# CalABLE Basics for 2023

**Original Broadcast Date: January 25, 2023**

### 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 is the first webinar for 2023. And with a new year, there are changes and announcements. I am excited to announce that the ABLE Age Adjustment Act was just signed into law. This new bill will raise the age of ABLE eligibility from age 26 to 46 beginning January 1st, 2026.

This will be a game changer for 6 million more people with disabilities. We have worked very hard to get ABLE Age Adjustment over the finish line and I am glad it has finally happened. CalABLE will continue working to ensure we are ready for this law to go into effect in 2026.

This announcement is just one of the updates featured in the webinar. Today's topic, CalABLE Basics, will also introduce an increase to the CalABLE contribution limits for 2023. I hope that you will learn everything you need and want to know about the CalABLE program for 2023 by the end of this webinar.

As State Treasurer, I believe that CalABLE is an excellent financial tool for Californians with disabilities. This program is a critical step toward ensuring that people with disabilities have access to opportunities needed to thrive economically.

CalABLE account owners are already taking advantage of tax-free savings and investments with more than 8,000 account owners and over 79 million deposited in their CalABLE accounts. And unlike a 401(k) or Roth I.R.A., 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 am committed to promoting this program and 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.  As the Treasurer said, my name is Dante Allen.  I am the Executive Director for CalABLE, and I want to wish you a happy new year.  I want to welcome you all and thank you for taking the time to participate in today's webinar.

We are very, very excited about what 2023 brings to CalABLE and I would love to get into it and start talking to you about everything that we have in the works and planned.

I do want to -- I'm going to share my screen here. And let's see. Sorry about that.

Slide #7

A few of the things that we're going to talk about this afternoon.

We're going to go over the very basics of the program. So this is an opportunity to take a step back and I know I have already seen folks asking questions about their individual situations in the Q&A.  I'm asking you maybe consider holding off on those questions for just a moment because hopefully you will see that the presentation is, we have really designed this presentation actually redesigned the presentation to make sure that we answer our most frequently asked questions.

And so chances are the answer to your question is coming up very shortly.

But don't hesitate if you feel like you did not hear what you needed to hear, don't hesitate to ask because we will take time at the end and we often know that that is the most important times, is to answer your questions.

So we're going to cover: what is able?  Who is eligible to open an account?  Why should you open a CalABLE account?  How much a CalABLE account costs?  And how do you access funds in a CalABLE account?

Like I said, though, we're planning for at the very end to take as much time as we need to answer your questions and we will even tell you about a future event that we have coming up that is really designed with the question-answer in mind. So, stay tuned for that.

Slide #8

So, before I get started with the presentation, if you've attended before, you may have had been asked this question before. If this is your first time, we really want to hear from you.

With the CalABLE account, you have the ability to save for just about anything. So if you are going to start saving, what would you save for?

And you can tell us. You can tell us, is it for a home? Is it for a vehicle? Is it for technology? A service animal?

Let us know if you could save, if you were to save for whatever you want, what would that be? We will give you a few seconds to answer that poll question.

**Madeline Handy:**

And also if you work with people with disabilities, you're an advocate, maybe you can answer what the most common thing you hear people want to save for.

**Dante Allen:**

And I think that is about it, Madeline.

**Madeline Handy:**

Okay. We are at 62% participated. So, I will end the poll and share those results.

**Dante Allen:**

And so wow. That is sort of similar to what we usually hear.

One of the things that we normally hear is that people want to buy a house. Or they want to move out on their own. So 33% of you, a full third said that that is what you want to use your money for.

This is fairly new. Another third said health and wellness. We usually see a fairly good number of folks that say they want to use the money in their -- that they can save to further their health and wellness. And the great thing that we've learned about CalABLE is just by having a CalABLE account, you can improve your health and wellness.

Vacation. That's one that's usually a little higher on the list. Recreation and vacation. 24% of you said that that's what you would save your money for.

And that's usually the first question that I receive on -- when I give live presentations on CalABLE. Can I use that money in my CalABLE account to go on vacation? And the great answer is, yes, you can. And that's one of the beauties of CalABLE.

So we are going to go on to the next slide and get started on today's presentation. But thank you for submitting your answers. This is very helpful.

Slide #9

Okay. So, what is ABLE?

Slide #10

And ABLE stands for Achieving a Better Life Experience and it was a federal law that was passed in 2014. And that law changed the IRS tax code. It allowed for the states to create these tax advantaged savings and investment programs for people with disabilities.

CalABLE is California's version of the federal ABLE act. We launched in 2018. And as Treasurer Ma said, there have been over 8,000 people that have opened up CalABLE accounts and they've saved now nearly $80 million in those accounts.

So, in just a short time since 2018, folks have built up a savings of more than $80 million.

Slide #11

This map in front of you represents the various states that offer ABLE programs. And you can see that by the division of colors, there are some differences among the states.

So, the darker colored states like California, Nevada, Alaska, Oregon, going all the way across the country to Virginia and North Carolina, those darker colored states are what we call national programs. Meaning that they accept out-of-state residents in opening up an account in that state.

So, no matter where you live, you can open up a CalABLE account. No matter where you live in the United States, you can open up a CalABLE account.

The lighter colored states like Arizona, Texas, South Carolina, Georgia, Florida, those states require you to be a resident of that state in order to participate in that state's program. So, you have to live in Arizona to open up an Arizona ABLE account.

And then you see the gray colored states. That include Idaho, North Dakota, South Dakota, and Wisconsin, those states don't offer an ABLE program. So if you live in one of the states and you want to participate in that state -- if you want to participate in ABLE, you have to join one of the darker colored states.

We always recommend that folks look at their state's program first. And I'm going to walk you through what might be some of the differences -- the similarities and differences in the next couple of slides.

Slide #12

So, because ABLE is based on federal law, many of the aspects of ABLE are the same.

The tax advantages are typically the same.

They all are savings and investment type of accounts.

The eligibility requirements, meaning who can open an account, is generally the same, no matter what ABLE program that you look at.

And things like how much you can contribute to an ABLE account and, do I get the same protection for my government benefits? Those are typically the same no matter what program you are looking at.

But there are some differences, and I will show you on slide 13.

