SEPTEMBER 14, 2021

AGENDA ITEM 2
INFORMATION ITEM

CALIFORNIA ABLE ACT BOARD

Executive Director's Report

Background

The Executive Director's Report includes an overview on the following items:

- Enrollment Update
- Outreach/Marketing
- Operational Updates
  - NAST Disclosure Statement
  - Final IRS Regulations
  - Prepaid Card
  - CalABLE Call Center
  - Contract Update
  - Annual Report

Presenter:

Dante Allen, Executive Director, California ABLE Act Board

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CALIFORNIA ABLE ACT BOARD

EXECUTIVE DIRECTOR'S REPORT

August 14, 2021

Program Update

- **Enrollment/Accounts Update**

  CalABLE enrollments continue to grow at an exciting pace, with increasing in enrollments and asset under management that exceed the program growth across the ABLE industry. In fact, CalABLE has moved up the list in terms of both accounts opened and assets under management since last quarter. In Q1 CalABLE ranked 5th and 6th among all ABLE programs in the nation for accounts and assets respectively. In our Q2 data, which we will be discussing shortly, we have risen to 4th and 5th, and feel that additional moves to become the nation's largest ABLE program are well within our sights.

  Unofficial weekly enrollment data continues to show support our aspirations as of Monday of this week has us with more than 8,500 accounts opened and just under $60 million in assets. Keep in mind, these numbers are different than our Q2 data that we will present later in the meeting as these are numbers based on account applications completed and dollars pledged to ABLE, or official quarterly data is comprised of accounts opened and funded.

  For official 2nd Quarter Enrollment Data and CalABLE Market Share Update see attachment 1

Investment Due Diligence

On August 24th, CalABLE participated, alongside our investment consultant Meketa and sister program ScholarShare, in a thorough due diligence presentation conducted by TIAA/Nuveen. The presentation involved senior professionals within TIAA/Nuveen and focused on performance of the capital markets in general as well as discussions of individual fund's strategies and performance.

The presentation started with Saira Malik, Chief Investment Officer, providing an overview of the strength of the firm and the depth of the team who manages the different products under the TIAA/Nuveen umbrella. That portion was followed by an economic and capital markets review and discussion by Tony Rodriguez, Head of Fixed Income Strategy. Mr. Rodriguez focused on the strong economic and capital market returns coming out of the pandemic but also warned of potential headwinds looking forward such as resurgent inflation and high valuations across asset classes. The presentation then drilled down to individual strategies.

James Tsang, Quant Fixed Income Portfolio Manager, provided an overview of the bond index strategy with particular attention paid to the difficulties of managing bond index funds compared to other index strategy. He explained how it is not practical or feasible to own all the securities within a bond index (as is common with equity index funds) due to the illiquid nature and small issuance size of many of the securities held within the index. Mr. Tsang went on to explain the sampling technique he uses and how it attempts to minimize the performance differences between his portfolio and the benchmark. He also discussed how the massive illiquidity event that surrounded the onset of the pandemic made it nearly impossible for bond index funds to match the performance of their benchmarks, but also how these pressures have eased over the past few months and the normalization happening within fixed income markets.

Jim Campagna, Head of Equity Index Strategies, provided an overview of the passive equity strategies. Including the Equity index, International Equity index, and Emerging Markets Equity index funds. The overview highlighted the team and the strategies they utilize to minimize tracking error relative to their designated benchmarks. Particular attention was paid to the quantitative risk management processes the team utilizes as well as their trading process that focuses on controlling transaction cost drag on performance which the benchmark does not have. The discussion ended with an overview of their securities lending process. Highlighting how it can generate additional revenue which can offset the real-world costs of managing and index fund versus a benchmark that is not impacted by real-world costs. Particular attention was paid to the conservative nature of the securities lending program and how all income generated from the securities lending program go to the benefit of the underlying mutual fund unlike other firms who often take a share of the revenue for their own profit.

Overall the due diligence was time intensive and quite detailed but left us with a much better understanding of the firm, professionals, and strategies in which CalABLE is invested. We were particularly happy with TIAA/Nuveen's eagerness to share the time of their most senior professionals within the firm.

- **Outreach/Marketing**

CalABLE's outreach and marketing efforts comprise of virtual presentations, webinars, paid social media and organic social media outreach on Facebook, Twitter and YouTube.

Webinars

CalABLE launched the YouTube webinar series in February 2020, since this time we have produced 14 webinars with 2,037 attendees and replay views of 8,024, equaling a 450% viewing rate. In addition to the webinars, CalABLE produced a Spanish ABLE 101 presentation with 199 views, the Ambassador video has 537 views, Ambassador Individual views 949 views and the Financially ABLE video has 499 views. CalABLE currently has 457 subscribers and has reached an audience of 11,746 people.

The webinar series continues to be popular with a 55% attendance rate, the topics for July, August and September are below:

- July - “Opening your CalABLE Account Tutorial” featured Guest Speaker Malcolm Harmon, Service Delivery and Engagement Manager, attendance 100 and
- August - “CalABLE, SSI and HUD Working Together” with guest speaker Trevor Auser, Division Director, HUD, and Wanda Gonzales, Northern California Public Affairs Specialist for SSA, attendance 260 and
- September - “Join the CalABLE Ambassador Team” with current Ambassador’s sharing their stories, September 22, 2021 at 2:00 pm

The final quarter will include topics on Self Determination, Special Needs Trust and Year End contributions.

Social Media

Our Social Media campaign consisted of organic posts on Facebook and Twitter, Squirmy and Grub had a strong presence with over 15,000 views during the third quarter.

Outreach Events

CalABLE has started an outreach campaign with the Social Security Administration offices. We presented to five offices in Northern California during August, one office in September and will be speaking to the 13 Los Angeles offices in October. The third quarter outreach efforts included: 19 speaking engagements reaching 591 people, sponsorship at the Finding Balance Conference in July hosted by Supported Life Institute with 92 attendees and sponsorship for the ABLE to Save August campaign hosted by National Disability Institute which included a podcast byline.

Date	Event	Attendees	Webinar	Sponsorship
6/24/2021	Exceptional Family Center/Centro de Familias Excepcionales	15		
6/28/2021	WarmLine	13		
6/30/2021	State Council on Developmental Disabilities- Sacramento	80		
7/1/2021	NAMI San Joaquin Board	15		
7/14/2021	**Webinar- Tips on Opening a CalABLE Account**		98	
7/21/2021	Tri County Regional Center	30		
7/26/2021	Inland Empire Autism Society	120		
7/27/2021	Napa District Office- SSA	37		
7/28/2021	San Bernardino County Bar Association Probate & Estate Planning Section, Price Law Firm	30		
7/28/2021	Tri County Regional Center	35		
7/29/2021	Valley Caregiver Resource Center	10		
7/29/2021	LA Supervisor, 1st District	15		

7/29/2021	Finding Balance -Sponsorship			92
8/3/2021	Stockton Hayward -SSA	48		
8/4/2021	Deaf Counseling, Advocacy & Referral Agency (DCARA)	21		
8/10/2021	South Sacramento Office - SSA	13		
8/11/2021	Eureka District Office - SSA	18		
8/12/2021	Service Center for Independent Life	9		
8/18/2021	**Webinar- CalABLE, SSI, and HUD Working Together**		266	
8/19/2021	Redding – SSA office	18		
8/25/2021	Access to Independence of San Diego	6		
8/26/2021	Harbor Regional Center	58		
8/1-8/31	ABLE to Save Month Sponsorship			
Total		591	364	

Operational Updates

- **NAST Disclosure Principles**

  At the 8/25 meeting of the National Association of State Treasurer's ABLE committee the committee voted to recommend acceptable disclosure practices for state entities (State Issuers) for ratification by the NAST Executive Committee. These principles establish best practice recommendations for ABLE program offering documents, with a specific purpose of ensuring that disclosure statements are developed with emphasis on accessibility and communication in plain language for better understanding of potential ABLE account holders of varying ability levels.

  This effort coincides with work currently underway to update and reissue CalABLE's disclosure statement and we will adhere to these established principles when possible. These Disclosure Principles are intended to provide guidance for ABLE Plans. The document:

  - does not suggest that other disclosure practices or alternative disclosure practices are unacceptable;
  - is not intended to be a comprehensive list of required disclosures by an ABLE Plan;
  - and is not intended to provide guidance related to the statutory, regulatory or disclosure obligations of broker-dealers, investment managers, transfer agents, or other service

  For the full NAST Disclosure Principle document see attachment 2.

- **Final IRS Regulations**

  In October of 2020, the Internal Revenue Service issued final regulations for ABLE programs that expanded various components of the Federal ABLE Act. The IRS has

allowed two years from the date of issuing the final regulations for state ABLE programs to comply. Many of these changes offer greater flexibility for ABLE participants. CalABLE is synchronizing efforts to update our disclosure statement with the need to comply to these final regulations. Staff is prioritizing the changes outlined in the final regulations to also coincide with our updated disclosure statement based on those that have generated current and potential account holder interest, as well as those we anticipate will have the greatest impact upon account growth. These changes include, but are not limited to:

- Expansion of who may establish an ABLE account, including a new hierarchy and expanded definition of who may serve as an Authorized Legal Representative
- Ability of ABLE programs to establish a successor beneficiary at the time of program enrollment

Additional changes outlined in the final regulations will be included as soon as operationally possible, and within the timeframe set in compliance with the final regulations.

ABLE Age Adjustment Act

The NAST ABLE committee has also issued a statement supporting the passage of the ABLE Age Adjustment Act, which would extend ABLE eligibility to individuals who became disabled before their 46th birthday, rather than their 26th birthday as the law currently states. This expansion of the rules regarding age of disability onset would increase the ABLE eligible population by approximately 6 million people nationwide. The statement explores the various reasons why passage of the ABLE Age Adjustment Act are necessary, including the original Congressional Budget Office cost estimates of ABLE on the federal government have not been realized, the reduction in the eligible population has resulted in a lower than estimated adoption rate, and a portion ABLE accounts are in jeopardy under current law.

Currently, CalABLE and NAST are working to secure additional support in the Senate and Congress in the hopes that more elected officials will join on as cosponsors of the bills in the hopes of securing a more accurate CBO score.

- **Customer Service Issues**
  Staff continues to monitor issues related to the prepaid card.
  - Current issues (2 open) are around identity verification
    - Bank process requires account holders applying for the card to go through ID verification
    - If the bank is unable to verify someone's identity the person is required to send in documentation
    - If someone does not send it into the bank in a reasonable amount of time the application is closed
    - TIAA is enhancing their outreach efforts to contact anyone who fails the bank's ID verification process to ensure the proper documents are submitted

For the full letter to legislators see attachment 3

- **Contract Update**
  From July 2021 through September 2021, there was one contract signed and executed under the Executive Director's delegation authority. This contract was with Program 11 for $552,496.00 for Marketing Program Services. AKF Consulting LLC, was selected as the Program Consulting Services Contract, the current contract will expire on November 30, 2021.

- **Annual Report**
  TIAA has provided the program annual report for CalABLE, which includes the audited financials for FY 2021 by PWC. The report was reviewed and approved by staff and will be posted in its entirety to the CalABLE web page.

  For the full CalABLE Annual report see attachment 4.

- **Personnel**
  CalABLE is currently seeking a full time Staff Services Analyst/Associate Governmental Program Analyst to assist with contracts, service orders and other administrative tasks in conjunction with CalABLE program staff; research, analyze and report on critical data to support expansion of CalABLE program enrollment; and coordinate outreach and logistical support related to all CalABLE external outreach programs, including in-person presentations, virtual meetings, and social media initiatives designed to increase program engagement.

