
DECEMBER 12, 2023

AGENDA ITEM 1

ACTION ITEM

CALIFORNIA ABLE ACT BOARD

Approval of Minutes from September 19, 2023, Meeting

Attachments

- Attachment #1 – CalABLE Board September 19, 2023, Meeting Minutes

Recommended Action – Approve meeting minutes

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DECEMBER 12, 2023

AGENDA ITEM 1
ACTION ITEM

CALIFORNIA ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT BOARD

Meeting Minutes from September 19, 2023, California ABLE Act Board Meeting

Board members present:

Fiona Ma, CPA California State Treasurer
Stephanie Tom for California State Treasurer, Fiona Ma
David Oppenheim for the State Controller, Malia Cohen
Thomas Todd for the Director of Finance, Joe Stephenshaw
Ana Acton for the Department of Rehabilitation
Carla Castañeda for the Department of Developmental Services
Ligia Zuniga, Chair of the State Independent Living Council

STO Staff present:

Dante Allen, Executive Director, CalABLE
Anne Osborne, Manager, CalABLE
Madeline Handy, CalABLE
Maria Sandoval, CalABLE
Monica Jimenez, Legal Counsel

CalABLE Board Consultants Present:

Andrea Feinstein, AKF Consulting
Juliana Crist, AKF Consulting
Eric White, Principal, Meketa Investment Group, Inc

CalABLE Board Program Manager, Vestwell State Savings, LLC staff present:

David Bell, Vice President, Vestwell State Savings

California ABLE Act Board Chair Fiona Ma called the meeting to order at 1:33 PM.

Public Comment

None

Agenda Item 1 – Approval of the Minutes from June 20, 2023, meeting of the California ABLE Act Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes from the June 20, 2023, meeting of the California ABLE Act Board.

MOTION:	David Oppenheim	SECOND:	Carla Castañeda
AYES:	Fiona Ma, David Oppenheim, Thomas Todd, Ana Acton, Carla Castañeda		
NOT PRESENT:	Cathay Liu		
ABSTAIN:	Ligia Zuniga		
RECUSE:			
ACTION:	Motion Passed		

Agenda Item 2 – Executive Director’s Report (INFORMATION ITEM)

Executive Director Dante Allen provided the California ABLE Act Board (Board) with legislative updates, the first being the passage of AB 143 which extended the open meeting rules during COVID period through the end of 2023.

Mr. Allen provided an update on AB 339 (Irwin), which will align California law with the ABLE Age Adjustment Act to increase the age of eligibility to age 46 beginning January of 2026. The bill is awaiting the Governor’s signature.

Mr. Allen provided an update on AB 1381 (Weber), which aims to restore call center jobs to California. The percent of jobs in California requirement for no-fee contracts was removed. Instead, it would require the Department of General Services to establish scoring incentives. Mr. Allen remarked that this bill is important because CalABLE has a call center with staff outside of California.

Mr. Allen provided an update on enrollments. CalABLE gained 485 accounts during the second quarter, this is down from Q1 by 2%. CalABLE ended Q2 with 9,540 active accounts and \$108 million in assets, this is up 7% from Q1.

Mr. Allen reminded the Board about CalABLE’s Statement of Investment Policy and said CalABLE is working with other BCAs within the State Treasurer’s Office to incorporate ESG and DEI language into CalABLE’s Statement of Investment Policy. Once the language is finalized, it will be brought to the Board for approval.

Mr. Allen gave an update on operations and Board membership. He welcomed Ligia Zuniga, the new Chairperson of the State Independent Living Council, to the Board.

Mr. Allen provided a budget update. CalABLE has spent approximately \$933,542 in fiscal year 2022-23. In this fiscal year, CalABLE is receiving a General Fund allocation with loan repayments set to start in 2025.

Mr. Allen provided an update on contracts. CalABLE has contracted with ECaptions to provide live captioning services for CalABLE events.

Mr. Allen commented that CalABLE hosted a Disability Etiquette training for CalABLE staff, CalABLE contractors, and staff within the State Treasurer's Office. Information about different types of disabilities was provided, as well as tips for fostering inclusivity.

Mr. Allen provided a conversion update. Mr. Allen reported that the program administrator conversion from TIAA to Vestwell went through on time on August 21, 2023, with minimal unforeseen issues. As of September 7, 43% account holders have retrieved their account and 667 prepaid cards have been issued. Mr. Allen thanked both TIAA and Vestwell for their contributions during the conversion.

Mr. Allen provided an outreach update. CalABLE is in the process of selecting new account holders for the CalABLE Ambassador Program. CalABLE received 41 applications and will interview a select number of applicants.

Mr. Allen mentioned that the first webinar after the conversion was widely attended with over 590 people. The webinar discussed what's new and improved about the program. Mr. Allen added that the webinar series will continue every month.

Mr. Allen commented that CalABLE has an ongoing Roadshow with the California Department of Rehabilitation field offices, providing an opportunity to expand CalABLE's partnership with the California Department of Rehabilitation.

David Oppenheim expressed gratitude for bringing DEI language and beginning to incorporate that in all of the investment programs within the State Treasurer's Office. He also thanked Vestwell for the successful transition.

Ana Acton appreciated CalABLE's partnership with the Department of Rehabilitation and added that CalABLE is a very important tool for individuals when they are gainfully employed and trying to address their disability needs.