Slide #13

The potential differences between ABLE accounts, one of the most popular or most common is that the fees amongst these ABLE accounts maybe different. The various states charge a different amount to open and maintain your ABLE account.

But that may not be the most important difference that you need to look at.

There are also some program rules or features may vary. Such as how you get access to your money. Some programs offer like a checking and savings option. While others may offer a prepaid Visa or debit card in order to be able to access your money. So looking and comparing and contrasting the various programs are really important.

And then some states may have passed additional laws that provide even additional benefits to in-state residents. Like here in California, we passed a couple of laws that make what we believe California -- CalABLE to be the best program if you're a California resident as well.

Slide #14

So what makes California different?

In addition to some of those differences that I pointed out in the last slide, we've passed two very important laws that add further protections if you're a Californian with a CalABLE account.

The first is related to Medicaid recovery.

You may have heard somewhere that when a beneficiary passes away, Medicaid can go into their ABLE account and recover any funds that it may have spent and reimburse itself for any funds it may have spent on the healthcare of that beneficiary over the course of their lifetime.

Well, here in California, we passed a law that says that if you're Californian with a CalABLE account, Medi-Cal won't seek to recover from your ABLE account when the beneficiary passes away. So that money can go to the beneficiary's heirs just as if it would if anyone else were to pass away.

We also passed a law that said that CalABLE accounts are exempt from the enforcement of monetary judgments. So if you're ever sue or you owe a debt to a creditor, they can't involuntarily tap into your ABLE account to satisfy that judgment against you. ABLE accounts are protected from that.

So those are two very important things and so remember when I said fees may not be the most important difference. Because for the most part, even though the fees may vary, they're very similar. One may cost a few more dollars a year than another program. But when you're talking about these types of protections, this can literally mean the difference between thousands of dollars.

So you always should compare and contrast ABLE programs to find what best fits you. But I would also recommend starting with your state's program, especially to see if there have been additional laws that offer you protections.

Some states offer a tax deduction against their state taxes for an individual who lives in that state, if a third party contributes that person can claim a tax deduction.  We don't do that yet here in California. But it may be worth while if you live in another state to look at your state's program first.

Slide #15

Okay. So, a little bit more about CalABLE.

We are the third largest independent ABLE program in the nation. And independent means that we only operate our one program just for the state of California.

There are several other states who banded together and they operate -- each state has its own program name, but it's essentially one program that is a combination of states.

So we are the third largest independent program in the nation.  Which is really significant because CalABLE opened up maybe three years after the first ABLE programs began to launch. So we're growing really quickly and we do have lots of accounts. And as I have said, folks have saved lots of money with their ABLE program.

Slide #16

So, who is eligible to open one of these ABLE accounts?

Slide #17

First and foremost, you can open an ABLE account at any age if you are an individual with a disability and that disability began before age 26.

Now, you heard Treasurer Ma said that there was a law that passed that said that if your disability began before age 46, you can open an ABLE account. And that is true. That law won't go into effect until January of 2026. So there's still a few years before you can open a CalABLE account if your disability began before or between age 26 and 46.

If you meet eligibility criteria for benefits programs like SSI or SSDI, and your disability began before age 26, you're automatically eligible to go and open an ABLE account. All you have to do is go to the website and start the process.

We already received a question in the Q&A section that said, well, what if we're not on benefits. Can we still open an ABLE account?

Slide #18

And the answer is yes, you can.

There's no requirement that you be a benefits recipient. You just may have to go through an additional step where we call it self certification.

And that is when you testify or attest under penalty of perjury that you have a disability that's on the Social Security Administration's compassionate list of compassionate allowances or the Blue Book. That you agreed to get a signed letter from a qualified physician that says you have a disability and that disability likely began before your 26th birthday.

And as long as you go and do those things, there's no requirement that you have to be on benefits in order to open an ABLE account.

And remember, that age of onset is only about when your disability began. It doesn't mean that you have to open an ABLE account before you're 26. It doesn't mean that you have to be under 26 to open that ABLE account.

So remember, the age limit is when your disability likely began. It's not about a diagnosis date. It's about when the physician will say, yes, this individual has a disability and that disability likely started before age 26.

When we ask you to get that letter from your physician, we don't need you to turn it into us. We asked you to hold onto it. CalABLE will never ask you for that letter. But if you later go to receive benefits or if you are ever audited by the IRS, they may ask to see if you actually qualify to have an ABLE account and it's important that you have that letter.

Slide #19

So this is what the self certification process looks like. This is from the CalABLE enrollment page.

It's you go in and you sign up and it says great job, you are almost done. All you have to do is say I certify these things. And so if you checked the box and you hit next, that's the self certification process in a nutshell.

Slide #20

A couple of more basics about a CalABLE account. Or ABLE accounts in general.

You're only allowed to have one open at a time. You can roll over from one state's program to another state's. But you can't have accounts open in multiple states or you can't have Mom open up an ABLE account for someone and dad open an ABLE account for that same child. It doesn't work like that. You can only have one account open at a time.

The present with the disability is always the ABLE account owner and beneficiary. Even if that person is conserved, even if that person is a minor, they're still the owner of the ABLE account and therefore any money in the ABLE account belongs to that individual.

But the account can be opened by the person with the disability or it can be opened by their authorized legal representative.

Slide #21

And you may have heard that just last year, the definition on who could become an authorized legal representative expanded significantly.

So you can become an authorized legal representative if you have power of attorney over the financial matters of the beneficiary. If you're the legal guardian or conservator. If you're the spouse of the beneficiary or a parent. A sibling, a grandparent, even a Social Security representative payee can now become an authorized legal representative.

Now, an authorized legal representative will receive the user I.D. and password and they will have full control over the ABLE account. They'll be able to decide -- they will be able to put money in and withdraw money. They will be able to make all of the investment decisions associated with the account. And so it should be a person that has access to the funds of the beneficiary and the legal permission to be able to utilize those funds.

Slide #22

Why should you have a CalABLE account?  Well, there are a number of reasons.

Slide #23

But one of the most important is that CalABLE is an excellent resource that allows you to save even when you're receiving government benefits like SSI.

