



CalABLE and Qualified Disability Expenses

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

September 11, 2024



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ASL Interpreters

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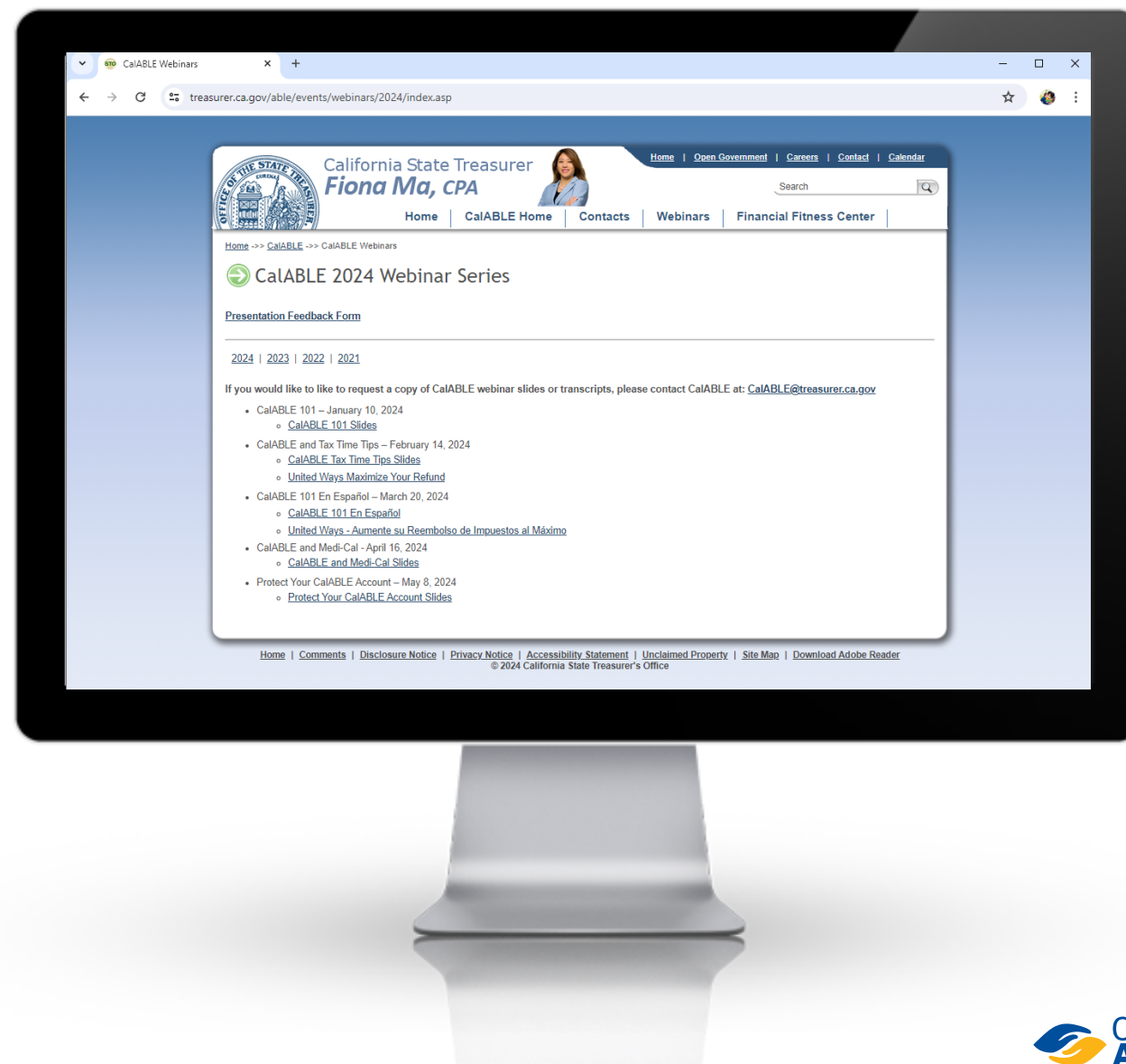
Captioning