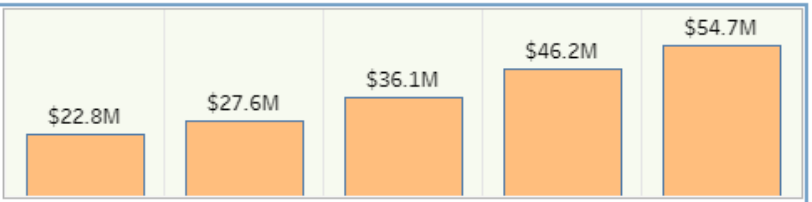
Attachments

- 1 - 2nd Quarter Enrollment Data and CalABLE Market Share Update
- 2 - NAST Disclosure Principle
- 3 - NAST- ABLE Age Adjustment
- 4 - CalABLE 529 Plan Annual Audit 2020

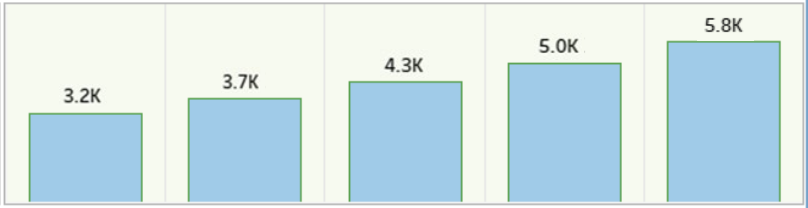
Attachment 1
2nd Quarter 2021

TIAA-CREF Tuition Financing, Inc.

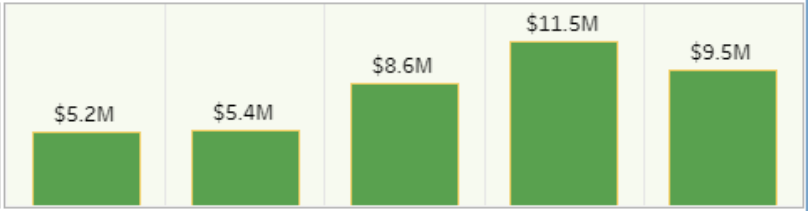
Total Assets
$54,744,515
(▲ 18% QoQ) (▲ 140% YoY)



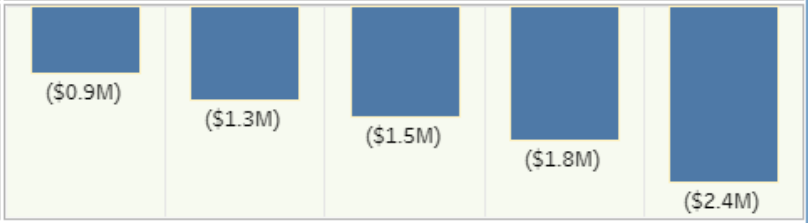
Active Accounts
5,803
(▲ 16% QoQ) (▲ 80% YoY)



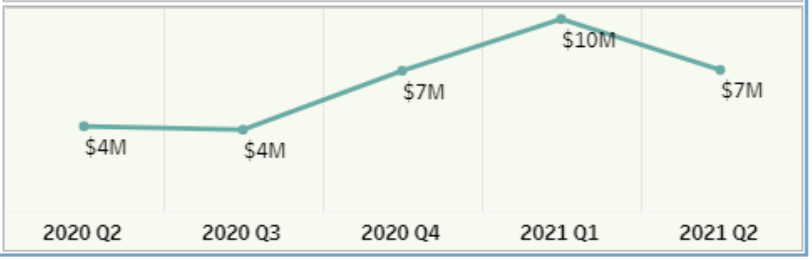
Contributions
$9,466,275 (YTD $21M)
(▼ -17% QoQ) (▲ 83% YoY)



Redemptions
($2,350,409) (YTD ($4M))
(▲ 32% QoQ) (▲ 164% YoY)



Net Flows
$7,115,866 (YTD $17M)
(▼ -26% QoQ) (▲ 66% YoY)



Accounts Opened
898 (YTD 1,637)
(▲ 22% QoQ) (▲ 58% YoY)

Accounts Closed
99 (YTD 178)
(▲ 25% QoQ) (▲ 102% YoY)

Average Account Balance
$9,434
(▲ 2% QoQ) (▲ 33% YoY)

Total Calls
3,422
(▲ 9% QoQ) (▲ 43% YoY)

Total Website Visits
26,734
(▼ -43% QoQ) (▲ 59% YoY)

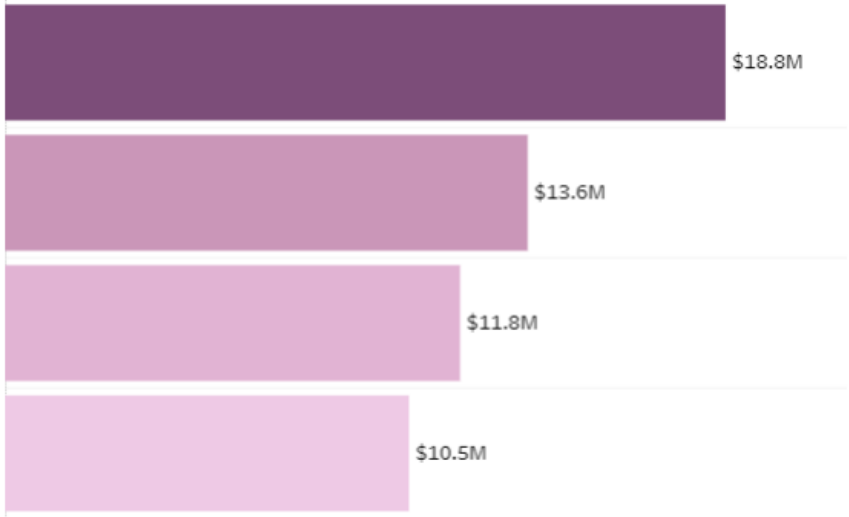
CA/Able/2021/Q2

"QoQ Comparing to 2021 Q1 and YoY comparing to 2020 Q2"

Assets by Portfolio
2nd Quarter 2021

TIAA-CREF Tuition Financing, Inc.

Assets by Portfolio



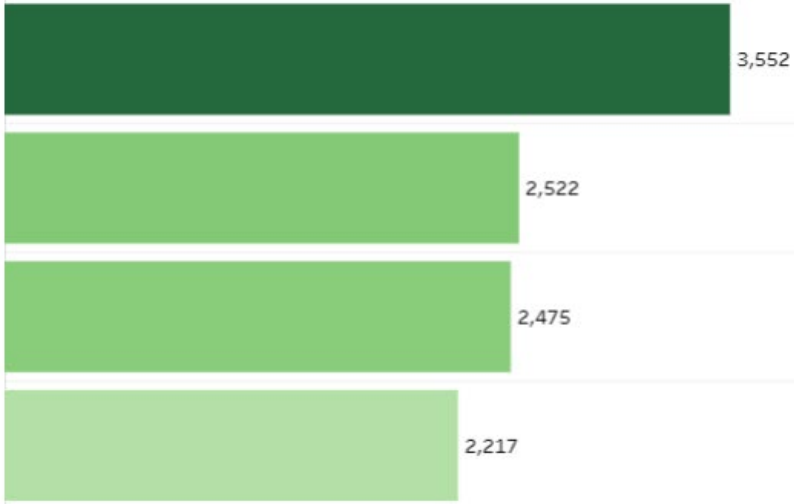
	%	QoQ	YoY
FDIC-INSURED PORTFOLIO	34.3%	▲ 15%	▲ 124%
AGGRESSIVE GROWTH PORTFOLIO	24.9%	▲ 21%	▲ 174%
MODERATE PORTFOLIO	21.6%	▲ 20%	▲ 142%
CONSERVATIVE PORTFOLIO	19.2%	▲ 19%	▲ 129%

CA/Able/2021/Q2

Accounts by Portfolio
2nd Quarter 2021

TIAA-CREF Tuition Financing, Inc.

Accounts by Portfolio



	%	QoQ	YoY
FDIC-INSURED PORTFOLIO	33.0%	▲ 16%	▲ 87%
CONSERVATIVE PORTFOLIO	23.4%	▲ 16%	▲ 88%
MODERATE PORTFOLIO	23.0%	▲ 15%	▲ 82%
AGGRESSIVE GROWTH PORTFOLIO	20.6%	▲ 17%	▲ 85%

CA/Able/2021/Q2

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California ABLE Act Board

CalABLE Market Share Update

September 14, 2021

AKF CONSULTING

CalABLE

Available ABLE Plans as of July 1, 2021

	National ABLE Alliance ("Alliance")	Ohio Partners	Independent Plans	Oregon Partners
States	Alaska Arkansas Colorado Connecticut Delaware District of Columbia Illinois Indiana Iowa Kansas Minnesota Mississippi 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 Nebraska New York Tennessee Texas Virginia (2)	Alabama Maryland Oregon (2) Washington
46 States Plans	*18 Plans*	*12 Plans*	*11 Plans*	*5 Plans*
15 Unique Programs	*1 Program*	*1 Program*	*11 Programs*	*2 Programs*

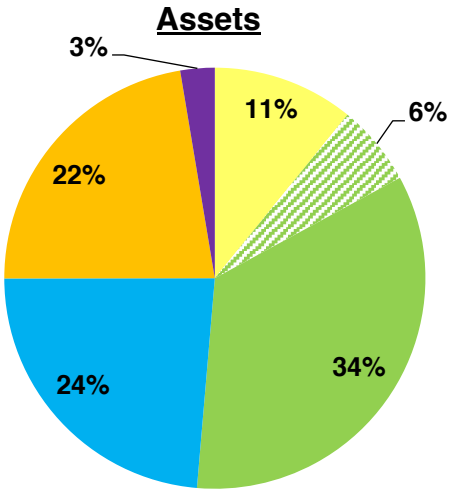
Source: AKF Consulting as of August 17, 2021

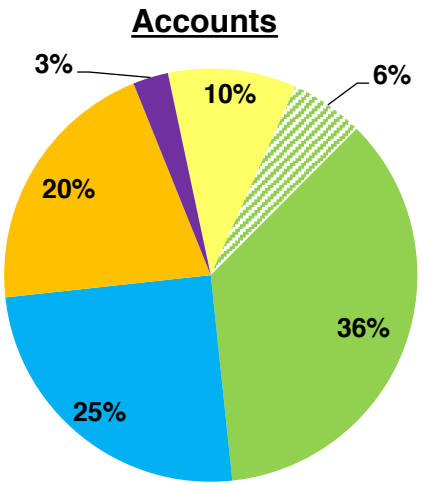
Lead state for each Program appears in blue text
Effective July 1, 2019, Nebraska is included as an Independent Plan
Alabama transitioned from Nebraska Partners to Oregon Partners on May 17, 2021
Hawaii expected to join Oregon Partners in 2021 Q3
Maine expected to launch an independent ABLE Plan in 2021 Q4 or 2022 Q1

AKF CONSULTING

CalABLE

Business Models Snapshot as of June 30, 2021





		2021 Q2			Account Growth (2021 Q1 - 2021 Q2)
		Assets	Accounts	Avg Account Size[1]	
Independent Plans	CalABLE	$54,744,515	5,803	$9,434	15.97%
	Other	$300,825,989	36,178	$8,315	10.51%
Ohio Partners		$207,394,532	25,158	$8,244	10.71%
ABLE Alliance		$196,463,664	20,807	$9,442	11.34%
Oregon Partners		$95,246,292	10,138	$9,395	12.54%
Nebraska Partners[2]		$23,148,049	2,790	$8,297	9.58%
Industry Total		$877,823,041	100,874	$8,702	11.21%

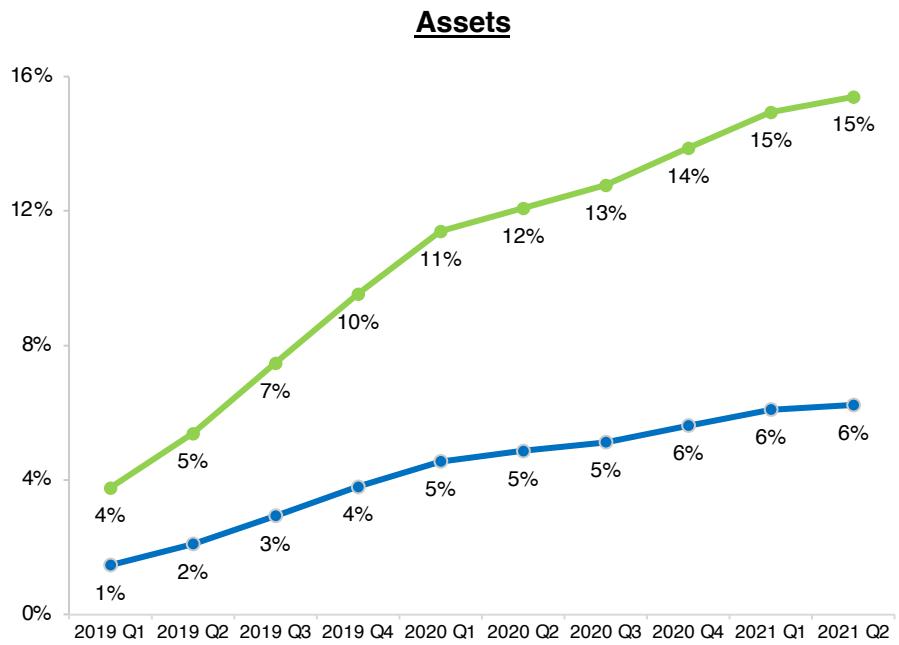
Source: **ISS Market Intelligence** as of June 30, 2021
Note: Alabama assets and accounts accumulated after May 17, 2021 are included in Oregon Partners while those from prior to transition are part of Nebraska.

