JUNE 21, 2022

AGENDA ITEM 5
INFORMATION ITEM

CALIFORNIA ABLE ACT BOARD

529A Program Consultant Update: AKF Consulting

Information Item

Background:

The California ABLE Act Board will receive an ABLE industry update report from Ms. Andrea Feirstein with AKF Consulting to include:

- An ABLE Development Overview
- The ABLE Market Today
- CalABLE Comparisons

Attachments:

- ABLE Industry Landscape Deck

This page is intentionally left blank.

California ABLE Act Board

ABLE Landscape Update

June 21, 2022

AKF CONSULTING

Today's Discussion

	Page
• Landscape Observations for 2022 Q1	3
• Market Update	4
• CalABLE Growth Comparison	10

AKF CONSULTING

Landscape Observations for 2022 Q1

- **ABLE industry growth continues:**
  - **Over $1.1 billion invested across approximately 120,000 accounts**
  - **Average account size increased from $8,883 (2021 Q3) to $9,296 (2022 Q1)**
  - **Independent Plans, including CalABLE, represent 41% of industry accounts**

- **CalABLE compares well with the industry:[1]**
  - **Remains third in both assets and accounts amongst Independent Plans**
  - **Strong comparative growth from 2021:**

	Assets	Accounts
Total ABLE Industry	73%	46%
Independent Plans	71%	42%
CalABLE	*116%*	*77%*

  - **CalABLE market share as a percent of the overall industry continues to increase:**

	Assets	Accounts
2021 Q3	6.44%	6.14%
2022 Q1	*7.02%*	*6.43%*

- **Market shift from independent Plans to Alliance reflects Michigan re-alignment with Alliance**

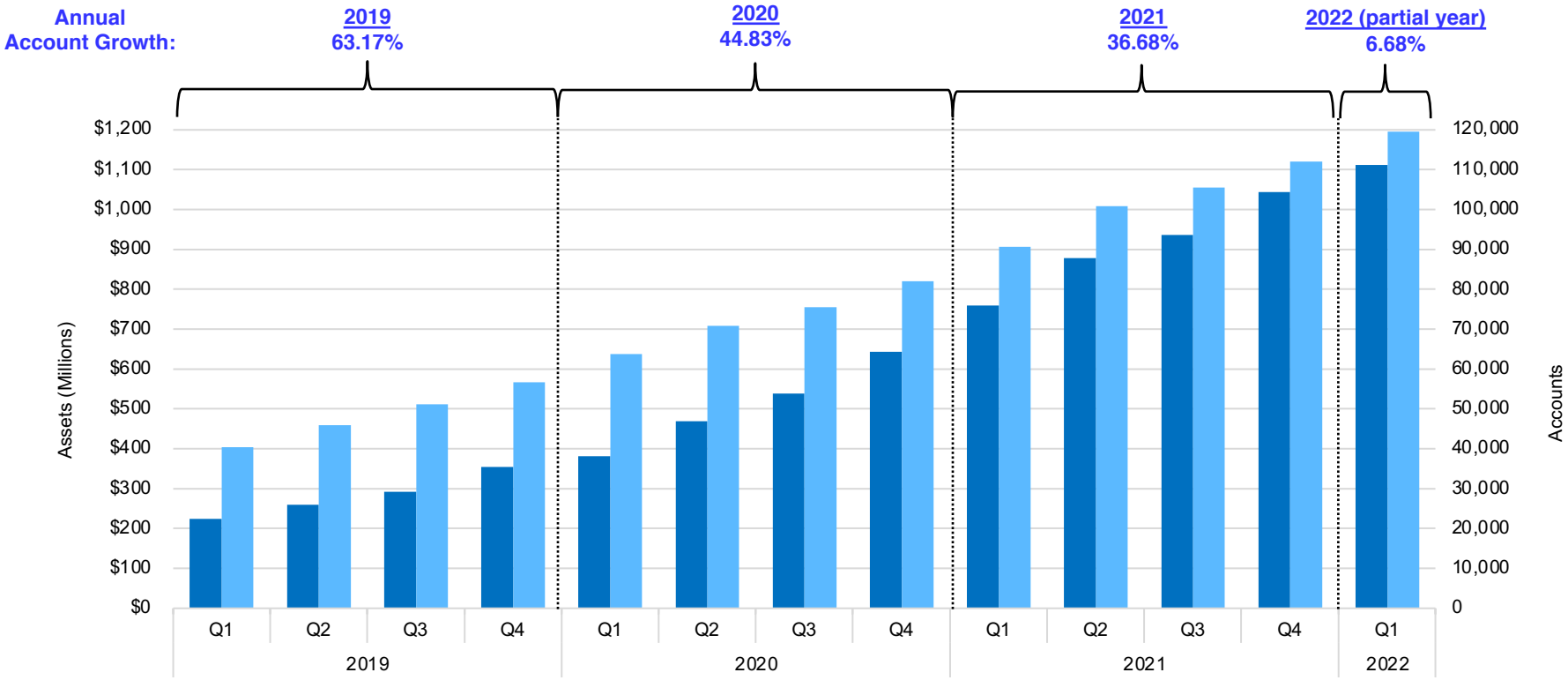
[1] Comparisons represent January 1, 2021 – March 31, 2022 and do not account for recent market volatility