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Presentation Slides

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

<https://www.treasurer.ca.gov/able/events/webinars/2024/index.asp>



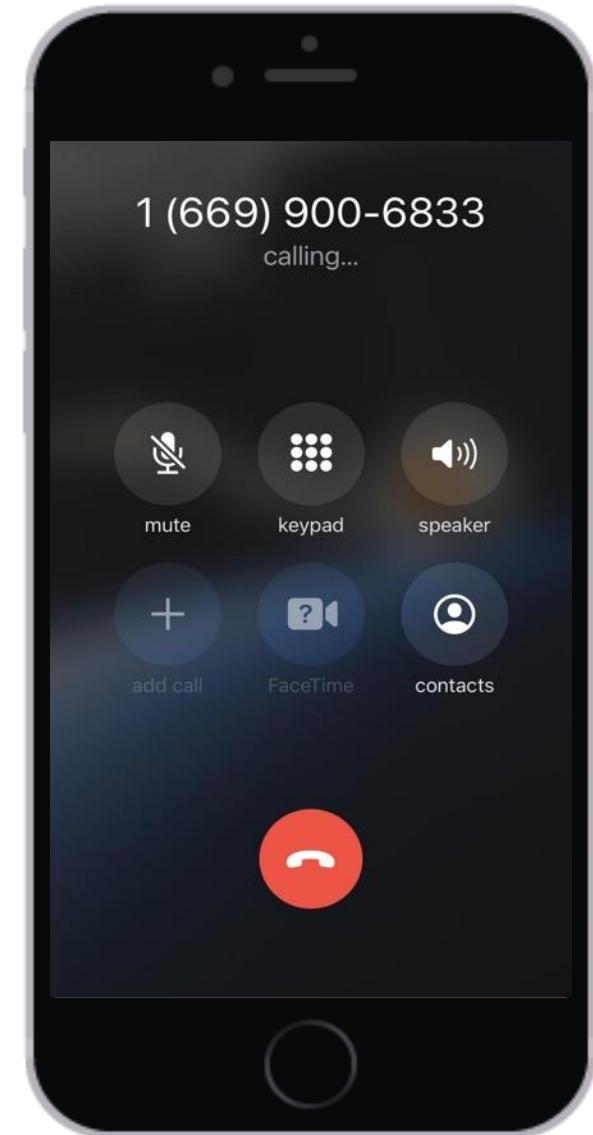
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Via telephone:

1. Call: 1-669-900-6833
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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

Survey

Submit your feedback and unanswered questions

We will answer as many questions as possible. Please note, we cannot answer questions about specific personal situations, but we can direct you to resources.



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Poll: I am a...

- ☒ Account owner
- ☒ Authorized legal representative / Parent

- ☒ State Employee
- ☒ Service Provider

- ☒ Potential CalABLE participant
- ☒ Other



CalABLE Basics



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

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

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



Who is Eligible for CalABLE?

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).

Or

- You can self certify if your disability is on the SSA List of Compassionate Allowances or Blue Book (Listing of Impairments)
 - You may be asked to provide a [signed letter](#) from a qualified physician



How much you can contribute to your CalABLE account in 2024?

\$18,000

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

Save more with ABLE to Work

The ABLE to Work program permits working account owners to contribute above the \$18,000 annual contribution limit, if they or their employer are not contributing to a retirement plan **that calendar year**.