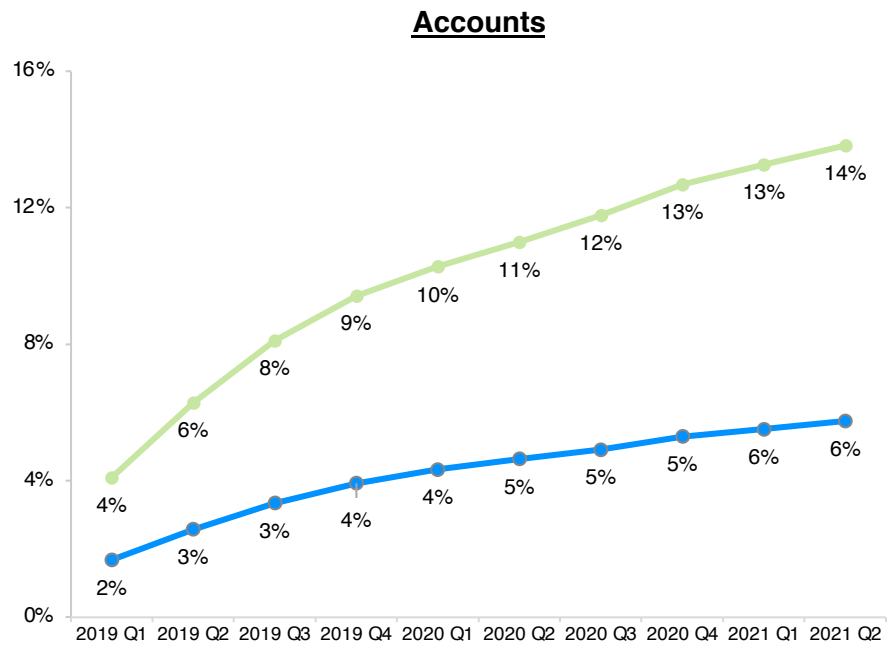
[1] Average account size figure represents the ratio of Plan total assets to total accounts
[2] As of July 1, 2021, Nebraska will be included in Independent Plans, which could impact the Independent Plans growth rate going forward

AKF CONSULTING

CalABLE

CalABLE Market Share Over Time





As of 2021 Q2	CalABLE Market Share as a Percent of:	
	National	Independent Plans[1]
Assets	6.24%	15.40%
Accounts	5.75%	13.82%

Source: **ISS Market Intelligence** as of June 30, 2021

[1] As of July 1, 2021, Nebraska will be included in Independent Plans, which could impact the CalABLE market share going forward

AKF Legal Disclosure

Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, among other things, Conflicts of Interest and Legal or Disciplinary events of AKF and its associated persons.

Conflicts of Interest

Compensation

AKF represents that in connection with the issuance of municipal fund securities, AKF receives compensation from its client issuers for services rendered on an hourly, retainer or fixed fee basis. Consistent with the requirements of MSRB Rule G-42, AKF hereby discloses that such forms of compensation may present a potential conflict of interest regarding AKF's ability to provide unbiased advice regarding a municipal fund security transaction. This potential conflict of interest will not impair AKF's ability to render unbiased and competent advice or to fulfill its fiduciary duty.

Other Municipal Advisor Relationships

AKF serves a wide variety of clients that may from time to time have interests that could have a direct or indirect impact on the interests of other AKF clients. For example, AKF serves as Municipal Advisor to other municipal fund securities clients and, in such cases, owes a regulatory duty to such clients just as it will with the entity receiving this proposal, if hired. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, AKF could potentially face a conflict of interest arising from these competing client interests. AKF fulfills its regulatory duty and mitigates such conflicts by dealing honestly and with the utmost good faith with all clients.

If AKF becomes aware of any potential or actual conflicts of interest after this disclosure, AKF will disclose the detailed information in writing to the client or obligated person in a timely manner.

Legal or Disciplinary Events

AKF does not have any legal events or disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. You may electronically access AKF's most recent Form MA and each most recent Form MA-I filed with the Securities and Exchange Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html. If any material legal or regulatory action is brought against AKF, AKF will provide complete and detailed disclosure to its clients, thereby allowing each client to evaluate AKF, its management and personnel.

Attachment 2

NATIONAL ASSOCIATION OF STATE TREASURERS

MEMORANDUM August 23, 2021

THE NEED TO PASS S.331/H.R.1219

THE ABLE AGE ADJUSTMENT ACT

Summary

The National Association of State Treasurers ("NAST"), comprised of State ABLE administrators, private sector program managers and industry consultants, provides this Memorandum/Position Paper addressing "The Need to Pass S.331/H.R. 1219, The ABLE Age Adjustment Act" (the "Age Adjustment Act") during this legislative session.

NAST unequivocally supports passage of the Age Adjustment Act. ABLE account adoption rates remain lower than estimated by the Congressional Budget Office ("CBO") despite extensive outreach efforts by states even during the pandemic. Actual growth rates of ABLE assets and accounts since launch of the first ABLE program in 2016 do not support projections made in the 2014 CBO score[1] of the original ABLE legislation:[2] CBO projected higher direct federal spending on Supplemental Security Income ("SSI") and Medicaid benefits. Those scores led to a change in the final 2014 ABLE legislation that imposed a disability onset requirement of before age 26. The final legislation shut out many people with disabilities who fought for the original legislation from being able to open ABLE accounts – including 1 million veterans with qualifying disabilities.

The Age Adjustment Act will raise the age of eligibility to onset before age 46, will address the apparent cost overestimation, and will help build the critical mass to maintain long-term plan choice and affordability for people with disabilities.

According to an audit published in March 2021 by the Office of the Inspector General ("OIG"),[3] 9% of SSI beneficiaries who currently own ABLE accounts who are eligible based on the disability criteria do not meet the current before age 26 disability onset criteria. Therefore, these existing ABLE account owners do not meet the current disability onset criteria and are in jeopardy of losing their federal benefits. Passage of the ABLE Age Adjustment Act will allow these otherwise eligible ABLE account owners to protect their benefits and maintain their ABLE accounts.

Despite a general lack of appropriation for ABLE in most States, ABLE outreach, and marketing efforts to build enrollment since the passage of the ABLE Act in 2014 have been robust, even during the COVID-19 pandemic. However, with adoption rates expected to continue at a slow, steady pace, more people with disabilities need to become eligible to open accounts.

Relevant Data Supporting Passage of the Age Adjustment Act: Original CBO Score, Adoption rates and OIG data

Original Congressional Budget Office cost estimates have not been realized. Using assumptions built into its spending and revenue model, the CBO score in 2014 for the ABLE Act projected an increase in federal spending of $170 million over 2015-2019 and $1.15 billion over 2015-2024 where SSI and Medicaid would each account for roughly half of that increase as a result of the ABLE Act. CBO estimated that SSI outlays would increase by roughly $600 million in 2015-2024 and that SSI average monthly caseloads would increase by 25,000 by 2024 due to increase in ABLE account owners qualifying for SSI benefits.

However, since enactment of ABLE, there has not been an appreciable change in the demand for SSI benefits. According to the Social Security Administration's 2020 Annual Report of the Supplemental Security Income Program, the percentage of SSI recipients as a percentage of total US population decreased from 2.49% to 2.37% in 2015-2019. New SSI applicants awarded benefits similarly decreased during the same period from 797,000 to 724,000 while the cost of the program increased only slightly from $4.2 billion to $4.4 billion over a roughly similar period.[4] Anecdotally, in States' communications with SSA and the Centers for Medicare and Medicaid Services, ABLE State administrators have received no indication that caseloads have increased as a result of ABLE.

Low Adoption Rate. The actual growth of ABLE accounts does not support CBO's 2014 projections. In the July 2019 NAST ABLE Progress Report, States and program managers estimated that approximately 450,000[5] funded ABLE accounts were needed nationwide by June 2021 to support the value proposition of low-fee ABLE plans. This would require an "adoption rate" of 5.6% based on the National Disability Institute (NDI) estimates of 8 million individuals with disabilities who are currently eligible to open ABLE accounts.

However, according to data provided by ISS Market Intelligence, there are approximately 91,000 ABLE accounts nationwide with

approximately $759 million in total assets as of March 31, 2021.[6] Based on the ABLE-eligible population and current ABLE accounts, the ABLE adoption rate stands at 1.13% today, far short of the 5.6%[7] adoption rate the industry had targeted.

Dollar-based account management fees remain high at current rates of adoption relative to other tax-advantaged savings programs, such as 529 College Savings. ABLE Age Adjustment, along with other improvements, will be imperative for program managers to be able to reduce account fees in the long term.

According to NDI, passage of the Age Adjustment Act will increase the pool of ABLE-eligible individuals by approximately 6 million.[8] With 14 million eligible individuals, the industry would experience faster growth required to achieve economies of scale. This will benefit (i) beneficiaries who can enjoy ABLE programs with attractive investment choices and low fees, (ii) States that rely on general fund loans to operate ABLE programs, and (iii) program managers who depend on product demand for long-term economic viability.

Some ABLE accounts are in jeopardy under current law. A March 26, 2021 Audit Report by the Office of the Inspector General ("OIG") showed that nine percent (1,004 out of 11,176 SSI recipients) of SSI recipients with existing ABLE accounts had disability onset dates that occurred after the 26th birthday as per SSA records. These ABLE account owners are in jeopardy of losing their ABLE accounts since they are ineligible to own ABLE accounts under the age-of-onset limitation of the current law. As the SSA continues to refine its review of existing accounts and notes these issues, people may be required to close their ABLE accounts. With the passage of the Age Adjustment Act, those account owners would be protected from losing their ABLE accounts and their benefits.

ABLE Industry Outreach Efforts

ABLE is a transformative program that provides individuals with disabilities and their families the opportunity to achieve greater financial independence and self-reliance. From grassroots outreach, to monthly the ABLE Committee of the National Association of State Treasurers ("NAST ABLE Committee") meetings, to working with businesses, lawmakers and federal benefits agencies, ABLE State administrators and program managers continue to demonstrate a commitment to the long-term growth and success of ABLE programs and to finding new ways to build awareness and grow enrollment.