AKT CONSULTING

Section 1.

Market Update

Growth of National ABLE Market



2019 Q1 – 2022 Q1[1]	Average Quarterly Increase	Average Annual Increase
Assets	$72,316,776	$289,267,103
Accounts	6,530	26,121

Source: **ISS Market Intelligence** as of March 31, 2022

[1] Represents the period January 1, 2019 – March 31, 2022

AKT CONSULTING

Alignment of States – Unchanged since 2021 Q4

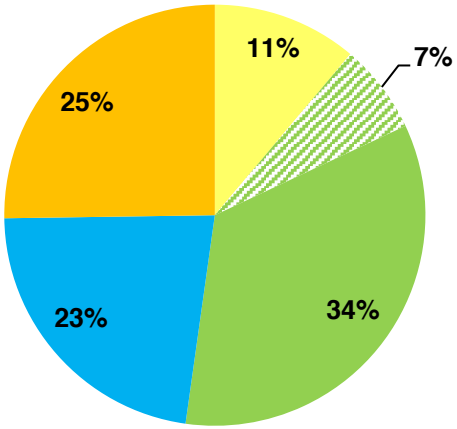
	ABLE Alliance	STABLE Partners	Independent Plans	Oregon Partners
States	Alaska Arkansas Colorado Connecticut Delaware District of Columbia Illinois Indiana Iowa Kansas *Michigan* Minnesota Mississippi Montana Nevada New Jersey North Carolina Pennsylvania Rhode Island	Arizona Georgia Kentucky Missouri New Hampshire New Mexico Ohio Oklahoma South Carolina Utah Vermont West Virginia Wyoming	California Florida Louisiana Maine Massachusetts Nebraska New York Tennessee Texas Virginia (2)	Alabama Hawaii Maryland Oregon (2) Washington
47 States / DC	*19 States / DC*	*13 States*	*10 States*	*5 States*
15 Programs	*1 Program*	*1 Program*	*11 Programs*	*2 Programs*

Source: AKF Consulting as of May 16, 2022; lead Partnership States appear in blue

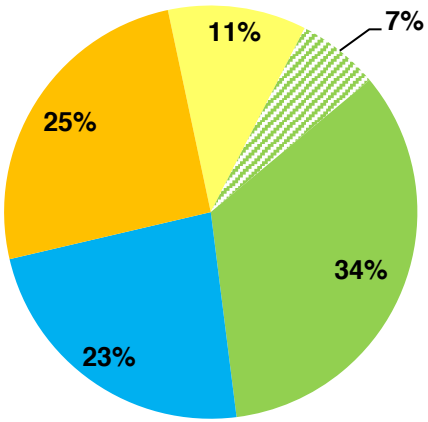
AKF CONSULTING

Total Market Snapshot – March 31, 2022

Assets



Accounts



		2022 Q1		
		Assets	Accounts	Avg Account Size[1]
Independent Plans	CalABLE	$78,007,223	7,691	$10,143
	Other	$367,579,301	40,837	$9,001
STABLE Partners		$254,960,415	27,870	$9,148
ABLE Alliance		$285,372,603	30,246	$9,435
Oregon Partners		$125,891,119	12,955	$9,718
Industry Total		$1,111,810,660	119,599	$9,296

