



CalABLE in 30 Minutes

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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.

By popular demand today's topic, CalABLE in 30 minutes, will provide a brief overview of the fundamentals of the program.

This webinar will serve as a quick introduction to CalABLE for perspective CalABLE account holders. You will learn about the benefits of being a CalABLE account holder and how a CalABLE account can best suit your needs.

The webinar will also cover who is eligible to open a CalABLE account, what documentation you need, and how you fund your 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 are already taking advantage of tax-free savings and investments with more than 7,600 account owners and over \$78 million deposited in their CalABLE accounts. And unlike a 401(k) or Roth IRA, account owners may access 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 impacted. This is a game changer that is designed to empower this community to begin saving for their financial futures.

I'm 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, Treasurer Ma. And we are really excited to give this presentation to you, and just so you fully understand, today's presentation was an outpouring of the feedback that we regularly receive from all of you, whether you have attended in the past or you have sent questions to us. We really do pay attention to those things, and one of the questions we received was from a person who wanted to catch up on CalABLE who couldn't attend the previous webinar and said "I don't have an hour and a half to dedicate to learning about CalABLE."

So, we thought about it and said you know, what can we do to help those folks who just want a little bit more information? And so, we came up with today's presentation.

So, before I get started, I want to talk a little bit about what today's presentation is not.

It will not be everything that you need to know about CalABLE. There are a lot of things that we won't cover. We usually talk about things like our investments, the fees associated with opening or maintaining an ABLE account. We won't talk about those things today just because we are trying to give you a very quick and broad overview.

It also won't answer all of your questions about CalABLE in today's presentation. We will save some time at the end to answer questions, but again, this is going to be just a very brief snapshot.

Today's presentation is the most important things you need to know about CalABLE.

It is where you can go to get knowledge about where you can find additional information about CalABLE.

And it's also an instructional on what you need to get started in opening your CalABLE account.

And so, with that if we can go to the very next slide I will get started.

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So, typically when we give presentations, we ask the question that says what would you save for? If you can imagine for just a second that you could save for anything that you wanted to, what would it be that you would want to do? Would you want to save to go on a trip, or maybe you want to save to purchase something that is super important to you. Or maybe you just want to save to plan for a rainy day.



All of those things are available to most people. They have the ability to set up a savings. But for people with disabilities, this has been a difficult challenge for a number of reasons.

Many of us may believe that saving is just not an option for us. We don't have a lot of money left over at the end of the month. Some of us may be impacted by our benefits, we are afraid that we might lose our benefits if we were to save too much money. And for the majority of our lives, that really has been true, that saving could interfere with your benefits.

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And this is exacerbated by additional financial challenges that come with living with a disability. For many people with disabilities, expenses are higher, whether you have to buy assistive technology that can help you to navigate your life or pay for additional expenses that our counterparts without disabilities don't have to pay for.

Many people with disabilities work less, and when they do work, they earn less than their peers.

And then I already mentioned that benefits programs have actually limited just how much you could save. You couldn't accumulate financial resources that would even allow you to plan for an unexpected expense.

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Programs like SSI and Medicaid actually have limits to how much you can accumulate in savings. And for programs like SSI, that limit is just \$2,000. And so there has been a question that has been studied over time that asked people with disabilities that if you have an expense that was more than \$2,000, where would that money come from? And many people with disabilities have said that they didn't know whether they were receiving benefits or not.

And the reality is that having that much in savings, if you were receiving benefits, could actually jeopardize you and you could have your benefits suspended, and you could lose the money that you had to cover your basic life expenses just because you may have been planning for your future.



And so, the ABLE Act was designed to help us or help people with disabilities be able to plan for the future, increase their quality of life, and then be able to save and grow their money where possible.

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So, the federal ABLE Act was passed in 2014, and it was designed to address the limitations that people with disabilities have for their finances. It was modeled after college savings accounts that have been around now for more than 20 years. And when college savings accounts were introduced, they had tax advantages. Folks could pull the money out of those accounts to pay for higher education costs, and what it did is it drastically expanded what people were saving for college.

And so today more than 14 million people have a college savings account, and they are saving more than \$450 billion. And the idea was that if this worked for people who were planning for educational expenses, the same thing could happen for people who have disability expenses.

