

AGENDA

CalABLE Statewide Advocacy and Service Provider Advisory Council

May 10, 2018
10:00 a.m.

915 Capitol Mall
Room 587
Sacramento, CA 95814

Public Participation Call-In Number*
(877) 411-9748
Participant Code: 653-0665

OPEN SESSION

CALL TO ORDER AND ROLL CALL

ITEMS OF BUSINESS TO BE TRANSACTED OR DISCUSSED

- 1) Welcome and Introductions
- 2) CalABLE Program Update
- 3) Outreach and Education Update
 - a. We invite council members to provide suggestions for additional outreach opportunities
- 4) Legislative Priorities
- 5) Feedback from Council Members – Questions/Concerns

PUBLIC COMMENT

ADJOURNMENT

FOR ADDITIONAL INFORMATION

Carrie Fisher Stone, Deputy Executive Director
California ABLE Act Board
915 Capitol Mall, Room 590
Sacramento, CA 95814
(916) 653-0665

The agenda is also available on the California ABLE Act Board website at:
<http://www.sto.ca.gov/able/index.asp>

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ABLE 101 Part 5: Myths and Opportunities

Able accounts: there can be more than you think (or less).

The ABLE program is only a few years old, so people are still figuring out details and new opportunities for financial success. There are some myths that may make some people hesitant about opening an account, even if it's a good idea. These myths may also lead some people to make mistakes if they choose to open an account. Here are some ABLE myths and the truth about them – and some clever opportunities to use ABLE accounts to your advantage.

Myth: I can't open an ABLE account if I have a Special Needs Trust or 529(a) account.

This is incorrect! You can still have an ABLE account if you have a Special Needs Trust (SNT) or 529(a) account. Each of these accounts can have benefits and drawbacks compared to each other, so in some cases it may be worthwhile to choose one or the other or have a mix of account types open. For example, just looking at SNTs and ABLE accounts:

- With SNTs, spending must be controlled by a “trustee,” such as a family member or designated professional. With ABLE accounts, the account-holder can control spending through a web portal, debit card, and/or checkbook (depending on the state program). In some cases, a designated guardian or representative can also manage ABLE funds.
- ABLE account funds must be spent on “qualified disability expenses” (QDEs) while SNT funds can be spent on anything that goes directly to the beneficiary.
- ABLE accounts have limits on annual contribution amounts, savings without affecting SSI, maximum account amounts, and ways of changing investments. SNTs do not have limits on contributions or maximum funds and have more flexibility around investments.
- ABLE accounts allow for tax-free investments. Earnings from SNTs are taxed.

It is important to research the benefits and drawbacks of different accounts and programs before deciding which to use – and how to distribute funds between them. Consult with a benefits counselor, investment professional, or family members when you decide!

Myth: Every qualified disability expense (QDE) must be medically related.

Not at all! The list of qualified disability expenses is quite broad and can be just about anything that is related to a disability and will improve the account-holder's quality of life. Think about some of your options. Would adaptive cycling or skiing improve your health and personal well-being? Because adaptive activities are disability-related, you could pay for equipment, coaching, and travel to get on the ski slopes! Do you think that job courses could grow your opportunities and income? QDEs can include education, so you can use ABLE funds to expand your future economic potential. There are plenty of options aside from medical devices or expenses. So, just look around, do some brainstorming, and improve your life through ABLE!

Myth: Any earnings that I put into an ABLE account won't count as income.

Unfortunately, this isn't true. Any earnings that you get from work still count as income for tax purposes, as well as for determining SSI/SSDI amounts and eligibility for Medicaid and other federal benefits programs. Luckily, there are some tax advantages to depositing your income into an ABLE account. As of 2018, individuals are eligible for a Saver's Credit up to \$2,000 per year (through 2025), and some states' programs provide tax deductions for money deposited into an ABLE account by in-state residents. Always report income and changes in income to SSA and other agencies that manage benefits, especially if income will affect eligibility.

Myth: Money in ABLE investment funds will always continue to grow.

This is not necessarily true! Investment funds can go up or down with stock markets and other financial factors. More "aggressive" investments grow faster when the market goes up but can drop more when it goes down; more "conservative" investments grow slower but are less risky. Research ABLE investment funds and choose the best risk and potential reward for your future.

Opportunity: Get housing support without affecting your SSI.