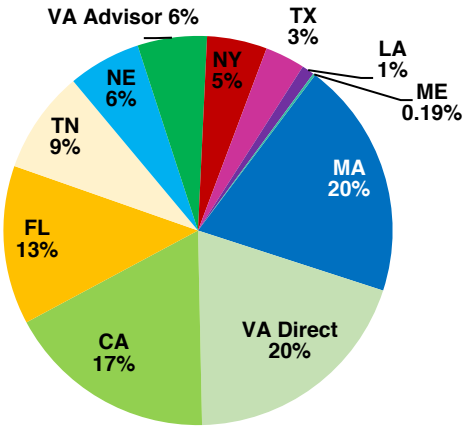
Source: **ISS Market Intelligence** as of March 31, 2022

[1] Average account size figure represents the ratio of Plan total assets to total accounts
[2] Represents account growth over the period January 1, 2021 – March 31, 2022

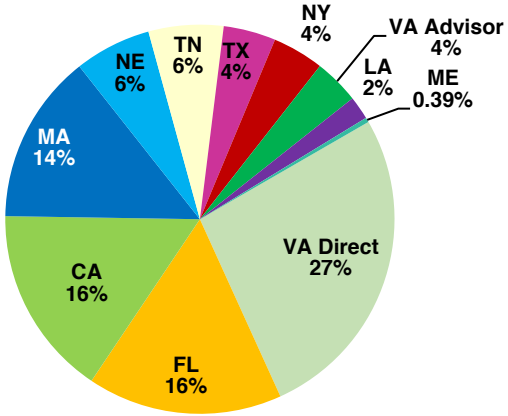
AKF CONSULTING

Independent Plan Snapshot – March 31, 2022

Assets



Accounts



	Assets	Accounts	Avg Account Size[1]
Massachusetts	$87,847,959	6,851	$12,823
Virginia Direct	$87,672,418	12,881	$6,806
California	*$78,007,223*	*7,691*	*$10,143*
Florida	$58,815,190	7,859	$7,484
Tennessee	$38,108,164	3,021	$12,614
Nebraska	$26,972,113	3,089	$8,732
Virginia Advisor	$25,690,659	1,826	$14,069
New York	$22,227,349	2,072	$10,727
Texas	$14,813,236	2,109	$7,024
Louisiana	$4,593,445	941	$4,881
Maine	$838,767	188	$4,462
Total	$445,586,524	48,528	$9,182