And so that is what ABLE was designed to do. It works a little different than college savings accounts, and we are going to talk a little bit about that.

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So, if you have a disability, you could actually save that money. And why would you put it in an ABLE account rather than putting it under your mattress or putting it in a bank? Well, first and foremost you can save money in a tax-advantaged way, meaning that you don't pay any income taxes on the money as it grows in your account through investments. And you can access that money at any time that you need as long as you are using the money to pay for the basic expenses of living a life with a disability. You don't pay any taxes or penalties for withdrawing that money.

With a CalABLE account, you can take advantage of our professionally managed investment portfolios, and you can choose your own risk factor depending on your own savings goals.



Individuals who are on means tested benefits like SSI or Medicaid can save up to \$100,000 without the risk of losing your benefits. That is significantly more than you could save without it. Remember I mentioned just \$2,000. With an ABLE account you can go as high as \$100,000.

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So, who can open one of these ABLE accounts? First and foremost, you have to have a disability, and that disability had to begin before your 26th birthday. Now we use the same definitions that the Social Security Administration uses, so if you meet the eligibility criteria for a disability like SSI or SSDI, then you would qualify for an ABLE account provided that your disability began before age 26.

And now many disabilities qualify. Mobility disabilities, intellectual and developmental disabilities, even many mental health conditions will qualify an individual to open an ABLE account, begin saving, and then you can use that money at any time for qualified disability expenses.

You can go well above those limits of those programs, and even if you have never qualified for benefits or if you are not currently receiving benefits, you can still open an ABLE account and it will still be beneficial to you. You just have to go through a process that we call self-certification, and that is where you as the beneficiary or the authorized legal representative attest under penalty of perjury that you have a condition that would qualify you for an ABLE account, and that that condition began before your 26th birthday.

We don't ask you to turn that into CalABLE. We ask you to hold on to that because one day the IRS or Social Security, if you ever got on benefits, may ask to see when they learn that you have a CalABLE account, they may ask to see if you really qualify for that account.

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So, what do you need to get started with a CalABLE account, and what does it take to operate your account? First and foremost, you need web access. CalABLE is an online program. We don't have bank branches that you can go into to deposit money and withdraw money. You handle primarily anything that you need to with CalABLE through our web portal. And you can



access it via desktop computer, a tablet, or any mobile device. We have a mobile optimized website that you can use to access your account.

To open an account, you will need a Social Security number or taxpayer ID number, data that includes a government ID that will include your date of birth and your contact information.

You will also need a minimum deposit of at least \$25. That money isn't an enrollment fee, that goes directly into your account and starts your savings.

And we recommend that you link a commercial checking or savings account so you can move money back and forth. It makes it a lot easier to access your CalABLE account if you have those things.

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So how do you get money in and out of the account? I mentioned that we don't have any bank branches that you can go to. So, there are a number of ways to both deposit and withdraw money from your CalABLE account. The most popular way is an electronic transfer, it is called an ACH transfer. That is where you can move money from your CalABLE account to a commercial checking or savings account. You can also do the other way to deposit directly into your account.

There are no charges related to making those transactions, so it's a simple and easy way to put money in and take money out of your CalABLE account.

We also have the ability to issue a check that can go either to you, the person with a disability as the beneficiary, it can go to their authorized legal representative or the person that has control over the account, and we can even issue a check to a third party if there is a bill you want to pay and you want money to go directly from your CalABLE account to that third party. We have the ability to do that.

There are additional charges, it is five dollars per check to issue those checks, so while it may be a convenient thing to do it is not without expense, so we recommend again, those electronic transfers are free of charge and you still have the ability to do anything you need with those kinds of transfers.



We also have another way of getting money from your CalABLE account, and that is through our prepaid debit card. CalABLE offers a prepaid debit card where you can load money directly from your CalABLE account onto the prepaid card, and then you can use that card everywhere where Visa is accepted. The only place you can't use it is at an ATM machine, but you can use it in stores, you can use it online to make purchases. And that is one of the easiest and most convenient ways to move money off of your -- out of your CalABLE account so that you can make purchases.