While the 2020 Pandemic put in-person, grassroots outreach on hold, State ABLE plans quickly pivoted to provide virtual presentations, newsletters and updated website information to reach potential ABLE account owners. The few States with appropriations for marketing continued digital advertising, and virtual disability advocacy event sponsorships to reach potential ABLE account owners, parents, guardians, and professionals who work with the ABLE-eligible disability community. One example comes from an ABLE plan that partnered with its state Non-Commercial Sustaining Announcement program to produce broadcast spots that ran across 74 media outlets across the state. While it was a costly campaign and impact cannot be fully calculated, the Plan reported a 65% increase in new accounts compared to the prior year.

In April, 2020 the NAST ABLE Committee responded quickly to the problem that people receiving SSI benefits had to spend their Economic Impact Payments ("EIP") within 12 months of receipt or potentially lose their SSI benefits – a problem not applicable to people without disabilities. The Committee collaborated with The Arc of the United States and the National Disability Rights Network to produce and distribute accurate and accessible information for ABLE-eligible people and their networks to learn about the flexibility for using the EIP funds while protecting SSI benefits. Many State ABLE Plans also launched their own information sharing events with current and potential customers to inform them about the EIP.

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[1] Congressional Budget Office Cost Estimate dated August 27, 2014
[2] Stephen Beck Jr., Achieving a Better Life Experience (ABLE) Act (Public Law 113-295)
[3] Office of the Inspector General Social Security Administration Audit Report of ABLE Accounts dated March 2021
[4] See Table 1
[5] 450,000 accounts nationwide = 30,000 accounts per program x the 15 unique programs available today. Note, 15 unique programs include one count each for the National ABLE Alliance, and for the partnerships in Nebraska, Ohio and Oregon
[6] See Table 2
[7] 5.6% = 450,000 accounts / 8,040,000 eligible individuals
[8] See Table 3

ABLE Industry Data

Table 2 – Select SSI Data

	2015	2016	2017	2018	2019	*2020**
SSI Recipients as Percent of US population[1]	2.49%	2.46%	2.44%	2.40%	2.37%	***2.34%***
New Applicants Awarded Benefits[2]	797K	767K	768K	720K	724K	***729K***
Cost of Administering SSI Program ($ Billions)[3]	$4.242	$4.212	$4.123	$4.330	$4.392	***$4.415***

**2020 figures are projections by the Social Security Administration*
Source: 2020 Annual Report of the Supplemental Security Income Program, based upon the following Tables:
[1] *Table IV.B.7. Federal SSI Prevalence Rates, as of December, 1975-2044 (Calendar Year basis)*
[2] *Table IV.B2. SSI Federally Administered New Recipients, Calendar Years 1975-2044 (Calendar Year basis)*
[3] *Table IV.E1. Selected SSI Costs, Fiscal Years 1980-2020 (Fiscal Year ending September 30)*

Table 2 – ABLE Industry

	Assets	Accounts	Average Account Size
December 31, 2016	$13,910,026	4,064	$3,423
December 31, 2017	$71,978,679	17,314	$4,157
December 31, 2018	$171,692,576	34,707	$4,947
December 31, 2019	$354,803,932	56,632	$6,265
December 31, 2020	$642,973,835	82,019	$7,839
March 31, 2021	$759,022,663	90,706	$8,368

Source: ISS Market Intelligence, as of December 31, 2020

Table 3 – ABLE-Eligible Population Estimates

Population Category		Age of Onset		
		0-25	26-45	Total (0-45)
Children		3,300,000	--	3,300,000
Working Age	**SSI only**	1,780,000	1,100,000	2,880,000
	SSDI only	1,650,000	3,200,000	4,850,000
Recipient of:	**Both SSI and SSDI**	660,000	450,000	1,110,000
	Neither Benefits	650,000	1,400,000	2,050,000
Total		**8,040,000**	**6,150,000**	**14,190,000**

Source: NDI as of February 7, 2018

NAST thanks Corporate Affiliate members, ISS Market Intelligence and AKF Consulting Group for analytic assistance.

Attachment 3

NATIONAL ASSOCIATION OF STATE TREASURERS
ABLE COMMITTEE

ADOPTED ON XXX XX, 2021

DISCLOSURE PRINCIPLES STATEMENT NO. 1

The following voluntary principles (Disclosure Principles) developed by the ABLE Committee of the National Association of State Treasurers (ABLE Committee) recommend acceptable disclosure practices for state entities (State Issuers) that establish and maintain qualified ABLE programs under Section 529A of the Internal Revenue Code of 1986, as amended (Code), in accordance with the final ABLE regulations 1-529A-1 through 1.529A-8 and Treasury Department and IRS Guidance (collectively, 529A). Section 529A provides rules under which State Issuers may establish and maintain a Federal tax-favored savings program for eligible individuals with a disability who are the owners and designated beneficiaries of accounts to which contributions may be made to meet qualified disability expenses (qualified ABLE expenses).

There are generally two types of qualified ABLE programs (known as ABLE Plans): those sold directly to the consumer by the ABLE Plans (known as Direct-Sold ABLE Plans), and those sold by financial professionals (known as Advisor-Sold ABLE Plans).

These Disclosure Principles are intended to provide guidance for ABLE Plans. This document:

- does not suggest that other disclosure practices or alternative disclosure practices are unacceptable;
- is not intended to be a comprehensive list of required disclosures by an ABLE Plan; and
- is not intended to provide guidance related to the statutory, regulatory or disclosure obligations of broker-dealers, investment managers, transfer agents, or other service providers that are involved with ABLE Plans.

This Disclosure Principles Statement No. 1 is not intended to require a State Issuer to update its Offering Materials (defined below) more frequently than as described below under "Preparing and Updating the Offering Materials".

DEFINED TERMS

"**Account Owner**" means the beneficiary of an ABLE account.

"**Beneficiary**" means the Eligible Individual who is the owner of the ABLE account. Section 529A and the final ABLE regulations also refer to the Beneficiary as the designated beneficiary. References to the Beneficiary with respect to his or her actions include actions by the person with signature authority over the account.

"**Eligible Individual**" shall mean an eligible individual as defined in Section 529A.

"**Offering Materials**" means all documents identified by the State Issuer as intended to provide substantive disclosure of the terms and conditions of an investment in its ABLE Plan.

Offering Materials do not include:

- marketing materials or advertisements that do not include substantive disclosure of terms and conditions; or
- materials that refer the reader to the Offering Materials for terms and conditions.

"**One Account Rule**" means the requirement specified in Section 529A(b)(1)(B) of the Code which limits an Eligible Individual to one ABLE account, except when rolling over funds from an account in an ABLE Plan to an account for the same Beneficiary in another ABLE Plan.

PREPARING AND UPDATING THE OFFERING MATERIALS

The Offering Materials

- shall not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;
- should follow the general guidelines included in these Disclosure Principles and may include supplements, appendices, and physically separate documents;
- should present information in a clear, concise, and understandable manner, taking into consideration the Eligible Individuals to whom the Offering Materials are directed; and consideration should be given to making font and size of text and footnotes clear and legible.

To assist State Issuers in meeting their obligations under applicable law, consideration should be given to requiring entities that provide disclosures for inclusion in Offering Materials to certify in writing to the State Issuer that the disclosures comply with applicable law.

The Offering Materials should be updated, whether by supplement or republication, approximately annually to reflect the most recent annual performance data and other material changes in the information presented since the last Offering Materials were issued. State Issuers should provide interim supplements to the Offering Materials as deemed necessary by the State Issuer in order to prevent the Offering Materials from containing an untrue statement of material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Any supplements should clearly state which Offering Materials are being updated, should be distributed to all existing Beneficiaries, and should become part of the Offering Materials.

In some cases, multiple supplements to Offering Materials may limit a reader's ability to understand the information provided and obscure material information. Therefore, State Issuers should take this into consideration when determining the appropriate time to republish Offering Materials in their entirety. State Issuers may also want to consider consolidating previously issued supplements into one new supplement; for example, in the case where information from a prior supplement is outdated or has been superseded.

It is recommended that the State Issuer update its Offering Materials as necessary to comply with these Disclosure Principles concurrently with the next scheduled annual update to its Offering Materials, whether by supplement or republication.

SPECIFIC ITEMS TO INCLUDE IN THE OFFERING MATERIALS

Cover page

The cover page should identify the name of the state or State Issuer as prominently as the name of any third-party program manager, broker-dealer, investment manager, or other service provider, as appropriate.

Summary

The Offering Materials should include a clear, concise summary of at least the following key features of the ABLE Plan, not necessarily in the order presented below. The summary may be presented in the format deemed most appropriate by the State Issuer (e.g. narrative summary, frequently asked questions, cross-reference, or "locator" table).

1. Identify the investment options (See *Specific Disclosure Matters – Investment options*);
2. Identify fees and costs of an investment in the ABLE Plan (See *Specific Disclosure Matters– Fees and costs of an investment in the ABLE Plan*);
3. Identify federal and state tax considerations and other state law benefits that may be available with respect to the ABLE Plan;
4. Identify annual contribution limits (including limits on additional contributions by an employed Beneficiary) and aggregate contribution limits (See *Specific Disclosure Matters – Federal tax considerations relevant to the ABLE Plan* and *Applicable state tax considerations and other state law benefits relevant to the ABLE Plan*);
5. Identify persons who may open accounts, how to open accounts make contributions, take withdrawals, and maintain accounts. Identify any limitations on any of the foregoing relating to Beneficiaries, contributors, and persons who are authorized under Section 529A to establish or exercise signature authority over an account on behalf of the Beneficiary (See *Specific Disclosure Matters – Eligibility, opening, contributing to, maintaining and withdrawing from an account*);
6. Identify key risks of an investment in the ABLE Plan (See *Specific Disclosure Matters – Key risks of an investment in the ABLE Plan)*;
7. Identify the State Issuer (See *Specific Disclosure Matters – Governance and administration*);
8. Identify principal third-party contractors with direct investment management, program management, or administration responsibilities and the current expiration date of those contracts, if applicable (See *Specific Disclosure Matters – Governance and administration*); and
9. Identify potential impact on eligibility for federal and [,to the extent applicable], state means tested benefits (See *Specific Disclosure Matters–Preserving eligibility for federal and state means-tested benefit programs*). A State Issuer may summarize guidance on federal and/or state means tested benefits based on publicly available information and/or provide references or hyperlinks to such guidance. A State Issuer should provide that in the event of a conflict between the State Issuer's summary and publicly available guidance, the guidance will control..

The Summary, regardless of its form, should include references of more detailed disclosure addressing the features summarized as well as other key disclosure topics included in the Offering Materials. For the electronic version of the Offering Materials, hyperlinks from the Summary to the more detailed disclosures are encouraged. The Summary should also clearly state that it is

intended only to highlight key features of the ABLE Plan and not to provide full disclosure of the material terms and conditions of the ABLE Plan.

The Summary should also explain that additional information (including type of information – e.g., account access, performance information, etc.) regarding the ABLE Plan is available online (include URL) and in hard copy upon request, as applicable. Provide the ABLE Plan telephone number and availability of customer service representatives.

Notices

The following Notices are suggested to allow ABLE Plans to comply with notice information under federal regulatory requirements as well as develop best practices in assisting State Issuers in meeting their obligations under applicable law.

1. Include the following (or substantially similar) statements in **bold type** in a prominent location, such as the inside front cover of the Offering Materials or other comparable location:

   None of [State Issuer and other applicable entities] insures or guarantees accounts or investment returns on accounts [state any exceptions]. Investment returns are not guaranteed. [If the ABLE Plan offers an FDIC insured investment option, add a statement that FDIC insurance is available on that investment option up to applicable limits.] Your account may lose value.

   You should consider, before investing, whether your home state offers any state tax or other state benefits such as grants or scholarships, fee waivers, [insert other applicable state benefits], and protection from creditors that are only available for investments in that state's ABLE Plan.

   ABLE Plans are intended to be used only to save for qualified ABLE expenses. These Plans are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

   Account owners should periodically assess, and if appropriate, adjust their investment choices with their time horizon, risk tolerance and investment objectives in mind.