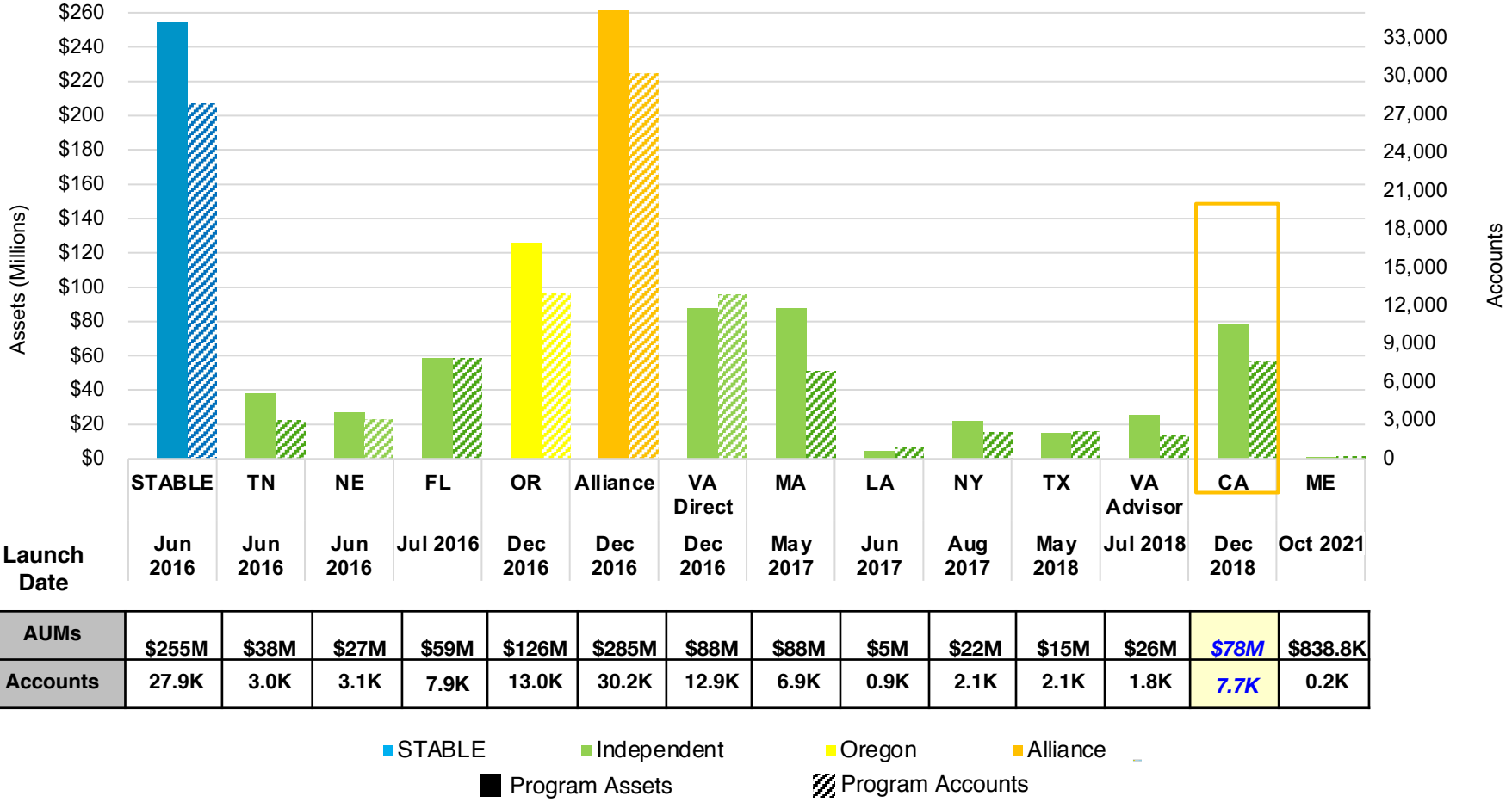
Source: **ISS Market Intelligence** as of March 31, 2022

[1] Represents the ratio of Independent Plan total assets to total accounts

AKF CONSULTING

Proprietary

Plans in Perspective



AUMs	$255M	$38M	$27M	$59M	$126M	$285M	$88M	$88M	$5M	$22M	$15M	$26M	*$78M*	$838.8K
Accounts	27.9K	3.0K	3.1K	7.9K	13.0K	30.2K	12.9K	6.9K	0.9K	2.1K	2.1K	1.8K	*7.7K*	0.2K

