
JUNE 20, 2023

**AGENDA ITEM 5
INFORMATION ITEM**

CALIFORNIA ABLE ACT BOARD

529A Program Consultant Update: AKF Consulting Background

Background

The California ABLE Act Board will receive an ABLE industry update report to include:

- The ABLE Industry Landscape Today
- CalABLE Growth Comparisons
- Select Plans: Fee Comparisons

Presenter

Andrea Feirstein, Managing Director, AKF Consulting

Attachments

- Attachment #1 – ABLE Industry Landscape Deck

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California ABLE Act Board

ABLE Landscape Update

June 20, 2023

Today's Discussion

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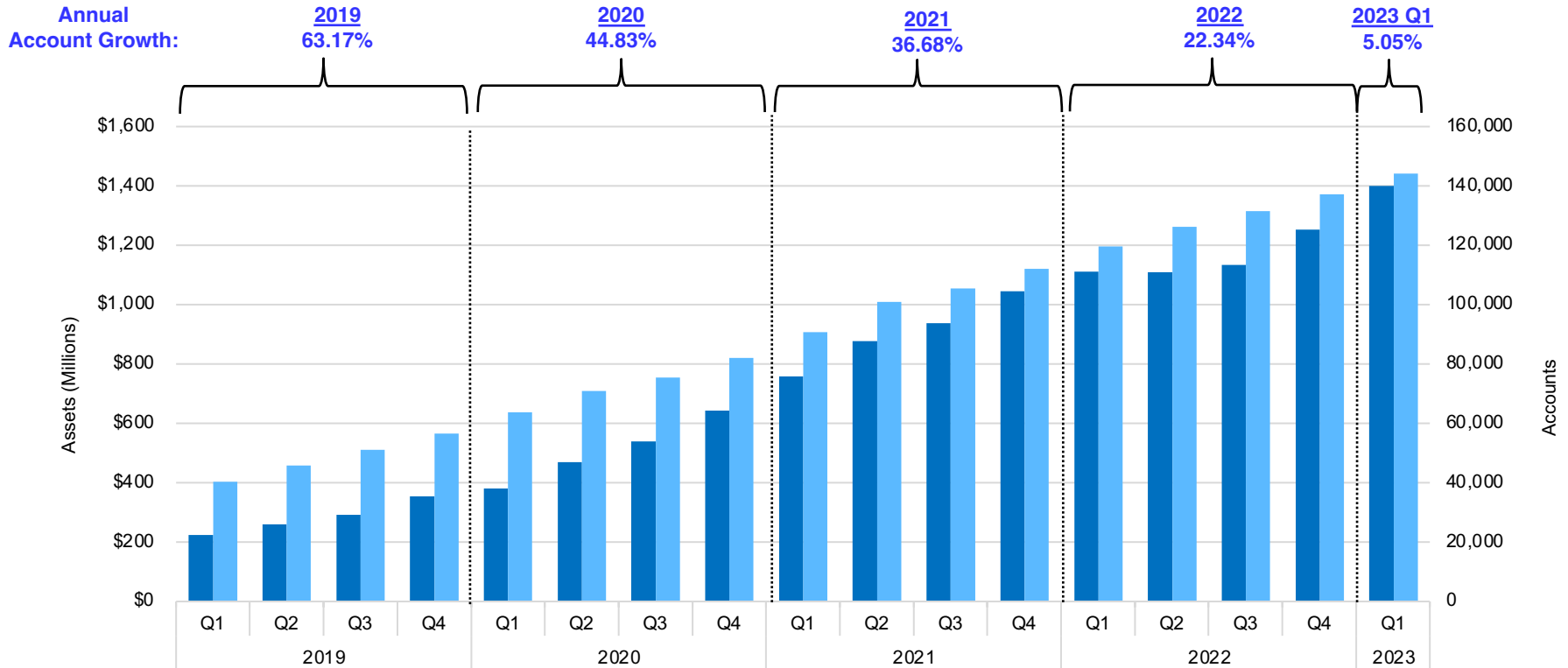
2023 Landscape Observations

- **ABLE Industry expands, with growth across accounts and assets since 2022 market volatility**
- **CalABLE compared favorably to the industry on account growth and market share**
- **Vestwell is a well-established ABLE service provider, managing the Ohio and Oregon partnerships (which represent 18 States) as well as the Florida ABLE Plan**
- **CalABLE's new State and Program Administration fees compare favorably to peers**

Section 1.