The Social Security Administration adjusts your SSI benefit amount based on what they call "countable income," which includes "unearned income," such as cash benefits and housing support, and "earned income" from employment. Unearned income can affect SSI dollar-for-dollar, which means that if your family pays for your rent or gives you a room in their home for free, your SSI can be reduced by the value of that monthly rent. With an ABLE account, though, a family member could contribute the value of rent to your ABLE account each month, and then you could use ABLE funds to pay rent. Because deposits to ABLE accounts don't affect SSI (and housing is a QDE), you can get housing support without any reduction in SSI cash benefits!

Opportunity: Crowd-fund contributions to your ABLE account.

Anybody can contribute to an individual's ABLE account, not just the account-holder. Many ABLE programs provide websites where family, friends, and others can contribute to your account – and some also have mailing addresses for deposits. You can set up a webpage and link to it through emails or social media to gather broad contributions. And remember that annual contribution limits go from January to December, so a year-end fundraising drive is a great idea!

Opportunity: Use a 401(k) for tax-deferred savings!

ABLE accounts may not be for everybody, but there are other options out there! 401(k) plans let you put earnings from your paycheck directly into investment accounts, without them being taxed (money is taxed when it is withdrawn). Employers can even contribute matching funds! Let's check out an example. If somebody has a \$50,000 salary in California and uses zero deductions, she takes home around \$37,650 after taxes. If she contributes the maximum to her 401(k) (\$18,500 in 2018), she'll take home about \$24,950. That's \$12,700 less taken home – but \$18,500 put in the bank, for a positive change of \$7,800 per year. If your employer contributes, you may get even more money in the end!

CalABLE Outreach Report

May 2018

Stakeholder Engagement

Event Type	2016	2017	2018	To Date Total
Stakeholder Meetings	146	258	45	446
Presentations*	27	61	8	96
Total	173	319	53	545