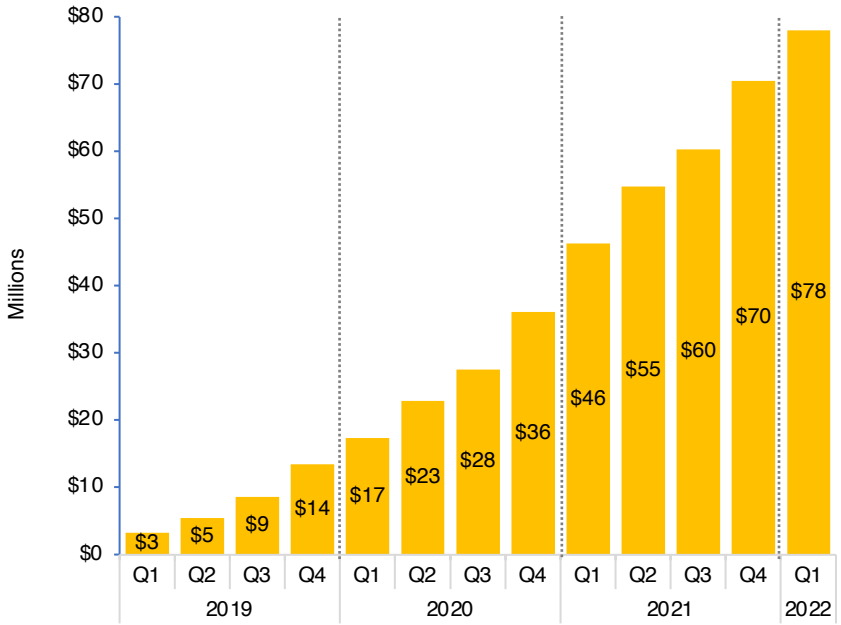
Source: **ISS Market Intelligence** as of March 31, 2022

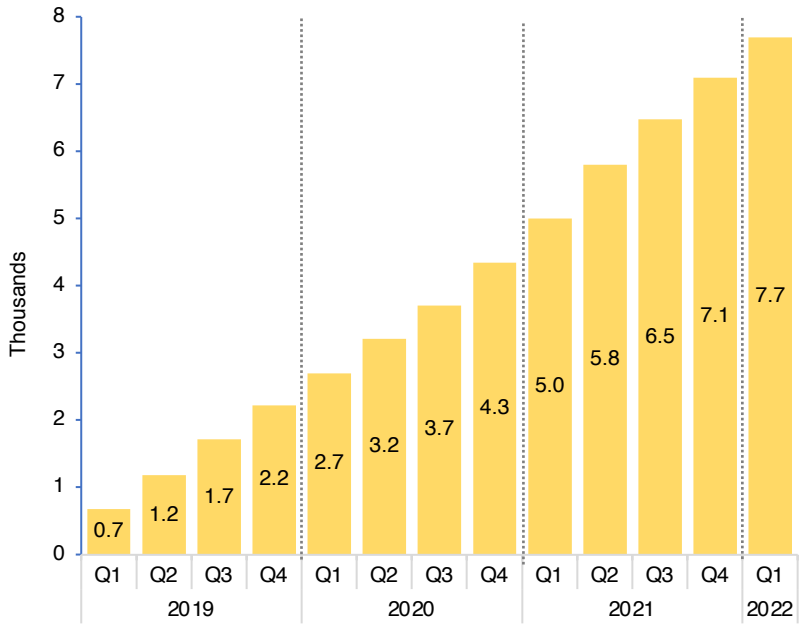
AKT CONSULTING

Section 2.