   Investing is an important decision. Please read all Offering Materials in their entirety before making an investment decision.

2. To the extent applicable, include the following (or substantially similar) information in a prominent location:

   The [State Issuer] also offers one or more other Qualified ABLE Plans.

   These Plans:

   - *are not described in the Offering Materials [and offer different investment options with different underlying investments or different benefits] [and are sold through [different] financial professionals] [and are sold directly to investors];*
   - *may be marketed differently from the ABLE Plan described in the Offering Materials; and*
   - *may assess different fees, withdrawal penalties, and compensation for financial professionals , if any, compared to those assessed by the ABLE Plan described in the Offering Materials.*

Describe how to obtain information regarding the other Qualified ABLE Plan(s).

Specific Disclosure Matters

The Offering Materials should contain descriptions or discussions of the following:

1. *Definition of Key Terms used in the Offering Materials (e.g., qualified ABLE expenses, eligible individual, SSI, SSDI, Medicaid, HUD, SNAP, and annual and aggregate contribution limits),*
2. *Eligibility criteria, and*
3. *Information on opening, contributing to, maintaining and withdrawing from an account*

Eligibility: Include a discussion of requirements for an Eligible Individual to open an account (e.g., individual receiving benefits under Title II or XVI of the Social Security Act based on blindness or disability or has received a written disability diagnosis from a licensed physician and such blindness or disability occurred before the date on which the individual attained age 26, state residency if applicable). Describe the ABLE Plan's approach to complying with 529A's requirements related to re-certification of the Beneficiary's status as an Eligible Individual.

Opening an account: Describe the methods by which an account can be opened (e.g., online, by mail, etc.). Describe the persons authorized to open an account on behalf of the Eligible Individual (see §1.529A-2(c)). Describe the One Account Rule and the potential adverse tax and benefit consequences of multiple accounts.

Contributions: Describe the persons permitted (e.g., Beneficiary, friends, family, special needs trust) to make contributions to an account and the methods by which a Beneficiary or third party may contribute. Describe federal annual and aggregate contribution limits, including additional amounts that may be contributed by employed Beneficiaries subject to the limits described in 529A(b)(2)(B)(ii). Describe the limits and note that the employed Beneficiary is solely responsible 1) for ensuring that the related requirements are met and 2) for maintaining adequate records for that purpose. Discuss the impact of a change in Eligible Individual status on the ability to make contributions. Detail the amount necessary to establish an account and any minimum limit on subsequent contributions. Describe how the ABLE Plan will monitor and handle excess contributions.

Account Maintenance: Describe account maintenance activity between the ABLE Plan and the Beneficiary or contributor including account statements, account changes, and other communications. Describe the types of communications that may be made online, by email, by regular mail, by phone, or other means. Describe persons who may exercise signature authority over an account (see §1.529A-2(c)) and any ability to name a successor Account Owner and any related limitations.

Withdrawals: Describe the types of withdrawals (e.g., qualified and non-qualified), the procedure for and methods of taking withdrawals from the ABLE Plan and any limitations regarding those withdrawals (e.g., party eligible to request the withdrawal, hold periods for contributions prior to making a withdrawal) and related tax consequences. Discuss the impact of a change in Eligible Individual status on the tax treatment of withdrawals.

Sub-accounts: If the ABLE Plan permits the use of sub-accounts, describe the procedures and any restrictions related to transfers to and withdrawals from sub-accounts. Describe who may be permitted to exercise signature authority over such transactions.

4. *Key risks of an investment in the ABLE Plan*

   Include a prominent discussion of the principal risks of investing in the ABLE Plan. The discussion should be tailored to the particular ABLE Plan but should include, at a minimum, a discussion of the risk of:

   - Loss of investment principal resulting from investment choice, market fluctuations and/or fees, including the impact of investment and/or fixed cost fees (such as account maintenance fees);
   - Appropriateness of an investment in the ABLE Plan, including consideration of the Beneficiary's savings time horizon;
   - Specific investment option risks including the risks associated with any underlying investments;
   - Federal and/or state tax law consequences of nonqualified withdrawals;
   - Potential impact of nonqualified withdrawals on federal and state means-tested benefits, if any;
   - Federal and state tax and benefit law changes;
   - ABLE Plan changes, including changes in program managers, investment managers, investment options, and fees;
   - Adverse effects on eligibility for benefits under federal and state means-tested benefits (including but not limited to, Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), Medicaid, SNAP, and HUD);
   - Medicaid recapture laws and regulations;
   - Potential consequences of a Beneficiary failing to comply with the One Account Rule; and
   - Potential consequences of ownership of and transactions in an ABLE account on other state, local, and private benefits.

   In addition, consideration should be given to including a discussion of the material risks of cyber breaches or attacks and, as appropriate, an acknowledgment that measures are being taken and are continuing to be evaluated by the ABLE Plan (or its service providers) that are reasonably designed to protect Beneficiary and other personally identifiable information. Consideration should also be given to including a discussion of the importance of Beneficiaries safeguarding their personally identifiable information, including login credentials.

   If the discussion of investment-related risks is included within the discussion of investment options (See Section 5. below), the general risk factors section should refer the reader to those risks included elsewhere in the Offering Materials.

5. *Fees and costs of an investment in the ABLE Plan*

   Include a clear, concise, and complete description of the initial, on-going, and any transactional fees and costs associated with an investment in the ABLE Plan, including but not limited to, bank product related fees, returned check fees, statement fees, or expedited delivery fees. Discuss whether the fees and costs are paid to the State Issuer, a third-party private program manager or investment manager or to other entities. If applicable, state that the fees and costs are subject to change at any time.

All applicable fees should be disclosed in a single section of the Offering Materials. The description should identify the total fees payable, which fees are determined by the amount invested, which fees are the same regardless of the account size, and, if applicable, the time at which such fees are charged. If a State Issuer receives a fee, the Offering Materials should disclose whether the use of that fee is restricted to ABLE Plan purposes and should describe those purposes. If there are fee reductions or waivers for any class of participants (e.g., waiver of fees for electronic delivery or state residents) those should also be disclosed.

6. *Fee and cost tables (See Exhibit A)*

The description of the fees and costs of an investment in the ABLE Plan should include a fee and cost table. Example fee and cost tables are included in Exhibit A to these Disclosure Principles. If an ABLE Plan includes fees and costs in categories that differ from the categories included in Exhibit A, a different tabular presentation that is at least as specific should be used.

Include an introductory paragraph to the tables, explaining principles followed and assumptions made in preparing the tables. Add explanatory footnotes to the fee and cost tables to make the tables clear and understandable.

7. *Investment options*

Include a description of the investment options offered by the ABLE Plan. The description should also include a summary discussion of the investments underlying each investment option as well as contact information for each investment manager. If not included in the discussion of general risks associated with an investment in the ABLE Plan (see Section 2. above), the description should include a discussion of the investment risks associated with each option, including the risk of loss of investment principal and the availability of and limitations on any applicable FDIC insurance. Disclose that a Beneficiary may not direct the investment of any contributions to the program (or any earnings thereon) more than 2 times in any calendar year subject to applicable exceptions (e.g., transfers to a cash fund, automatic rebalancing, and successor account owners).

8. *Investment option performance*

Include a discussion of the performance of investment options. The discussion should generally conform to the requirements that would be applicable to a direct investment in the investments underlying an investment option, including presenting information on an annualized basis. To the extent available, investment option performance data should be disclosed for one, five and ten-year periods or for the life of the specific investment option, if shorter. Performance data should be disclosed net of all applicable fees and costs. The discussion of investment performance should state that past performance is not necessarily indicative of future results.

If the investments underlying an investment option change in a material way, the State Issuer should disclose the nature and extent of the change and other related material information so that the performance data provided is not materially misleading.

If an ABLE Plan charges a periodic maintenance fee or other fixed or contingent fees or costs that are not reflected in the performance data, these fees should be disclosed on the same page

as the performance data to facilitate easier comparisons between ABLE Plans that include those fees in the expense ratios and those that impose separate charges.

If applicable, consideration should be given to disclosing the method by which any ABLE Plan benchmarks compare investment option performance to appropriate indices.

9. *Investment option performance table (see Exhibits B and C)*

The description of the performance of investment options should include a performance table. A suggested performance chart for Direct-Sold ABLE Plans is attached as Exhibit B. A suggested performance chart for Advisor-Sold ABLE Plans is attached as Exhibit C. If an ABLE Plan includes performance in categories that differ from the categories included in Exhibit B or Exhibit C, as applicable, then a different presentation that is at least as specific should be used.

To make the chart clear and understandable, State Issuers are encouraged to add explanatory text or footnotes to each performance chart , explaining principles followed and assumptions made by the State Issuer in preparing the chart. State Issuers are encouraged to add additional information that in their judgment enhances a user's understanding of the ABLE Plan's performance. Issuers are also encouraged to refer prospective and existing Account Owners to the ABLE Plan's website for the latest performance information.

10. *Federal tax considerations relevant to the ABLE Plan*

At a minimum, discuss the income tax considerations relevant to contributions, investment gains, and qualified and non-qualified withdrawals, program-to-program transfers, and rollovers to or from other ABLE Plans and rollovers from qualified tuition programs established pursuant to Section 529 of the Code (Section 529 Plans) to ABLE Plans, withdrawals upon the death of a Beneficiary including for payment of qualified ABLE expenses, Medicaid recapture requirements applicable to an account, , returns of excess annual and aggregate contributions including the potential imposition of a 6% excise tax if the contributions are not returned within the statutory period, and returns of contributions permitted by the One Account Rule, matching of withdrawals to qualified ABLE expenses for a taxable year, as well as estate, gift and generation-skipping transfer tax considerations and any expiration dates that affect these considerations.

11. *Applicable state tax considerations and other state law benefits relevant to the ABLE Plan*

At a minimum, include the tax considerations relevant to contributions, investment gains, and qualified and non-qualified withdrawals, program-to-program transfers , and rollovers to or from other ABLE Plans and rollovers from Section 529 Plans to ABLE Plans, withdrawals upon the death of a beneficiary including any Medicaid recapture requirements, returns of excess contributions, and returns of contributions permitted by the One Account Rule, matching of withdrawals to qualified ABLE expenses for a taxable year, as well as any differences in the state tax treatment of state resident and non-resident taxpayers.

Include a discussion of any other state law benefits and/or penalties relevant to a contribution to and withdrawal from the ABLE Plan, including matching grant or other incentive programs.

12. *Governance and administration*

Include a discussion of the governance and administration of the ABLE Plan including:

- The State Issuer and its relationship to the state;
- If the State Issuer's ABLE Plan is part of a multi-state consortium or collaboration describe the consequences of participating, if any, on the Plan;
- Any trustee for or custodian of account assets, if applicable;
- Whether any fees received by state entities with respect to the ABLE Plan may be used for non-ABLE Plan purposes and, if applicable, what state entity or entities may determine such use; and
- If applicable, the provisions for periodic audit of the ABLE Plan's financial statements, including information regarding the availability of any audited financial statements, if applicable.

Consider disclosures regarding policies and procedures to protect the privacy of account and Beneficiary information. If applicable, include the ABLE Plan's privacy policy or a summary of or hyperlink to such privacy policy.

13. *Contact information for the ABLE Plan*

Provide the contact information (e.g. - mailing address, phone number, and relevant email addresses) and web address for the ABLE Plan.

14. *Preserving eligibility for federal and state means-tested benefit programs*

Describe the general treatment of ABLE Plan accounts for purposes of determining federal and state means-tested benefit programs, including SSI and Medicaid. Consider including use case examples to assist in readability. Consistent with Paragraph 9. under *Summary* above, a State Issuer should state that it does not provide benefits advice, that any statements are made as of the date of the Offering Materials, and that, in the event of a conflict between the State Issuer's summary and publicly available guidance, the guidance will control.

