
JUNE 21, 2022

AGENDA ITEM 1

Action ITEM

CALIFORNIA ABLE ACT BOARD

Approval of Minutes from March 22, 2022, Meeting

Attachments

- Attachment #1 – CalABLE Board March 22, 2022, Meeting Minutes

Recommended Action—Approve meeting minutes

CALIFORNIA ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT BOARD
Minutes

March 22, 2022 – 1:30 PM

915 Capitol Mall, Room 587, Sacramento, CA 95814

Public Participation via Zoom is available at
<https://us06web.zoom.us/j/92021509521>

Public Participation Call-In Number*
(877) 810-9415
Access Code: 6535126

Board members present:

Fiona Ma, CPA, California State Treasurer (via teleconference)
Audrey Noda, Deputy Treasurer (via teleconference)
Ana Acton for the Department of Rehabilitation (via teleconference)
Kathleen Barajas for the State Independent Living Council (via teleconference)
David Oppenheim for the State Controller, Betty Yee (via teleconference)
Carla Castañeda for the Department of Developmental Services (via teleconference)

CalABLE Board Staff:

Dante Allen, Executive Director, CalABLE
Anne Osborne, Manager, CalABLE
Matt Harmetz, CalABLE
Susan Block, CalABLE
Rita Clark, CalABLE
Ravinder Kapoor, Legal Counsel
Spencer Walker, General Counsel

CalABLE Board Consultants present:

Soohyang Lee, Vice President, AKF Consulting (via teleconference)

CalABLE Board Program Manager, Tuition Financing, Inc. (TFI), staff present:

Linda English, Senior Director of Relationship Management (via teleconference)
Glenn Friedman, Manager, TIAA Tuition Financing Inc. (via teleconference)
Eric White, Principal, Meketa Investment Group, Inc. (via teleconference)
Doug Harrison, TIAA Tuition Financing Inc. (via teleconference)

Chair Ma called the meeting to order at 1:32 PM.

Ms. Osborne announces public comment directions for phone participants.

Item # 1 – Action Item

Approval of Minutes

Motion to approve the minutes of the December 14th, 2021, meeting of the California ABLE Act Board.

Chair Ma asked if there were any public comments/phone comments – None

MOTION: Ana Acton	SECONDED: Carla Castañeda
AYES: Fiona Ma, David Oppeheim, Ana Acton, Carla Castañeda, Kathleen Barajas	ABSTAIN:
NOES: None	RECUSE: None

Not Present: Gayle Miller, Cathay Liu

ACTION: Motion Passes

Chair Ma introduces Item #2 and Dante Allen

Item #2 – Information Item

Executive Director's Report by Dante Allen

- Dante announced that the CalABLE investments had very little exposure to Russian investments and have divested from any remaining exposure that TIAA was unable to. Those investments were devalued to 0.
- Dante announced the development of an ABLE network, allowing ABLE programs to move away from a subcommittee into its own network. This will provide ABLE programs with the capability to take direction and make decisions without the approval of the NAST Committee.
- The NAST executive board announced an investment by Wells Fargo to promote ABLE on a national scale.
- The ABLE Age Adjustment Act bills continue to grow in sponsorship, both in the house and senate bills.

Program Updates

- Dante provided an update on AB 2216. This bill seeks to conform with the federal ABLE Act with language adjustments and provides clarification on the ABLE to Work additional contributions. The bill also seeks to limit the MediCal recovery protection to CalABLE accounts rather than ABLE accounts. Accounts created by January of 2023 will be grandfathered in.
- CalABLE experienced significant growth over the last quarter. There are now 7,098 active accounts, a 10% increase over the previous quarter. In the final week of December, there were 122 weekly enrollments, the greatest single week of enrollments since the inception of the program. The total assets under management rose to \$70,498,030, a 17% increase over the previous quarter.