CalABLE Growth Comparison

CalABLE Growth



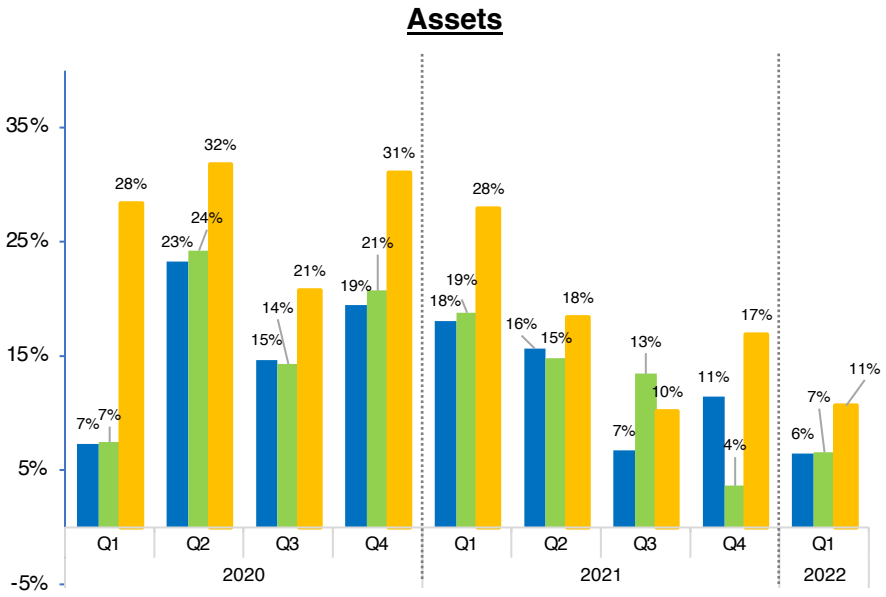


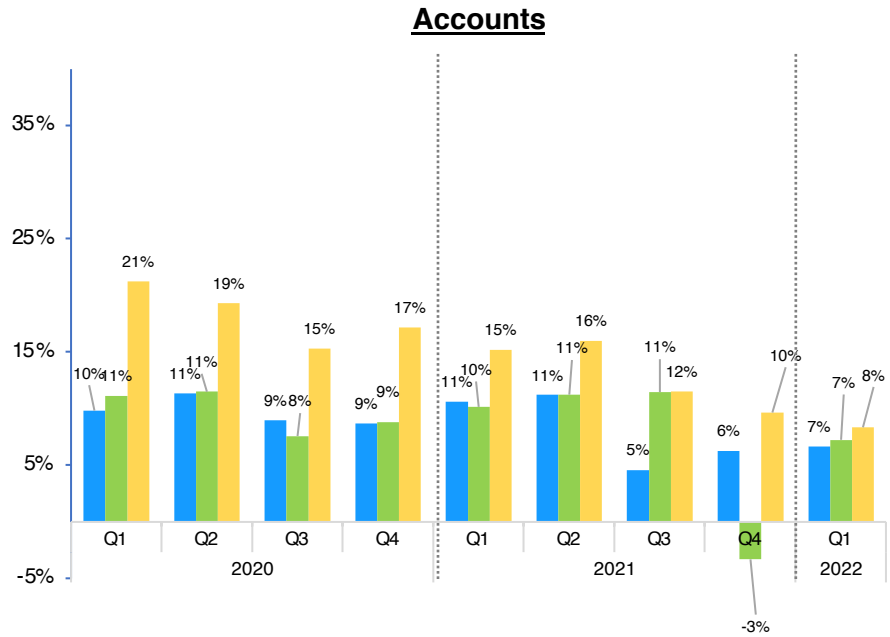
2019 Q1 – 2022 Q1[1]	Average Quarterly Increase	Average Annual Increase
Assets	**$5,950,552**	**$23,802,208**
Accounts	**573**	**2,294**

Source: **ISS Market Intelligence** as of March 31, 2022
[1] Represents the period January 1, 2019 – March 31, 2022

AKT CONSULTING

Recent Quarterly Growth





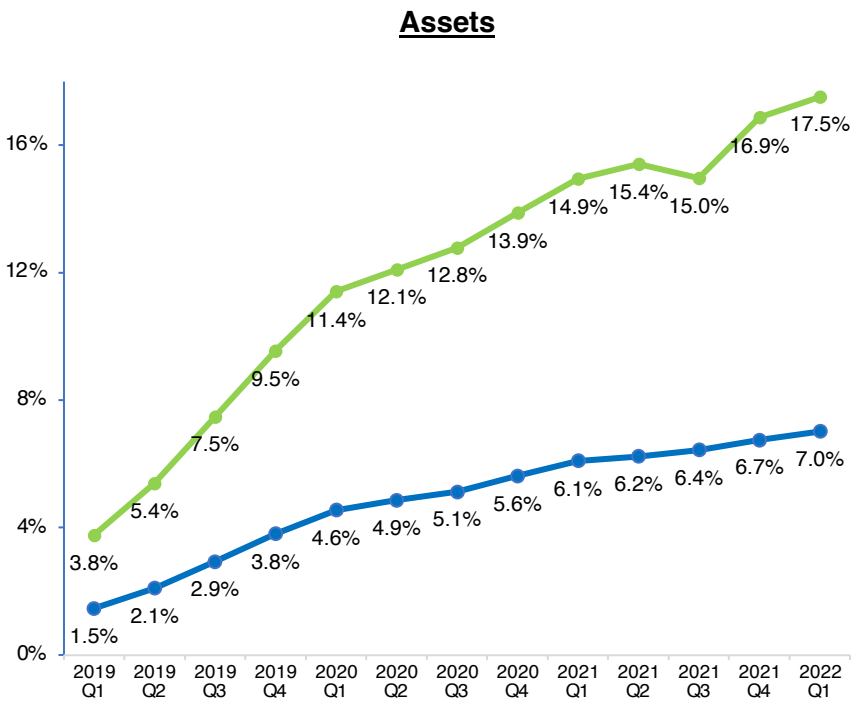
Average Quarterly Growth (2020 Q1 – 2022 Q1)[1]	National	Independent	CalABLE
Assets	13.5%	13.6%	21.5%
Accounts	8.7%	8.3%	14.8%

