



# CalABLE and Qualified Disability Expenses

Use CalABLE to improve or maintain your health, independence, and quality of life

October 24, 2023

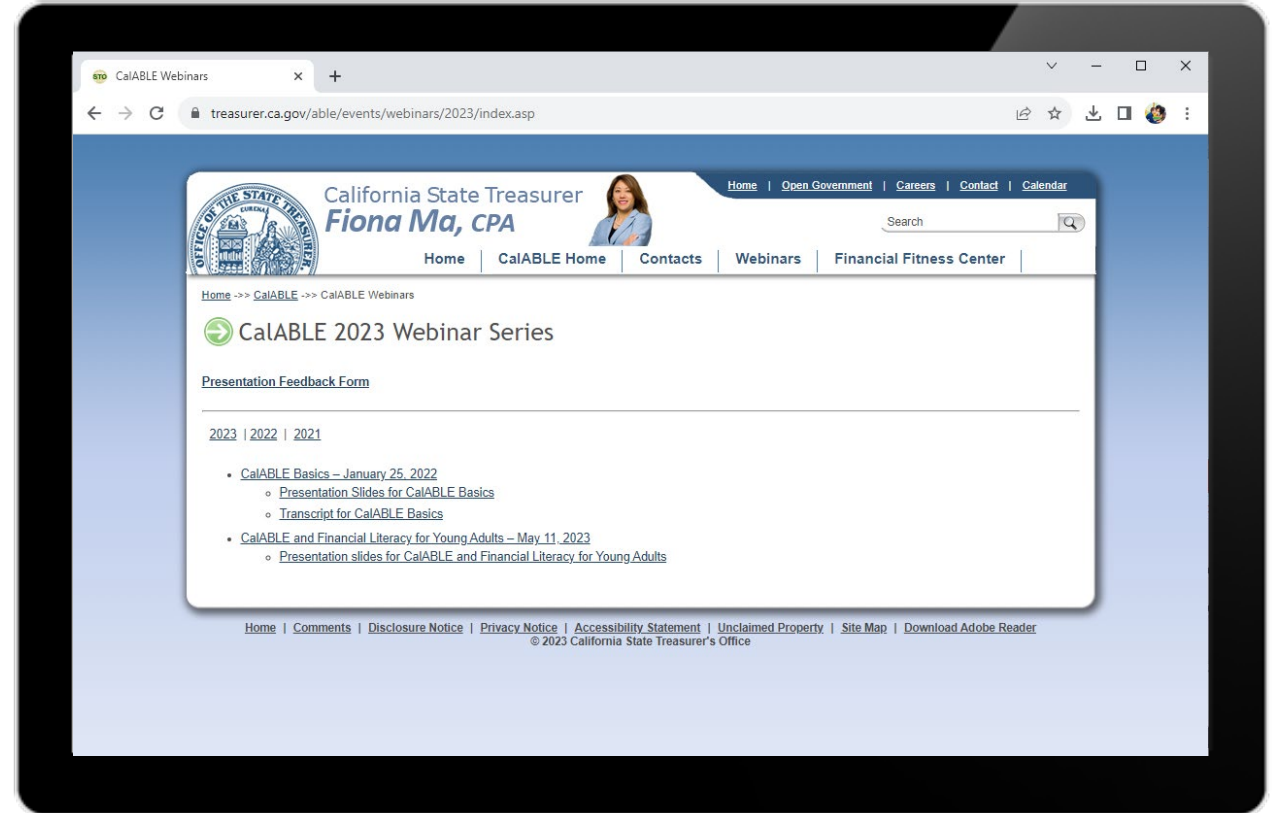


# Webinar Setup

## Presentation Slides

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

<https://www.treasurer.ca.gov/able/events/webinars/2023/index.asp>

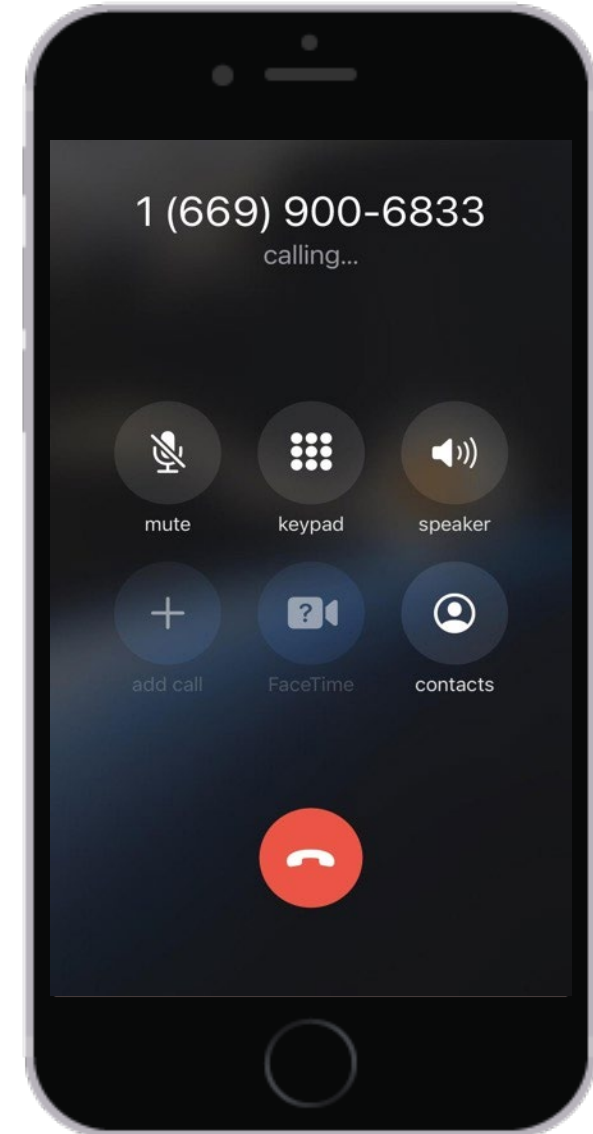


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## Audio Options for the Webinar: Telephone

### Via telephone:

1. Call: 1-669-900-6833
2. Enter Webinar ID: 821 6577 6226



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## Submitting Questions

### **Q&A Box**

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

### **Email Us**

Audio-only participants may  
email us at  
[CalABLE@treasurer.ca.gov](mailto:CalABLE@treasurer.ca.gov)



# Welcome

Fiona Ma  
*California State Treasurer*



# CalABLE and Qualified Disability Expenses

Use CalABLE to improve or maintain your health, independence, and quality of life

October 24, 2023



# CaIABLE Basics

**CalABLE is a tax-advantaged savings and investment program designed to help people with disabilities achieve their financial dreams.**

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ABLE stands for  
**"Achieving a Better Life Experience."**

It is a federal program signed into law in 2014.

The money in these accounts can be used for qualified disability-related expenses, such as education, housing, and transportation.

With CalABLE, you can save money without losing your eligibility for other benefits.





## Who is Eligible for CalABLE?

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- You have a disability that began before age 26\*
- You meet the eligibility criteria for disability benefits like Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI).

\* The age limit for onset of disability to increase from 26 to 46 starting in 2026 (ABLE Age Adjustment Press Release)