ABLE to Work Contributions

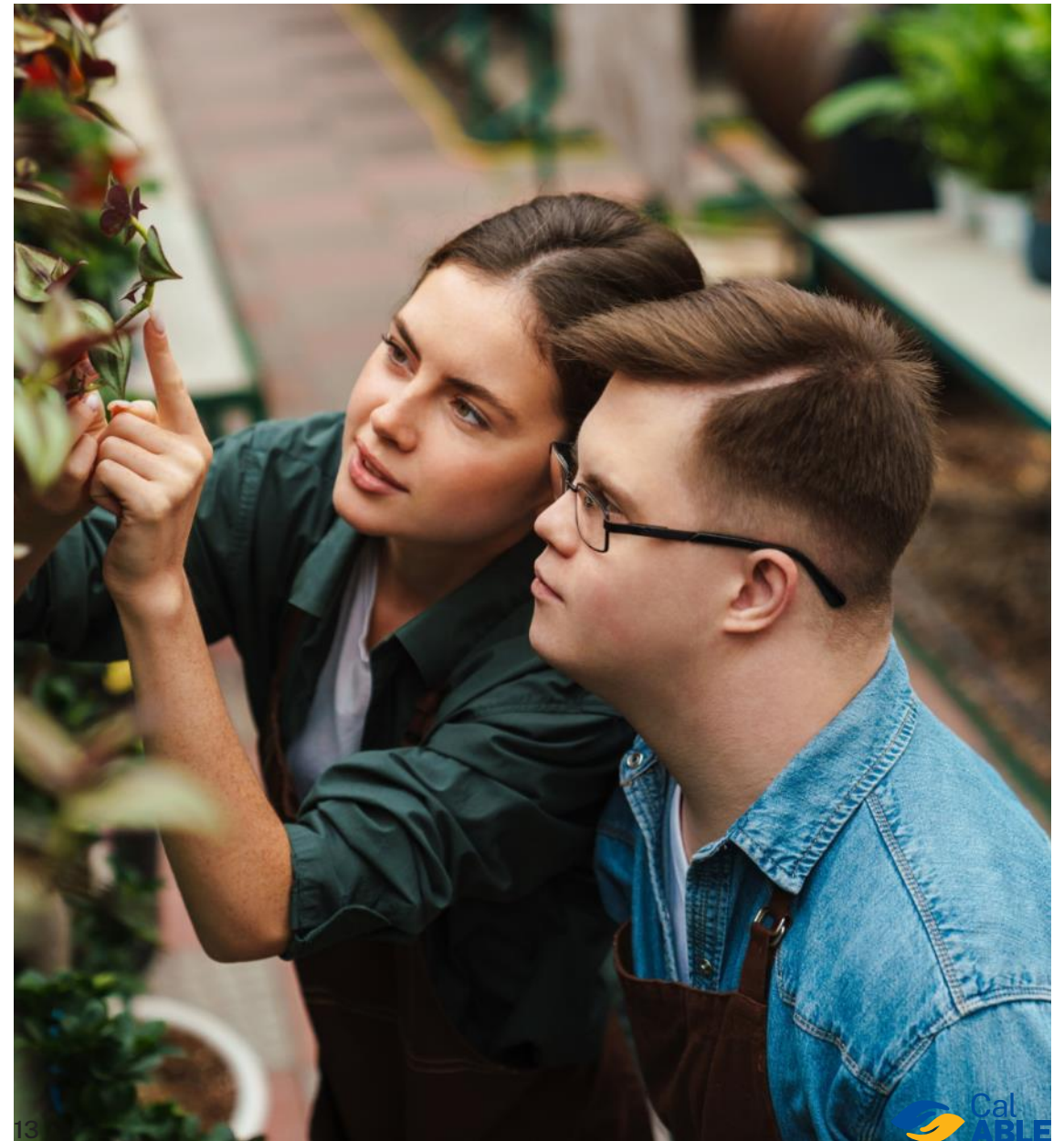
For a potential maximum of \$32,580 per year (\$18,000+\$14,580), account holders can contribute whichever of the following is less:

- Amount equal to annual gross salary

OR

- Federal poverty level (\$14,580 in 2024)