The Landscape Today

National Market Growth Has Steadied



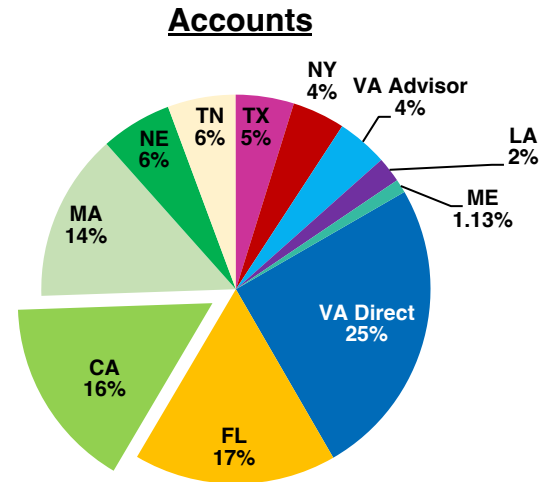
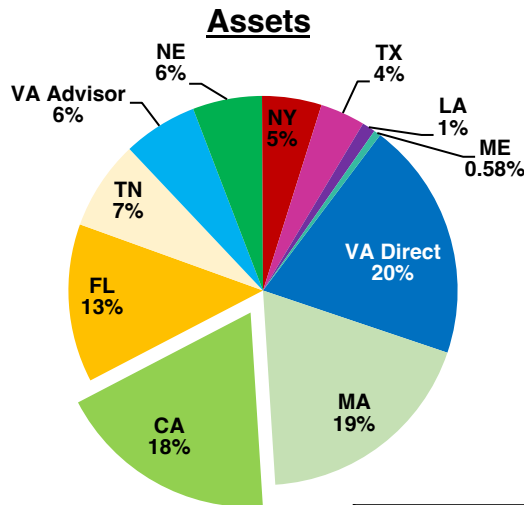
2019 – 2023 Q1 ¹	Average Quarterly Increase	Average Annual Increase
Assets	\$68,217,796 (\$64,107,849)	\$272,871,183 (\$256,431,397)
Accounts	6,076 (6,046)	24,302 (24,182)

Source: **ISS Market Intelligence** as of March 31, 2023

¹ Represents the period January 1, 2019 – March 31, 2023

Grey figures represent January 1, 2019 – September 30, 2022

Independent Plan Snapshot – 2023 Q1



	Assets	Accounts	Avg Account Size
Virginia Direct	\$109,445,656	14,298	\$7,655
Massachusetts	\$103,501,164	7,990	\$12,954
<i>California</i>	\$101,011,733	9,140	\$11,052
Florida	\$72,396,196	9,627	\$7,520
Tennessee	\$40,948,756	3,235	\$12,658
Virginia Advisor	\$34,087,497	2,422	\$14,074
Nebraska	\$31,691,660	3,380	\$9,376
New York	\$27,188,791	2,506	\$10,849
Texas	\$20,538,517	2,766	\$7,425
Louisiana	\$6,078,536	1,205	\$5,044
Maine	\$3,168,444	646	\$4,905
Total	\$550,056,951	57,215	\$9,614

Source: ISS Market Intelligence as of March 31, 2023
 Yellow shading indicates Plans with higher average account sizes than CalABLE

Concentration of Service Providers

	Number of Plans	Number of States	States
Vestwell	5	20	OR Partnership (5 States / 2 Plans) OH Partnership (13 States / 1 Plan) Florida <i>California¹</i>
Ascensus	4	22	ABLE Alliance (18 States + DC) Nebraska New York Tennessee
American Funds	1	1	Virginia
Bangor Savings Bank	1	1	Maine
Fidelity	1	1	Massachusetts
Orion / Intuition	1	1	Texas
PNC Bank	1	1	Virginia
State	1	1	Louisiana
Total States and Plans	15	47	