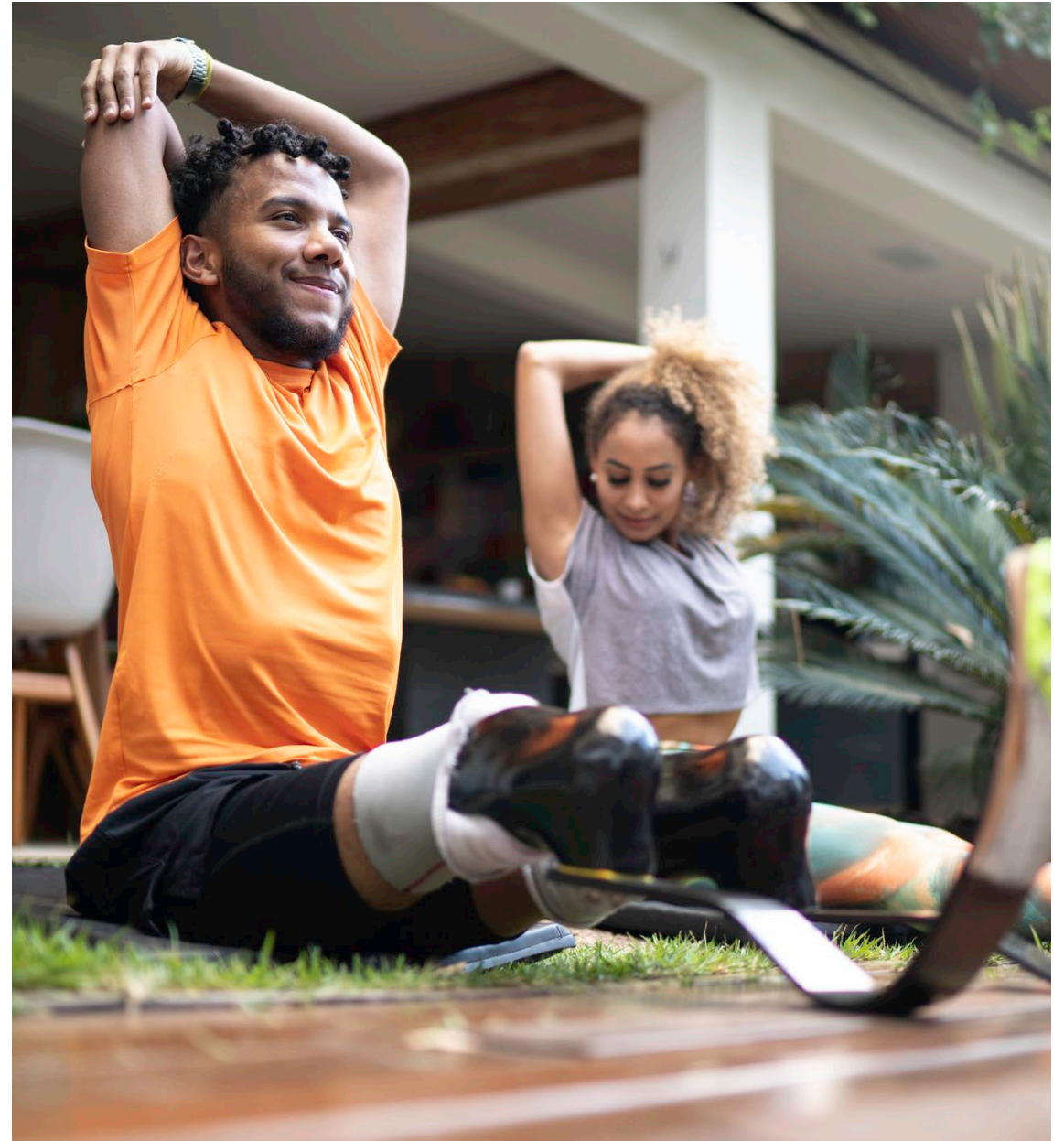
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## What if I'm not on any benefits?

You can self certify if your disability is on the SSA List of Compassionate Allowances or Blue Book listing

- You may be asked to provide a signed letter from a qualified physician
- You must confirm that you were disabled before age 26\*

\* The age limit for onset of disability to increase from 26 to 46 starting in 2026 (ABLE Age Adjustment Press Release)



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## How much you can contribute to your CalABLE account?

**\$17,000**

**Amount contribution cap**

*(contributions only)*

**\$100,000**

**Total cap of recipients  
of SSI benefits**

*(contributions + earnings)*

**\$529,000**

**Total contribution cap  
for CalABLE**

*(contributions + earnings)*

*CalABLE will automatically reject excess contributions*

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## Save more with ABLE to Work

The ABLE to Work program permits working account owners to contribute above the \$17,000 annual contribution limit, if they or their employer are not contributing to a retirement plan **that calendar year.**

### ABLE to Work Contributions

For a potential maximum of \$30,590 per year (\$17k+\$13,590), account holders can contribute whichever of the following is less:

- Amount equal to annual gross salary
- OR**
- Federal poverty level (\$13,590 in 2023)



