

# California ABLE Act Board

## ABLE Landscape Update

May 28, 2019



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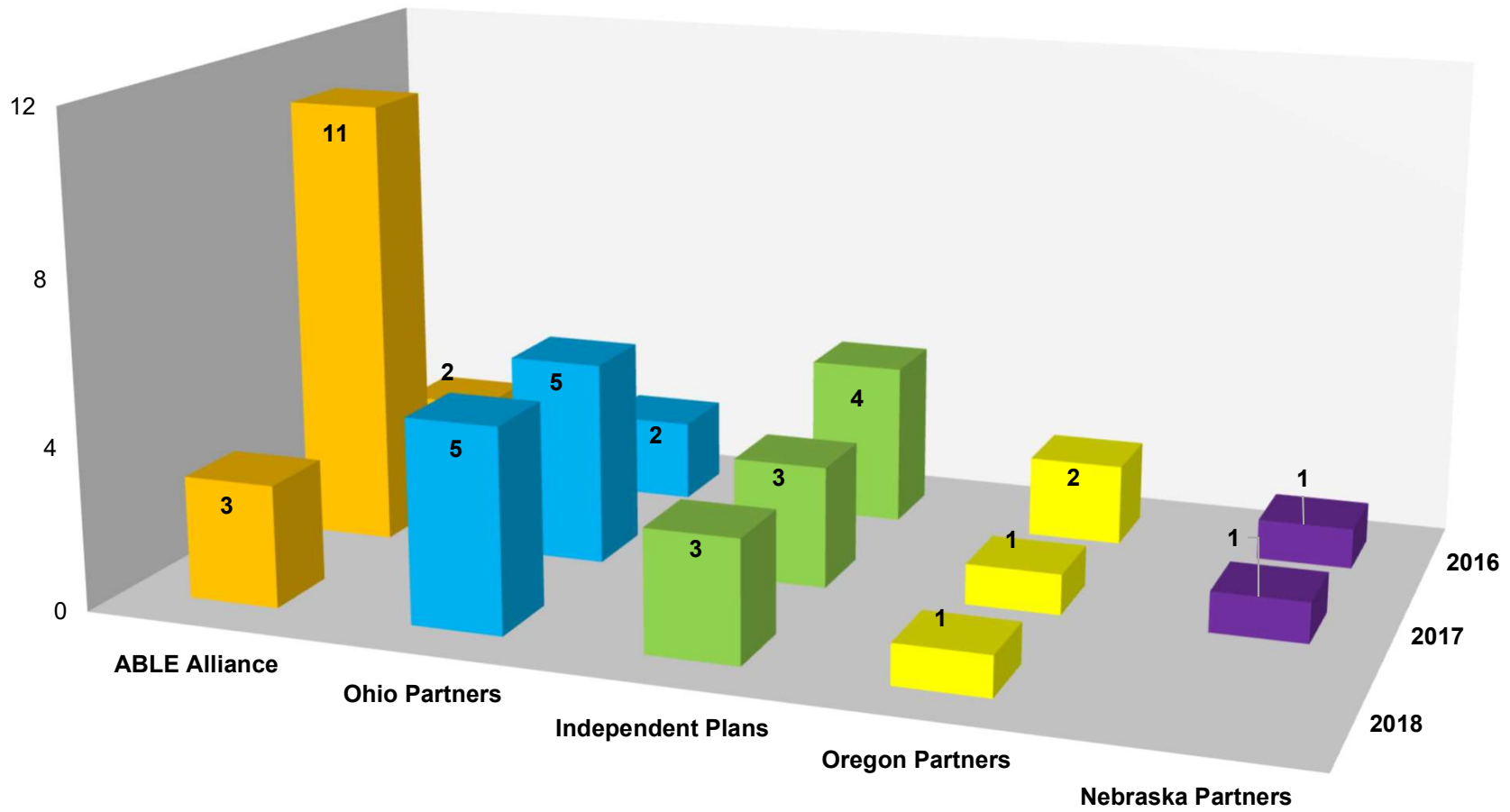
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## Section 1.

# The Market Today

# Overview of Plan Launches



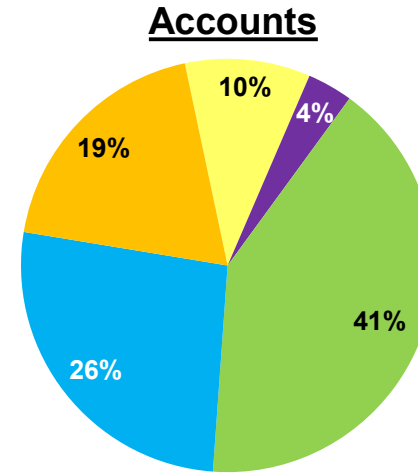
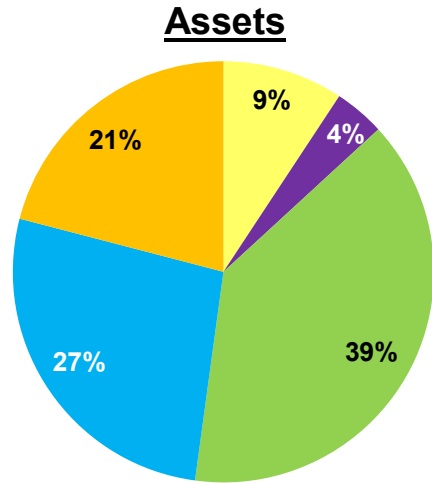
Source: Program Disclosure Statements as of April 12, 2019