Source: Program Disclosure Statements and State contracts as of June 2, 2023

¹ California conversion from TIAA to Vestwell expected by August 21, 2023

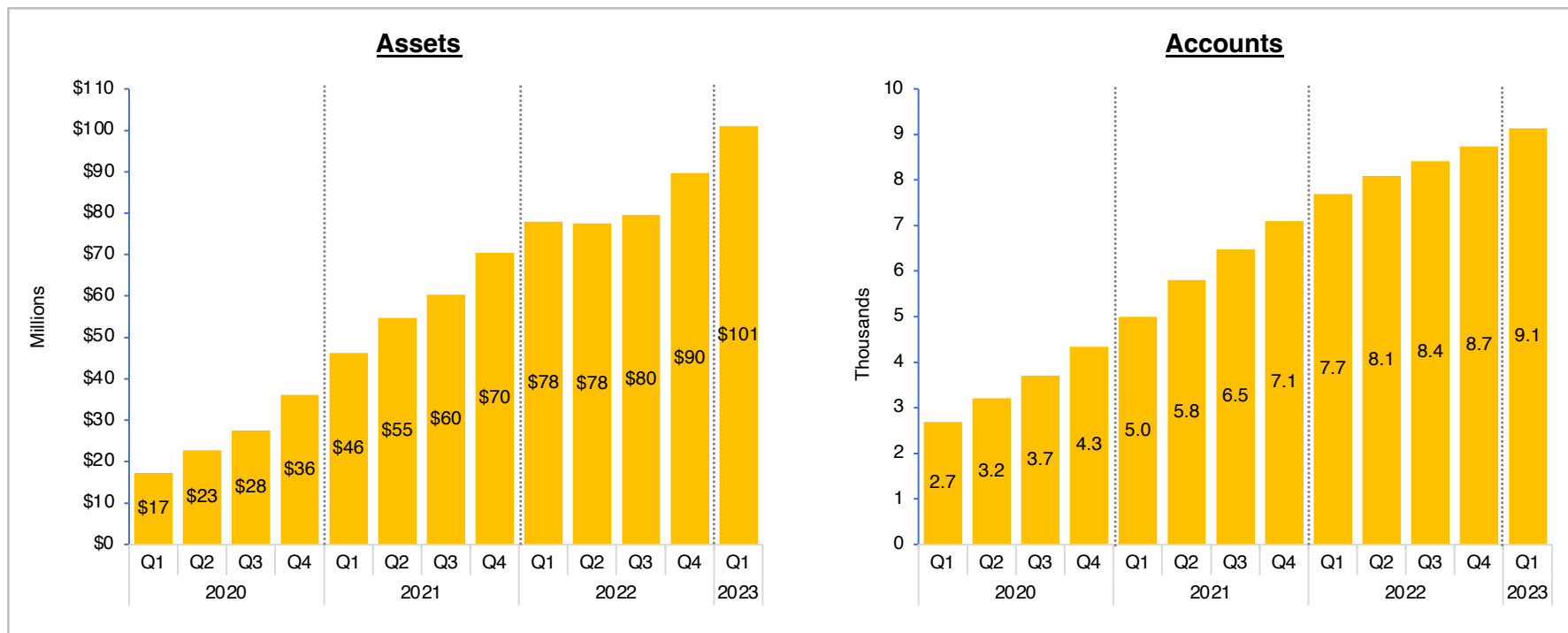
State count includes Virginia once

Section 2.

CaIABLE Growth Comparison

CaIABLE Growth

- Asset growth bounced back in recent quarters and accounts continue to grow steadily



2020 – 2023 Q1 ¹	Average Quarterly Increase	Average Annual Increase
Assets	\$6,731,589 (<i>\$6,008,792</i>)	\$26,926,357 (<i>\$24,035,169</i>)
Accounts	532 (<i>563</i>)	2,128 (<i>2,252</i>)

Source: **ISS Market Intelligence** as of March 31, 2023
¹ Represents the period January 1, 2020 – March 31, 2023
Grey figures represent January 1, 2020 – September 30, 2022

CalABLE Quarterly Growth versus Industry

- CalABLE continues to beat the national averages by several percentage points

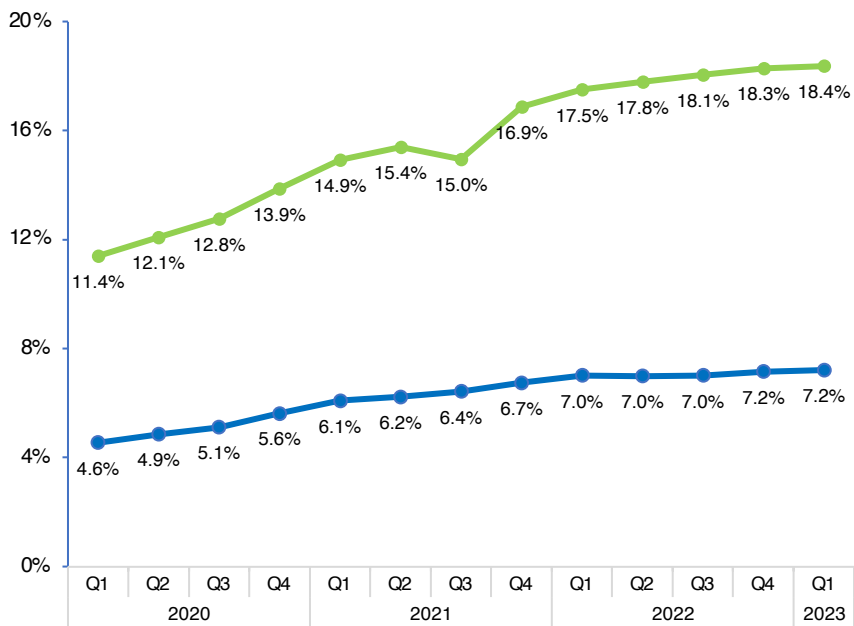
Average Quarterly Growth (2020 – 2023 Q1) ¹	National	Independent	CalABLE
Assets	11.13%	11.01%	16.74%
Accounts	7.45%	7.04%	11.48%

