



Welcome

Fiona Ma
California State Treasurer





CalABLE and Special Needs Trust

September 15,
2022

FinanciallyABLE

Today's Topics

1 What is **ABLE**?

2 **ABLE** Basics

3 How do **ABLE** accounts work?

4 Special Needs Trust

5 Investment options

6 Resources and contacts

7 Connect with CalABLE

8 Q&A

What Is **ABLE**?

Achieving a Better Life Experience (ABLE) Act

- **ABLE** offers a tax benefit specifically for people living with disabilities, helping them reach their financial dreams. The act allows states to offer savings and investment plans.
- Since Launch people have entrusted CalABLE with over \$78 million in assets under management and opened over 7,600 accounts.



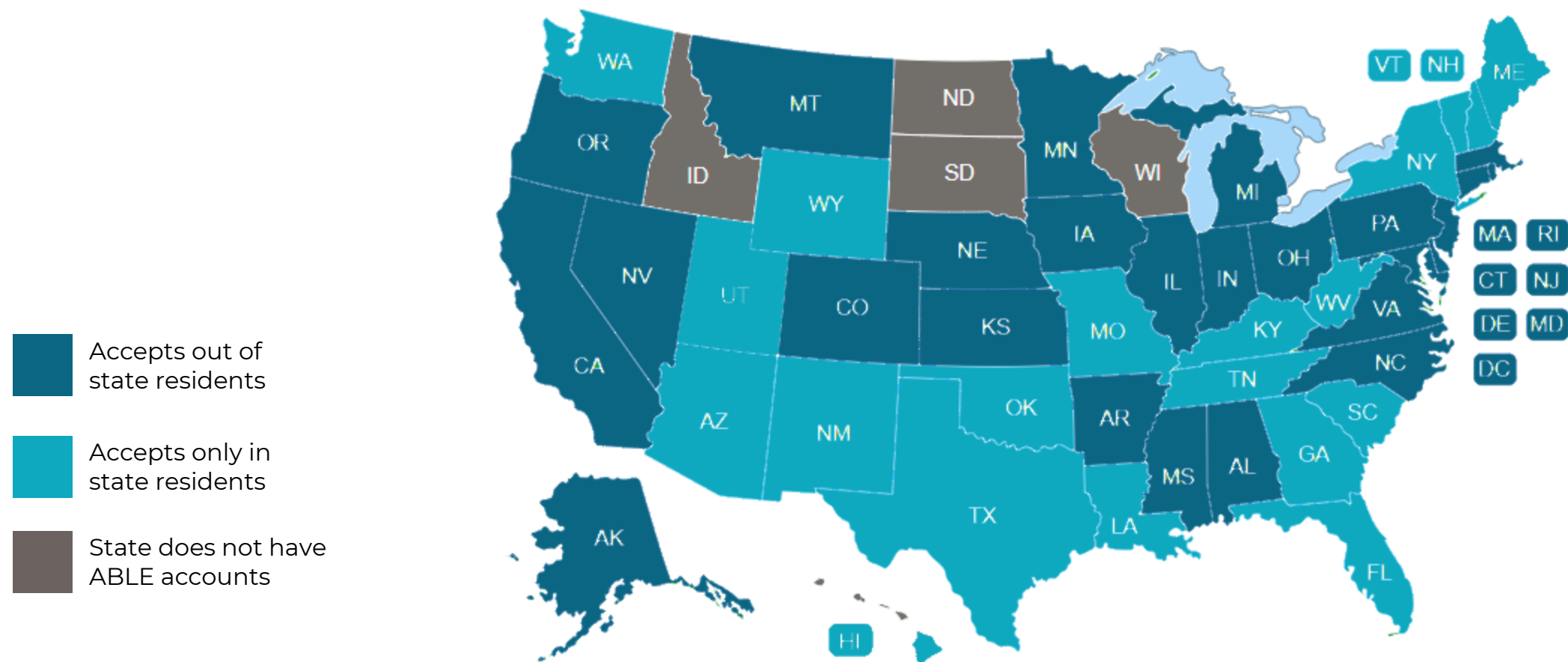
Achieving a Better Life Experience (ABLE) Act

Why save in an ABLE account?

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



ABLE States



ABLE Basics

Who is Eligible?

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



What if I'm not on benefits?