# Available ABLE Plans

	ABLE Alliance	Ohio Partners	Independent Plans	Oregon Partners	Nebraska Partners
States	Alaska Arkansas Colorado Delaware District of Columbia Illinois Indiana Iowa Kansas Minnesota Montana Nevada New Jersey North Carolina Pennsylvania Rhode Island	Arizona Georgia Kentucky Missouri New Hampshire New Mexico Ohio Oklahoma South Carolina Vermont West Virginia Wyoming	California Florida Louisiana Massachusetts Michigan New York Tennessee Texas Virginia (2)	Maryland Oregon (2) Washington	Alabama Nebraska
42 States	16 States	12 States	9 States	3 States	2 States
15 Plans	1 Plan	1 Plan	10 Plans	2 Plans	1 Plan

Information as of April 12, 2019

# ABLE Market Snapshot

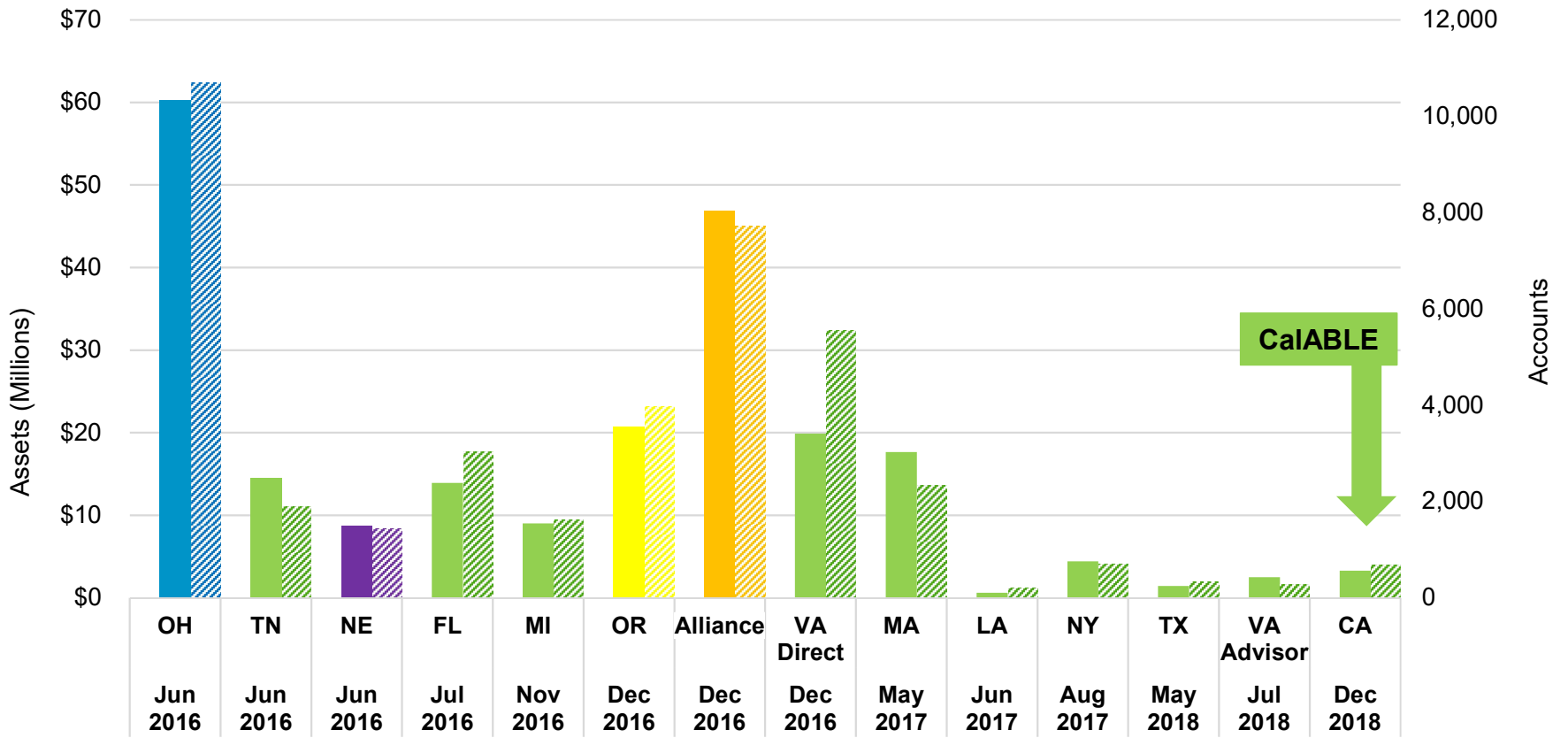


	Assets	Accounts	Average Account Size
Independent Plans	\$87,234,886	16,615	\$5,250
Ohio Partners	\$60,244,025	10,689	\$5,636
ABLE Alliance	\$46,875,820	7,715	\$6,076
Oregon Partners	\$20,755,281	3,967	\$5,232
Nebraska Partners	\$8,706,673	1,436	\$6,063
Industry Total	\$223,816,685	40,422	\$5,537 <sup>1</sup>