Source: **ISS Market Intelligence** as of March 31, 2023

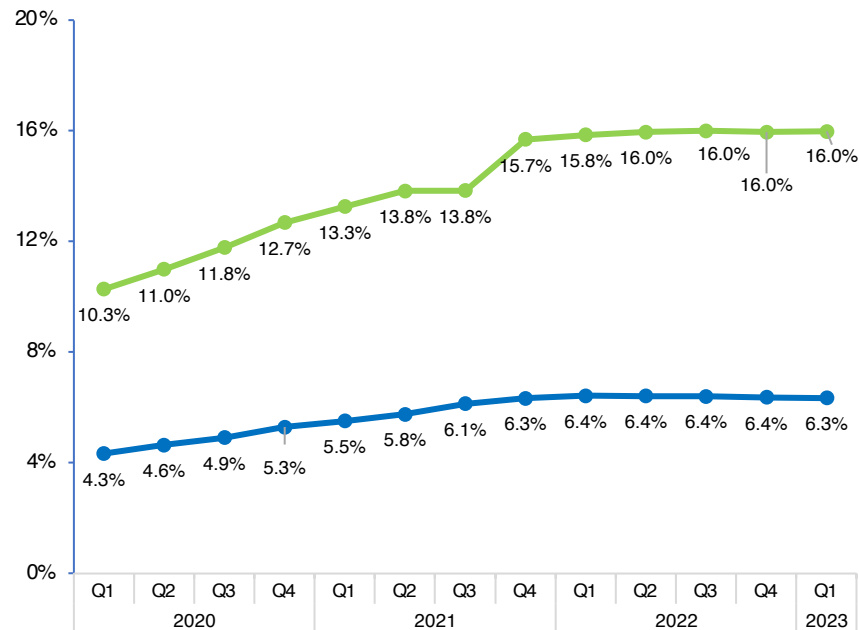
¹Represents the period January 1, 2020 – March 31, 2023

CalABLE Market Share Increases Over Time

Assets



Accounts



As of 2023 Q1	CalABLE Market Share as a Percent of:	
	National	Independent Plans ¹
Assets	7.22%	18.36%
Accounts	6.34%	15.97%

Source: ISS Market Intelligence as of March 31, 2023

¹ As of 2021 Q3, Nebraska is included in Independent Plans. As of 2021 Q4, Michigan is excluded from Independent Plans.

Section 3.

Select Plans: Fee Comparisons

Fees for Non-FDIC Options Decrease Slightly

Plan	Asset-based Fees	Dollar-based Fees
Massachusetts	0.38 – 0.87%	\$0
Virginia – ABLEAmerica	0.36 – 0.75% ¹	\$10 (currently waived)
Texas ²	0.39 – 0.72%	\$42
Ohio Non-Partner States	0.56 – 0.59%	\$39
California (TIAA)	0.51 – 0.52%	\$37
California (VW)	0.41 – 0.45%	\$30
Virginia – ABLEnow	0.36 – 0.39%	\$39 ³
Oregon ABLE	0.3371 – 0.34%	\$35
ABLE Alliance	0.30 – 0.33%	\$33
Ohio Partner States	0.30 – 0.33%	\$39 for non-residents \$27 for residents
Florida ²	0.035 – 0.29%	\$0