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

Who can open an account?

- You can open an account any age, as long as the onset of [your disability began before age 26](#).



More ABLE Basics

- Participants can only have **one ABLE** account
- **The person with a disability** is always the **ABLE** account owner and beneficiary
- Account can be opened by the person with a disability or an **Authorized Legal Representative** (parent, legal guardian/conservator, Power of Attorney)

How do **ABLE** accounts work?

How do **ABLE** accounts work?

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

Account Contributions

Before the ABLE Act

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

Now

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

Account Contributions

\$16,000

**Annual
contribution cap**
(contribution only)

\$100,000

**Total cap for
recipients of SSI
benefits**
(contribution + earnings)

\$529,000

**Total contribution
cap for CalABLE**
(contribution + earnings)

CalABLE will automatically reject excess contributions

ABLE to Work

The ABLE to Work program permits working account owners to contribute above the \$16,000 annual contribution limit, if they or their employer are **not** contributing to a retirement plan **that calendar year**.

ABLE to Work

Account holders can contribute whichever is less:

- Amount equal to annual gross salary or
 - Federal Poverty Level (\$12,880 in 2022)
 - For a potential maximum of \$28,880 per year (\$16k + \$12,880)
-



Save, but also spend

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

What Is a Qualified Disability Expense (QDE)?

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

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

Examples of QDEs

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

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

Special Needs Trust

CalABLE & Special Needs Trusts (SNTs): A Comparison

CalABLE accounts and SNTs both allow people with disabilities to save money without losing access to government benefits.

In general, CalABLE accounts may be less costly and easier to use. You can open and manage an account online all by yourself.

SNTs offer more oversight and the ability to make larger contributions. But they can be costly to set up and cannot be used for food or housing. You generally cannot open a Trust by yourself, and you will need a Trustee to manage it for you.

Which is better for me?

Depending on your needs, your best option may be either a CalABLE account or an SNT, but many people use both! You can, for instance, use an SNT to fund a CalABLE account.

Let's take a look at how these tools compare:

Can open by yourself online in 20 minutes or less.	Set Up	Generally, need to work with an attorney to create.
Individual with a disability is the owner. They, or an Authorized Legal Representative, can manage and spend the money,	Ownership & Control	A Trustee manages the Trust and has sole discretion over spending.
Broad range of allowable uses, including food and housing.	Purchases	Broad range of allowable uses, but not food or housing.
State Administrative Fee	Cost	Varies; anywhere from a few hundred to a few thousand to start, plus ongoing costs.
Free to open. Fees start at just \$37 a year. Some investment choices have additional fees.	Contribution Limits	Contributors are limited (may not include Beneficiary). No deposit limits.
Anyone can contribute. Deposits limited to \$16K/year (possibly more if individual is employed)	Medi-Cal Payback	Only first-party (self-settled) trusts must pay back Medi-Cal.
Yes, four options. Offers ability to grow your money. Account owner chooses how to invest.	Investment Options?	Yes, options vary. Offers ability to grow your money. Trustee chooses how to invest.
Tax-free withdrawals for qualified expenses.	Taxes	Earnings are taxed.

Investment Options

Risk

In general, investing always comes with some risk. When choosing investments, understanding your tolerance for risk is important.

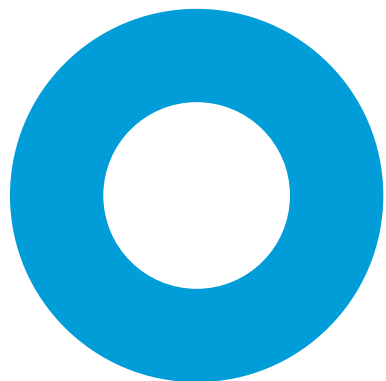
At CalABLE, we've designed our investment portfolios to be easy to understand with clear information on the risk level for each.

We also offer educational resources about our portfolios to help you assess the risk you may face depending on the investments you choose.