Source: **Strategic Insight** as of March 31, 2019

<sup>1</sup>Average account size represents the ratio of Industry Total Assets to Industry Total Accounts

# Timing View of the Market



AUM (Millions)	\$60.2	\$14.5	\$8.7	\$13.9	\$9.0	\$20.8	\$46.9	\$19.9	\$17.6	\$0.6	\$4.4	\$1.4	\$2.5	\$3.3
Accounts	10,689	1,899	1,436	3,036	1,612	3,967	7,715	5,550	2,335	199	699	327	278	680

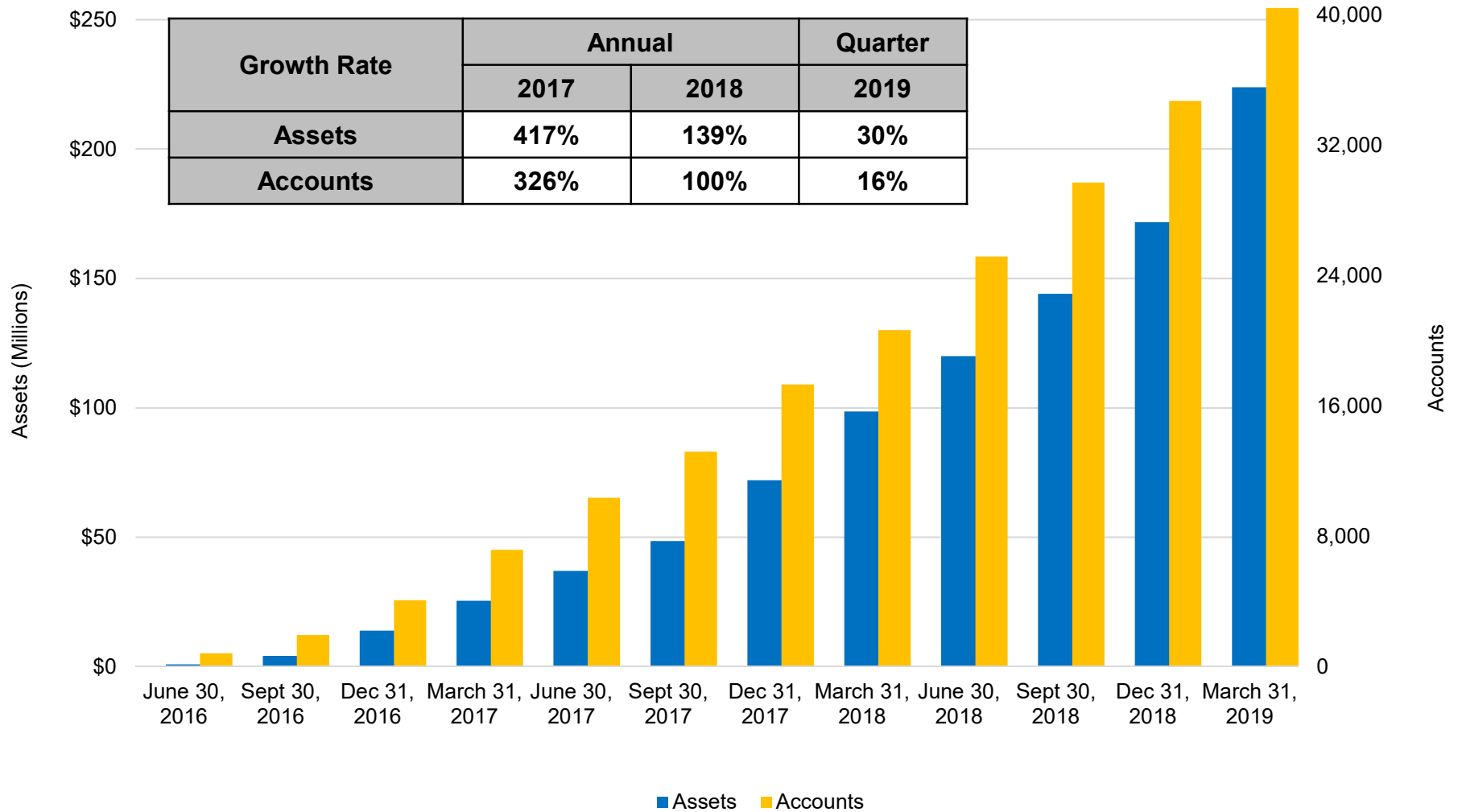
■ Ohio ■ Independent ■ Nebraska ■ Oregon ■ Alliance



Source: Strategic Insight as of March 31, 2019



# Growth of ABLE Market Overall



Source: **Strategic Insight** as of March 31, 2019





# ABLE Legislative and Regulatory Activity Snapshot

- **ABLE Age Adjustment Act Reintroduced (S.651):**
  - Initiative led by Senators Bob Casey (PA), Moran (KS), Van Hollen (MD) and Roberts (KS)
  - Issue is cost implication for expanding age of disability onset from 26 to 46
  - Passage would qualify an additional six million individuals with disabilities
- **States Limit Medicaid Recovery:**
  - At least seven States have passed legislation limiting State clawback of ABLE funds upon death of beneficiary, including California, Delaware, Florida, Illinois, Maryland, Oregon and Pennsylvania
  - Kansas and West Virginia appear to do so as a policy matter
- **NAST Coordinates State Efforts on ABLE:**
  - April 22 NAST call with Social Security Association involved discussion of Rep Payee issues and collaborative promotion of ABLE
    - ABLE Subcommittee has drafted a letter to Treasury regarding Rep Payee authorization as Authorized Legal Representatives
  - HUD Notice PIH 2019-09 clarifies ABLE asset exemption for means-tested HUD Programs
  - NAST ABLE Report addressing affordability and self-sustainability released May 2019