Source: Program Disclosure Statements available as of June 6, 2023

Note: All fees show e-delivery pricing

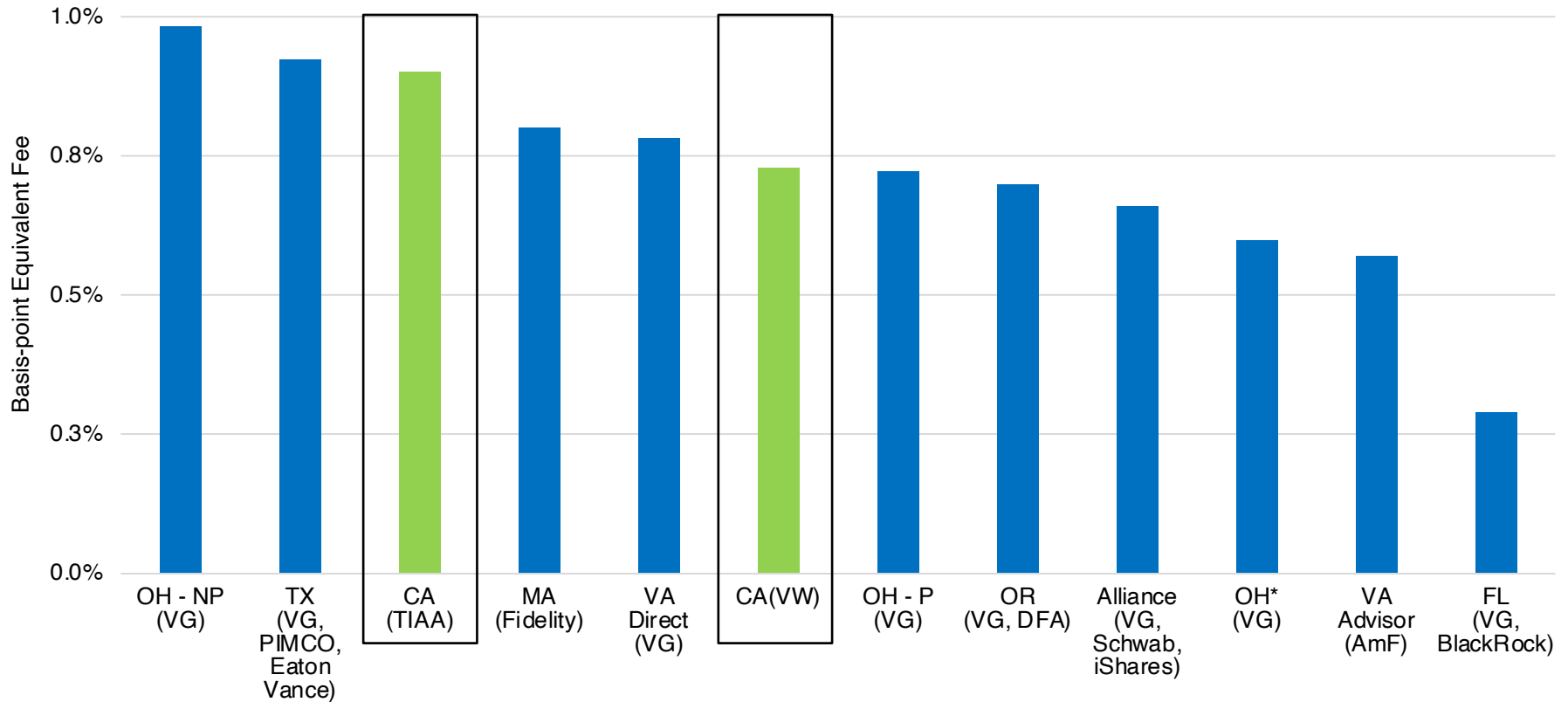
¹ Includes 0-0.25% in A Share distribution fees; does not include possible sales charges on A Shares

² Plan is only offered only to in-state residents

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

Non-FDIC Option Basis-point Equivalent Fees

Total Participant Fees on Moderate Allocation Portfolio



Source: Program Disclosure Statements available as of June 6, 2023

Notes:

- (i) Basis-point conversion assumes \$9,715 average account balance based upon March 31, 2023 industry data
- (ii) For all Plans, represents fees for Moderate Allocation Portfolios approximating a 50/50 Portfolio
- (iii) OH* represents the Plan available to Ohio residents with a \$27 account maintenance fee
- (iv) Fees reflect e-delivery

Fees for FDIC Options Decrease Slightly

Plan	Asset-based Fees	Dollar-based Fees
Ohio Partnership	0.19%	\$39 for Partner State \$27 for Ohio residents
Ohio National	0.45%	\$39
California (TIAA)	0.44% (currently waived)	\$37
Oregon ABLE	0.30%	\$35
California (VW)	0.28%	\$30
Texas ¹	0.25%	\$42
ABLE Alliance	None	\$33
Virginia – ABLEnow	None	\$39 ²
Florida ¹	None	\$0