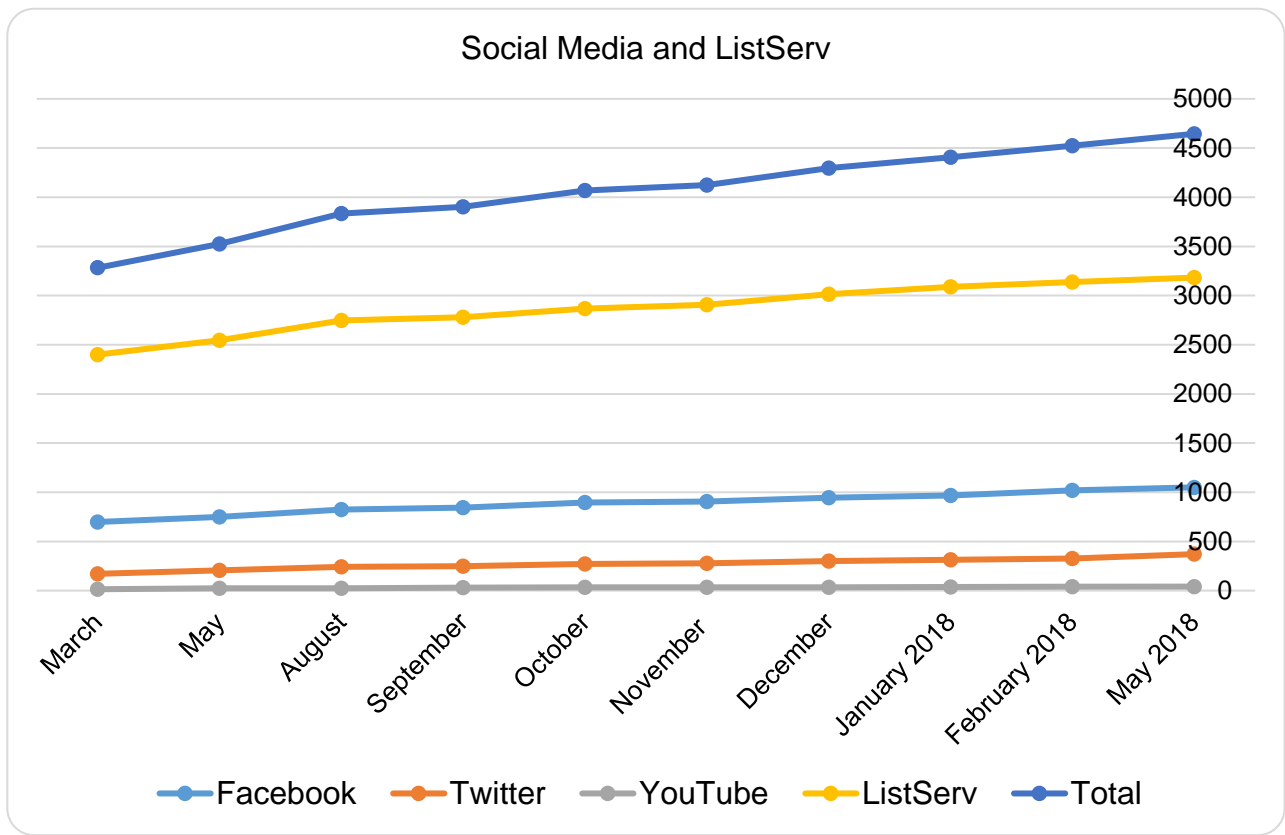
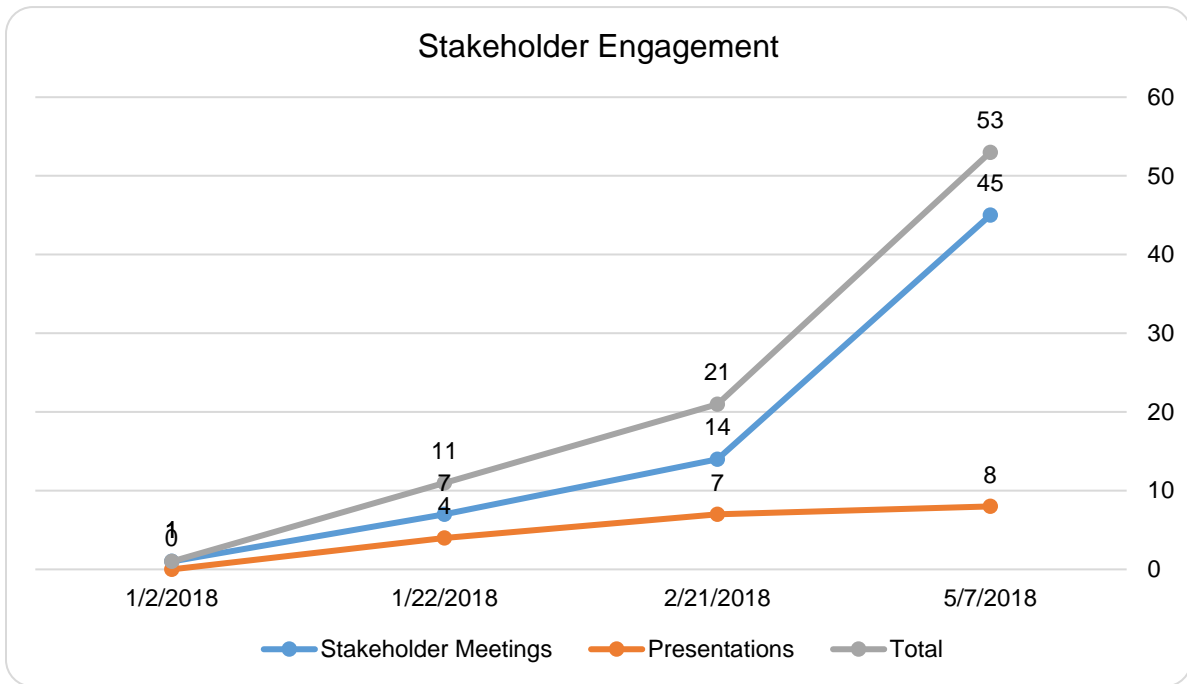
***Cities visited in 2018:** Citrus Heights, Los Angeles, Rancho Cordova, Roseville, Sacramento, and San Jose

***Host Agencies/Organizations in 2018:** Ataxia Group, Folsom Cordova Unified School District, Franklin Templeton Investments, On My Own, Parents Helping Parents, Statewide Associate Regional Center Agencies, and UC Davis MIND Institute

Social Media and Email Listserv

Type	Followers/ Subscribers	Likes	Ratings
Facebook	1050	957	3.9 out of 5 based on 15 reviews
Twitter	371	n/a	n/a
YouTube	41	n/a	n/a
STO Listserv	3,183	n/a	n/a
Total Followers/Subscribers:	4,645	n/a	n/a

CalABLE Outreach Report May 2018



ASSEMBLY BILL

No. 2253

Introduced by Assembly Member Irwin

February 13, 2018

An act to amend Section 4880 of the Welfare and Institutions Code, relating to public social services.