**Potential total of
\$32,580**



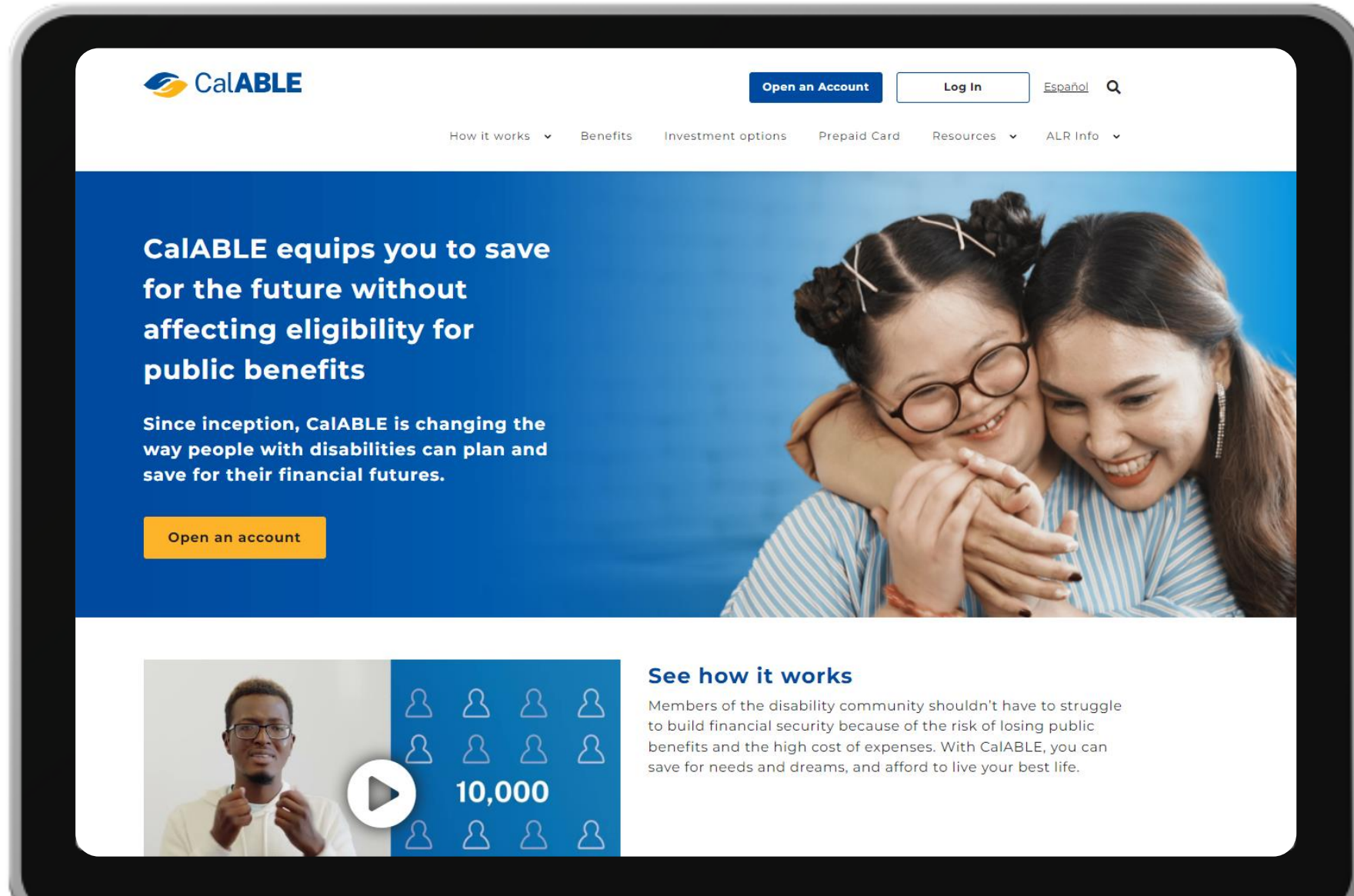
Invest your money

- CalABLE offers 8 professionally managed investment portfolios
- Potential tax-free growth
- Opportunity to build wealth through compound earnings
- Low annual fee of \$30
 - Investment and state administrative fees generally total between 0.28% - 0.45% of the account's balance per year





Get started today: CalABLE.ca.gov



Qualified Disability Expenses

What Is a Qualified Disability Expense (QDE)?

Expenses that are for the benefit of the designated beneficiary in maintaining or improving:



Health



Independence



Quality of Life

QDE Quiz:

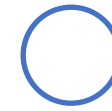
Could a monthly bus pass be considered Qualified Disability Expense?



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:

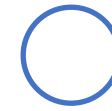
Could lunch with friends be considered a Qualified Disability Expense?



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



Poll:

What are you saving for?

☒ First home

☒ Education

☒ Service dog

☒ Recreation and vacation

☒ Accessible vehicle

☒ Technology or equipment

☒ Health and wellness





From the SSA Program Operations Manual
System (POMS)

Example QDE Categories

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 ABLE
account oversight and
monitoring