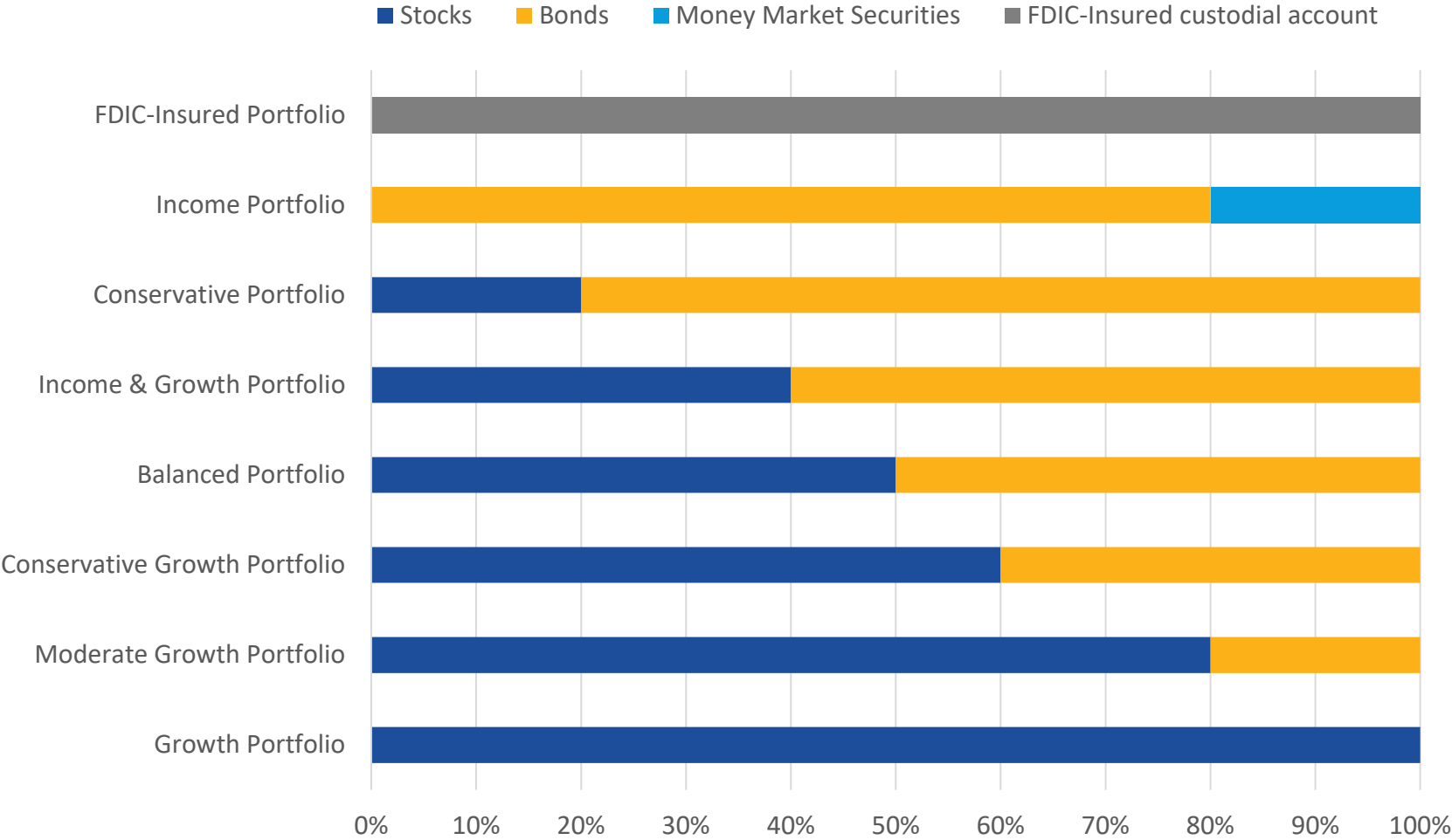
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## Invest your money

- CalABLE offers professionally managed investment portfolios
- Potential tax-free growth
- Opportunity to build wealth through compound earnings



# CalABLE Investment Portfolio Options



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## What are the account fees?

\$3,000 Assumed Assets

	FDIC-Insured Portfolio	Investment Portfolios
Account Maintenance Fee	\$ 30.00	\$ 30.00
Underlying Investment Fees*	\$ 0.00	\$ 0.92 – \$ 2.23
Program Management Fee	\$ 0.00	\$ 3.00
State Administrative Fees	\$ 8.40	\$ 8.40
<b>Total Annual Fees**</b>	<b>\$ 38.40</b>	<b>\$ 42.32 – \$ 46.63</b>

\* 0.000% FDIC  
0.074% Income

0.060% Conservative  
0.041% Income and Growth

0.036% Balanced  
0.032% Conservative Growth

0.031% Moderate Growth  
0.031% Growth

\*\* An additional \$10 fee will be assessed if paper statements are selected. There is no fee for e-delivery of statements.



## How do I open an account?

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### What do I need to know before I open an account?

