

---

**JULY 9, 2024**

**AGENDA ITEM 4  
INFORMATION ITEM**

**CALIFORNIA ABLE ACT BOARD**

---

529A Program Consultant Update: ABLE Landscape Update

***Background***

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

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

***Presenter***

Juliana Crist, AKF Consulting

***Attachments***

- Attachment #1 – ABLE Industry Landscape Deck

This page is intentionally left blank.

# ***California ABLE Act Board***

## **ABLE Landscape Update**

**July 9, 2024**

# Today's Discussion

- **Highlights** **3**
- **The Landscape Today** **4**
- **CalABLE Growth Comparisons** **11**
- **Select Plans: Fee Comparisons** **14**
- **Observations and Considerations** **18**

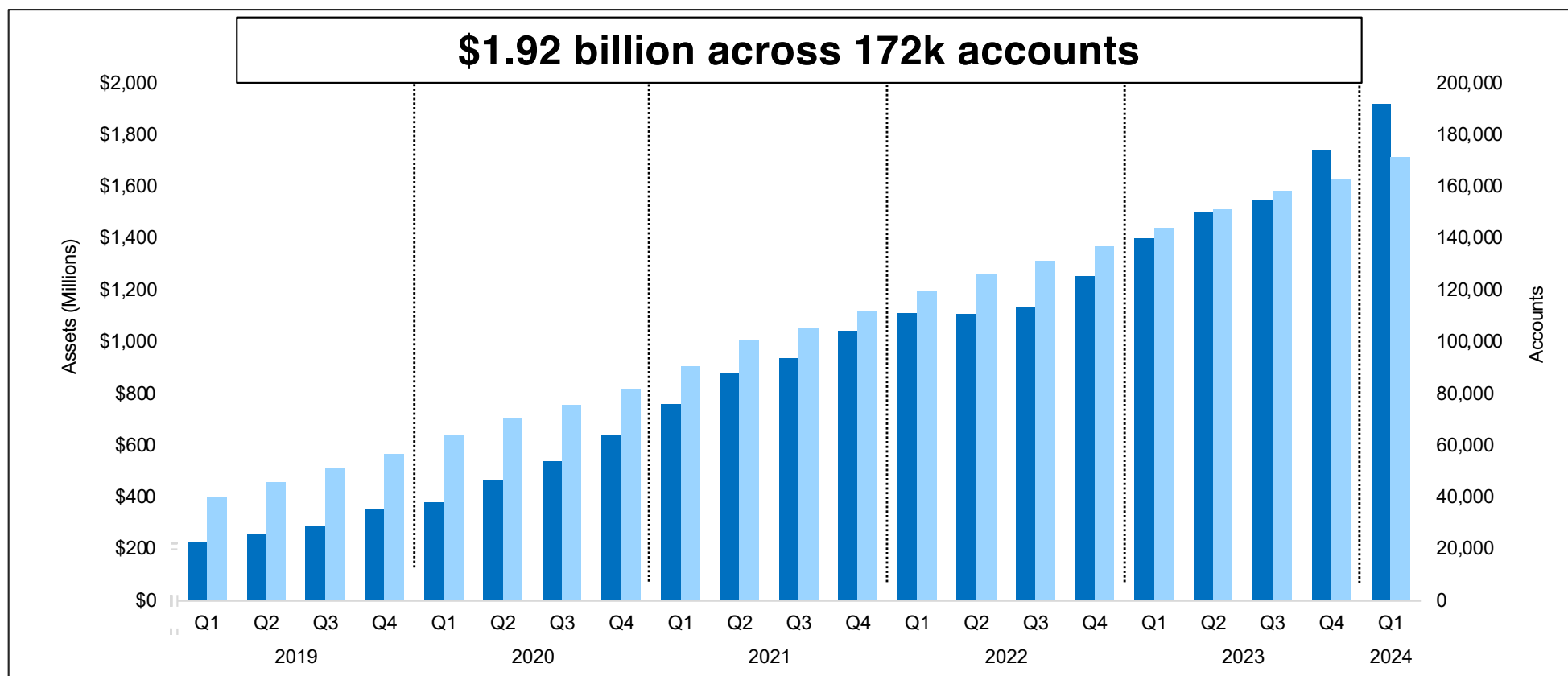
## Presentation Highlights

- Overall ABLE Market nears \$2B; 2023 growth > 2022 growth
- CalABLE growth continues favorable trends:
  - Plan ranks in top 3 for assets and accounts across Independent Plans
  - Plan growth rates and balances beat national averages
- CalABLE fees remain competitive:
  - Subsidized prepaid card makes CalABLE a “better value” compared to many peers
- You have room for growth and goal-setting in 2024 and beyond