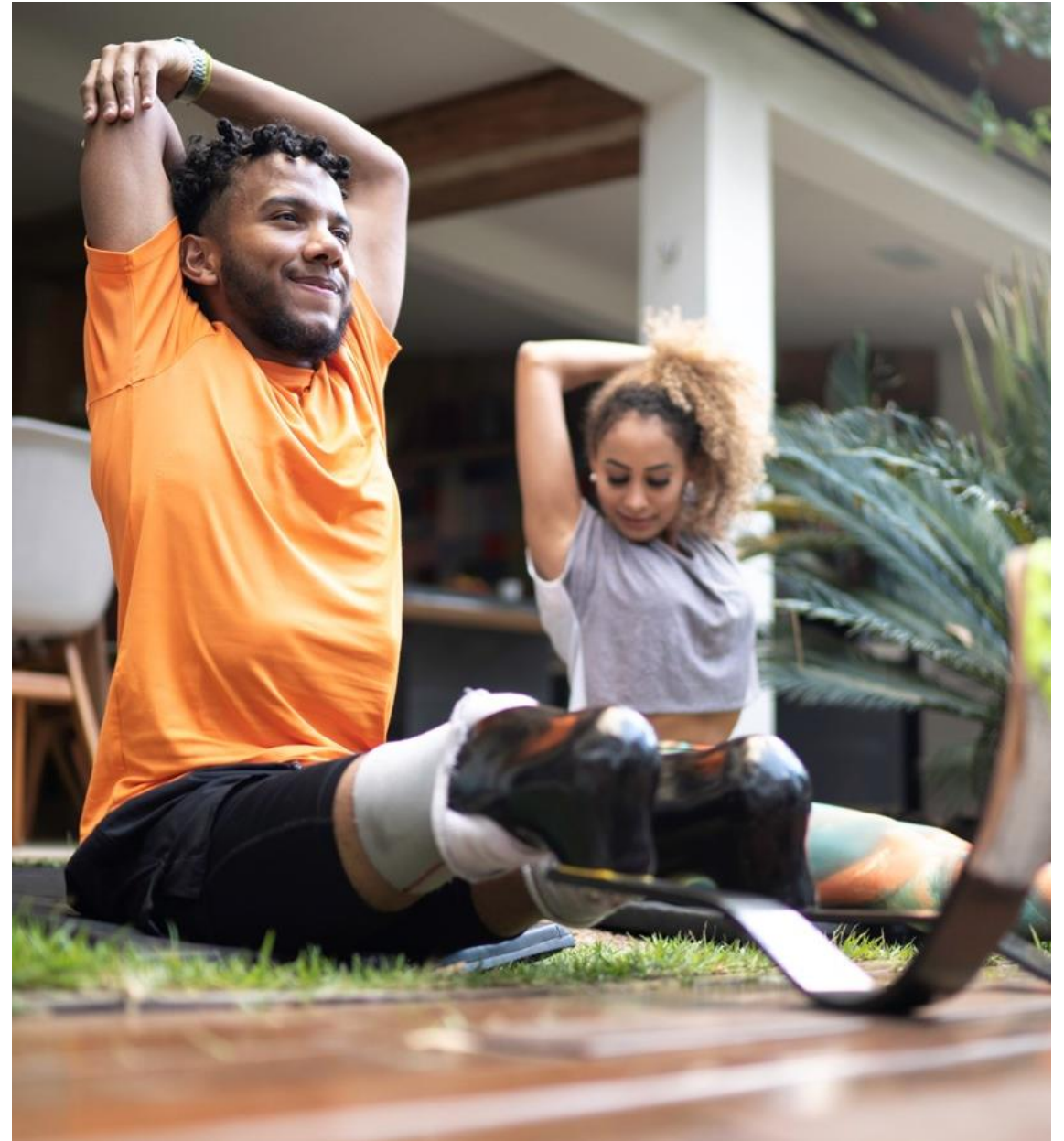
Financial management
and administrative
services

And more!



Withdrawing for QDEs

- Withdrawals for QDEs are tax and penalty free
- Withdrawals for QDEs do not count as income
- Withdrawals for QDEs are not counted as a resource by means-tested benefits



Example from the POMS:

Change of Intent on the Use of a Distribution

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

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 SSI Benefits



POMS Housing Expense Examples

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 basic living expense, but not a housing expense.

Example from the POMS: Housing Expense

Amy takes a distribution of \$500 from her ABLE 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?

Any expense that **does not** benefit the beneficiary by maintaining or improving 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

Gifts for other people

Any illegal purchases

Gambling

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.

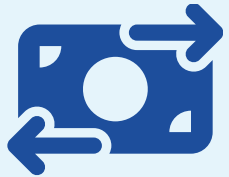
Money used for non-QDEs may now be considered a resource.

What if I am unsure if an expense is qualified?



Making Withdrawals

How do I access my money?