LEGISLATIVE COUNSEL'S DIGEST

AB 2253, as introduced, Irwin. Public social services programs: qualified ABLE Program accounts.

Existing federal law, the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (ABLE Act), encourages and assists individuals and families to save private funds in a tax-advantaged savings account for the purpose of supporting persons with disabilities to maintain their health, independence, and quality of life by excluding from gross income distributions used for qualified disability expenses by a beneficiary of a qualified ABLE program established and maintained by a state, as specified. Existing law establishes the Qualified ABLE Program, administered by the California ABLE Act Board, in this state for purposes of implementing the federal ABLE Act.

Existing law requires that an ABLE account only be established for a designated beneficiary who is a resident of the United States, and that the board market the program to residents of the United States to the extent funds are available. Existing law also provides that moneys in, contributions to, and any distribution for qualified disability expenses from, an ABLE account, not to exceed \$100,000, do not count toward determining eligibility for a state or local means-tested program.

This bill would repeal the \$100,000 limitation on moneys in, contributions to, and distributions for qualified disability expenses from,

an ABLÉ account, for purposes of determining eligibility for a state or local means-tested program.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 4880 of the Welfare and Institutions
2 Code, as added by Section 2.5 of Chapter 529 of the Statutes of
3 2017, is amended to read:

4 4880. (a) Notwithstanding any other law, moneys in,
5 contributions to, and any distribution for qualified disability
6 expenses from, an ABLÉ ~~account, not to exceed one hundred~~
7 ~~thousand dollars (\$100,000);~~ *account* shall not count toward
8 determining eligibility for a state or local means-tested program.

9 (b) Notwithstanding subdivision (a), Section 103 of Division B
10 of Public Law 113-295 and Sections 17140.4 and 23711.4 of the
11 Revenue and Taxation Code shall apply.

12 (c) (1) Notwithstanding any other law, moneys in an ABLÉ
13 account, not to exceed one hundred thousand dollars (\$100,000),
14 shall be exempt from enforcement of a money judgment without
15 making a claim.

16 (2) A money judgment in favor of the State Department of
17 Health Care Services shall not be subject to the exemption provided
18 in paragraph (1) during any period of time in which federal law
19 or guidance issued by the federal Centers for Medicare and
20 Medicaid Services requires the department to recover funds from
21 ABLÉ accounts for reimbursement of qualifying Medi-Cal
22 expenditures.

23 (d) This section shall become operative on September 1, 2018.

AMENDED IN ASSEMBLY MARCH 21, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 2039

Introduced by Assembly Member Fong

February 6, 2018

An act to amend Section 17072 of, and to add *and repeal* Section 17208 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2039, as amended, Fong. Personal income taxes: deductions: CalABLE contributions.

The Personal Income Tax Law, in modified conformity with federal income tax laws, allows various deductions from gross income in computing adjusted gross income under that law, including deductions for payments to individual retirement accounts, alimony payments, and interest on educational loans.

Existing federal law, the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (ABLE Act), encourages and assists individuals and families to save private funds for the purpose of supporting persons with disabilities to maintain their health, independence, and quality of life by excluding from gross income distributions used for qualified disability expenses by a beneficiary of a qualified ABLE program established and maintained by a state, as specified.

The Personal Income Tax Law conforms to these federal tax provisions.

This bill, for each taxable year beginning on or after January 1, 2018, *and before January 1, 2023*, would allow a deduction in computing

adjusted gross income in an amount equal to the amount contributed by a taxpayer during the taxable year to a CalABLE account.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17072 of the Revenue and Taxation Code
2 is amended to read:

3 17072. (a) Section 62 of the Internal Revenue Code, relating
4 to adjusted gross income defined, shall apply, except as otherwise
5 provided.

6 (b) Section 62(a)(2)(D) of the Internal Revenue Code, relating
7 to certain expenses of elementary and secondary school teachers,
8 shall not apply.

9 (c) Section 62(a)(21) of the Internal Revenue Code, relating to
10 attorneys fees relating to awards to whistleblowers, shall not apply.