Assets in a CalABLE account are not counted as a resource for programs like SSI.

Third party contributions won't be counted as income against your benefits and withdraws for qualified disability expenses are not counted as income or resources against programs like SSI and Medicaid.

Slide #24

So with a CalABLE account, a person who is receiving SSI can save up to in a single calendar year $17,000.

Now, that $17,000 and is an increase from the previous year, which was just $16,000.  And this amount is based on the IRS gift tax exemption.

If that person is receiving benefits and they want to continue receiving benefits, they can still have up to $100,000 in their ABLE account and won't run the risk of having their benefits suspended.

If, though, you are not concerned about staying on benefits, you can actually put a lot more into your CalABLE account.  Up to $529,000 can be contributed into your ABLE account. And because it's an investment program, your account can still continue to grow even at $529,000. You're just no longer able to continue contributing.

And CalABLE will automatically reject excess contributions to that ABLE account if you try to put in more than $17,000 in a single year. Or if you're getting close to $100,000, we'll let you know that if you exceed $100,000, you may be putting your SSI benefits in jeopardy.

Slide #25

Now, there are some folks who can actually contribute more than that $17,000 in a single calendar year, thanks to a program known as ABLE to Work.

Now ABLE to Work says that if you're working and you're not contributing to an employer-based retirement program, that you can put a portion of your own earnings into your ABLE account in addition to the $17,000 that can come from all other sources.

Slide #26

So, a person who is working, not participating in an employer-based retirement program, can contribute up to the federal poverty level, but that money has to come from their direct earnings.

So in [2023], in addition to the $17,000 an individual could contribute another $13,590. Again, that's an increase from last year.

So for a single year, an individual who is working could contribute up to $30,590 into their CalABLE account. Again, that's $17,000 from all sources and then -- plus an additional $13,590 from their own earned income.

Slide #27

The other great reason to open an ABLE account is you have the ability to compound your earnings.

If you put your money into a standard savings account that gives you simple interest, you will get a little bit of money just by holding that money into an account.

But with an ABLE account, you have the opportunity to choose investment portfolios that are professionally managed and give you the ability to grow that money tax-free. And you can build your wealth though compound earnings.

The image here is a sample of if you put money into a standard savings account on the right or if you had the ability to do compound earnings. And as you see over the years, your money grows a lot faster if you are compounding your earnings, meaning that the money you earn is beginning to earn money. And so whereas you might start with a small amount at the beginning, it could double and triple overtime. Whereas you would only get a small, incremental increases if you were just gaining simple interest in your standard savings account.

Slide #28

If you'd like to strengthen your financial education, learn a little bit more about things like compound earnings and interest, you can visit our financial fitness center.

The financial fitness center is accessible on the Treasurer's website. Or you can go to CalABLE.gov and you'll learn things like building financial capability, financial care giving, growing your small business, owning a home.  All of these resources are available to you free of charge to expand your financial literacy and really begin to understand and learn about finances.

We know that saving can be intimidating if you've never saved before. And we want to be able to help you if you'd like to learn more about it. There are some very useful modules. They're really sort of game like where you could watch videos and learn about how the financial systems work.

So please visit those resources if you're interested.

Slide #29

The other great thing about CalABLE accounts is that yes, it can be a savings and investment opportunity.  But you can also use the money whenever you need it.

Now, the money you save is for your own needs and goals. So you can pull it out to do things like buy that house or go on that vacation.  Or join a gym or do whatever you want to do.  You can access the money at any time and there are no taxes and penalties for accessing that money.

It's not like a 401(k) or an IRA where you have to wait until you get to a certain age to be able to access that money.  You can get money from your CalABLE account at any time and as long as you use it for qualified disability expenses, the growth in your CalABLE account is always tax-free.

Slide #30

So what is a qualified disability expense?

Is that the fine print?  I'm sure you are asking yourself.

Well, the answer is this is something that you have to adhere to.  But you'll see that it is a lot more flexible than you probably imagined.

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

Now, that is a really broad definition, right?

Just about anything could help you to maintain or improve your health, your independence, or your quality of life. And it's intentionally broad.

But just so you know, could include things like education, employment, housing, transportation, healthcare, and much, much more.

Slide #31

Here are some examples of what you could use your CalABLE account for.

You could use it for employment training and support. You can use it to purchase assistive technology or related services. You can use it to pay for legal fees. You can use it to pay for financial management fees. You can use it for health, prevention, and wellness. You can join a gym, go on a vacation.

There are any number of things that you can use your CalABLE account for and it's designed to be usable. So there's not a lot of fine print that says you can't use it for this or you can use it for that.

So the -- and the other thing that you should know is, it's not illegal to take your money out of your CalABLE account for a nonqualified experience. You should just be aware that there may be tax implications if you do so. You may be taxed on the growth and the money that you withdraw and you may receive a penalty for pulling that money out for a nonqualified expense.

So just keep that in mind and I would recommend that you always use your CalABLE account for qualified disability expenses if you're going to take money out.

Slide #32

So how much does it cost to have a CalABLE account?

Slide #33

Well, CalABLE were designed to be very affordable.

We have an account maintenance fee of just $37 per year. That money is taken out in monthly installments, just $3.08 per month.

There are additional fees. There's a potential state administrative fee depending on your choices. And if you choose to invest, there's also underlying investment fees that may be based on a percent of the amount that you invest.

And so I'll go over an example because I don't want you to think, oh, well, he gave us a number for one but didn't give us a number for the other.  So let me give you some examples.

Slide #34

So in this example, we're imagining that you have $3,000 in your CalABLE account.

If you choose to save your money in our FDIC Insured Portfolio, the only thing that you would be charged in that year is $37. Again, it's taken out in monthly installments.  But if you had $3,000 in your ABLE account, all it would cost for you if you put all of your money into that FDIC insured Portfolio, is $37.

If you chose to invest all or a portion of that $3,000 in addition to the $37 per year, you will be charged anywhere between $2.40 to $2.70 per year as underlying investment fees plus there's an additional state administrative fee that was waived for the FDIC insured portfolio. So it would cost you an additional $13.20 per year. So the maximum that it could cost you in a single year to operate a CalABLE account with the $3,000 balance is just $52.90.