The other thing is because it is a prepaid card, you can have the card with you and not run the risk of misplacing it or having some kind of fraud that would take all of the money out of your ABLE account. The only thing that is on that prepaid card is what you pre-load onto it, and you can do that time and again.

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So, if you are ready to open an account, there is a lot more information that you need to know about. And all of that information is available at the CalABLE website. That's CalABLE.CA.gov and it has one of the most important documents, our disclosure statement. It includes all of the rules about CalABLE. How the program works, when you make a deposit how long that money is held before you can make a withdrawal, what happens if you overdraft your account. All of those important things -- what fees are associated with it is included in the disclosure statement, and we highly recommend you review that statement before opening a CalABLE account.

If you want to get started with opening an account, that's also available right on our website. It's one of the first things that you see is to open an account. You click on that, and you can get started opening your account. It's a quick and easy thing to do. As a matter of fact, it takes you less time to open a CalABLE account than it took me to give this brief overview of the program. So, it's not a lengthy process. But you do need those things that we talked about in order to get started.

We also have a number of additional resources. If you would go to the next slide.

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We know that saving, and especially investing, is something that may be new to CalABLE account holders. And so, it can be confusing and intimidating to think about how do I choose



my investments based on my tolerance for risk? You know, I don't have a lot of money to save, how can I plan to reach my goal? Those are questions that we have read regularly, so we have partnered with a new group to be able to answer some of those questions, and we are calling it the financial fitness center. And you can visit the state treasurer's website at www.treasurer.ca.gov to get additional information. You will have to go to the ABLE webpages, so that is treasurer.ca.gov/financialfitness to get additional information, but it will be well worth the visit.

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This new partnership includes numerous training modules that are designed to get you more comfortable with understanding your financial capability, building good spending habits, understanding credit, planning for retirement, purchasing your own home. We consider the financial fitness center to be like the Netflix of financial education. You choose the modules that you want to study, and they walk you through these very easy to understand videos that give you the basics, and some additional resources if you want to go further.

And all of them come with a special message about how CalABLE can help you, whether it is planning a budget or reaching your financial goals, the financial fitness center can help you and take some of the mysticism out of finances.

When I was younger, I was of the belief that well, if I saw somebody driving a nice car, that must mean that that person is wealthy. And what I have learned today is no, that is not necessarily what it means. As a matter of fact, many people drive nice cars but may not have a lot of money at all because they are spending that money on that nice car. But if you do want to make a plan to get a nice car, there are some steps you can take to do that. And so going through programs like the financial fitness center may be able to help you.

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We also have additional resources available on the CalABLE website, things that will allow you to compare and contrast the different ABLE programs. We think CalABLE is the best, but you may find that once you study other ABLE programs, there may be another program that is more suited for you. And we have resources on that website designed to help you understand and do some comparing and contrasting of the various ABLE programs.



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Some of our most popular resources are available on the CalABLE YouTube channel, and you can visit that and you can get our full presentation that walks you through the entire CalABLE program. Some of the most important are our tips for opening a CalABLE account, talking about what constitutes a qualified disability expense, and one of the most frequent questions that we receive is how CalABLE accounts differ and/or work with a special needs trust. And we have previous webinars available on our YouTube channel to view. They are longer than 30 minutes so they will take you longer to get through them, but we wanted to open up the idea today to get you started on your journey because as long as you were not saving, you were not preparing for that financial future that you could have. And so, getting started today is a great way to chart that path.

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Here is the CalABLE team. You have already heard from Anne and myself. Matt is in the background today; he is driving the webinar. And so, you can reach out to us by telephone or send us an email and we will be happy to talk to you even if you have specific questions that you think may only be related to you. We guarantee we have heard just about every question that you can imagine. So please don't hesitate to reach out to us.

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And if you need some additional help or maybe you have opened your CalABLE account and you were running into problems, we have a customer engagement center that you can call. They are open Monday through Friday, 9:00 AM to 5:00 PM, and you can call 833 CalABLE. That is 833-225-2253. Or you can send them an email at CalABLE support at CalABLE.ca.gov. And they are happy to help you with your account related questions or even give you some general information about CalABLE that is available to you.