Saving and Investing

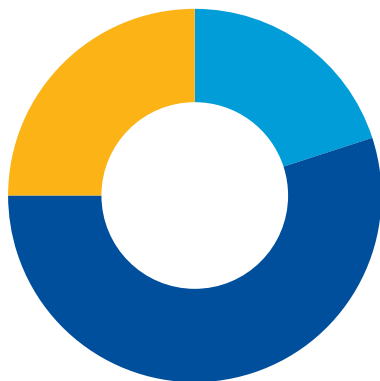
- Investments managed by TIAA-CREF
- Money can be deposited into an FDIC-insured portfolio or invested in any of three Target Risk Investment Options
- Fees vary based on the savings / investment options selected
- Funds may be transferred between portfolios two times annually

Saving and Investing



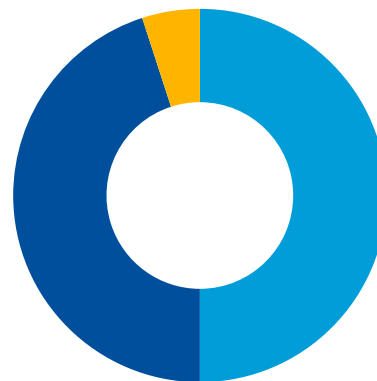
**FDIC- Insured
Portfolio**

- 100% Interest-Bearing



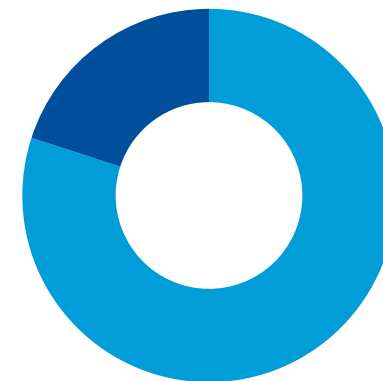
**Conservative
Portfolio**

- 20% Stocks
- 55% Bonds
- 25% Funding Agreement



**Moderate
Portfolio**

- 50% Stocks
- 45% Bonds
- 5% Funding Agreement



**Aggressive
Portfolio**

- 80% Stocks
- 20% Bonds

CalABLE Fees

\$3,000 Assumed Assets

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

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

Medicaid & ABLE

Medi-Cal, California's Medicaid Program, provides health care services including medical, dental, mental health, substance use treatment, long-term care services and support for low-income adults, children, seniors, pregnant women, and persons with disabilities.

- ✓ Any outstanding QDEs, including funeral and legal expenses, may be paid using ABLE funds.
- ✓ The account is then transferred into the deceased individual's estate.

Medi-Cal Recovery

SB 833

Medi-Cal will only attempt recovery if (**ALL** must apply):

- ✓ The deceased was age 55 or older
- ✓ The individual was a user of comprehensive Medicaid services (in home support, skilled nursing, etc.)
- ✓ The individual's estate is required to go into probate (\$166,250 or more)
- ✓ The individual is not survived by a spouse or children under 21 or a disabled child of any age.