Again, that's less than $5 per month to have the opportunity to potentially grow your money depending on market performance.

So -- and a lot of times, that can be even cheaper than just opening a checking account at a commercial bank, even though a lot of those accounts say it's a free account.  They charge you money if you talk to a teller or they may charge you money if you don't have direct deposit.

So a lot of times, a CalABLE account can be cheaper than those.  And those types of accounts don't offer the ability to grow your money through investing like CalABLE does. And they don't offer the benefits protection either.

Slide #35

So there are no costs to open a CalABLE account.  There's no enrollment fee associated with opening an account.  There's no cost in rolling over from another state's ABLE program to CalABLE or from rolling over from a college savings program to CalABLE.  There are no fees for that.

And there are no fees for most transactions. If you link your checking or savings account to CalABLE, you can move money back and forth with no charge.

We also offer a prepaid debit card that has no monthly fee as long as you are using the card on a regular basis.

Slide #36

So if you are ready to open your CalABLE account, all you have to do to get started is go to calable.ca.gov. It takes about 20 minutes to open an ABLE account.

So, we've been going for -- what, almost 45 minutes now? You could have had your CalABLE account open for about 20 minutes if you would have started at the very beginning of today's webinar.

Slide #37

How do you access CalABLE?

Slide #38

Again, everything occurs through that online program at calable.ca.gov.

There are no branches to visit, like bank branches in your neighborhood. If you go to any one of the commercial banks and you asked them, hey, I want to open up a CalABLE account, most of them probably won't know what you are talking about.

The only place to open a CalABLE account is through the state of California at calable.ca.gov.

And you can access and conduct your transactions through our web portal. This is a screenshot of our webpage as you see on the top of that page there's the login button. If you clicked on that button, you could enter your user I.D. and password and begin accessing your CalABLE account.

Slide #39

Depositing and withdrawing funds are really easy.

You can do it either through an electronic transfer. You can mail checks to CalABLE and receive a check from CalABLE.

There is a fee if you ask for a check to be cut to the beneficiary, to the authorized legal representatives, or to a third-party payee. There is a $5 per check fee.

So probably the best option would be to link your account and you can move the money back and forth on your own.

You can also do eGifting where you can send out similar to crowd funding sources like GoFundMe. You can send out a request to friends and family and say, hey, I'm saving for -- I want to go back to school or I want to buy an accessible van. Can you please contribute to my

CalABLE account? And you'll get a unique link where they can deposit money directly into your CalABLE account.

Just remember that you're still limited to that $17,000 per year and that's per account. That's not per contributor. You can only put in up to $17,000 into your CalABLE account.

I mentioned that we offer a prepaid debit card. That card allows you to load money directly from your CalABLE account to the card and then use that everywhere that Visa is accepted.

Slide #40

It's that U.S. Bank Solutions Premier Visa card.

And it's reloadable. So you can use the card to load money on and then pay for things for qualified expenses anywhere that Visa® debit cards are accepted.

And you can have one card for the beneficiary. You can have another card for the authorized legal representatives. And you would get separate statements.

This card is free as long as you use the card once per year. And that includes loading money on it, making purchases, those both constitute as using the card. So there's no additional fee for having this monthly -- or no additional monthly fee for having this prepaid debit card.

Slide #41

It's very easy to access that money. You can log into your CalABLE account and move money over to the prepaid debit card.

As I mentioned, you can purchase items in-store or online.

And you can have two separate cards for the beneficiary and for the legal representative.

Slide #42

I mentioned that you can set up eGifting.

Anyone can contribute to a person's CalABLE account. And if you're receiving benefits like SSI, those contributions aren't considered income. They aren't counted as an in-kind or family contribution. It is a non-countable gift that you're able to save or use to grow with earnings over time.

It helps to make expensive items easier to purchase and you can build a community around you. We have a saying here at CalABLE, is that we are CalABLE. And this is a great way to help folks -- or to get folks to help you with all of your financial goals and dreams.

Slide #43

If you need help opening a CalABLE account, there are resources available to you.

Including our customer service line at 833-Cal-ABLE.  That is 833-225-2253. Or you can e-mail them at CalABLESupport@CalABLE.ca.gov.

Now, those resources are available Monday through Friday, 9:00 a.m. to 5:00 p.m. Pacific Time.

And they have the ability to look into your CalABLE account and give you all the information that you need. They can answer your questions. And tell you when you can expect something to show up in your account if you've deposited money.

Slide #44

If you'd like to know more about CalABLE, please follow us.  We're all over social media.  You can like or follow us on Facebook, Twitter, LinkedIn, Instagram, and our YouTube channel. We have lots of our previous webinars are available there.

But today's webinar is going to be the most valuable to you because it has the most recent information, including that we will soon be accepting folks whose disabilities started before age 46, that you can now contribute up to $17,000 per year into your CalABLE account, and all of the latest updates are giving you information about those things.

So please do like and follow us.  Visit our YouTube channel if you want to learn more about the specifics of CalABLE.

Slide #45 & 46

This is our disclosure statement and it lets you know that there are risks associated with investing money in CalABLE or with any other investment source. And so you should be aware of what those risks are and understand that there is a possibility that you could lose money.

So that's why we cite that.

Slide #47

And I just want to say thank you.  This is the end of the formal presentation.

But we are going to stop sharing and open things up for Q&A.

End slideshow

So Madeline has been in the background. She may have been answering some of your questions. But for others, we're ready to begin answering questions.

I see that there are 183 people on today's webinar. That might be a record for us. I'm not sure. But there are lots of folks. So if we don't get to all of your questions, please don't worry because we're available for you. You can always give the customer service center a call.

We also – in the slides and each of you will receive a link to the slides today. You'll see that you can reach out to myself or Madeline at the CalABLE state offices and we are happy to talk to you as well.

We also have a special event coming up next month. We're going to try something entirely new. We're going to hold for the first time public office hours where we're going to do just like today's webinar, we're going to do it in the evening and not give a presentation but just stick around to answer your questions.

So with that in mind, Madeline, I will turn it over to you and we can go through some of the best questions that you saw on the list.

**Madeline Handy:**

Yeah. We have received a lot of questions and all of them are very good.