## Section 2.

# ABLE Industry Specifics

## Program Managers / Service Providers

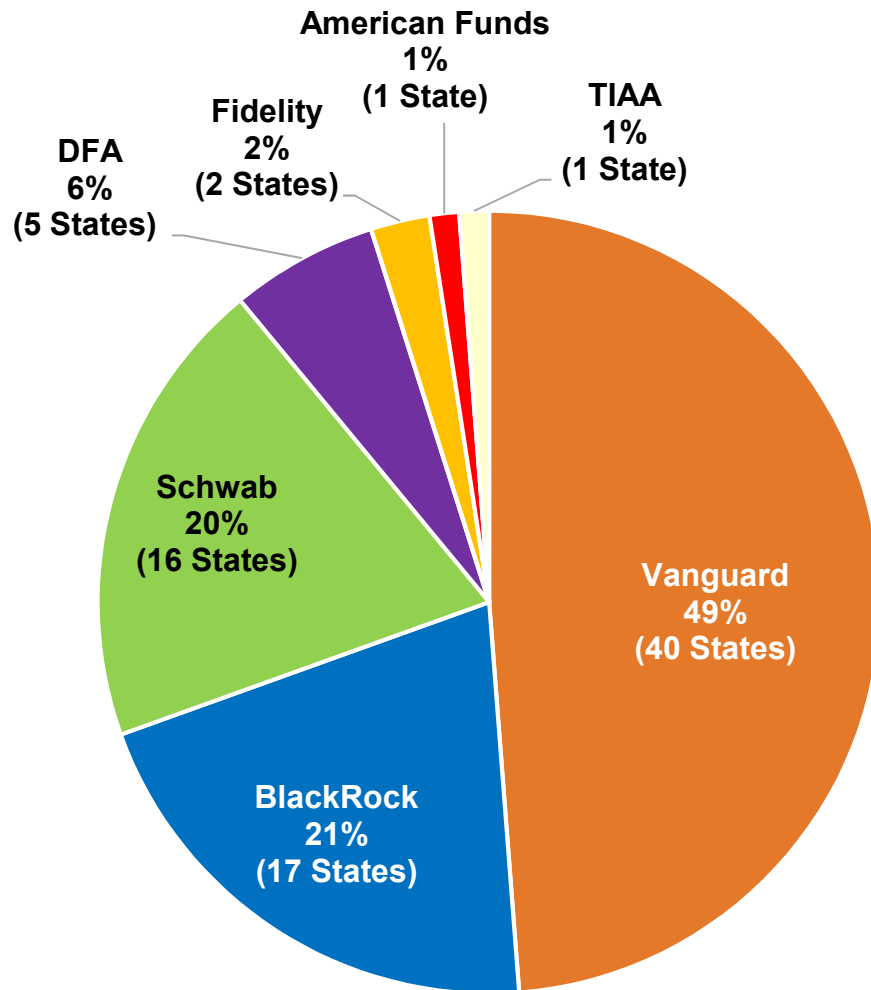
Service Provider	States	# of States	# of Plans
Ascensus	National ABLI Alliance (16 States) New York, Tennessee	18	3
Intuition	OH Partnership (12 States)	12	1
BNY / Sunday	OR Partnership (3 States), Florida <sup>1</sup>	4	2
First National Bank of Omaha	NE Partnership (2 States)	2	1
American Funds	Virginia	1	1
Fidelity	Massachusetts	1	1
NorthStar	Texas	1	1
PNC Bank	Virginia	1	1
State	Louisiana	1	1
<i>TIAA</i>	<i>California<sup>2</sup></i>	<i>1</i>	<i>1</i>
TSA Consulting	Michigan	1	1

Source: Program Disclosure Statements available as of April 12, 2019

<sup>1</sup> Conversion from Intuition to BNY / Sunday effective October 22, 2018