11 (d) *For each taxable year beginning on or after January 1,*
12 *2018, and before January 1, 2023,* Section 62(a) of the Internal
13 Revenue Code, relating to general rule, is modified to provide that
14 the deduction under Section 17208 shall be allowed in determining
15 adjusted gross income.

16 SEC. 2. Section 17208 is added to the Revenue and Taxation
17 Code, to read:

18 17208. (a) *For each taxable year beginning on or after January*
19 *1, 2018, and before January 1, 2023,* there shall be allowed as a
20 deduction an amount equal to the amount contributed during the
21 taxable year by a taxpayer to a CalABLE account established
22 pursuant to Chapter 15 (commencing with Section 4875) of
23 Division 4.5 of the Welfare and Institutions Code.

24 (b) *This section shall remain in effect only until December 1,*
25 *2023, and as of that date is repealed.*

26 SEC. 3. This act provides for a tax levy within the meaning of
27 Article IV of the California Constitution and shall go into
28 immediate effect.

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February 21, 2018

Assemblyman Vince Fong
State Capitol, Rm. 4144
Sacramento, CA 94249

Re: SUPPORT – AB 2039 (Fong): Tax Deductions: CalABLE Savings Accounts (As introduced- 1/12/18)

Dear Assemblyman Fong,

On behalf of _____, we would like to express our strong support for AB 2039.

AB 2039 will provide a state tax deduction to individuals who contribute to CalABLE savings accounts benefiting individuals with disabilities. It is critical that we offer incentives so that California residents and out of state residents can confidently contribute to the well-being of one of our most vulnerable populations.

In 2014, Congress passed the Achieving a Better Life Experience Act (ABLE), enabling individuals with disabilities and their families to open tax-advantaged savings accounts. The accounts may be used for essential needs such as medical treatment, transportation, and housing. The passage of ABLE recognized the challenges of living with a disability and the associated costs by giving individuals with disabilities a better chance at financial independence without being penalized.

With AB 2039 the legislature has an opportunity to help people with disabilities and their families prepare for the future. The contributions to these accounts are an important step in giving people with disabilities a chance at independence, and we therefore strongly support this measure.

Sincerely,



January 11, 2018

Big Changes on the Horizon for ABLE in 2018

2018 promises to be another exciting year for ABLE. In addition to the expected launch of several more ABLE programs across the country, there will also be other significant changes to ABLE that have either already taken place as of January 1, 2018, or that will be implemented over the course of this year.

Below is a brief summary of some of the more significant changes that you can expect in 2018:

Annual Contribution Limit: The annual contribution limit is periodically adjusted for inflation. As a result, for the 2018 tax year, the annual contribution is set at \$15,000 (previously \$14,000).

Saver's Tax Credit: ABLE account owners who choose to contribute into their own ABLE account, as opposed to just contributions made by outside contributors, such as friends and family, may now be eligible to take advantage of the Retirement Savings Contributions Tax Credit (otherwise known as the Saver's Credit).

- There are additional requirements that must be met in order to qualify for the Saver's Credit.
- This is a non-refundable credit.

ABLE Financial Planning Act: Provided that the beneficiary is the same individual on both accounts (or a family member of the 529 College Savings account beneficiary as defined in the law), it is now allowable to transfer funds in a 529 college savings account to an ABLE account without incurring any tax or penalty.

- The funds rolled over from the 529 college savings account to an ABLE account are subject to the annual contribution limit and thus capped at \$15,000 for any given tax year (provided that no other contributions into the account have been made during that tax year).

ABLE to Work Act: ABLE account owners who have employment may be eligible to contribute above the \$15,000 annual contribution limit (possibly up to an additional \$12,060 depending on the gross income of the account owner). The contributions above the \$15,000 annual contribution limit would be limited to contributions made specifically by the account owner into their ABLE account.

- Questions remain about aspects of the provision relating to these increased contributions and may require guidance from the U.S. Department of the Treasury.

The ABLE National Resource Center (ANRC) will be closely monitoring these changes to ensure that they are implemented in a manner that provides maximum benefit to individuals with disabilities and their families. We encourage you to visit the ANRC website (www.ablenrc.org) for further information and updates related to these changes.

Credit: ABLE NRC <http://www.ablenrc.org/news/big-changes-horizon-able-2018>