Electronic withdrawals



Prepaid Card



By check



Monthly Withdrawals



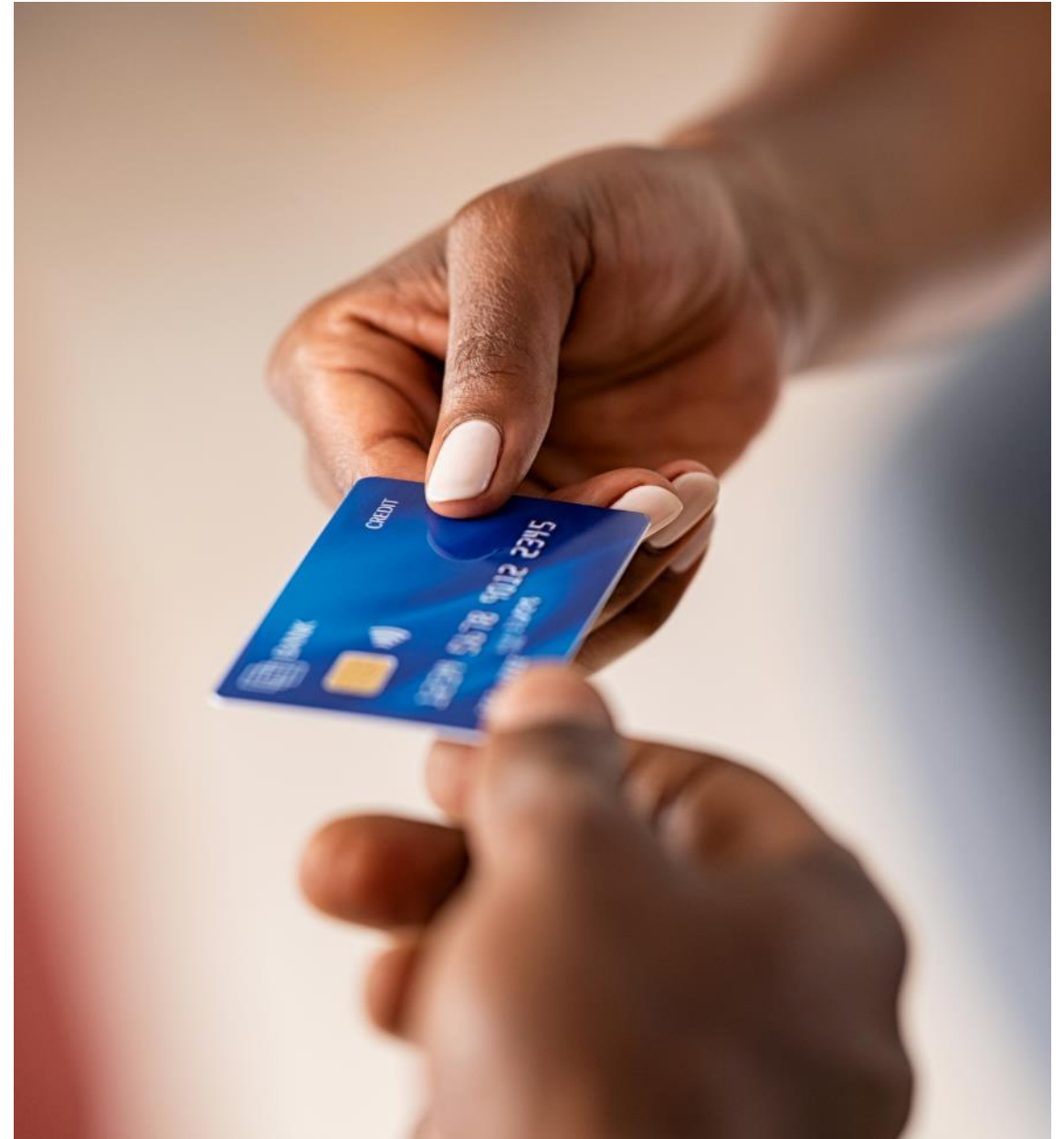
Allison

Adrienne

and it's not on me to be, you know,
the bad guy, the bossy sister.

Access your money easily with a prepaid card

- Load funds onto your prepaid card anytime from your CalABLE account
- Use it to pay for qualified disability expenses anywhere Visa® 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



Withdrawals – Step 1 (Bank)

Make a withdrawal

There is a \$5 minimum.

Step 1 of 2

Transfer to *

☐ Bank Account or Prepaid Card


- ☐ Withdraw funds via electronic transfer to your bank account.
Each online withdrawal to a Bank Account is limited to \$25,000. Prepaid card withdrawals are limited to \$5,000 per trade day.

☐ Check to Account Owner

Addresses changed or added within 15 days cannot be used.

☐ Check to Bill Pay Recipient

There is a \$5,000 daily withdrawal limit to Bill Pay Recipients.

To withdraw more than \$25,000 to a bank or by check, or to withdraw more than \$5,000 to a bill pay recipient, use the [Withdrawal Form](#) .

Make a withdrawal

There is a \$5 minimum.

Step 2 of 2


Enter the amount you'd like to withdraw from each portfolio. To withdraw more than \$25,000 to a bank or by check, you will need to use the [Withdrawal Form](#).

Transfer to *

This is the bank account that your withdrawn funds will be sent to.