<sup>2</sup> Recordkeeping services provided by Intuition

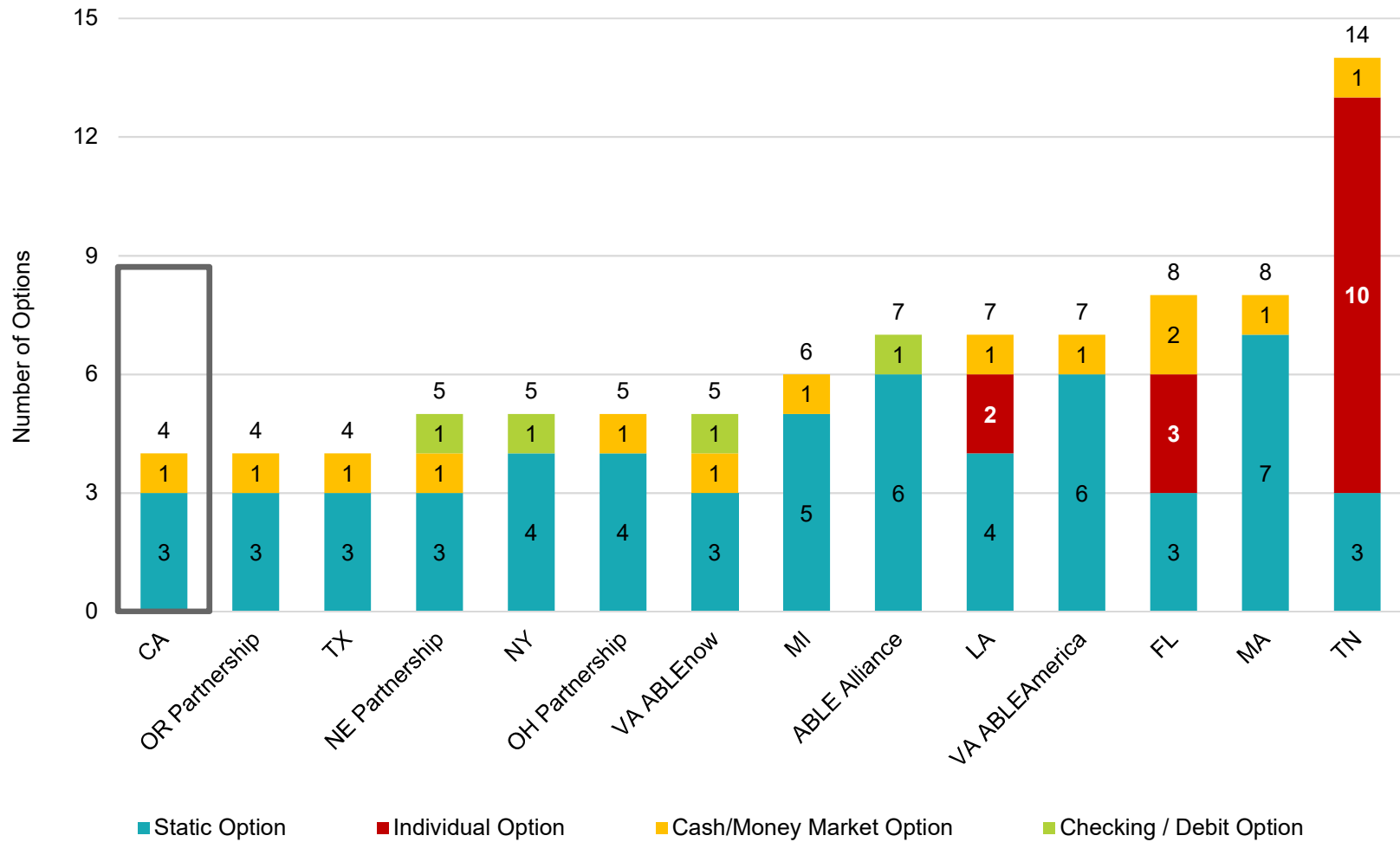
# Presence of Investment Managers



Investment Manager	Plans (Number of States)
Vanguard	ABLE Alliance (16) NE Partnership (2) OH Partnership (12) OR Partnership (3) FL LA MI NY TN TX VA
BlackRock	ABLE Alliance (16) FL
Schwab	ABLE Alliance (16)
DFA	OR Partnership (3) MI TN
Fidelity	MA VA
American Funds	VA
TIAA	CA

Source: Program Disclosure Statements available as of April 12, 2019

# Simplicity of Investment Options



Source: Program Disclosure Statements available as of April 12, 2019

## Focus on Cash and Cash Equivalent Options

Option	FDIC-insured Options			Money Market
	Savings Only	Checking Only	Savings + Checking	
States	<b>California</b> Florida Michigan Ohio Oregon Tennessee Texas	Alliance New York Virginia Direct	Nebraska	Florida Louisiana Massachusetts Virginia Direct Virginia Advisor
% of ABL Market Assets <sup>1</sup>	28.4%			3.4%

Source: Program Disclosure Statements as of April 12, 2019

<sup>1</sup> **Strategic Insight** as of March 31, 2019. (Does not account for Florida Savings option, which was added as of March 1, 2019)

## Section 3.

# CalABLE Fee Comparisons

## Overview of Select Plan Fees

Plan	Asset-based Fees	Dollar-based Fees
Massachusetts	0.57 - 0.93%	\$0
Virginia – ABLEAmerica	0.40 - 0.82% <sup>1</sup>	\$10 <sup>2</sup>
Michigan	0.67 – 0.78%	\$45
OH Non-Partner (“NP”) States	0.56 - 0.59%	\$42
Nebraska Partnership	0.54 – 0.55%	\$45
<b>California</b>	<b>0.52 – 0.54%</b>	<b>\$37</b>
Virginia – ABLEnow	0.36 – 0.39%	\$39 <sup>3</sup>
Oregon – ABLE for All	0.3446 – 0.359%	\$35
National ABLE Alliance	0.34 - 0.37%	\$60 <sup>4</sup>

Source: Program Disclosure Statements available as of April 15, 2019. Virginia Advisor fees are from prospectus dated January 1, 2019