Disclose the ABLE Plan's obligation to report key Beneficiary information to SSA (e.g. . Beneficiary date of birth, name of the person who has signature authority, account number, account open and close date, account balance information, and date and amount of withdrawals).

DISTRIBUTION, FORMAT, AND CONSISTENCY OF OFFERING MATERIALS

The Offering Materials should be distributed in the format deemed most appropriate by the State Issuer, which may include distribution online or other electronic formats or by hard copy. If the State Issuer distributes the Offering Materials in more than one format, the content of each version of the Offering Materials should be consistent across all media types and, if distributed online or by other electronic formats, should be word searchable to the extent possible.

Because of the nature of ABLE Plans, the Offering Materials should be presented in an ADA compliant manner. For purposes of these Disclosure Principles, an ADA compliant manner means

compliance with the Americans with Disabilities Act (ADA), including all applicable regulations adopted thereunder, Web Content Accessibility Guidelines 2.0 (Level AA), and Section 508 of the Rehabilitation Act of 1973, including all applicable regulations adopted thereunder.

To further enhance the usability of the Offering Materials, State Issuers should consider including internal hyperlinks throughout the Offering Materials. For example, a link from the table of contents to each applicable section of the Offering Materials may enhance a user's ability to locate key disclosure matters. External links to other ABLE Plan materials and third-party information may also be useful for investors. If external links are utilized and the user is being directed to leave the Offering Materials, the State Issuer should so indicate by a statement to that effect or otherwise.

To the extent that footnotes are included with diagrams, images and charts, consideration should be given to using a font size sufficient to make the footnotes legible.

The Offering Materials should be readily available and easy to locate on the ABLE Plan's public website.

EXHIBIT A

EXAMPLE FEE CHARTS FOR INCLUSION IN OFFERING MATERIALS

Include the Fee Structure charts that are applicable to the unit classes described in the Offering Materials.

Direct-Sold ABLE Plans

Direct Fee Structure						
Investment Options	**Annual Asset-Based Fees**					**Additional Investor Expenses**
	Estimated Underlying Fund Expenses[1]	Program Manager Fee	State Fee	Misc. Fees[2]	**Total Annual Asset-Based Fees[9]**	Annual Account Maintenance Fee[5]
Name	xx%	xx%	xx%	xx%	xx%	$xx
Etc.	xx%	xx%	xx%	xx%	xx%	$xx

Advisor-Sold ABLE Plans

Fee Structure A								
Investment Options	**Annual Asset-Based Fees**						**Additional Investor Expenses**	
	Estimated Underlying Fund Expenses[1]	Program Manager Fee	State Fee	Misc. Fees[2]	Distribution Fee	**Total Annual Asset-Based Fees[3]**	Maximum Initial Sales Charge[4]	Annual Account Maintenance Fee[5]
Name	xx%	xx%	xx%	xx%	xx%	xx%	xx%	$xx
Etc.	xx%	xx%	xx%	xx%	xx%	xx%	xx%	$xx

Fee Structure C								
Investment Options	**Annual Asset-Based Fees**						**Additional Investor Expenses**	
	Estimated Underlying Fund Expenses[1]	Program Manager Fee	State Fee	Misc. Fees[2]	Distribution Fee[6]	**Total Annual Asset-Based Fees[3]**	Maximum Deferred Sales Charge[8]	Annual Account Maintenance Fee[5]
Name	xx%	xx%	xx%	xx%	xx%	xx%	xx%	$xx
Etc.	xx%	xx%	xx%	xx%	xx%	xx%	xx%	$xx

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1 For registered mutual funds, in the absence of a change that would materially affect the information, based on most recent fiscal year reported upon in the applicable fund's most recent prospectus, and for investment options invested in multiple registered mutual funds, based on a weighted average of each fund's expense ratio, in accordance with the investment option's asset allocation among the applicable funds as of [date].

2 A footnote should explain what the miscellaneous fee represents.

3 This total is assessed against assets over the course of the year and does not include sales charges or account maintenance fees. The investor should be referred to the cost table that shows the total assumed investment cost over 1-, 3-, 5-, and 10-year periods.

4 This footnote should include a cross reference to a breakpoint chart, if applicable. If this fee may be waived for certain categories of investors the categories should be noted.

5 If account maintenance fees can be waived for certain investors, it should be included in this footnote.

6 This footnote should explain the point at which this fee converts to the A unit fee.

7 This footnote should include a cross reference to a contingent deferred sales charge chart, if applicable. The investor should also be referred to the cost table showing the total assumed investment cost over 1-, 3-, 5-, and 10-year periods.

8 This footnote should explain that the charge applies to sales during the first 12 months after the investment, if applicable.

9 This total is assessed against assets over the course of the year and does not include account maintenance fees. The investor should be referred to the cost table that shows the total assumed investment cost over 1-, 3-, 5-, and 10-year periods.

EXAMPLE INVESTMENT COST CHART FOR DIRECT-SOLD OFFERING MATERIALS

The following table compares the approximate cost of investing in the [ABLE Plan] over different periods of time. Your actual cost may be higher or lower. The table is based on the following assumptions:

- A $10,000 investment invested for the time periods shown;
- A 5% annually compounded rate of return on the amount invested throughout the period;
- All units are redeemed at the end of the period shown for qualified ABLE expenses (the table does not consider the impact of any potential state or federal taxes on the redemption);
- Total annual asset-based fees remain the same as those shown in the [direct fee structure] table above; and
- Expenses for each investment option include the entire annual account maintenance fee of $[xx][1]

APPROXIMATE COST OF A $10,000 INVESTMENT

Investment Options	One Year	Three Years	Five Years	Ten Years
Name				
Name				

[1] In the event an annual account maintenance fee is waived or not applicable in certain circumstances, the State Issuer may also choose to present a table without the annual account maintenance fee. Explain by footnote or otherwise how any applicable reductions or waivers of account fees would apply to accounts.

EXAMPLE INVESTMENT COST CHART FOR ADVISOR-SOLD OFFERING MATERIALS

The following table compares the approximate cost of investing in the different [unit classes] within the [ABLE Plan] over different periods of time. Your actual cost may be higher or lower. The table is based on the following assumptions:

- A $10,000 investment invested for the time periods shown;
- A 5% annually compounded rate of return on the net amount invested throughout the period;
- All units are redeemed at the end of the period shown for qualified ABLE expenses except as noted (the table does not consider the impact of any potential state or federal taxes or state tax deductions or credits on the redemption);
- Total annual asset-based fees remain the same as those shown in the [Fee Structure tables above];
- Expenses for each investment option include the entire annual account maintenance fee of $[xx][1]
- The investor pays the applicable maximum initial sales charge (without regard to possible breakpoints) in Fee Structure A and any contingent deferred sales charges applicable to units invested for the applicable periods in Fee Structure C; and
- The annual costs shown for Fee Structure C assume[s] units are converted to Fee Structure A after [X] years.

APPROXIMATE COST OF A $10,000 INVESTMENT

Fee Structure	**One Year**			**Three Years**			**Five Years**			**Ten Years**		
Investment Options	A	C[1]	C[2]	A	C[1]	C[2]	A	C[1]	C[2]	A	C[1]	C[2]
Name												
Etc.												

[1] Assumes redemption at the end of the period.

[2] Assumes no redemption.

[1] In the event an annual account maintenance fee is waived or not applicable in certain circumstances, the State Issuer may also choose to present a table without the annual account maintenance fee. Explain by footnote or otherwise how any applicable reductions or waivers of account fees would apply to accounts.

ADDITIONAL EXAMPLE FEE CHARTS

SALES CHARGES

The maximum up-front sales charge you pay when you buy **A units** may differ depending upon the amount you invest. You pay a lower sales charge as the size of your investment increases to certain levels, which are called breakpoints. The sales charge you pay will be deducted directly from your investment. The table shows the rate of sales charge depending on the amount you invest.

***A* Units** **Gross Investment**	**Up-Front Sales Charge Percent**
Up to [$25,000]	
[as applicable]	
[as applicable]	
etc.	

C units are sold without any up-front sales charges. However, if you sell your **C units** within [x] years of your purchase, a deferred sales charge will be deducted from your redemption proceeds, as shown below.

***C* Units** **Sold within Year**	**Deferred Sales Charge**
1	
[as applicable]	

POSSIBLE ADDITIONAL FEES

If applicable, additional fees and expenses deducted from each account or paid directly by the investor could include, as applicable:

	Fee Amount
Application Fee	as applicable
Rollover Fees	as applicable
Change in Beneficiary	as applicable
Expedited Delivery Fee	as applicable
Bank-Related Fees	as applicable
[Other charges as applicable]	as applicable

EXHIBIT B

EXAMPLE PERFORMANCE CHART FOR INCLUSION IN DIRECT-SOLD ABLE PLAN OFFERING MATERIALS

Instructions to State Issuer

The suggested performance chart should be included in the Direct-Sold ABLE Plan's Offering Materials. Footnotes included in the suggested performance chart may be included in the text of the applicable Offering Materials in lieu of presenting such information with the performance chart.

Glidepath-type investment options include structures in which (i) amounts invested on behalf of a beneficiary remain in a single investment option for the life of the investment (with the underlying investments and allocation percentages changing as the beneficiary ages) or (ii) amounts invested on behalf of a beneficiary are transferred through a progression of different portfolios at periodic intervals as the beneficiary ages. It is anticipated that performance charts relating to investment options described in clause (ii) will show the historic performance of each portfolio in the progression for the applicable period.

Example Performance Chart
Direct-Sold ABLE Plans

For the period ended [date] [1, 2, 3]					
Investment option Name	Annualized One-Year Return	Annualized Five-Year Return*	Annualized Ten-Year Return*	Annualized Since Inception*	Inception Date
Glidepath-type Investment Options[4]					
Static or Fixed Investment Options					
Individual or Stand-Alone Investment Options					

*If applicable.

Appropriate footnotes should be included to ensure comparability and ease of understanding, such as the following:

[1]Updated performance information is available online at www. _____.

[2] The performance data shown represents past performance. Past performance is not a guarantee of future results. Investment returns and principal value will fluctuate, so that investors' units [shares], when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited.

[3] If a Direct-Sold ABLE Plan charges a periodic maintenance fee or other fixed or contingent fees that are not reflected in the performance data, disclose such fees on the same page as the performance data, preferably via footnote.

[4] If applicable, a statement that (i) the investment option's performance reflects changes in asset allocations over time relating to the year of expected first use and/or (ii) assets invested in applicable portfolios on behalf of particular beneficiaries are automatically transferred to another portfolio at a specified time, and may not remain invested in the referenced portfolio for a portion of the period reported in the performance chart.

EXHIBIT C

EXAMPLE PERFORMANCE CHART FOR INCLUSION IN ADVISOR-SOLD ABLE PLAN OFFERING MATERIALS

Instructions to State Issuer

The suggested performance chart should be included in the Advisor-Sold ABLE Plan's Offering Materials. Footnotes included in the suggested performance chart may be included in the text of the applicable Offering Materials in lieu of presenting such information with the performance chart.

Glidepath-type investment options include structures in which (i) amounts invested on behalf of a beneficiary remain in a single investment option for the life of the investment (with the underlying investments and allocation percentages changing as the beneficiary ages) or (ii) amounts invested on behalf of a beneficiary are transferred through a progression of different portfolios at periodic intervals as the beneficiary ages. It is anticipated that performance charts relating to investment options described in clause (ii) will show the historic performance of each portfolio in the progression for the applicable period.

Example Performance Chart
Advisor-Sold ABLE Plans

		For the period ended [date][1, 2, 3]									
		Total Returns as of [date] (including sales charges)[4]					Total Returns as of [date] (excluding sales charges)				
Investment option Name	Share Class	Annualized One-Year Return	Annualized Five-Year Return*	Annualized Ten-Year Return *	Annualized Since Inception *	Inception Date	Annualized One-Year Return	Annualized Five-Year Return*	Annualized Ten-Year Return *	Annualized Since Inception *	Inception Date
Glidepath-type Investment Options[5]											
Static or Fixed Investment Options											
Individual or Stand-Alone Investment Options											

* If applicable.