Source: Program Disclosure Statements available as of June 5, 2023

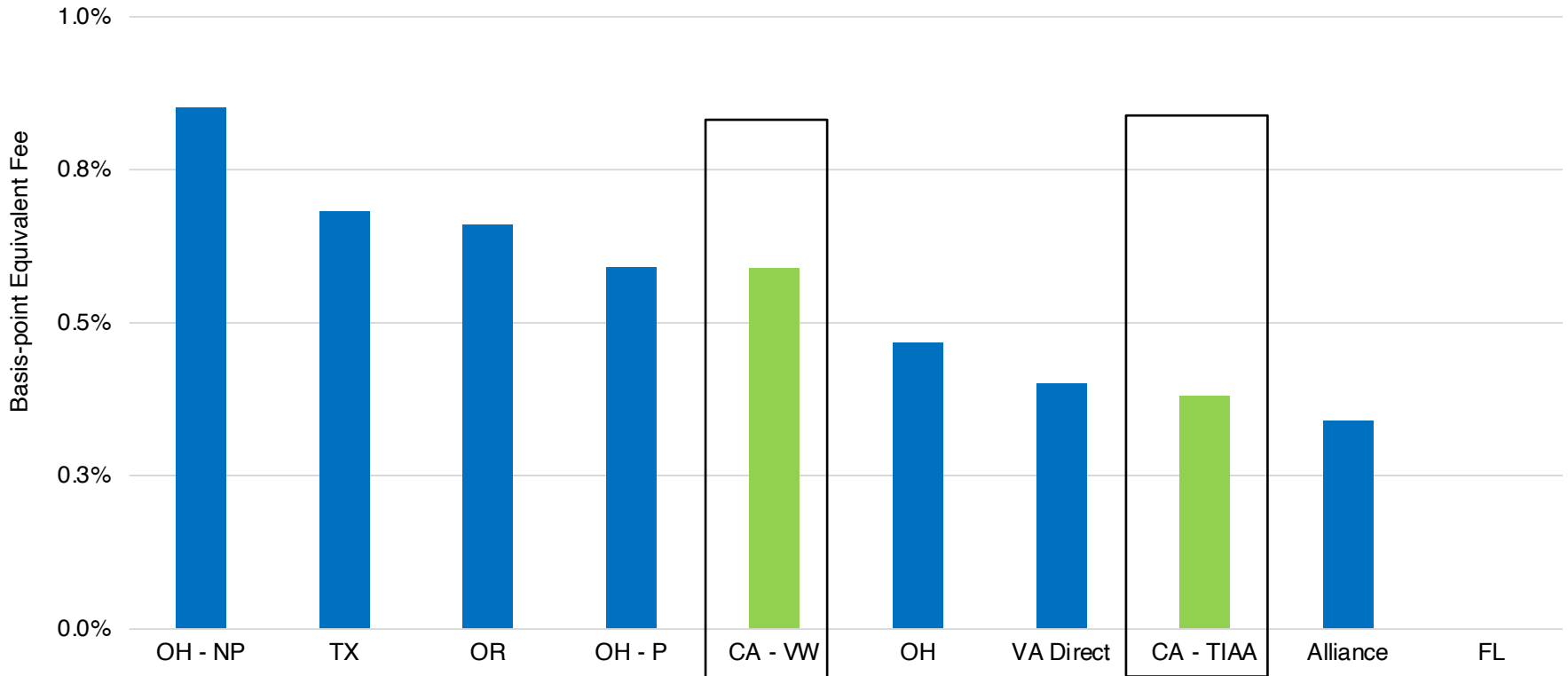
Massachusetts and Virginia Advisor do not offer an FDIC-Insured Option
Note: All fees show e-delivery pricing

¹ Plan is only offered only to in-state residents

² Waived for accounts that maintain an average daily balance of \$10,000 in the ABLEnow Deposit Account