Excludes FDIC Options

<sup>1</sup> Includes 0.30% in A Share distribution fees; does not include possible sales charges on A Shares. Additionally, Virginia529 is currently waiving its state administration fee (0.07%). Such waiver is expected to remain in effect until the earlier of (a) the date on which total assets invested in ABLEAmerica reach \$300 million or (b) June 30, 2023

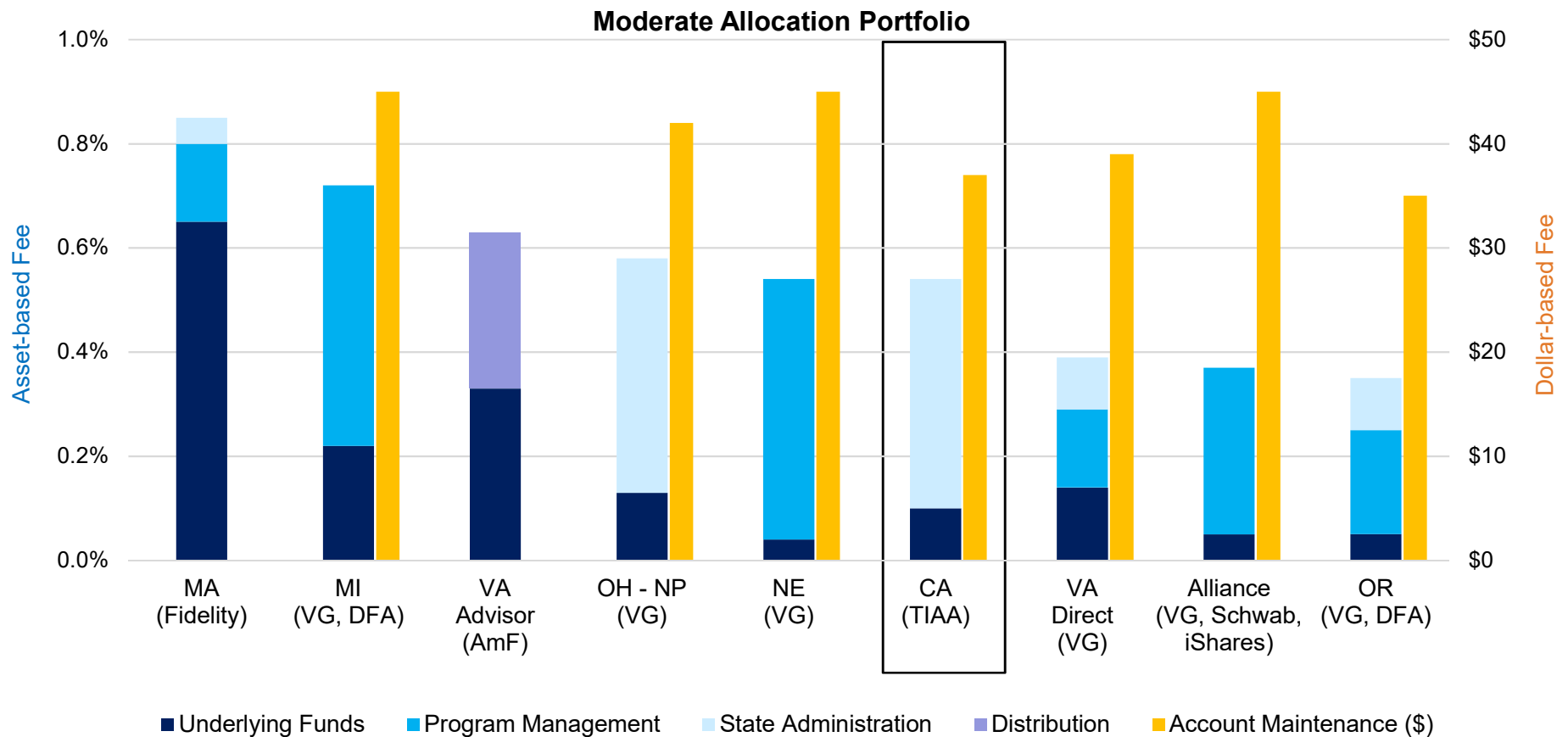
<sup>2</sup> Waived indefinitely (this mirrors CollegeAmerica, the Virginia 529 Advisor Plan managed by American Funds)

<sup>3</sup> Waived for accounts that maintain an average daily balance of \$10,000 in the ABLEnow Deposit Account