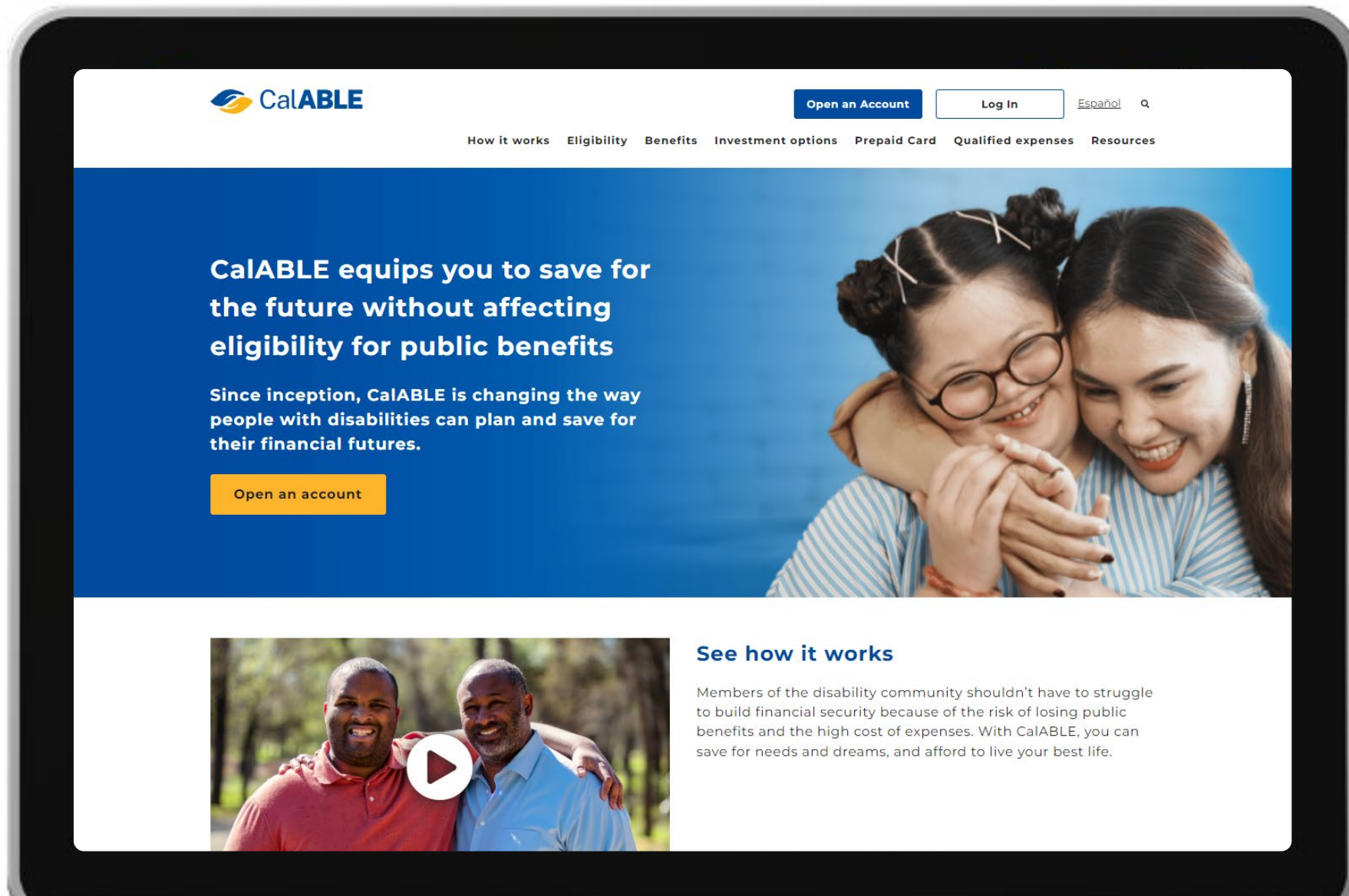
- Participants can only have one ABLE account
- The person with a disability is always the ABLE account owner and beneficiary of the funds
- Account can be opened by the person with a disability or an Authorized Legal Representative







# Get started today: CalABLE.ca.gov



# Qualified Disability Expenses

# QDE Quiz:

## What are you saving for?

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- **First Home**
- **Accessible vehicle**
- **Education**
- **Technology or Equipment**
- **Service dog**
- **Health and wellness**
- **Recreation and vacation**
- **Other**

