual system. And what it is actually the guidebook on how Social Security, the roles that they need to follow. So, the section that we sent you to in our links is how the Social Security Administration looks at ABLE programs. It talks about qualified disability expenses. It talks about what money is counted and when, money that you put into an ABLE account. It talks about ABLE eligibility.

So that is the document that if you are receiving benefits and you are worried on whether something is a qualified disability expense or you are worried about how Social Security will look at the money that you put into your ABLE account, that's the rulebook that they have to use in order to make those judgments.



And sometimes if they are either unaware of ABLE programs, we provide that information to you so that you can talk to your specific Social Security representative to say here is what it says in your guidebook, and so this is probably the rules you should be following. And that is usually very helpful for folks.

Anne Osborne: Okay. This person would like to start their own business and has a few friends who are able to contribute funds. I'm not sure how long my business will last because of my disabilities, I don't want to jeopardize my benefits with too much funds per year.

Dante Allen: So, an ABLE account is a great way to number one protect your benefits. Number two, to get the help from friends and family to get a business started because they can make those contributions. There is a limit to how much you can put into an ABLE account each year. Currently that is \$16,000 per year that you can put into an ABLE account. That comes from all sources, so whether it is money that you put in yourself or money you get from other contributors, you are limited to just \$16,000 per year. And as long as you stay at \$16,000 per year, and over multiple years, you don't get above \$100,000 on that ABLE account, you can maintain your benefits like SSI, Medicaid, without any real problems.

That is from the asset's standpoint. Remember like I said in the beginning of the presentation, income will always be income. So, if you are earning money, just earning that money and putting it into an ABLE account doesn't turn it into non-income that then won't count against your benefits.

Anne Osborne: Next question. Is there a way to know what TIAA is investing the money into or any ethical guidelines on types of investments?

Dante Allen: Yes. Actually, I will let Chris answer that question.

Chris McLeod: Yes, so when we are looking at those four different investment options, really three different investment options not including the FDIC, keep in mind that they are going to be invested in various mutual funds.

A majority of those mutual funds will be considered what are called indexed mutual funds. The overall goal of those indexed mutual funds is just to mirror what the markets are doing for that particular investment option.

When you go to the CalABLE website and you look on the investment page, there's going to be a link under each investment option where you can see exactly which mutual funds make up that particular investment option. Then when you do that again you will see that most of them



are going to be indexed mutual funds, so again the overall goal is just to mirror what the markets are doing, not necessarily to outperform the markets, but our goal is just to mirror what the markets are doing for that particular sector.

Dante Allen: And I think the important thing is that the underlying funds that make up those mutual funds, you can see all of the actual funds that make up those portfolios on our website if you go to CalABLE.ca.gov/investments. You can actually take a look and see what all of those funds are made up of

Chris McLeod: Yes, and then just to carry on that point, Dante, great point, you can then take that mutual fund information, and for instance each will have a five letter ticker symbol, and you can go to your finance website of choice, take that ticker symbol and do further research if you wanted to.

Anne Osborne: Okay. The owner is a person with disabilities, also the beneficiary. How can a parent help -- I guess manage that account, and when the beneficiary passes away what happens to the account?

Dante Allen: So, a parent can become what we call an authorized legal representative. We didn't spend a lot of time talking about that today because we wanted to get to our main topic on financial literacy, but an authorized legal representative has essentially the ability to be the decision-maker for an ABLE account.

So, a parent can automatically sign up as an authorized legal representative for their child. And that is even if the child is a minor or an adult.

So, when a beneficiary passes away, if an authorized legal representative is in place, the authorized legal representative has the ability to make any final decisions about qualified disability expenses. So, you can pay those qualified disability expenses even after the death of the beneficiary.

And then what happens is that money is transferred to the individual's estate.

Anne Osborne: Does the 1280 earnings apply to business owners? I am an independent contractor with another business.

Dante Allen: I think Anne that question is related to the income limits for programs like SSI. And I am not an SSI income expert, and so rather than give bad advice I really would advise them to talk to the Social Security representative about maintaining a business and receiving government benefits.



Anne Osborne: Okay. I believe that is all of our questions, Dante. And thank you so much everyone for putting in your questions. This is always the part we look forward to. It helps us find out about where the holes are as far as people having questions about understanding, so thank you so much.

Again, we do have that library of webinars that you can find on our YouTube videos, and you can also find that on the treasury website.

So, look at those areas for additional resources.

Dante?

Dante Allen: Thank you, and a comment just came up from Valerie, and Valerie said it is important to remind listeners regarding time issues involved with payment of rent. Yes, Valerie, thank you for that reminder.

Paying for living expenses like rent are considered a qualified disability expense and you can use money directly from your ABLE account to pay for things like rent.

The one nuance or detail related with using your ABLE account to pay for rent is that the withdrawal from the ABLE account and the payment of that rent need to happen within the same calendar month. So, if you are going to use your ABLE account to pay for June's rent, you need to either withdraw the money anytime between June 1 and June 30 and pay the rent between June 1 and June 30, or you can withdraw the money anytime between May 1 and May 31 and actually pay the rent between May 1 and 31st.

But if you withdrew the money on May 31 and paid your rent on June 2, that could get you into a little bit of trouble if you receive SSI benefits. It could be considered as additional income for the month that you took the money out. It could be counted as a resource against you. So, you always want to check when you are using it to pay for living expenses, and living expenses can include rent, it can include utilities, those types of things -- it does not include food, you can pay your money to pay for food and you are not limited to the time when you were using it for things like rent or utilities. You need to withdraw the money and use the money within the same calendar month.

So that is a great piece of advice, Valerie, that you reminded us to consider. And I do want to advise folks if you want to go back and look at our previous webinar, CalABLE 101, those are available on our YouTube channel with that information and much, much more associated with it.



So, thank you everyone for taking the time to listen with us today. I want to thank Chris from TIAA for joining us.

Another question, how about property tax for your own house? Yes, an ABLE account can be used to pay for those things. It is not considered in the rent category so you are not limited for time like you would be with rent. But you can use it to pay for taxes and that would be a qualified disability expense.

So again, thank you Chris for helping folks out today. You really helped us out. I know you were pitching in for a colleague who wasn't able to join us today.

I want to thank our interpreters and our captioner for making this program as accessible as possible.

I want to thank the CalABLE team for helping make this a successful event.

And we look forward to talking to you soon, and if we don't hear from you between now and the next webinar, we will see you next month. Thanks a lot everyone.



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