The total amount in contributions for the last quarter was \$11,519,050, a 37% increase quarter over quarter. CalABLE is now ranked 4th in both assets and accounts.

Dante Allen hands the conversation over to Anne Osborne to discuss outreach and marketing.

- Program 11 has run a series of two campaigns. The first promoted CalABLE's monthly webinar series and the second promoted CalABLE's eGifting benefit and year end contributions, a very successful campaign producing nearly 500 clicks and resulted in the highest number of enrollments during the last week of December.
- The webinar attendance continues to be popular with over 50% attendance in January and February. The YouTube view count indicates that people are interested in using CalABLE's webinars as a resource as they continue to view them.
- CalABLE has been added to the CalHR website on the optional pages as a resource.

Dante Allen resumes the discussion by opening on operational updates.

Operational Updates

- CalABLE submitted a budget change proposal that includes additional funding for staffing increase, a Spanish speaking outreach field specialist, who can help provide support to the Spanish speaking community.
- CalABLE has created a new contract with Meketa Investments who will continue to provide investment consulting.
- Madeline Handy, a Master of Public Health candidate at UC Davis, will explore the health impacts of CalABLE.
- Dante Allen introduces Cathay Liu who joins as the new delegate for Wesley Witherspoon. She was appointed by Governor Newsom in 2021.

Chair Ma notes that if the ABLE Age Adjustment Act passes in Congress, an additional 6 million people can benefit, including 1 million veterans. She thanks Madeline Handy for her future write up on CalABLE and welcomes Cathay Liu.

Chair Ma asks the board if there are any questions.

- **David Oppenheim** commends Chairman Ma and Dante Allen for divesting investments out of any Russian accounts and being in compliance with the executive order. He also thanks Dante for the executive writeup.

Chair Ma asked if there were any public comments/phone comments

- None

Item # 3 - Information Item

Review of CalABLE Investments Performance for the Third Quarter 2021

- **Glenn Friedman from TIAA**

- Headline inflation for 2021 came in at 7%.
- The fourth portfolios reported returns of: 1.5% for the Conservative portfolio, -3.6% for the Moderate portfolio and 5.8% for the Aggressive Growth portfolio. The FDIC Insured portfolio had flat returns, consistent with low interest rates.
- Results followed market trends.
- The underlying funds are all positive, fulfilling their objectives and capturing the market as they are designed to perform.
- No current concerns about performance.

Chair Ma asked the board if there are any questions for Glenn.

- None

- **Eric White from Meketa**

- Expectation of losses in the more conservative portfolios over the next couple quarters.
- Average return of about 17-18% per year for the aggressive growth portfolio but this level of return will likely not continue. 12.3% for the moderate portfolio and 7% for the conservative portfolio since inception.
- The emerging market equity fund qualifies for watch due to a spike in tracking error; however, this was an industry wide phenomenon and Meketa does not recommend placing it on watch and is not overly concerned.

Carla Castañeda asked for clarification on the tracking error and whether it will fall off within 6 months.

- **Eric White:** It will be on there for a couple quarters due to the length of time the tracking error formula measures.

Chair Ma asked if there were any public comments/phone comments

- **Esther Chow (community member)** shared a concern about the lack of access in other languages for CalABLE, particularly Chinese and Vietnamese. She has wanted to promote CalABLE to the Chinese and Vietnamese communities but has had difficulty due to those communities having a language barrier with CalABLE. She requested that the board tries to find a way to offer materials in these languages.

Item # 4 – Action Item Resolution No. 2022-01

- **Dante Allen**

- Review of statement of investment policy must be renewed on an annual basis.

Chair Ma asked the board if there are any questions

- **David Oppenheim** asked about whether there were any changes from the prior statement of investment policy and whether Dante could provide clarification.
- **Dante Allen** said that it was virtually the same and that the changes were in name changes in the benchmarks.
- **Eric White** stated that there were no substantive changes. It was simply name changes due to some companies changing names.