So we'll start with, what is the funding agreement? And what rate will you receive if you select the portfolio that contains the funding agreement and is there a phone number we can contact if we have questions about the three different portfolios?

**Dante Allen:**

Yes. So lots of great pieces to that. So let me share again -- let's see.

Slide #50

So I'm going to go to investing. So this is a -- control click? Did that work?

Slide #57

So saving and investing. So the funding agreement. So let's start with that piece of this.

So this is an example of the CalABLE investment portfolios. We offer three different investment options plus an FDIC insured Portfolio, where you get simple interest. It is sort of like a savings account. So it's not attached to the markets at all.

But in our conservative and our moderate portfolio, you'll see that a portion of the investment is in something called a funding agreement.

For the conservative portfolio, it's 25% of the investment.  For the moderate portfolio, it is 5%.  That funding agreement is – it's essentially a guaranteed issue that's based on a TIAA-CREF life insurance product.  TIAA-CREF manages our investment portfolios and so the funding agreement offers a guaranteed return that could increase based on market performance.  But it is based on a TIAA-CREF life insurance product and it typically offers a return that's higher than any interest that you would get in the FDIC Insured Portfolio.

So in times like now, where the market performance hasn't been all that great, having a guaranteed return on something like the funding agreement has actually been propping up the performance of our portfolios even during slow market times. So it's actually a great thing to have that funding agreement be a part of those portfolios.

And you can if you call the call center at 833-Cal-ABLE, or if you visit our website, you can look at both the current and historical performance of those investment portfolios.

If you call the customer care center, they'll give you some additional information on, what are the differences?  And even if you want to sort of talk about, how can you determine what your personal risk tolerance is?  They can give you some additional information and education.

They're not allowed to give you anything that could be construed as investment advice. They're not investment consultants so they can't do that.  But they can help you better understand the differences between the various portfolios.

### Madeline Handy:

So is the funding agreement essentially a kind of annuity?

### Dante Allen:

It's similar to an annuity. But it does have a variability.

So you will get a guaranteed return of a particular percentage. But if the markets perform better than expected, that return actually could increase.

It's not an annuity where it continues to pay a dividend. But it is essentially a guarantee.

### Madeline Handy:

Okay. And can you make new portfolio selections? And should you select the new portfolio selection before you contribute to the new fund?

**Dante Allen:**

So when you open a CalABLE account, you have to pick where you want your money to go. And you can choose to divide the money across all four of the portfolios or you can put -- you can put the money in any one or divvy it up however you choose to do that.

Once you do that, once the money is in your account, you can actually move the money around up to two times per year.  That's per calendar year, you can move the money from one portfolio to another.

Let's say that you put money into your account and you put it all into the FDIC Insured Portfolio. And then you get some unexpected money that you are like, well, I want to try and grow this as quickly as possible.  I can move this all the way over to the aggressive portfolio.  And that will give me a chance to potentially grow that money over time.

What you don't have the ability to do with a CalABLE account is choose your individual investments.

So you can't say, well, I want all of the money I put into my CalABLE account to go into Amazon stock.  You don't have the ability to do that.  You have to use each of our portfolios.  You can see on our website what the underlying investments associated with the portfolios are. And it is a pretty broad investment range and we tried to do that to make it a very diverse investment portfolio. And that's better to protect your earnings over time.

**Madeline Handy:**

Great.  So here's another investment question.

What is the yearly return for a CalABLE account for example, if you deposit $10K, how much will it be after one year?

**Dante Allen:**

There's a lot of things that vary in that investment and it depends on when you've invested that money to look at it a year later.

As you know, we are sort of coming out of some historically difficult market times.

And -- but we do keep both a quarterly, yearly and a historical since inception look at all of our investment performance on the CalABLE website, so if you visit CalABLE.ca.gov you can look at our investment performance over time and judge for yourself where you might want to put your money.

**Madeline Handy:**

Great.  Okay.  I wanted to move on to some eligibility questions.

**Dante Allen:**

Okay.

Stopped sharing slides

**Madeline Handy:**

So now, is being on the autism spectrum on the SSA list or Blue Book listing?

**Dante Allen:**

Absolutely, it is.

**Madeline Handy:**

Okay.  Does eligibility include those who are disabled as a result of mental illness?

**Dante Allen:**

It does. That's another great thing about using the same definitions for disability that the Social Security Administration uses is that it includes a broad array of both developmental and physical disabilities and also includes many mental health issues.

So yes, it absolutely does include disabilities that are caused by mental health problems.

**Madeline Handy:**

Great. Our daughter is currently receiving benefits as a disabled adult child of a SS recipient. Prior to receiving these benefits, she did receive SSI.  What does she need to do to establish eligibility for CalABLE?

**Dante Allen:**

So because she was already qualified for SSI, there's nothing additional that she needs to do. You're automatically eligible to open that CalABLE account for your daughter.

If she had never gone through that qualification process for programs like SSI, Medicaid, SSDI, then you would have to do the self certification. And that was just like the page that I showed you where you have to make -- where you have to certify that she has a disability, disability began before age 26, and that you would attest to that under penalty of perjury.

But because she’s gone through that eligibility required -- eligibility analysis by Social Security, you don't have to do anything else. Even though she’s not currently receiving SSI, the fact that she’s been through that process, she’s automatically eligible to open a CalABLE account.

**Madeline Handy:**

Is the intake assessment and eligibility determination from the regional center sufficient as the letter from a qualified physician or must it be an M.D., D.O., et cetera?

**Dante Allen:**

Yeah, well, so we highly recommend that you get a letter from a medical doctor, M.D., D.O., or even a PhD if we’re talking about mental health conditions. Those are highly recommended.

Again, CalABLE doesn’t ask for those documents. But if you’re asked for it by the IRS or Social Security, you really do want to make sure that you are providing them with what they’re comfortable receiving or what they receive most frequently.

**Madeline Handy:**

This person asked, one account per Disabled child? We have two in the household.

**Dante Allen:**

Yes. So it’s one account per beneficiary. And so that beneficiary, as long as they are eligible to have an ABLE account, then they each are allowed one account.

**Madeline Handy:**

And can we add beneficiaries in the case that the person passes away?