FDIC Option Basis-point Equivalent Fees

Total Participant Fees on FDIC-Insured Options



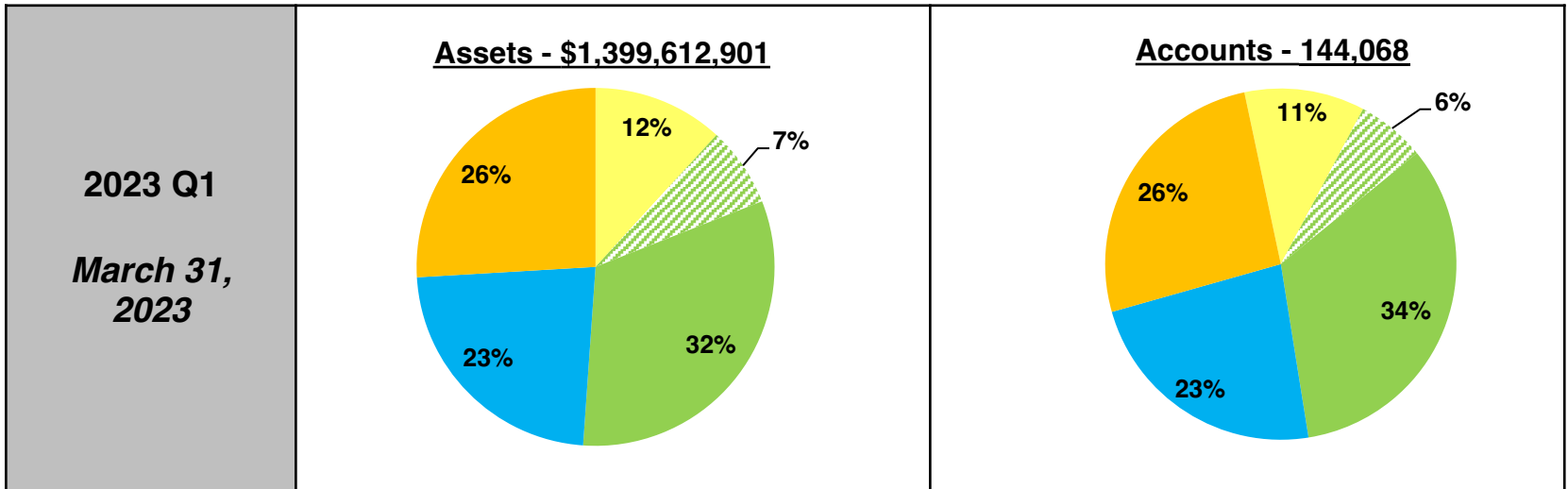
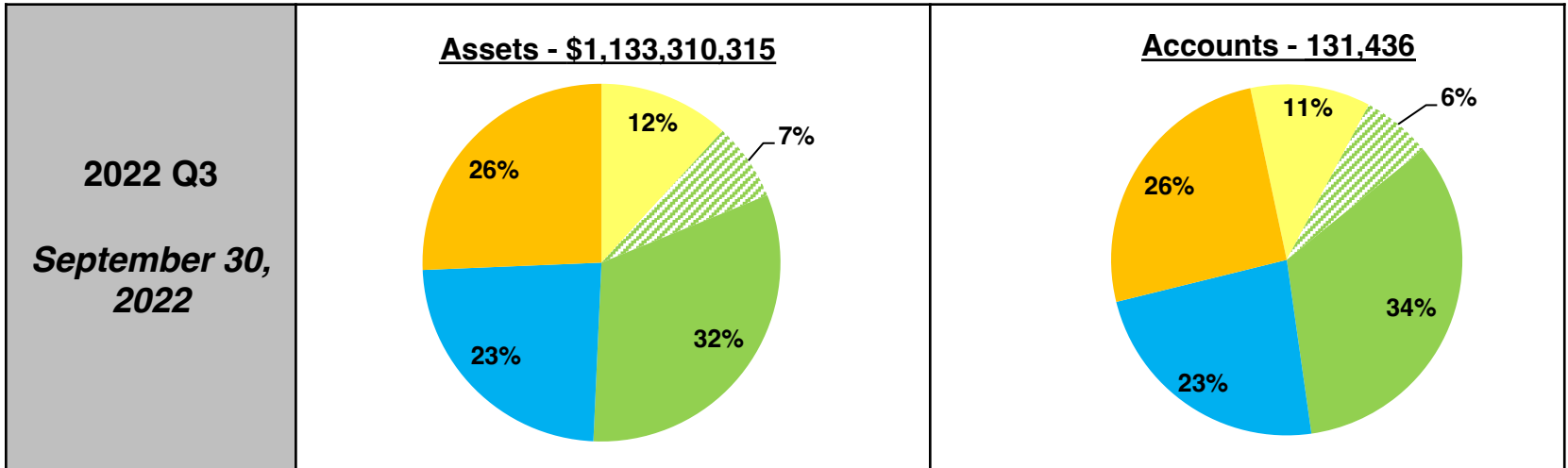
Source: Program Disclosure Statements available as of June 5, 2023

Notes:

- (i) Basis-point conversion assumes \$9,715 average account balance based upon March 31, 2023 industry data
- (ii) Fees reflect e-delivery