<sup>4</sup> Account maintenance fee reduced by \$15 for e-delivery



# Comparison of Select Plan Fees

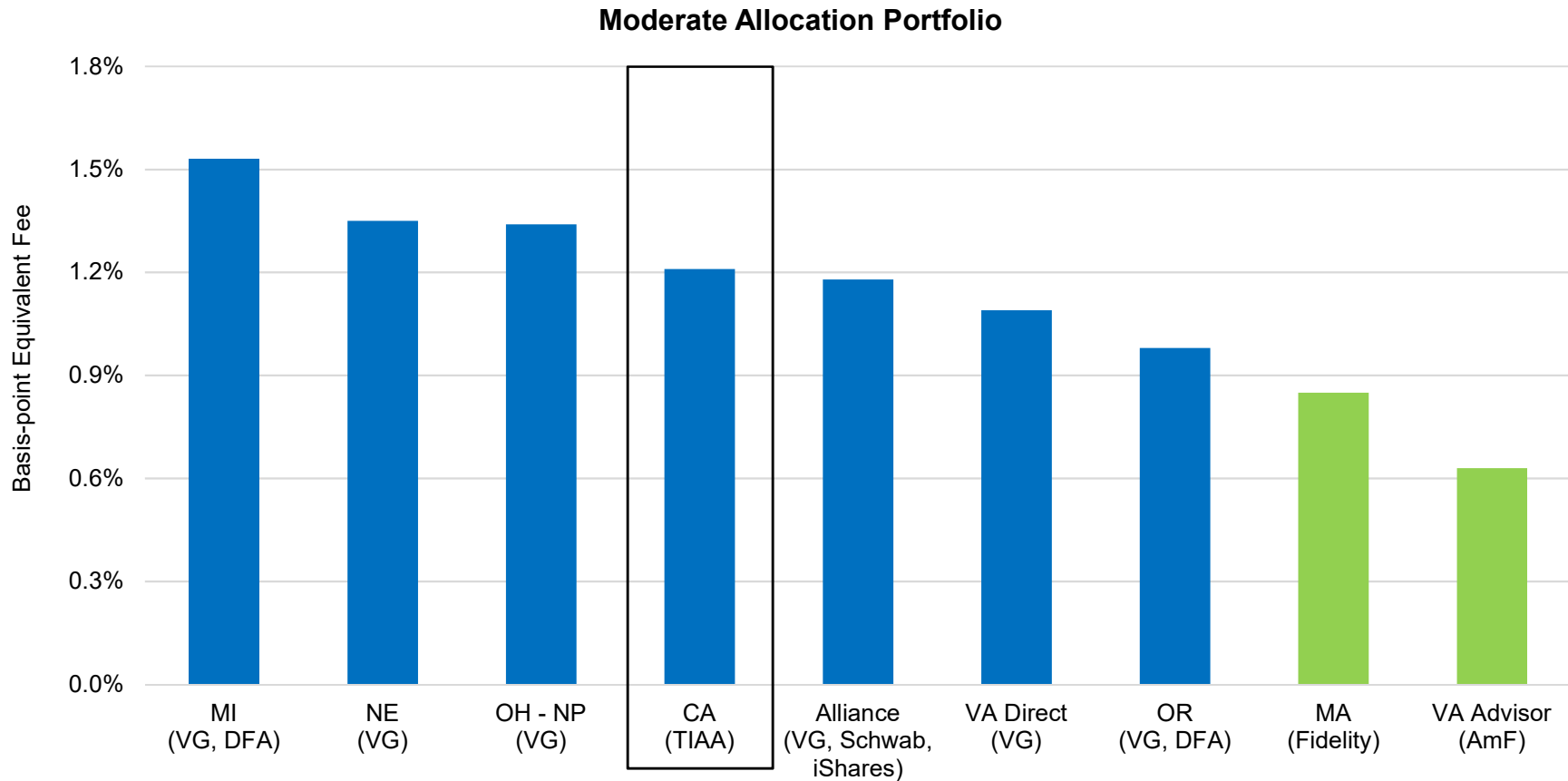


Source: Program Disclosure Statements available as of April 15, 2019. Virginia Advisor fees are from Prospectus dated January 1, 2019

**Notes:**

- (i) For all Plans, Moderate Allocation approximates a 50/50 Portfolio
- (ii) Virginia529 is currently waiving ABLEAmerica's state administration fee (0.07%). Such waiver is expected to remain in effect until the earlier of (a) the date on which total assets invested in ABLEAmerica reach \$300 million or (b) June 30, 2023. Additionally, ABLEAmerica's \$10 Account maintenance fee is waived indefinitely (this mirrors CollegeAmerica, the Virginia 529 Advisor Plan managed by American Funds)
- (iii) Virginia529 is currently waiving the \$39 Account maintenance fee for accounts that maintain an average daily balance of \$10,000 in the ABLEnow Deposit Account
- (iv) Dollar-based fee of \$45 reflects e-delivery option for the Alliance

# Basis-point Equivalent Fees



Source: Program Disclosure Statements available as of April 15, 2019. Virginia Advisor fees are from prospectus dated January 1, 2019

**Notes:**

- (i) Basis-point conversion assumes \$5,537 average account balance based upon March 31, 2019 **Strategic Insight** data
- (ii) **Blue** shadings demonstrate combined impact of asset- and dollar-based fees
- (iii) **Green** shading shows impact of no dollar-based fees
- (iv) Average total basis-point equivalent fee for all Plans shown is 1.13%. Excluding MA and VA Advisor, the average increases to 1.24%