Appropriate footnotes should be included to ensure comparability and ease of understanding, such as the following:

[1] Updated performance information is available online at www. _____.

[2] The performance data shown represents past performance. Past performance is not a guarantee of future results. Investment returns and principal value will fluctuate, so that investors' units [shares], when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited.

[3] If an Advisor-Sold ABLE Plan charges a periodic maintenance fee or other fixed or contingent fees that are not reflected in the performance data, disclose such fees on the same page as the performance data, preferably via footnote.

[4] Assumes the maximum sales load charged for each applicable unit [share] class (or other charges deducted from payments). Assumes a complete redemption [withdrawal] at the end of the reported periods and the deduction of all nonrecurring charges deducted at the end of each period. If the applicable unit [share] class involves the assessment of a deferred sales load, assumes the maximum applicable deferred sales load, if any, is deducted upon such redemption [withdrawal] under the terms disclosed in the Offering Materials assuming the unit [share] was purchased at the beginning of the reported period.

[5] If applicable, a statement that (i) the investment option's performance reflects changes in asset allocations over time relating to the year of expected first use and/or (ii) assets invested in applicable portfolios on behalf of particular beneficiaries are automatically transferred to another portfolio at a specified time, and may not remain invested in the referenced portfolio for a portion of the period reported in the performance chart.

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Attachment 4

California's 529A Qualified ABLE Program
Annual Report

June 30, 2021

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CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
INDEX
June 30, 2021

Report of Independent Auditors

To the Trustee of the California's 529A Qualified ABLE Program

Report on the Financial Statements

We have audited the accompanying financial statements of the California's 529A Qualified ABLE Program, which comprise the statement of fiduciary net position as of June 30, 2021, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the California's 529A Qualified ABLE Program's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the California's 529A Qualified ABLE Program's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the California's 529A Qualified ABLE Program as of June 30, 2021, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP, 100 East Pratt Street Suite 2600 Baltimore, Maryland 21202
T: (410) 783-7600, F: (410) 783-7680, www.pwc.com/us

Other Matters

Required supplementary information

The accompanying management's discussion and analysis on pages 4 through 5 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming an opinion on the California's 529A Qualified ABLE Program's basic financial statements taken as a whole. The supplemental information on pages 14 through 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2021 on our consideration of the California's 529A Qualified ABLE Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the California's 529A Qualified ABLE Program's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Baltimore, Maryland
September 1, 2021

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

As program manager of the California's 529A Qualified ABLE Program (the "Program"), TIAA-CREF Tuition Financing, Inc. ("TFI") offers readers of the Program's financial statements this discussion and analysis of the financial performance for the year ended June 30, 2021. Readers should consider the information presented in this section in conjunction with the Program's financial statements and notes to financial statements. The Program is comprised of four investment Options (the "Options") in which account owners ("Account Owners") may invest.

Financial Highlights

During the year ended June 30, 2021, the Options within the Program posted returns as follows:

Target Risk Investment Options:	
Conservative Portfolio	8.21%
Moderate Portfolio	19.47%
Aggressive Portfolio	32.04%
FDIC-Insured Option:	
FDIC-Insured Portfolio	0.10%

The Program received $27.8 million in net subscriptions from Account Owners during the year ended June 30, 2021.

The Program earned $409.1 thousand of investment income, incurred $163.8 thousand of operating expenses and had a net increase in fair value of investments of $3,820.2 thousand for the year ended June 30, 2021.

Overview of the Financial Statements

The Program's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

This report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are comprised of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain the information in the financial statements and provide more detailed information. The measurement focus of economic resources is where a set of financial statements report all inflows, outflows and balances effecting an entity's net position.

The Statement of Fiduciary Net Position presents information on the Program's assets and liabilities, with the difference between the two reported as net position as of June 30, 2021. This statement, along with all of the Program's financial statements, is prepared using the accrual basis of accounting. Subscriptions are recognized when enrollment in the Program is finalized; subsequent subscriptions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided regardless of when cash is disbursed.

The Statement of Changes in Fiduciary Net Position presents information showing how the Program's assets changed during the year. Changes in net position are reported as soon as the underlying event giving rise to the current change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

This report presents the operating results and financial status of the Program, which the State of California reports as a fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

Financial Analysis

Net position - The following are condensed Statements of Fiduciary Net Position as of June 30, 2021 and 2020:

	2021	2020
Investments	$ 54,728,336	$ 22,835,940
Cash	19,598	5,074
Receivables	144,321	185,416
Total Assets	**54,892,255**	**23,026,430**
Payables	148,395	183,723
Total Liabilities	**148,395**	**183,723**
Total Net Position	**$ 54,743,860**	**$ 22,842,707**

Net position represents total subscriptions from Account Owners, plus the net increases (decreases) from operations, less redemptions and expenses.

Investments are approximately 100% of total net position, and consist of the Options, each of which invests in varying percentages in multiple TIAA-CREF Funds, or a funding agreement ("Funding Agreement") issued by TIAA-CREF Life Insurance Company to the Board as the policy holder on behalf of the Program. The FDIC-Insured Investment Option invests in an interest-bearing custodial account at TIAA Bank. Receivables consist of securities sold, subscriptions, and accrued income. Liabilities consist mainly of payables for securities purchased, redemptions, and accrued expenses.

Changes in net position - The following are condensed Statements of Changes in Fiduciary Net Position for the year ended June 30, 2021 and 2020:

	2021	2020
Additions:		
Subscriptions	$ 37,165,685	$ 20,991,529
Investment Income	409,087	183,244
Net increase in fair value of investments	3,820,161	226,622
Total Additions	**41,394,933**	**21,401,395**
Deductions:		
Redemptions	(9,387,844)	(4,172,087)
Expenses:		
Administrative fee	(163,786)	(58,696)
Total expenses	(163,786)	(58,696)
Less: Administrative fee waiver	57,850	20,636
Net expenses	(105,936)	(38,060)
Total Deductions	**(9,493,780)**	**(4,210,147)**
Changes in Net Position	**31,901,153**	**17,191,248**
Net position - beginning of year	22,842,707	5,651,459
Net position - end of year	**$ 54,743,860**	**$ 22,842,707**

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

ASSETS		
Cash	$	19,598
Investments, at value (Cost: $51,486,332)		54,728,336
Dividends and interest receivable		18,860
Receivable from securities transactions		30,038
Receivable from Program units sold		95,423
TOTAL ASSETS		54,892,255
LIABILITIES		
Accrued Administrative fee		12,707
Payable for securities transactions		117,104
Payable for Program units redeemed		18,584
TOTAL LIABILITIES		148,395
NET POSITION		
Held in trust for Account Owners in the Program	$	54,743,860

See notes to financial statements

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

ADDITIONS		
Subscriptions	$	37,165,685
Investment income:		
Interest		30,328
Dividends		378,759
Total investment income		409,087
Net increase in fair value of investments		3,820,161
Total additions		41,394,933
DEDUCTIONS		
Redemptions		(9,387,844)
Expenses:		
Administrative fee		(163,786)
Total expenses		(163,786)
Less: Administrative fee waiver		57,850
Net expenses		(105,936)
Total deductions		(9,493,780)
Changes in net position		31,901,153
Net position – beginning of period		22,842,707
Net position – end of period	**$**	**54,743,860**

See notes to financial statements

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Significant Accounting Policies

The California's 529A Qualified ABLE Program ("Program") is a tax-advantaged savings program offered by the California ABLE Act Board ("Board"), to establish and maintain programs that allow eligible individuals to save for qualified disability expenses on a tax-advantaged basis without jeopardizing eligibility for federal means-tested benefits. The Program operates under the overall direction and supervision of the Board which is chaired by the California State Treasurer. Assets in the Program are held in the CalABLE ABLE Program Trust (the "Trust") for which the Board serves as the Trustee. The responsibilities of the Board with respect to the Program include: making and entering into contracts necessary for the administration of the Trust and the Program, selecting the investment portfolios offered in the Program, managing and operating the Program, and adopting regulations for the administration of the Program. TIAA-CREF Tuition Financing, Inc. ("TFI"), a wholly owned direct subsidiary of Teachers Insurance and Annuity Association of America ("TIAA"), and the Board entered into an agreement (the "Management Agreement") under which TFI provides, or arranges to provide, certain services on behalf of the Board to the Program including investment recommendations, recordkeeping, reporting, and marketing. The financial statements are for the period July 1, 2020 to June 30, 2021. The Program is designed to be, and is intended to satisfy the requirements for treatment as, a qualified ABLE Program under Section 529A of the Internal Revenue Code ("Code"). Investment Options (the "Options" or individually "Option") allocations and fees, as approved by the Board, are described in the current Disclosure Statement for the Program.

To the extent that a Target Risk Investment Option allocates assets to the Funding Agreement, the Funding Agreement provides a minimum guaranteed rate of return on the amounts allocated to it by that Investment Option. The Funding Agreement was issued by TIAA-CREF Life Insurance Company ("TIAA Life") to the Board as the policyholder on behalf of the Program. The minimum effective annual interest rate will be neither less than 1% nor greater than 3% at any time. The guarantee is made by TIAA Life to the Board as the policyholder. In addition to the guaranteed rate of interest to the policyholder, the Funding Agreement allows for the possibility that additional interest may be credited as declared periodically by TIAA Life.

Account assets in the FDIC-Insured Portfolio are 100% invested in an interest-bearing custodial account at TIAA Bank, a division of TIAA, FSB, a federally chartered savings bank and an affiliate of TFI. TIAA Bank will determine the applicable interest rate on the FDIC-Insured Portfolio in its sole discretion. At its discretion and without further notice to you, TIAA Bank may, at any time, change the interest rate for the FDIC-Insured Portfolio. The interest rate paid with respect to the FDIC-Insured Portfolio may be higher or lower than the interest rate available to individuals or entities making deposits directly with TIAA Bank or other depository institutions in comparable accounts. In addition, TIAA Bank reserves the right to establish (and change) balance levels on which different rates of interest may be paid.

Teachers Advisors, LLC ("Advisors"), an affiliate of TFI, is registered with the Securities and Exchange Commission as an investment adviser and provides investment advisory services to the TIAA-CREF Funds (the "Funds"). TIAA-CREF Individual & Institutional Services, LLC ("Services"), a wholly owned, direct subsidiary of TIAA, serves as the primary distributor and underwriter for the Program and provides certain underwriting and distribution services. Services is registered as a broker-dealer under the Securities Exchange Act of 1934, as amended and is a member of the Financial Industry Regulatory Authority.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB") which may require the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Program.

Other matters: The outbreak of the novel coronavirus ("COVID-19") and subsequent global pandemic began significantly impacting the U.S. and global financial markets and economies during the calendar quarter ended March 31, 2020. The worldwide spread of COVID-19 has created significant uncertainty in the global economy. The duration and extent of COVID-19 over the long-term cannot be reasonably estimated at this time. The ultimate impact of COVID-19 and the extent to which COVID-19 impacts the Program's normal course of business, results of operations, investments, and cash flows will depend on future developments, which are highly uncertain and difficult to predict. Management continues to monitor and evaluate this situation.

Investment income: Securities transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the underlying mutual funds are recorded on the ex-dividend date. Income distributions from underlying mutual funds are included in total investment income and gain distributions are included in net increase in fair value of investments. Realized gains and losses are based upon the specific identification method.

Income tax: No provision for federal income tax has been recorded. The Program is designed to constitute a qualified ABLE program under Section 529A of the Code and does not expect to have any unrelated business income subject to tax.