# QDE Quiz:

## Could a monthly bus pass be considered Qualified Disability Expense?

Likely, yes

Likely, no

Not sure



# QDE Quiz:

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

Likely, yes

Likely, no

Not sure



# QDE Quiz:

## Could lunch with friends be considered a Qualified Disability Expense?

Likely, yes

Likely, no

Not sure



# QDE Quiz:

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

Likely, yes

Likely, no

Not sure



# What Is a Qualified Disability Expense (QDE)?

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**Any expense related to the ABLÉ 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

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Education

Housing

Transportation

Employment training  
and support

Assistive technology and  
related services

Personal support services

Health, Prevention  
and wellness

Funeral and burial

Legal fees

Expenses for ABLÉ account  
oversight and monitoring

Financial management and  
administrative services

And more

## Example:

# Change of Intent on the Use of a Distribution

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In June, Jennifer takes a \$7,000 distribution from her ABLE account to pay an **educational expense** that is a QDE. Her educational expense is due in September.

In August, Jennifer gets a job offer and **decides not to return to school**.

The \$7,000 becomes a **countable resource** in September because she no longer intends to use it for an educational expense that is a QDE, unless Jennifer **re-designates** it for another QDE or **returns** the funds to her ABLE account prior to September.



## Housing Guidance

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HUD will exclude:

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

Wage income received will be included as income

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



## POMS Housing Expense Examples

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Mortgage (including property insurance required by the mortgage holder)

Real property taxes

Rent

Heating fuel

Gas

Electricity

Water

Sewer

Garbage removal

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

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

## Example:

# Housing Expense

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Amy takes a distribution of \$500 from her ABLÉ account in **May** to pay a housing expense for **June**. She deposits the \$500 into her checking account in May, withdraws \$500 in cash on June 3, and pays her landlord.

This distribution is a housing expense and part of her checking account balance as of June 1, which makes it a **countable resource** for the month of June.

# What Is a Non-Qualified Disability Expense?

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

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





## Examples of Non-QDEs

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Alcohol

Drugs

Any illegal purchases

Gambling

Gifts for other people

### **IMPORTANT NOTE:**

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

Money used for non-QDEs may now be considered a resource.

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

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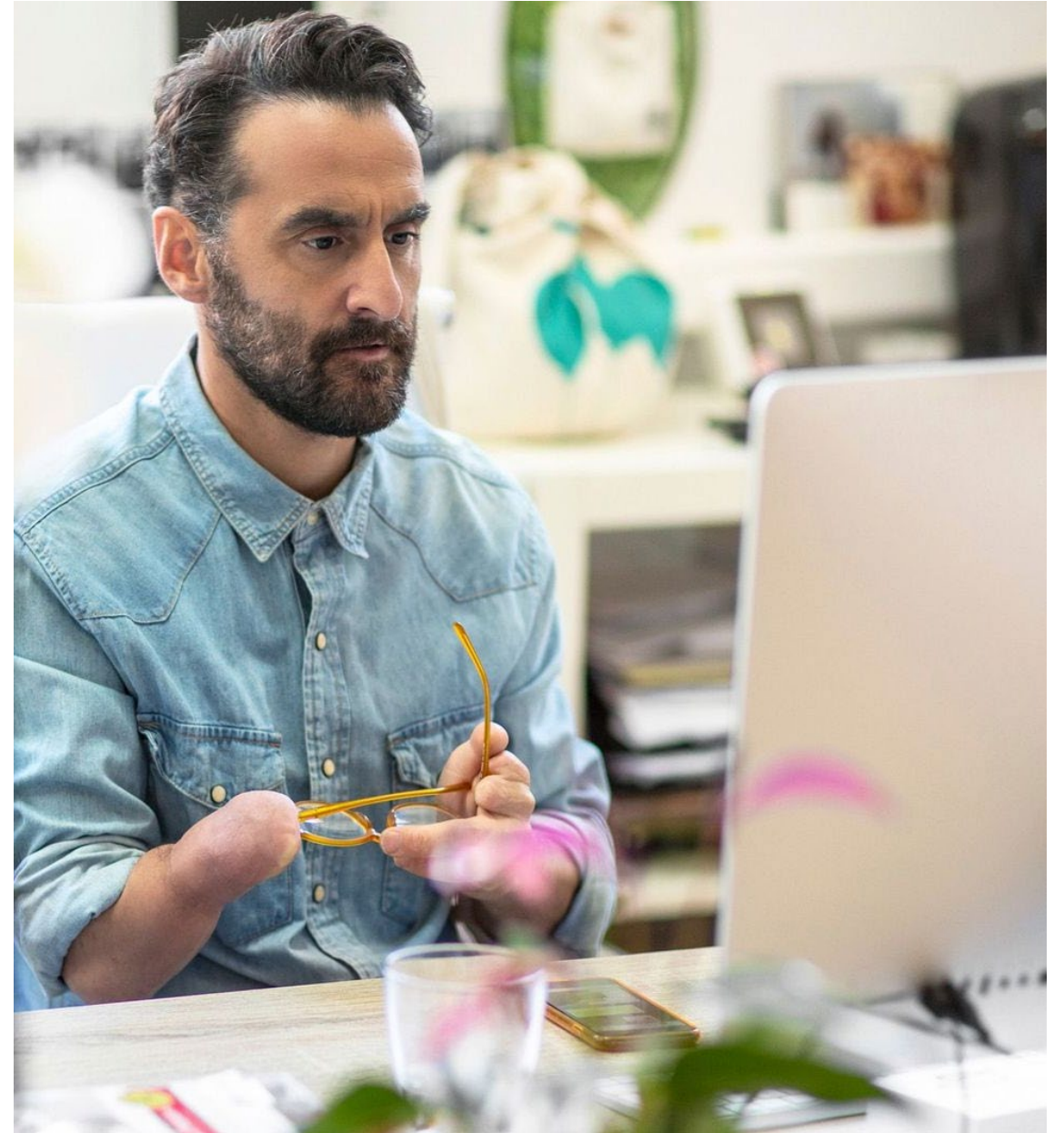