Chase
***7947

Investment Option	Amount
<div><div></div><div>FDIC-Insured Portfolio</div></div> <div>Available amount for withdrawal \$1,000.00</div> <div><input type="checkbox"/> Withdraw all funds (\$1,000.00)</div>	<div>Amount</div> <div><div>\$</div><div>100</div></div>
	<div>Total</div> <div><div>\$</div><div>100.00</div></div>

Footnote 1: This amount is based on the most recently calculated market value of your investment and may fluctuate depending on the final trade day price. It does not include pending contribution amounts. The actual amount withdrawn may vary and may be rejected if it exceeds your final trade day available balance. You must wait at least 5 business days to withdraw contributed funds and 10 days to withdraw funds that have been gifted. [Return](#)

Footnote 2: Your withdrawal limit is 100% of your Investment portfolio's starting available balance for today minus pending withdrawals and related transaction fees. [Return](#)

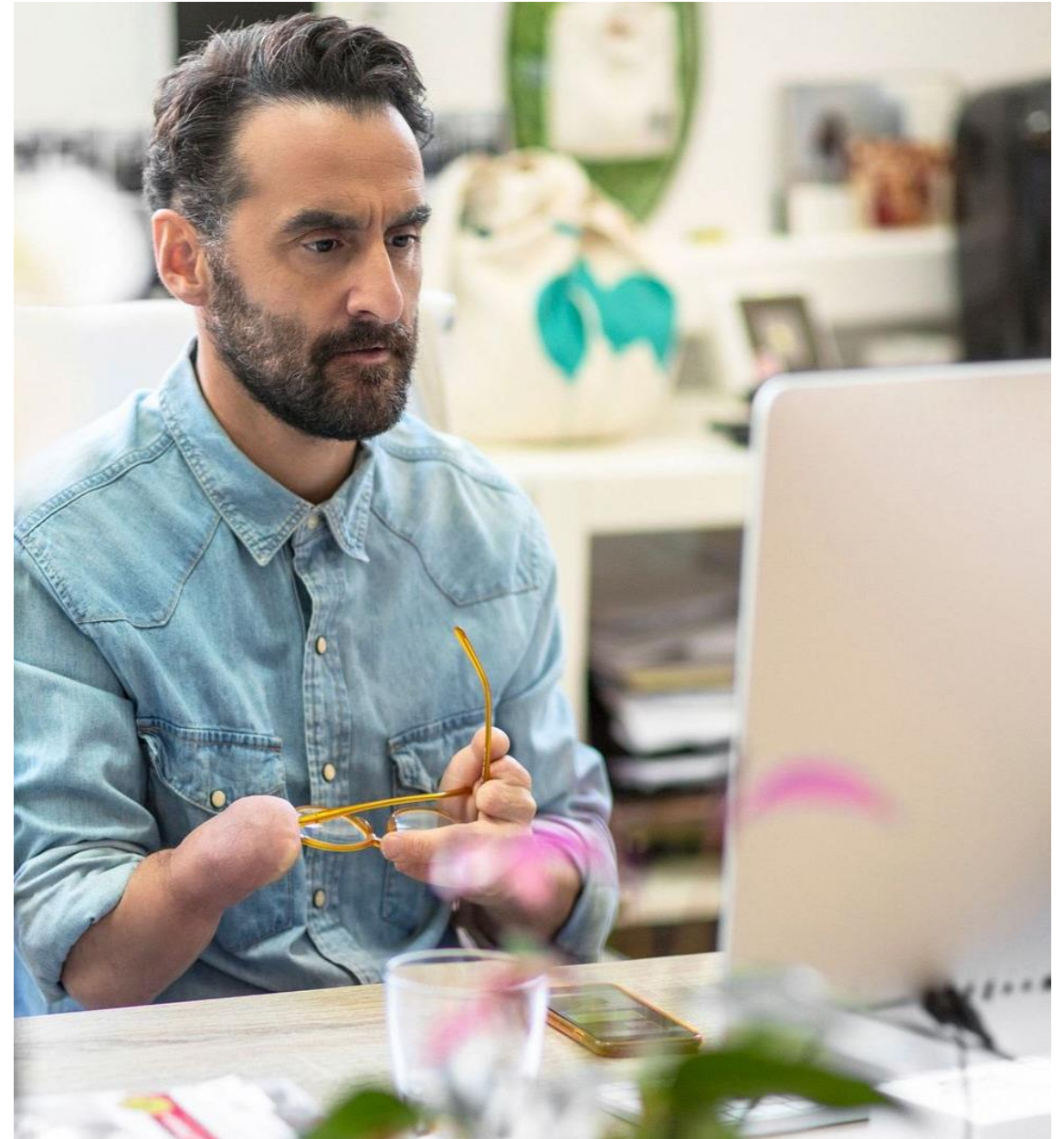
 ABLE accounts are subject to a \$25,000 daily withdrawal limit. Please note that any pending transactions will impact these limits.