Ligia Zuniga joined the meeting at 2:10 pm and conveyed her enthusiasm as she assumed her new position as the Chairperson of the State Independent Living Council.

Stephanie Tom assumed Board Chair for California State Treasurer Fiona Ma.

Public Comment

None.

Agenda Item 3 – CalABLE Investment Performance and Evaluation for the Second Quarter 2023 (INFORMATION ITEM)

Eric White from Meketa Investment Group provided the Board an overview of CalABLE Investment Performance for the Second Quarter 2023.

Mr. White provided an overview of the equities and fixed income markets. In equities, 8 out of 11 GIC sector in the S&P 500 produced positive returns in the second quarter, with technology being the strongest performer. In fixed income, the federal reserve raised interest rates by 25 basis points in May, followed by a pause in June. Mr. White noted that while big companies have laid the groundwork for much better stock gains, it's challenging to justify the market's rise based solely on the increased value of a few of these companies. He remarked that overall, Q2 2023 was an amazing quarter.

For Q2 2023, total assets were at \$108.3 million. Mr. White provided an asset overview:

- The FDIC-Insured portfolio accounted for 38%.
- The Aggressive Growth portfolio accounted for 25%.
- The Moderate portfolio accounted for 20%.
- And the Conservative portfolio accounted for 17%.

Mr. White provided an overview of the Q2 2023 returns. All the portfolios yielded strong returns; the highest was the aggressive growth portfolio with a return of 5.15%. The moderate portfolio achieved a return of almost 3%, while the conservative portfolio had a return of 1%. The FDIC insured portfolio yielded a return of 0.2% for the quarter. Mr. White added that it was an overall modest return, considering the inflationary environment we are currently in.

Mr. White commented that the first iteration of CalABLE over a 5-year period was highly successful for participants within the different risk portfolios. With that, credit must be given to the structure of the plan and the work accomplished by TIAA.

David Oppenheim asked if there are opportunities to encourage account holders saving in the FDIC insured portfolio to invest. Mr. Allen answered that CalABLE is not able to provide investment advice but has been looking for more ways to provide financial literacy education.

Public Comment

None.

Agenda Item 4 – Program Administration Conversion Update Report (INFORMATION ITEM)

David Bell, Vice President for Vestwell State Savings, provided the Board an update on the CalABLE Program Administration conversion for 529A plan management services. One aspect involved transferring assets. On August 18, TIAA liquidated \$67 million worth of mutual funds and Vestwell reinvested them the same day. Additionally, adjustments were made to the FDIC option, increasing the yield by about 1%. The other part involved moving accounts. During the conversion weekend, nearly 15,000 accounts were shifted to Vestwell, including both currently funded and unfunded accounts.

Mr. Bell provided an update on post-conversion. As of 9/7/2023, 4,556 accounts were retrieved, which is 43% of the total accounts. 774 prepaid cards have been requested. Mr. Bell added that Vestwell was right in line with industry retrieval rates and that another reminder email was scheduled to be sent out.

Mr. Bell added that CalABLE's investment options expanded from 4 options to 8 options, and there has been a large movement of funds to the growth portfolio. Mr. Bell commented that Vestwell's focus will be finding new ways to have non-savers become savers while maximizing the savings opportunities for the current savers.

Mr. Bell provided an update on CalABLE's new features, including a brand-new website that is also translated into Spanish. Another feature is the new ABLE prepaid card that allows individuals to load money straight from their ABLE account onto the card and use it anywhere Visa is accepted. Additionally, individuals can now directly deposit their social security benefits into their CalABLE account.

Public Comment

None.

Agenda Item 5 – Financial Health of People with Disabilities (INFORMATION ITEM)

Tom Foley, Executive Director of the National Disability Institute, provided information about the Financial Health Network research. In 2022 and 2023, more than 3,000 people with disabilities were surveyed to look at measures of financial health within the community. They compared results to data from people without disabilities and found that people with disabilities are less financially healthy. Key results included:

- Only 10% of working-age people with disabilities are financially healthy, compared to 30% of those without disabilities.
- 55% of people with disabilities who used alternative financial services said it was because banks denied them loans.
- 45% had incomes below \$30,000.
- Only 1/3 of the people who identified as having a disability received benefits from the government.
- 93% of people surveyed didn't know about ABLE accounts; less than 1% had an ABLE account, and those people had less than \$10,000 saved.

Ms. Bookey, Head of Strategy for Program 11, outlined Program 11's activities from July 2021 to September 2023, including the development of a marketing plan, rebranding of CalABLE and materials, audience research, and a marketing roll-out. Additionally, Program 11 conducted their own disability community research and surveyed 1,125 individuals aged 25 to 75 nationwide, with 625 in California and 500 from elsewhere. The individuals were evenly split between those identifying as living with a disability and those in households with a disabled member.

Ms. Bookey explained key data from surveys and research:

- 67% of individuals nationwide spent more than \$500 on their disability last year.
- 53% have income below \$50,000.
- Only 52% save money in a bank.
- 81% worry they will not have enough money in the future.
- And 25% say they can't pay bills on time.

Ms. Bookey talked about the next steps for the marketing plan. This includes marketing at more events, marketing more in Spanish, create more nurture campaigns, and create more partnerships to help CalABLE grow.

Public Comment

None.

Agenda Item 6 – Public Comment

None.

The Board adjourned at 3:14PM.