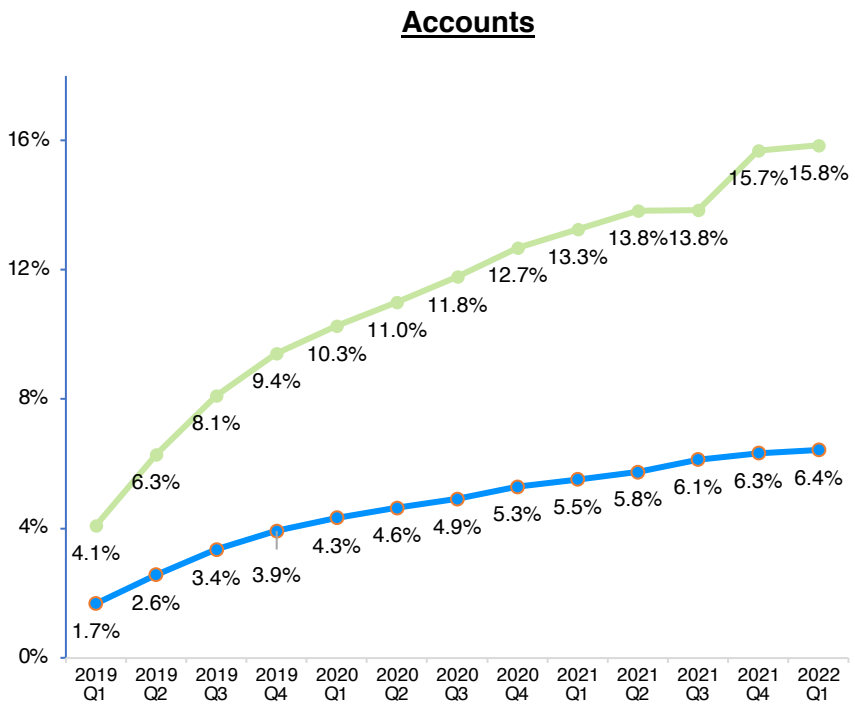
Source: **ISS Market Intelligence** as of March 31, 2022
[1]Represents the period January 1, 2020 – March 31, 2022

Note: Negative Independent Plan growth in 2021 Q4 reflects Michigan joining the ABLE Alliance and therefore no longer being included with Independent Plan assets. 2021 Q3 - Q4 Independent Plan growth excluding Michigan is approximately 5%.

AKF CONSULTING

CalABLE Market Share Over Time





As of 2022 Q1	CalABLE Market Share as a Percent of:	
	National	Independent Plans[1]
Assets	7.02%	17.51%
Accounts	6.43%	15.85%

Source: **ISS Market Intelligence** as of March 31, 2022

[1] As of 2021 Q3, Nebraska is included in Independent Plans, which impacts the CalABLE market share in 2021 Q3
[2] As of 2021 Q4, Michigan is included in Independent Plans, which impacts the CalABLE market share in 2021 Q4

AKF CONSULTING

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.