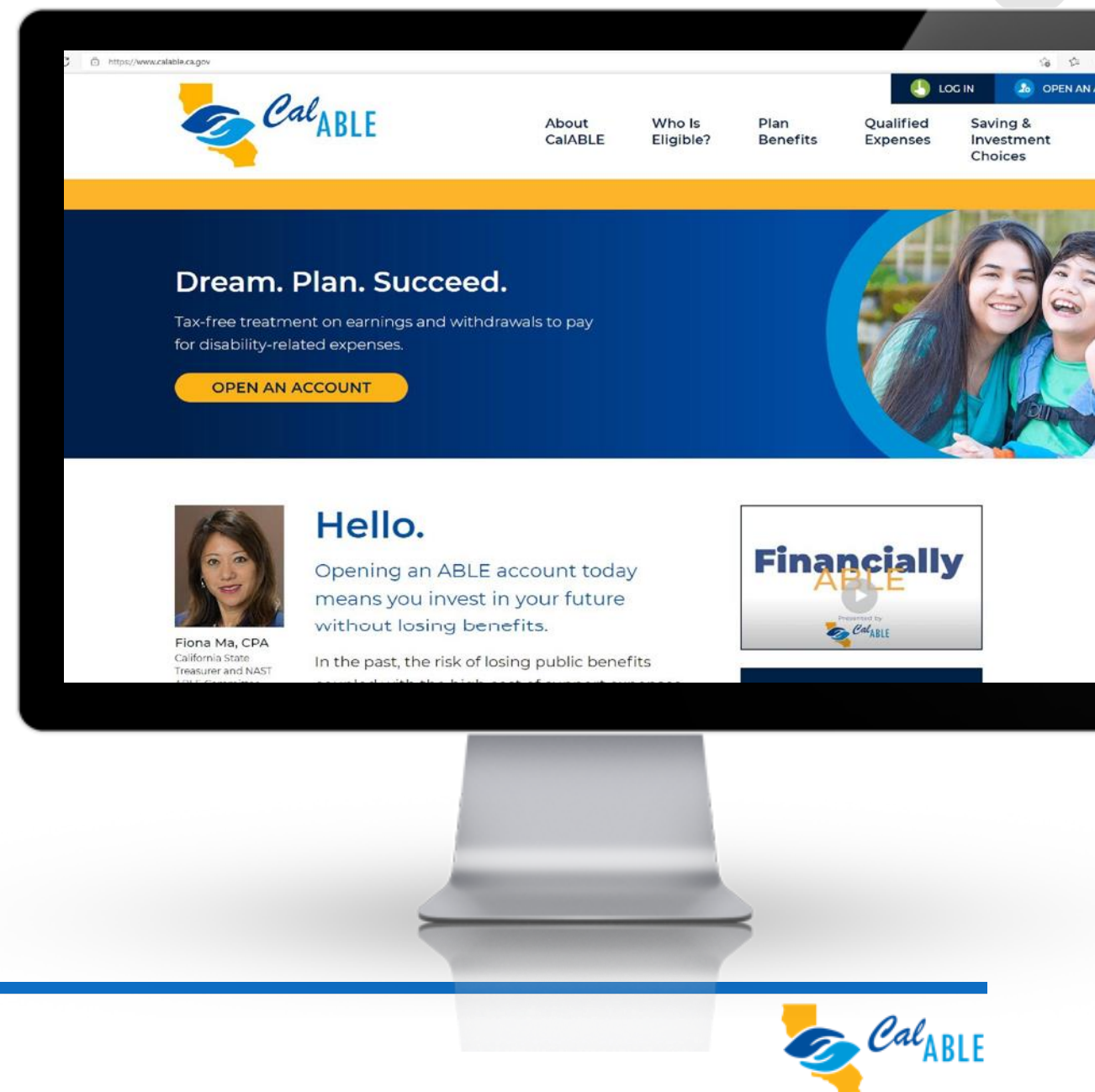
Medi-Cal will not seek recovery from a CA resident and CalABLE account holder.

Ready to Open Your Account?

Get started at CalABLE.ca.gov

Resources

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



CalABLE Staff

CalABLE@treasurer.ca.gov
(916) 653-1728



Dante Allen
Executive Director



Anne Osborne
Program Manager



Madeline Handy
Program Analyst

GET IN TOUCH

Need Help?

CalABLE

📞 1-833-Cal-ABLE (1-833-225-2253)

✉️ CalABLESupport@CalABLE.ca.gov

Open

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

Connect with CalABLE

Stay in the know with
our latest updates!

Follow CalABLE on social media:



<https://www.facebook.com/CalABLE/>



https://twitter.com/calable_board



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



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

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

Share your story with us!

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

Submitting Questions

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

Additional Resources

- Frequently Asked Questions: treasurer.ca.gov/able/final.pdf
- **CalABLE** YouTube channel: youtube.com/channel/UCk02cbbE8PCkHATlvrsTfIA has additional information on topics such as **CalABLE** 101, Special Needs Trusts, Qualified Disability Expenses, and Rollovers.

Disclaimer

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

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

The CalABLE Program is offered by the State of California. TIAA-CREF Tuition Financing, Inc. (TFI), program manager. TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, distributor and underwriter.

None of the State of California, its agencies, TFI or TCS nor any of their applicable affiliates insures accounts or guarantees the principal deposited therein or any investment returns on any account or investment option, and you may lose the principal amount invested. The FDIC Insured Portfolio is FDIC-insured up to \$250,000, subject to certain restrictions. Interests in the CalABLE Program are not registered with or in any way approved by the Securities and Exchange Commission or by any state securities commission.

All social media platforms are managed by the State of California.

This CalABLE informational program was brought to you by the State of California's CalABLE Board. Any statements or opinions contained within are those of the State of California. Your experience may differ based on a variety of factors, including your own state-of-residence, your needs-based benefits, tax and financial circumstances. 1915446





Thank You.