**Dante Allen:**

Sorry. I had a little bit of a difficulty there. Can you repeat the question?

**Madeline Handy:**

Yes. Can beneficiaries be added in case the originator beneficiary passes away?

**Dante Allen:**

Yeah, so that is one of the elements that we are adding is the ability to name a successor beneficiary.

Now, the federal ABLE act limits the successor beneficiary to an eligible family member.

So -- and the IRS definition of family member is fairly limited. It can be a sibling or a step sibling or a mother or father, I believe. But -- so you can -- I would have to check that. So don't quote me to that.

But it would have to be an eligible family member and you will be able to pre-name a successor beneficiary.

**Madeline Handy:**

Great, a few more questions on eligibility.

Can eligibility for CalABLE come from a psychologist within the Department of Rehabilitation rather than a doctor at a hospital?

**Dante Allen:**

Yes, it can.

**Madeline Handy:**

Great. So let's see.  Building on the disability due to mental illness question, is a person still qualified to open an account if their diagnosis changes over time?

So for example, if a person is diagnosed with schizophrenia but then the diagnosis changes to schizoaffective disorder at age 27, with that person still qualified?

**Dante Allen:**

Yeah, that's a great question. And remember what I said about eligibility. It's not based on anything like the date of a diagnosis.

So for example, with many mental health conditions, they do have the ability to shift over time. And even the potential impact that that is having on a person.

So I will give the example of a diagnosis like schizophrenia. And it may not present -- that diagnosis may not present until someone is in their early to mid 20s.

But most times in that situation, a medical doctor, therapist would be willing to say even though it didn't present there, it likely started during their late teens, very early 20s. And so that person would be eligible for an ABLE account. They would still remain eligible even if the diagnosis shifted to another qualified condition.

**Madeline Handy:**

Okay, great. We had quite a few questions about qualified disability expenses.

This person says, it seems like it's easier to talk about what is not an allowable qualified disability expense. And that question did pop up a few times. So, hoping you can answer that.

**Dante Allen:**

And we do get that question quite a bit. So, what might not be considered a Qualified Disability Expense?

And it's a little hard to answer because after -- what is this 2023 -- the first ABLE programs came online in 2015, so we are talked about eight years of ABLE. I'm not aware of any expense that has been turned down by the IRS as a Qualified Disability Expense.

With that said, though, Social Security was pretty clear about certain things that may not be qualified disability expenses. So you're not going to hear me say that this will never be a qualified disability expense. I'm only going to say this may not be a Qualified Disability Expense.

So I'll say first and foremost, the purchase of anything illegal may not be a Qualified Disability Expense.

The purchase of a gift for someone other than the beneficiary may not be Qualified Disability Expense. And so yes, you might be able to argue, well, the beneficiary says that it helps their quality of life if they're able to buy gifts for their friends. But again, Social Security has already come out and said, you know, it's not very likely that that would be considered a Qualified Disability Expense.

So those are two examples. Let me give you a third example.

And let's say you pulled money from your CalABLE account. Let's say you want to go back to school. And so you pull money from your CalABLE account to pay for tuition. And then you get a new job and you decide, hey, I'm not going to go back to school. That money that you pulled out could be considered a non-qualified Disability Expense because you didn't use it for that original purpose of paying for your tuition. It could be considered a non-qualified Disability Expense unless you find another qualified reason for withdrawing that money.

**Madeline Handy:**

Okay. Here's some specific questions on Qualified Disability Expenses I thought were interesting.

**Dante Allen:**

Before you answer -- ask that question, Madeline, I see that there are folks that have raised their hands.  Unfortunately, we don't have the ability to open the chat for today's Webinar.

So you can either type in your question in the Q&A.  But we don't have the ability to have you talk to us directly. So I just wanted to let you know that.

So go ahead, Madeline.

**Madeline Handy:**

Does health wellness and prevention include dental expenses for example a new dental bridge which some refer to as cosmetic surgery?

**Dante Allen:**

Absolutely those would qualify as health and wellness.  It doesn't matter if it is medically necessary or optional. They would still qualify.  They will still be Qualified Disability Expenses.

**Madeline Handy:**

Can you make student loan payments with your CalABLE account?

**Dante Allen:**

Yes.  The student loan payments would also be considered a Qualified Disability Expense.

**Madeline Handy:**

Okay.  This person's -- their son has a gym membership.  His caregiver is also on that gym membership as the caregiver takes him to the gym since he can't go on his own. Does that pose a problem?

**Dante Allen:**

I would say, no, it does not pose a problem.

And the thing that I would want you to be careful of is keep a good record of that.

Again, when you pull money from a CalABLE account, we'll never say, hey, is this for a Qualified Disability Expense or not?

So the only time that you may be asked is if your son is receiving benefits.  Social Security will know that they have a CalABLE account.  And they'll say, when did you pull money out of your CalABLE account?  And what did you pull it out for?  So keep a good record and I have an example here I can show you of what record-keeping what looked like.

But as long as you are keeping a good record, I don't anticipate paying for the benefits of a -- or paying for the membership of a caregiver to be a problem.

Slide #60

Are you able to see this?  No.

**Madeline Handy:**

No, we're seeing the right thing.

**Dante Allen:**

You're seeing keeping records?

**Madeline Handy:**

Mm-hmm.

**Dante Allen:**

Okay. So as long as you have an expense description, the date of purchase, what the amount was, you can list what type of expense you want. You can -- if you have the receipt, I would include the receipt and any notes that you want to keep.

As long as you are keeping good records and it's very clear to say that, hey, you know, exercise is a Qualified Disability Expense. My son wouldn't be able -- son or daughter wouldn't be able to exercise at the gym without their caregiver.

So I think that's a clearcut Qualified Disability Expense.

Stopped sharing slides

**Madeline Handy:**

Okay. If you use your CalABLE account for non-qualified expenses, what could happen?

**Dante Allen:**

Again, it's not a legal to take a non-Qualified Disability Expense. As I said, the money in the CalABLE account belongs to the beneficiary, they can use that money however they want.