## Best Practices for Record Keeping

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



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## Track your spending and upload receipts with a prepaid card

- Load funds onto your prepaid debit card anytime from your CalABLE account
- Use it to pay for qualified disability expenses anywhere Visa® debit cards are accepted\*
- Customize your spending - set where your card will and won't work to avoid fraud
- You can have two separate cards - one for the beneficiary and one for the authorized legal representative
- No monthly fees\*

\*Please see the cardholder agreement for any



# CalABLE Ambassador Panel



**Patty Wong**  
Authorized Legal  
Representative



**Dominika Bednarska**  
Account Holder



**Jennifer Obakhume**  
Account Holder

# Contact Us

## CalABLE Service Center

- **Phone: 833-Cal-ABLE (833-225-2253) between 6am and 5pm PT**
  - For those with a hearing impairment, please contact us at the number above via a relay service
- **Customer Support Form: <https://www.sumday.com/customer-support/calable>**

# Resources

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[Partner Toolkit](#)



[YouTube](#)



**Brochures**



[Twitter](#)



[Instagram](#)



[Facebook](#)

*Stay up to date with the latest news and join the conversation on social media*



## Maximizing Your CalABLE Account

November 15, 2023

2:00 P.M. - 3:30 P.M. PT

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

[https://us06web.zoom.us/webinar/register/WN\\_51meoaP0R7iQpzdhbDg3oQ](https://us06web.zoom.us/join/https://us06web.zoom.us/webinar/register/WN_51meoaP0R7iQpzdhbDg3oQ)



## CalABLE Monthly Webinar Series



CalABLE is governed by the California ABLE Act Board, an instrumentality of the State of California. Vestwell State Savings, LLC ("Vestwell") is the program administrator. More information about the program can be found at [calable.ca.gov](http://calable.ca.gov).

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

### In this webinar, we will explore:

- CalABLE basics
- Setting up a gifting page
- Rollovers from 529 and 529A savings plans



**Detalles en español en el post de abajo**

# Disclosure

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# Disclosure

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CalABLE's investment options are selected by the California ABLE Act Board. Account balances in CalABLE will vary with market conditions and are not guaranteed or insured by the California ABLE Act Board, the State of California, the Federal Deposit Insurance Corporation ("FDIC"), Vestwell, or any other organization.

Neither Vestwell nor the California ABLE Act Board are investment or tax advisors and do not provide tax, legal, financial, or other investment advice. You should consult appropriate professional advice or consultation if you have questions related to taxes or investments. Consider the investment objectives, risks, charges and expenses before investing in the CalABLE. Please call toll-free 833-CAL-ABLE for a Disclosure Statement containing this and other information. Read it carefully. Before investing in any savings 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 savings 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 savings program, or any other state savings 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 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.





# Q & A