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We'd love to hear your stories about how you were using your CalABLE account. So please don't hesitate to share those with us. You can follow us on social media, we are on Facebook, Twitter, LinkedIn, Instagram, and I already mentioned our YouTube channel. If you want to tell us hey, I have learned that I can use my account this way, or if you want to ask us questions, please like and follow us on the social media channels. That's the way that you can get some of the latest information about CalABLE accounts.

And then before we end, you can go to the next slide -- next slide -- okay, so we have already planned our upcoming webinar on July 20. We will be talking about can CalABLE improve your health? What's the connection between finances and health, and maybe even saving money in a CalABLE account? Can you improve your health just by having a CalABLE account? We will be ready to answer these question at the next webinar, so we encourage you to register and sign up to join us. And we look forward to exploring that topic.

So, with that out of the way, we are going to open things up for questions. We have limited the questions today just to make sure that we can fit these things in our 30 minute timeframe, so I will turn it over to Anne to get to the questions.

Anne Osborne: Dante, do you want to let people know that we did put the YouTube link in the question and answers, so if you want to know where that link is, that is available for you there.

Some really good questions, Dante. The first question is, is it worth having a CalABLE account if someone only has a small amount of money over the \$2,000 limit for Medi-Cal, they do not have many investments.

Dante Allen: It can be. Really, I don't see a huge downside of having a CalABLE account. And the thing is that even if they are just receiving Medi-Cal today, there may be a time where they may become an SSI recipient. And so having an excess of money above the \$2,000 will prevent someone from being able to begin receiving those SSI benefits. So it won't hurt you to have a CalABLE account, and again there could be an opportunity where maybe investing today is not right for you, but you could look at investing in the future, and having an ABL account allows you to do that.

The other thing is that having an ABL account allows you to be able to receive gifts in the form of money from an individual, and that won't affect your benefits. It won't be counted as income.



So, there are lots of good reasons to have an ABLE account including that you can grow the money tax-free. So, I would say you may want to consider it even if you were just a little bit above that \$2,000 and you are only receiving Medi-Cal.

I myself am a person with a disability. I am not receiving any benefits because I work full-time. And I still have a CalABLE account. I see it as a very flexible way of being able to save money and access that money anytime that I need.

Anne Osborne: Thank you, Dante. We do have a question regarding the increase in Medi-Cal. In July it is going up to \$130,000, and by 2024 Medi-Cal asset limit will be eliminated. If people are receiving Medi-Cal, do they still have a need for a CalABLE account?

Dante Allen: So that's a great question. The main thing is if you are only receiving Medi-Cal, you are not getting any additional protection against that \$100,000 limit that CalABLE allows for.

But if you are receiving Medi-Cal as a result of having SSI, then absolutely CalABLE will be able to help protect your benefits.

But in addition to protecting your benefits, all of the other benefits that I mentioned including growing your money tax-free, being able to use that money at any time, being able to accept cash gifts without them being counted against your benefits as income -- those are all great reasons to open a CalABLE account.

Anne Osborne: And then Dante, just for further clarification, the \$130,000, that is just for Medi-Cal. It does not affect the current \$2,000 SSI limit that people are restricted to.

Dante Allen: That's absolutely correct.

Anne Osborne: We do have a question here -- is there a video in Spanish available, and since this is a general presentation we do have one available and that again -- you can find that on our YouTube channel. There is about an hour-long presentation on CalABLE and it talks a little more about the specifics of the program.

Do SSI beneficiaries need to report that they have a CalABLE account to SSI?

Dante Allen: You absolutely should. I think it's part of SSI rules that you have to report anytime that you have an account with this kind of money in it. But even if you didn't report to



SSI, they would know because we are required to report on a monthly basis basic information about ABLE accounts, the balance of that ABLE account. We are required to report those things on a monthly basis.

So even if you didn't tell them right away, they would know that you have one. And again, there is no penalty for having one. SSI disregards any money below \$100,000 that is kept in an ABLE account, so there is no secret rule where just having an ABLE account could harm your benefits. So, you should feel free to be able to report that once you open it.

Anne Osborne: Okay. Can you explain the difference between general contributions and work contributions?