Withdrawals – Step 2 (Bank)



Best Practices for Record Keeping

- Keep receipts in a secure and safe area
 - Scan receipts and notes, store them on a computer
 - Organize receipts by date to easily find them
 - You can upload receipt photos to your prepaid card portal
- Take notes of the purchased item and the amount of the CalABLE 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



CalABLE Ambassador Panel



Ashley M.
Authorized Legal
Representative



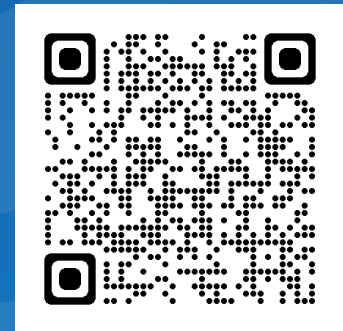
Adrienne G.
Authorized Legal
Representative

Reminders

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:** <https://www.sumday.com/customer-support/calable>
- **You can sign up to receive our emails, newsletters and information by scanning the QR code.**



CalABLE Resources



[Partner Toolkit](#)



[YouTube](#)



Brochures



[Twitter](#)



[Instagram](#)



[Facebook](#)

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



CalABLE and Employment

October 15, 2024
2:00 P.M. - 3:30 P.M. PT

This program is free
and open to the
general public.

Dial in by calling
1-669-900-6833

Webinar ID:
878 7060 5834



CalABLE Monthly Webinar Series

Register now:



https://us06web.zoom.us/webinar/register/WN_3Ph1X7ilRvqDdoy0vGl8_Q

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.

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
- Plan to Achieve Self-Support (PASS) Program
- Work Incentives Planning Services

Featuring guest presenters
from SSA and DOR



Detalles en español en
el post de abajo



Fill out the anonymous webinar survey!

1. I am a... CalABLE participant, ALR, potential CalABLE participant, service provider, State employee, other.
2. Do you have any questions we didn't answer?
3. Email or phone number (optional if you would like follow-up)
4. What did you like most about this event?
5. What could we have done better?
6. After this presentation, do you have enough information to open a CalABLE account?
7. Things I wish I knew when I started CalABLE



Disclosure Part 1

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Disclosure Part 2

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.

Thank You

Death of Beneficiary

Funds from a CalABLE account can be used by his or her estate to repay any outstanding eligible expenses, funeral, and burial costs.

When CalABLE is notified of a Beneficiary's death, CalABLE will request satisfactory proof of death and documentation from the executor or administrator of the Beneficiary's estate. Upon receipt of such proof of death, CalABLE will suspend all Account activity, except that the executor or administrator of the Beneficiary's estate will be permitted to take withdrawals from the Account.

Death of Beneficiary Form:

<https://calable.ca.gov/assets/docs/death-of-beneficiary-form.pdf>

An executor or administrator of a Beneficiary's estate should consult with qualified tax and legal advisors regarding the tax treatment of such withdrawals and the potential for Medicaid/Medi-Cal recapture by Medicaid/Medi-Cal or other states.

Medi-Cal Recovery

CalABLE accounts for CA residents are protected against Medi-Cal recovery (SB 218, AB 2216).

However, the state may recover on assets that have transferred from a CalABLE account to an estate, if ALL of the following apply:

The deceased Medi-Cal member was aged 55 or older.

The member leaves an estate that is subject to formal probate. Under current law, only estates that exceed \$184,500 in value are subject to formal probate.

The member received nursing facility services or home and community-based services, including related hospital and prescription drug services.

The member is not survived by a spouse or registered domestic partner, child under 21 years of age, or disabled child of any age.

* As of 1/1/2023, ABLE accounts for CA residents not established in CA are subject to Medi-Cal recover claim

Successor Designated Beneficiary

- A Successor Designated Beneficiary for a CalABLE account must be a sibling, step-sibling, or halfsibling of the designated beneficiary, and must also have a qualifying disability.
- A successor must be added to the account before the death of the beneficiary.
- You can add a successor in the CalABLE portal or using a paper form:
<https://calable.ca.gov/assets/docs/add-edit-remove-successor-designated-beneficiary-form.pdf>



Currently, CalABLE does not have the ability to list a successor Authorized Legal Representative. In the case of the ALR's death, please use the Change of Authorized Legal Representative Form:
<https://calable.ca.gov/assets/docs/change-of-alr-form.pdf>