Appendix

Comparative Market Snapshots



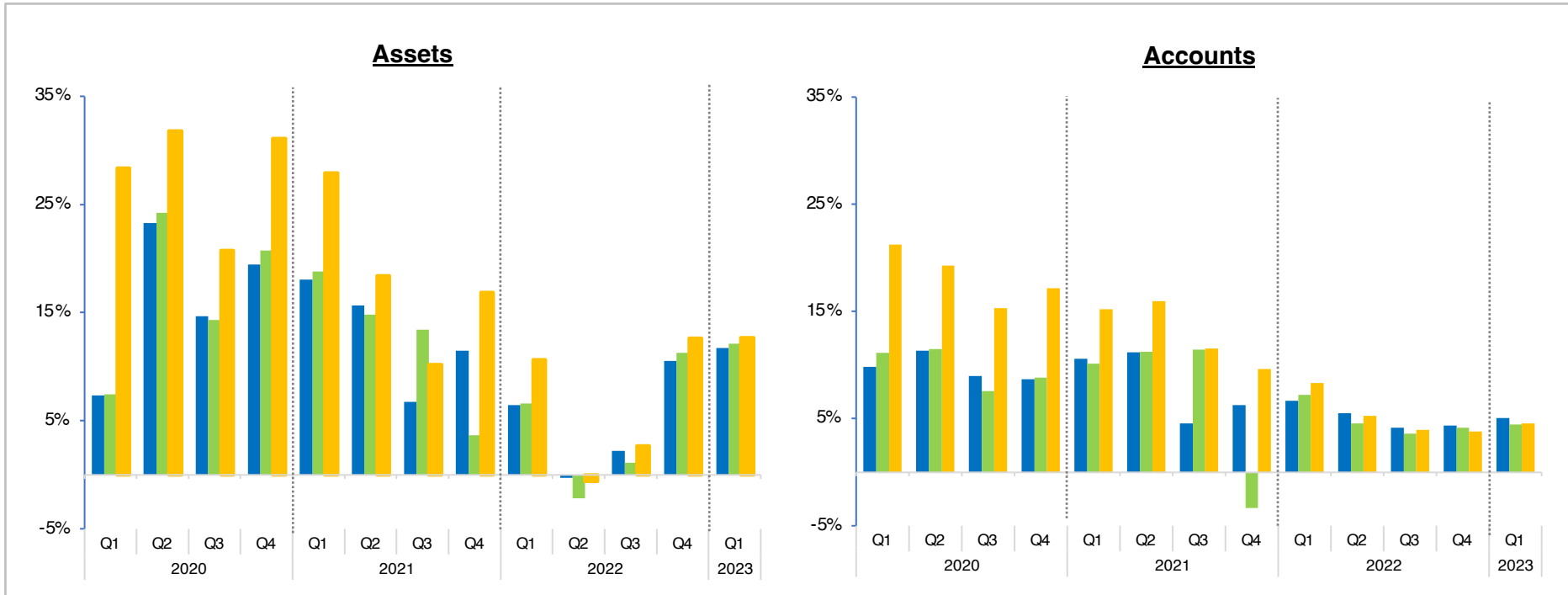
Comparative Market Snapshots, cont'd

		2022 Q3		
		Assets	Accounts	Avg Account Size
Independent Plans	CalABLE	\$79,597,788	8,416	\$9,458
	Other	\$361,240,351	44,172	\$8,178
STABLE Partners		\$267,713,442	30,748	\$8,707
ABLE Alliance		\$290,764,677	33,542	\$8,669
Oregon Partners		\$133,994,057	14,558	\$9,204
Industry Total		\$1,133,310,315	131,436	\$8,623

		2023 Q1		
		Assets	Accounts	Avg Account Size
Independent Plans	CalABLE	\$101,011,733	9,140	\$11,052
	Other	\$449,045,217	48,075	\$9,341
STABLE Partners		\$321,380,269	33,333	\$9,642
ABLE Alliance		\$362,903,357	37,535	\$9,668
Oregon Partners		\$165,272,324	15,985	\$10,339
Industry Total		\$1,399,612,901	144,068	\$9,715

Source: ISS Market Intelligence as of March 31, 2023 and September 30, 2022

CaABLE Growth versus Industry



Average Quarterly Growth (2020 – 2023 Q1) ¹	National	Independent	CaABLE
Assets	11.13% (11.14%)	11.01% (10.89%)	16.74% (17.50%)
Accounts	7.45% (7.95%)	7.04% (7.55%)	11.48% (12.86%)

Source: **ISS Market Intelligence** as of March 31, 2023
¹Represents the period January 1, 2020 – March 31, 2023
Grey figures represent January 1, 2020 – September 30, 2022

Note: Independent Plan growth in 2021 Q3 reflects Nebraska’s shift from partnership to Independent Plan. Independent Plan growth in 2021 Q4 reflects Michigan joining the ABLE Alliance.



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