But keep in mind, that if you use it for non-Qualified Disability Expenses, you may be charged a penalty and there's a 10% federal penalty.  There's a 2.5% state penalty plus any income tax that fund, that money may have -- the growth of those funds may have accrued since you opened the ABLE account.

**Madeline Handy:**

When you use the funds in your CalABLE account for, let's say, buying a car or a house, does it become property of CalABLE?

**Dante Allen:**

No.  No, not at all.

Again, CalABLE is where the funds are housed.  When you pull the money -- the money always belongs the beneficiary.  So when you pull money out of the ABLE account, you can use it to purchase anything and as long as it's for the benefit of that beneficiary, it is a Qualified Disability Expense.  But that does not mean that whatever you purchase has to be in the name of that beneficiary.

So let's say your child has a CalABLE account and you use money from that CalABLE account to buy, let's say, a wheelchair accessible van.  That wheelchair accessible van doesn't have to be in the child's name in order for it to be a qualified disability expense.  It only has to benefit them.  And unlike when you use it -- when you use your health insurance, where typically they'll say it has to be for the sole benefit of that beneficiary, that's not the case with a CalABLE account.

So if you're going to use it to purchase a vehicle or a home or even a computer, it doesn't have to be for their sole benefit.  It just has to be for their benefit, that they use it to maintain or improve their health, their independence or their quality of life.

**Madeline Handy:**

Okay, if your adult Disabled child has an ABLE account and is a regional center client, can the regional center ask that the ABLE account be used before regional center funds the service?

**Dante Allen:**

So we have heard this question quite frequently and the answer is no. Your regional center should not ask you for that.  Regional center services are not means tested benefits. And they shouldn't be requiring you to expend the sources from your CalABLE account before providing services to you.

**Madeline Handy:**

Okay.  I wanted to talk a little bit about contributions.

Can an account be started with $100,000?

**Dante Allen:**

So the short answer is no.  You can't start it with $100,000. Because you're only able to contribute up to those annual contribution limits.

So $17,000 per year is the maximum that you can put into the account unless you qualify for ABLE to Work, then you can put in up to $30,000 in a single year.

The one way that you could start a CalABLE account with $100,000 is if you had an ABLE account in another state that had that much money in it or you -- actually no that's the only way.  I was going to say or if you are transferring from a college savings account into an ABLE account.  But even in that case, you are still limited to just putting in $17,000 a year.

**Madeline Handy:**

Okay. And if you roll over a 529 to a CalABLE account, is there any taxable event because you withdrew from the existing 529 account?

**Dante Allen:**

It is not a taxable event.  It is a qualified rollover.

It doesn't create any tax implications from the college savings account.  It doesn't create any tax implications for the ABLE account.  Again, you're limited to being able to contribute up to your annual contribution of $17,000.

**Madeline Handy:**

Okay.  And can you replace any of the $17,000 if you use it?

**Dante Allen:**

No, you can't.  It's a yearly limit. So between January 1st and December 31st, you're only allowed to contribute up to that $17,000 per year. Even if you spend some of that money down, you can't say, well, let me get it back up.

You're only allowed to contribute up to that $17,000.

**Madeline Handy:**

Okay.  What if the earnings in an account exceed expectations and make the account go over $100,000?

**Dante Allen:**

So if you’re receiving SSI, you’d have to be concerned about the resource limits.

So if you don't have an ABLE account and you have more than $2,000 in savings, SSI will say, hey, you have to spend this down or your benefits are going to be suspended.

The same thing would happen if and when your CalABLE account goes above $100,000. So actually, when you go above $100,000, anything above $100,000 counts towards that $2,000 resource limit.

So let's see if you went to $103,000, you’d get that notification that says, hey, you are $1,000 above the resource limit.  You have to spend down $1000 to maintain your benefit.  If you don't do that in time, then your benefit will be suspended until you do get below that limit.

**Madeline Handy:**

Okay. And for the $529,000 contribution cap, is that due to the Medi-Cal limit?

**Dante Allen:**

So the federal ABLE Act allows contributions that go up to each state's college savings limit the section 529, that’s where – that’s the section 529 of the IRS tax code.  It says that an -- and ABLE is a part of that.  So ABLE is -- so college savings is 529.  ABLE is 529-A.  And so the federal ABLE Act says that you can contribute as much as your state's college savings program allows.

So our state's program, it’s called California scholar shares, allows you to contribute up to $529,000 into your college savings account.  That’s the same limit for ABLE in this case -- CalABLE.

**Madeline Handy:**

Okay, here's a good question.  It is about special needs trust.

So this person's son has a special needs trust.  Does the ABLE account replace that or supplement it?  And how so?

**Dante Allen:**

So it really depends on the user.

So there are lots of similarities between ABLE accounts and special needs trusts.  Hold on, I'm trying to get to a slide.  Here it is.

Slide #65

Where you can do some actual comparison between ABLE accounts and special needs accounts. We're very often asked, is it -- should we do either a college -- I mean, a special needs trust or an ABLE account and I'll say very often they work very well in tandem.

There are some additional expenses. You need an attorney to set up a special needs trust that you don't need with an ABLE account.

How you can use the money varies between the two. ABLE accounts are actually a little bit more flexible.

You don't have the contribution -- the annual contribution limits that you have [with ABLE].

So there are reasons why you might want to use both where you have a special needs trust that then funds the ABLE account on an annual basis and then you can use the ABLE account for all of the flexibility that CalABLE affords you. So and a lot of times, they can be used very well in tandem.

We've actually done previous webinars where we talk exclusively about the differences between ABLE accounts and special needs trusts. And so if you want to take a look at that, you can visit our YouTube channel and just look up CalABLE and special needs trusts.

Stopped sharing slides

### Madeline Handy:

Great. So let's see. We have some questions about the CalABLE prepaid card.

So is there a time limit to when I have to use the money on my CalABLE prepaid card? And can I use my CalABLE account as a checking account?

### Dante Allen:

So you can't use the prepaid card as a checking account. They don't offer it for checks. You're not able to use the prepaid card at an ATM to get cash.

The time limit on when you are able to – when, from the moment that you move the money on -- let me start over with that just to make myself a little clearer.