Dante Allen: Sure. With an ABLE account you are able to put in money from any source. That includes you can put in, if you receive SSI, you can put in money from your SSI benefits into your account. Or if you have friends or family that want to help contribute to your well-being, they can put that money into your ABLE account. Those are all considered general contributions to your ABLE account, and you are able to put in up to \$16,000 a year of general contributions into your ABLE account.

Now, if the person with the disability, the beneficiary, is working, in addition to the general contributions, they can also put in work contributions up to an additional \$12,800. But that money has to come from their earned income, and they have to be able to put that money into their ABLE account through a provision called ABLE to work. And so, we separate general contributions, that's whether it's gifts or money from benefits, etc., versus work contributions. And the only time that that matters really is if you are going to exceed that \$16,000 per year annual general contribution limit. Then we need to know that anything that you put in above that \$16,000 is towards work contributions, and then you can exceed that \$16,000 limit.

Anne Osborne: Let's see. If somebody goes over the \$100,000 limit in investments, is the account holder notified about that?

Dante Allen: Yes, they will be. So, the same thing will happen if you get close to putting in that \$16,000 and you haven't notified us that you are qualified for ABLE to work, we will send out a notification that says hey, you are getting close to the limit and you could be putting your benefits in jeopardy, whether it is the annual contribution limit or that \$100,000 limit for benefits. So, you will get a notification, and then you can make the decision, either you use up some of the money by withdrawing or you stop making contributions.



Anne Osborne: And this is a question about eligibility. If I did not apply for SSDI before age 26 and I was later diagnosed with a developmental disability, will I qualify for an ABLÉ account?

Dante Allen: Yes, you will. ABLÉ accounts aren't contingent upon when you began receiving benefits. They are also not contingent upon your diagnosis date. And that's why we ask you to get the letter from a physician, because a physician will be able to say when the likelihood of your disability began.

The answer is you can be in your 40s or 50s or 60s and still have a disability and still open an ABLÉ account. In your case you said a developmental disability which means that you had it from birth. So yes, it does not matter when you began receiving benefits or even when you received a diagnosis. It's when you can get a physician to say the likely onset of this disability began before age 26 that would determine your eligibility for an ABLÉ account.

Anne Osborne: And then two last questions. Can family and friends make contributions to a CalABLE account?

Anne Osborne: Absolutely they can. Those are called third party contributions, and again if you are receiving benefits, those third party contributions aren't considered income. They are also not counted as income or family contribution that would reduce your benefits if you are receiving SSI. You are still limited to the total contribution for a year in an ABLÉ account being \$16,000, that includes from all sources. Absolutely third parties can contribute to your ABLÉ account.

Anne Osborne: Okay, and then the last question is can we see today's recording on the CalABLE website?

Dante Allen: You will be able to see it on our YouTube channel. It usually takes us anywhere between a week to two weeks to get this program up and running because we have to add the text captioning and everything. But we will get that to you right away, and then you will be able to access it and you can refer your friends who weren't available to see it today. So it will be available on our YouTube channel. If you go to YouTube.com and do a search for CalABLE, you will come to our YouTube channel.

Anne Osborne: Dante, that is all the questions we have. Some of these are a little more specific, so I would encourage people to look at our YouTube channel. And then we can also take some of these off-line and respond. So, I think that is all for today.



Dante Allen: Well, thank you for taking the time to join us. I know this was shorter than usual. We do have frequently asked questions available on our website, and as Anne mentioned, you can visit our YouTube channel again for many of the questions you have.

The one thing I would say is if we didn't get to your question and you really do want an answer for it and you really do want to talk to us, I highly encourage you to give a call to us and Matt or Anne or myself will be happy to engage with you and go over the various specifics.

I do want to thank you. I know this was quick and we threw a lot of information out there so it wouldn't surprise me if you have more questions, but for those of you who were limited on time and just wanted to be able to hear very quickly from us, thank you for taking the time to join us today. To our captioner and the CalABLE team and to our sign language interpreters, thank you for your help today in making today's event as successful as possible.

We will see you again in July. Thanks, everyone.

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

Before investing in any ABLÉ 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 ABLÉ 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 ABLÉ program, or any other ABLÉ 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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