Units: The beneficial interests for each account owner ("Account Owner") in the Options are represented by Program units. Subscriptions and redemptions are recorded upon receipt of Account Owner's instructions in good order, based on the next determined net position value per unit ("Unit Value"). Unit Values for each Option are determined at the close of business of the New York Stock Exchange. The Unit Value for financial reporting purposes may differ from the Unit Value for processing transactions. The Unit Value for financial reporting purposes includes security and shareholder transactions through the date of this report. There are no distributions of net investment gains or net investment income to the Option's Account Owners or beneficiaries.

Subscriptions and Redemptions: Subscriptions on the Statement of Changes in Fiduciary Net Position include any subscriptions to the Program made by Account Owners and any exchanges within the Program that result in a reinvestment of assets. Redemptions on the Statement of Changes in Fiduciary Net Position include any redemptions from the Program made by Account Owners and any exchanges within the Program that result in a withdrawal and subsequent reinvestment of assets.

Note 2 – Valuation of Investments

Fair value measurements are grouped categorically into three levels, as defined by the GASB. The levels are defined as follows:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit spreads, etc.)
- Level 3 – significant unobservable inputs (including the Program's own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A description of the valuation techniques applied to the Program's major categories of investments follows:

Investments in registered investment companies: These investments are valued at their published net asset value on the valuation date. These investments are categorized in Level 1 of the fair value hierarchy.

Funding Agreements: The Funding Agreements, to which the Conservative Portfolio and Moderate Portfolio allocate assets, are considered a nonparticipating interest-earning investment contract and are accounted for at cost. Because the Funding Agreements are valued at cost, they are not included in the fair value hierarchy.

FDIC-Insured Portfolio: The TIAA Bank FDIC-Insured Savings Account ("Savings Account") to which the FDIC-Insured Portfolio allocates assets, is considered a non-participating interest-earning investment contract and is accounted for at cost. Because the Savings Account is valued at cost, it is not included in the fair value hierarchy.

Note 3 – Program Fees

For its services in administering the Program, each Option pays to the Board a State administrative fee at an annual rate of 0.44% of the average daily net assets of the Option. Currently the 0.44% State administrative fee for the FDIC-Insured Option is being waived by the Board.

These amounts are reflected in the expenses on the Statement of Changes in Fiduciary Net Position.

All Accounts are subject to the annual maintenance fee of $37. While this is not a fund expense, a pro-rated portion of the annual maintenance fee will be deducted proportionately from each investment Option in which you are invested on a monthly basis.

The Options are not charged with management fees, but Advisors is paid investment management fees on the underlying investments in the Funds (with the exception of the FDIC-Insured Option).

Note 4 – Investments

Cash deposits: Cash deposits at June 30, 2021 were covered by federal depository insurance coverage.

Investments: As of June 30, 2021, net unrealized appreciation (depreciation) of portfolio investments was $3,242,004 consisting of gross unrealized appreciation of $3,361,395 and gross unrealized depreciation of $119,391.

As of June 30, 2021, the Program's investments consist of the following:

	Units	Cost	Value
TIAA-CREF Funds (Institutional Class):			
Bond Index Fund	944,240	$ 10,779,857	$ 10,660,465
Emerging Markets Equity Index Fund	102,194	1,258,166	1,461,377
Equity Index Fund	437,292	11,401,814	13,988,961
Inflation-Linked Bond Fund	210,474	2,548,164	2,599,352
International Equity Index Fund	184,193	3,733,160	4,253,010
TIAA Bank:			
FDIC-Insured Savings Account	18,776,066	18,776,066	18,776,066
TIAA-CREF Life Insurance Company:			
Funding Agreements	2,989,105	2,989,105	2,989,105
		$ 51,486,332	$ 54,728,336

Note 5 – Investment Risks

Certain investments are subject to a variety of investment risks based on the amount of risk in the underlying funds. GASB requires that entities disclose certain essential risk information about deposits and investments. All of the Program's Options are uninsured, unregistered and are held by a custodian in the Program's name.

Investment Policy: The Program does not have specific investment policies which address credit, interest rate, foreign currency or custodial credit risk. The Program's Options are managed based on specific investment objectives and strategies which are disclosed in the Program's current Disclosure Booklet.

Custodial credit risk: Custodial credit risk represents the potential inability of a custodian to return the Program's deposits and investments in the event of a failure. An Account Owner has an investment in a Option and not a direct investment in any Fund or other investment vehicle to which funds in that Option may be allocated. Because of this ownership structure, the custodial credit risk is mitigated.

Credit risk: The Funds investing primarily in fixed income securities are subject to credit risk. Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The Funds do not carry a formal credit quality rating. The Funding Agreement is a guaranteed insurance product issued by TIAA Life. TIAA Life had a Standard & Poor's credit rating of AA+ at June 30, 2021. The Savings Account is an interest-bearing custodial account at TIAA Bank and it is an investment of the FDIC-Insured Option.

Interest rate risk: Interest rate risk represents exposure to changes in the fair value of investments due to volatility in interest rates. At June 30, 2021, the average maturities for the fixed income mutual funds are as follows:

Investment		Value	Weighted Average Maturity
TIAA-CREF Funds (Institutional Class):			
Bond Index Fund	$	10,660,465	8.41 years
Inflation-Linked Bond Fund		2,599,352	5.00 years

Investments in the FDIC-Insured Portfolio are FDIC insured up to $250,000, subject to certain FDIC limits and restrictions.

Foreign currency risk: Foreign currency risk represents exposure to changes in the fair value of investments due to volatility in exchange rates. The Program does not have any direct investment in foreign securities. Certain Program Options allocate assets to Funds that are exposed to foreign currency risk. At June 30, 2021, the value of investments in the Funds that significantly invest in foreign denominated contracts are as follows:

Investment		Value
TIAA-CREF Funds (Institutional Class):		
Emerging Markets Equity Index Fund	$	1,461,377
International Equity Index Fund		4,253,010

Note 6 - Guarantees and Indemnifications

Under the Program's organizational documents, each officer, employee or other agent of the Program (including TFI) is indemnified against certain liabilities that may arise out of performance of their duties to the Program. Additionally, in the normal course of business, the Program enters into contracts that contain a variety of indemnification clauses. The Program's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Program that have not yet occurred. However, the Program has not had prior claims or losses pursuant to these contracts, and management expects the risk of loss to be remote.

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SUPPLEMENTAL INFORMATION

The following information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the California's 529A Qualified ABLE Program (the “Program”). It shows financial information relating to the investment Options, which are included in the Program for the period ended June 30, 2021.

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Target Risk Investment Options			
	Conservative Portfolio	Moderate Portfolio	Aggressive Growth Portfolio	Total
ASSETS				
Investments, at value:				
TIAA-CREF Funds:				
Bond Index Fund	$ 4,405,740	$ 4,107,959	$ 2,146,766	$ 10,660,465
Emerging Markets Equity Fund	179,401	471,604	810,372	1,461,377
Equity Index Fund	1,793,515	4,381,512	7,813,934	13,988,961
Inflation-Linked Bond Fund	1,141,451	984,893	473,008	2,599,352
International Equity Index Fund	520,481	1,370,157	2,362,372	4,253,010
SUBTOTAL	8,040,588	11,316,125	13,606,452	32,963,165
TIAA-CREF Life Insurance Company:				
Funding Agreement	2,468,339	520,766	—	2,989,105
TOTAL INVESTMENTS	10,508,927	11,836,891	13,606,452	35,952,270
Cash	21,647	7	—	21,654
Dividends and interest receivable	8,766	6,732	3,279	18,777
Receivable from securities transactions	3,356	5,880	2,511	11,747
Receivable from Program units sold	13,318	20,585	16,263	50,166
TOTAL ASSETS	10,556,014	11,870,095	13,628,505	36,054,614
LIABILITIES				
Overdraft payable	—	—	2,056	2,056
Accrued administrative fee	3,704	4,201	4,802	12,707
Payable for securities transactions	35,875	19,317	16,572	71,764
Payable for Program units redeemed	293	—	—	293
TOTAL LIABILITIES	39,872	23,518	23,430	86,820
NET POSITION	$ 10,516,142	$ 11,846,577	$ 13,605,075	$ 35,967,794
UNITS OUTSTANDING	866,963	854,131	871,147	
NET POSITION VALUE PER UNIT	$ 12.13	$ 13.87	$ 15.62	
INVESTMENTS AT COST	$ 10,123,251	$ 10,819,270	$ 11,767,745	$ 32,710,266

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2021

	FDIC-Insured Investment Option	
	FDIC-Insured Portfolio	**Total**
ASSETS		
Investments, at value:		
TIAA Bank:		
TIAA Bank FDIC-Insured Savings Account	$ 18,776,066	$ 18,776,066
TOTAL INVESTMENTS	18,776,066	18,776,066
Dividends and interest receivable	83	83
Receivable from securities transactions	18,291	18,291
Receivable from Program units sold	45,257	45,257
TOTAL ASSETS	18,839,697	18,839,697
LIABILITIES		
Payable for securities transactions	45,340	45,340
Payable for Program units redeemed	18,291	18,291
TOTAL LIABILITIES	63,631	63,631
NET POSITION	$ 18,776,066	$ 18,776,066
UNITS OUTSTANDING	1,864,362	
NET POSITION VALUE PER UNIT	$ 10.07	
INVESTMENTS AT COST	$ 18,776,066	$ 18,776,066

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Target Risk Investment Options

	Conservative Portfolio	Moderate Portfolio	Aggressive Growth Portfolio	Total
ADDITIONS				
Subscriptions	$ 7,329,648	$ 7,081,935	$ 7,765,205	$ 22,176,788
Increase from investment operations:				
Interest	21,789	4,589	—	26,378
Dividends from underlying funds	107,697	135,004	136,058	378,759
Realized gain distributions from underlying funds	21,656	18,127	8,354	48,137
Net unrealized appreciation on underlying fund shares	298,754	928,718	1,794,064	3,021,536
Net realized gain on investments in underlying fund shares	118,255	269,922	345,066	733,243
Net increase from investment operations	568,151	1,356,360	2,283,542	4,208,053
TOTAL ADDITIONS	$ 7,897,799	$ 8,438,295	$ 10,048,747	$ 26,384,841
DEDUCTIONS				
Redemptions	$ 1,944,492	$ 1,443,941	$ 1,378,763	$ 4,767,196
Expenses:				
Administrative fee, net	31,925	35,287	38,724	105,936
Total expenses	31,925	35,287	38,724	105,936
TOTAL DEDUCTIONS	$ 1,976,417	$ 1,479,228	$ 1,417,487	$ 4,873,132
NET POSITION				
Net increase in fiduciary net position	5,921,382	6,959,067	8,631,260	21,511,709
Beginning of year	4,594,760	4,887,510	4,973,815	14,456,085
End of year	$ 10,516,142	$ 11,846,577	$ 13,605,075	$ 35,967,794

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	FDIC-Insured Investment Option	
	FDIC-Insured Portfolio	**Total**
ADDITIONS		
Subscriptions	$ 14,988,897	$ 14,988,897
Increase from investment operations:		
Interest	3,950	3,950
Net realized gain on investments in underlying fund shares	17,245	17,245
Net increase from investment operations	21,195	21,195
TOTAL ADDITIONS	$ 15,010,092	$ 15,010,092
DEDUCTIONS		
Redemptions	$ 4,620,648	$ 4,620,648
Expenses:		
Administrative fee	57,850	57,850
Total expenses	57,850	57,850
Less: Administrative fee waiver	$ (57,850)	$ (57,850)
TOTAL DEDUCTIONS	$ 4,620,648	$ 4,620,648
NET POSITION		
Net increase in fiduciary net position	10,389,444	10,389,444
Beginning of year	8,386,622	8,386,622
End of year	$ 18,776,066	$ 18,776,066

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Trustee of the California's 529A Qualified ABLE Program

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the California's 529A Qualified ABLE Program, which comprise the statement of fiduciary net position as of June 30, 2021, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the California's 529A Qualified ABLE Program's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the California's 529A Qualified ABLE Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the California's 529A Qualified ABLE Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the California's 529A Qualified ABLE Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

Baltimore, Maryland
September 1, 2021

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