MOTION: David Oppenheim	SECONDED: Carla Castañeda
AYES: Fiona Ma, David Oppenheim, Ana Acton, Carla Castañeda, Kathleen Barajas	ABSTAIN:
NOES: None	RECUSE: None

Not Present: Gayle Miller, Cathay Liu

ACTION: Motion Passes

Chair Ma asked whether there were any public comments.

- None

Item # 5 - Information Item Account Holder Insights

- **Dante Allen**
 - Reviewed the major changes for ABLE in 2022
 - Annual contribution limit raised to \$16,000 from \$15,000
 - The federal poverty level increased from \$12,760 to \$12,880
 - IRS final regulations include representative payee as an ALR entity
 - Who are CalABLE account holders?
 - Provided statistics on how CalABLE account holders are eligible and the percentage of account holders receiving SSI
 - Account holder demographics
 - Provided statistics on CalABLE account holders' employment status and household income
 - Webinar statistics and poll answers
 - About half of attendees are new to the webinar series
 - 71% are not account holders
 - 60% found out about the webinar through the CalABLE list serv

Chair Ma expressed shock based on the percentage of account holders with a family household income of under \$25,000.

Chair Ma asked the board whether there are any questions.

- **Ana Acton:** Thanked Dante for providing this level of information and the impact that CalABLE has had on account holders.

Chair Ma asked if there were any public comments/phone comments

- **Esther Chow:** Thanked Dante for the report. She stated how more outreach to the Asian community would be helpful since 75% of account holders are Caucasian.

Item # 6 – Information Item

Market Environment Overview

- **Eric White**
 - Labor Shortage
 - Demand for employees continues to outpace supply
 - Wage Growth
 - Record high wage increase of 15.3% in April of 2021
 - Assets generally do not perform well during inflationary periods
 - Observation Summary
 - Complex topic with no easy answers
 - Potential impacts to portfolios and participants' behaviors

Chair Ma leaves and **Audrey Noda** presides in her place.

Audrey Noda asked whether there are any questions

- **Carla Castañeda:** Thanked Eric for the presentation and how the charts were very helpful. She also stressed the importance of financial literacy for account holders.
- **Ana Acton:** Appreciated Eric for how everything was laid out and how she learned a lot. Agreed that more education like this would be helpful for account holders to increase their competencies around investing.
- **David Oppenheim:** Agreed that education is important and that people participating in the market need to understand the difference between being an investor and being a trader.

Audrey Noda asked if there were any public comments/phone comments.

- None

Audrey Noda thanked Eric for his report and mentioned how it was very educational and timely.

Item # 7 – Information Item

CalABLE Ambassadors for 2022

- **Anne Osborne**
 - Summarized how candidates were selected
 - 9 participants selected out of over 30

- Introduced the 2022 CalABLE ambassadors
- Promotional series
 - Promo video
 - All ambassadors will have individual videos and biographies posted on the website
 - Compilation video similar to the 2021 ambassadors' video that received over 600 views on YouTube

Audrey Noda asked if there were any questions or comments from the board.

- **Ana Acton:** Appreciated the video preview and reiterated supporting the Asian and Pacific Islander community by providing resources in other languages.

Audrey Noda asked if there were any public comments/phone comments.

- None

Item # 8 – General Public Comment

Audrey Noda asked if there were any public comments/phone comments for anything not on the agenda.

- None

Audrey Noda: Followed up on Ana's comment about language access

- **Dante Allen:** Stated that CalABLE has explored a number of ways to address the needs of the community. CalABLE is currently limited in its ability to provide support for other languages. CalABLE's RFP with TIAA-CREF allowed CalABLE to offer materials in only English and Spanish. CalABLE hopes to create solutions for providing support for other languages in the future.

Audrey Noda thanked Dante for CalABLE's efforts in seeking to provide additional language support in the future.

Audrey Noda adjourned the meeting at 3:42 P.M.