So the moment that you move the money from your CalABLE account to the prepaid card is a – it's considered a distribution. And it is assumed to be a Qualified Disability Expense when you move it to the card.  You still need to use it for actual Qualified Disability Expenses.  But there is an assumption by IRS and by Social Security that it is a qualified disability expense.

In theory, you should use the money loaded onto your card within six months.  But I think you have up to a year to use the money in your account. Without any kind of problem from your benefits.

So I would highly recommend that if you move money from your CalABLE account to your prepaid card, I would highly recommend within six months of expending those funds and keeping good records on that, but I do believe that you have up to a year.

### Madeline Handy:

Okay. And who is allowed to have the prepaid card? Can you have two prepaid cards if there's authorized legal representative. And what is the name on the Visa® cards?

### Dante Allen:

So you are allowed to have two prepaid Visa® cards, one for the beneficiary, one for the authorized legal Representative.

And each card will have its own state -- they could be loaded separately. They'll have their own statements. And you can -- each card will have the name of either the beneficiary or the authorized legal representative on them.

### Madeline Handy:

Okay. This person ordered a card and they are the authorized legal representative for their son. However, the card has their name on it instead of their son's.  Can her use that card or will she need to request another card with her son's name on it?

### Dante Allen:

That typically depends on the vendor. Some vendors ask for I.D. with any credit card purchase or debit card purchase.

And so because the program offers becomes a second prepaid card, I would recommend that you probably do explore getting that second card just so your son won't be caught in a situation where they need to use the card but are unable to use it because the vendors ask for an identification.

### Madeline Handy:

Can cash be withdrawn from the account or card?

**Dante Allen:**

So you're not allowed to use the prepaid Visa® card at an ATM. You can't get cash.

You -- there's no way to get cash from your CalABLE account other than transferring money from your CalABLE account to your checking or savings account. Then you can use -- you can get cash.

But that's the only way. Otherwise, you would have to request a check and then you'd have to cash that check.

So the only way to get cash from your CalABLE account is to transfer funds if you have a linked account, linked checking or savings account to your CalABLE account.

**Madeline Handy:**

Are there fees for use at ATMs?

**Dante Allen:**

So you're not allowed to use the prepaid card at an ATM to get cash. So there are no fees associated with that.

**Madeline Handy:**

Does the CalABLE account and/or the prepaid debit card impact the individual's credit rating the way that a typical investment/savings account or a credit card might do?

**Dante Allen:**

I have to be honest and say that that is a question that stumped me. That's one that I've never received before and I'll have to do some investigation on what if anything related to the card is reported to credit agencies.

The CalABLE account, I can tell you, is not reported to the credit agencies. But I don't know about the prepaid card.

Thank you for giving me a question that I don't know the answer to.

**Madeline Handy:**

Technically we are at time, but we can always keep going if you would like, Dante.

**Dante Allen:**

We can do a couple more. Let's say let's do three more.

**Madeline Handy:**

Okay. Do CalABLE funds account as resources for food stamps/CalFresh eligibility?

**Dante Allen:**

They do not.

So all of the protections that are available for federal programs like SSI also apply for state and local programs like CalFresh or food stamps.

**Madeline Handy:**

Okay. Can you set up a recurring monthly electronic payment to a third party?

**Dante Allen:**

You cannot. What you can do is you can set up an automatic withdrawal from your CalABLE account to your own personal checking or savings account.

But if you're going to request a third party check be cut, you have to do that every month unfortunately. And there is a per check charge for that.

**Madeline Handy:**

Can I have my son's SSI payment deposit virtually into his CalABLE account monthly?

**Dante Allen:**

So social security does -- We cannot. CalABLE cannot currently accept direct deposits from Social Security.

We can for some employer-based direct deposits, we can do that.

We can't do it with Social Security yet. It's something that we are working on. We're looking forward to bringing that and I would say that probably before the end of 2023, we will have direct deposit of SSI payments for CalABLE.

**Madeline Handy:**

Okay. That was three. Are there any questions you saw, Dante, that you would like to answer?

**Dante Allen:**

I've just been answering. You've been doing such a great job. I have not been following the questions. Let me repeat, though, if we didn't get to your question, let me put up the most important slide that I didn't get a chance to.

Slide #67

And that is -- here is the CalABLE team.

Today it's been just me and Madeline. But Anne Osborne is a member of our team. You can e-mail us at CalABLE@treasurer.ca.gov or you can give us a call at 916-653-1728.

And I guarantee you one of us will answer the call, answer the phone or return your call if you really want to talk to us.

We're happy to answer your questions and, you know, hopefully you'll feel like you have a friend in the CalABLE business with that.

So don't fret if we didn't answer your question. Also stay tuned, like I said, we're going to have office hours in February. I think it is February 7th. No?

**Madeline Handy:**

February 9$^{th}$.

**Dante Allen:**

February 9th, we're going to hold office hours from 6:00 to 7:30 in the evening.

So if you want to participate, it's going to be very similar to our webinar. We just aren't going to have a presentation at the beginning. We'll be able to spend more time just answering questions.

With that said, I want to thank the CalABLE team especially you, Madeline. I want to thank our captioners and our interpreters for help making this -- today's event as accessible as possible.

I want to thank all of you for taking the time out of your day in order to participate with us and really thank you for your engaging questions.

And to the person who stumped me, send me an e-mail. I owe you something. I definitely owe you an answer. I would also like to reward you for finding a question that I have never been asked before. I really appreciate that.

And until next time, thank you all for joining us.

And hopefully we can encourage you, inspire you to open up a CalABLE account. If there's any more information that we can give you, please don't hesitate to reach out. Thanks, everyone, and goodbye.

**[End of Session]**

## Disclosure Statement

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 portfolio, 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.

The Solutions Card is issued by U.S. Bank National Association pursuant to a license from Visa U.S.A. Inc. © 2022 U.S. Bank. Member FDIC.

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

If funds aren't used for qualified expenses, the earnings portion of a non-qualified withdrawal is subject to federal income tax, possibly including the additional federal tax. Non-qualified withdrawals may also be subject to state and/or local income tax. For those beneficiaries subject to California income tax, the earnings portion of a non-qualified withdrawal is subject to California income tax and the additional California tax.

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.

FPP-2670731CR-Y0123X