# Hypothetical Cost Comparison

State Plan	VA Advisor	MA	OR	VA Direct	Alliance	CA	OH-NP	NE
<b>Assumed Account Size<sup>1</sup></b>	\$5,537	\$5,537	\$5,537	\$5,537	\$5,537	<b>\$5,537</b>	\$5,537	\$5,537
<b>Asset-based Fee<sup>2</sup></b>	0.63%	0.85%	0.35%	0.39%	0.37%	<b>0.54%</b>	0.58%	0.54%
<b>Asset-based Fee (Converted to \$)</b>	\$34.88	\$47.06	\$19.39	\$21.59	\$20.49	<b>\$29.90</b>	\$32.11	\$29.90
<b>Account Maintenance Fee (\$)<sup>3</sup></b>	Waived	None	\$35.00	\$39.00	\$45.00 <sup>4</sup>	<b>\$37.00</b>	\$42.00	\$45.00
<b>Total Cost Paid</b>	<b>\$34.88</b>	<b>\$47.06</b>	<b>\$54.38</b>	<b>\$60.59</b>	<b>\$65.49</b>	<b>\$66.90</b>	<b>\$74.11</b>	<b>\$74.90</b>
<b>Asset-based Equivalent</b>	<b>0.63%</b>	<b>0.85%</b>	<b>0.98%</b>	<b>1.09%</b>	<b>1.18%</b>	<b>1.21%</b>	<b>1.34%</b>	<b>1.35%</b>

Source: Program Disclosure Statements available as April 15, 2019

Chart excludes the Michigan Plan

<sup>1</sup> Based upon **Strategic Insight** March 31, 2019 industry average account balance

<sup>2</sup> Fee represents Moderate Allocation Portfolios shown on pages 17 and 18

<sup>3</sup> Nonresident account maintenance fees for all Plans shown

<sup>4</sup> Assumes e-delivery election

# Appendix

## Detailed Asset-based Fees

Plan	Program Management	State Administration	Underlying Investments	Total
Massachusetts	0.15%	0.05%	0.37% - 0.73%	0.57 - 0.93%
Virginia – ABLEAmerica	--	0.07% <sup>1</sup>	0.33% - 0.52%	0.40 - 0.82% <sup>2</sup>
Michigan	0.50%	--	0.17 – 0.28%	0.67 – 0.78%
Texas	0.15%	0.10%	0.14 – 0.40%	0.39 – 0.65%
Tennessee	--	0 - 0.315%	0.035 – 0.64%	0.35 - 0.64% <sup>3</sup>
OH Non-Partner States	--	0.45%	0.11 – 0.14%	0.56 - 0.59%
Nebraska Partnership	0.50%	--	0.04 – 0.05%	0.54 – 0.55%
<b>California</b>	<b>--</b>	<b>0.44%</b>	<b>0.08 – 0.10%</b>	<b>0.52 – 0.54%</b>
New York	0.36 - 0.38%	Included, if any	0.02 – 0.04%	0.40%
Virginia – ABLEnow	0.15%	0.10%	0.11 – 0.14%	0.36 – 0.39%
Oregon Partnership	0.10% to Sunday 0.10% to Oregon – MD / WA	0.10% MD / WA 0.20% OR	0.0628 – 0.0781% MD 0.0446 – 0.059% OR 0.0538 – 0.070% WA	0.3628 – 0.3781% MD 0.3446 – 0.359% OR 0.3538 – 0.3702% WA
National ABLE Alliance	0.32%	--	0.02 – 0.05%	0.34 - 0.37%
OH Partner States	--	0.19%	0.11 – 0.14%	0.30 - 0.33%

Source: Program Disclosure Statements available as of April 14, 2019. Virginia Advisor fees are from prospectus dated January 1, 2019

Does not include Florida or Louisiana. Excluded FDIC Options

<sup>1</sup> Virginia529 is currently waiving that portion of its fee attributable to Class ABLE-A shares. Such waiver is expected to remain in effect until the earlier of (a) the date on which total assets invested in ABLEAmerica reach \$300 million or (b) June 30, 2023

<sup>2</sup> Includes 0.30% in distribution fees; does not include possible sales charges

<sup>3</sup> Includes State subsidy



## Dollar-based Annual Account Maintenance Fees

Plan	Residents	Non-Residents	Fee Recipient
Texas	\$48	--	NorthStar
National ABLE Alliance <sup>1</sup>	\$55-60	\$60	Ascensus and State
New York <sup>2</sup>	\$55	Same	Unclear
Michigan	\$45	Same	Unclear
Nebraska Partnership	\$45	Same	Unclear
Virginia – ABLEnow	\$39 <sup>3</sup>	Same	PNC
<b>California</b>	<b>\$37</b>	<b>Same</b>	<b>TIAA</b>
Oregon Partnership	\$35	Same	Sunday - \$27, OR - \$3, MD - \$5, WA - \$5
Ohio Partnership	\$30	\$42 <sup>3</sup>	Intuition
Virginia – ABLEAmerica	\$10 <sup>5</sup>	Same	American Funds
Florida / Louisiana / Massachusetts / Tennessee	--	--	--

Source: Program Disclosure Statements available as of April 14, 2019

<sup>1</sup> Assuming \$60, split is \$5 to State and \$55 to Ascensus. Account maintenance fees reduced by \$15 for e-delivery

<sup>2</sup> Account maintenance fees reduced by \$10 for e-delivery

<sup>3</sup> Waived for accounts that maintain an average daily balance of \$10,000 in the ABLEnow Deposit Account

<sup>4</sup> Any investor in a Non-Partner State pays \$42

<sup>5</sup> This fee is waived indefinitely (this mirrors CollegeAmerica, the Virginia 529 Advisor Plan managed by American Funds)