## **Section 1.**

# **The Landscape Today**

# National Market Growth Shows Recent Improvement



Annual Increase <sup>1</sup>	2022	2023
Assets	\$208,456,202	\$487,921,861
Accounts	25,039	25,824

Source: **ISS Market Intelligence** as of March 31, 2024

<sup>1</sup> Represents the net increase for the period January 1 – December 31 of each calendar year shown

# National Alignment of States

	ABLE Alliance	STABLE Partnership	Independent Plans	Oregon Partners
States	Alaska Arkansas Connecticut Delaware District of Columbia <b>Illinois</b> Indiana Iowa Kansas Michigan* Minnesota Mississippi Montana Nevada New Hampshire* New Jersey North Carolina Pennsylvania Rhode Island	Arizona Georgia Kentucky Missouri New Mexico <b>Ohio</b> Oklahoma South Carolina Utah Vermont West Virginia Wyoming	California Colorado* Florida Louisiana Maine Massachusetts Nebraska New York Tennessee Texas Virginia (2)	Alabama* Hawaii Maryland <b>Oregon (2)</b> Washington
<b>47 States (including DC)</b>	<b>19 States (including DC)</b>	<b>12 States</b>	<b>11 States</b>	<b>5 States</b>

Source: AKF Consulting as of May 2024

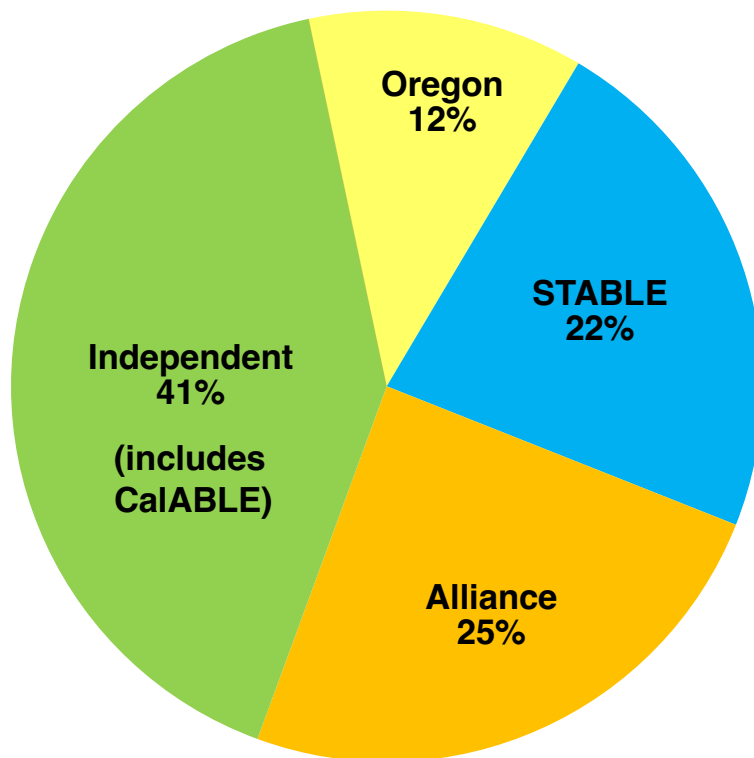
**Blue** indicates Lead State in the partnership

\*Asterisk indicates a change in alignment since launch of Plan

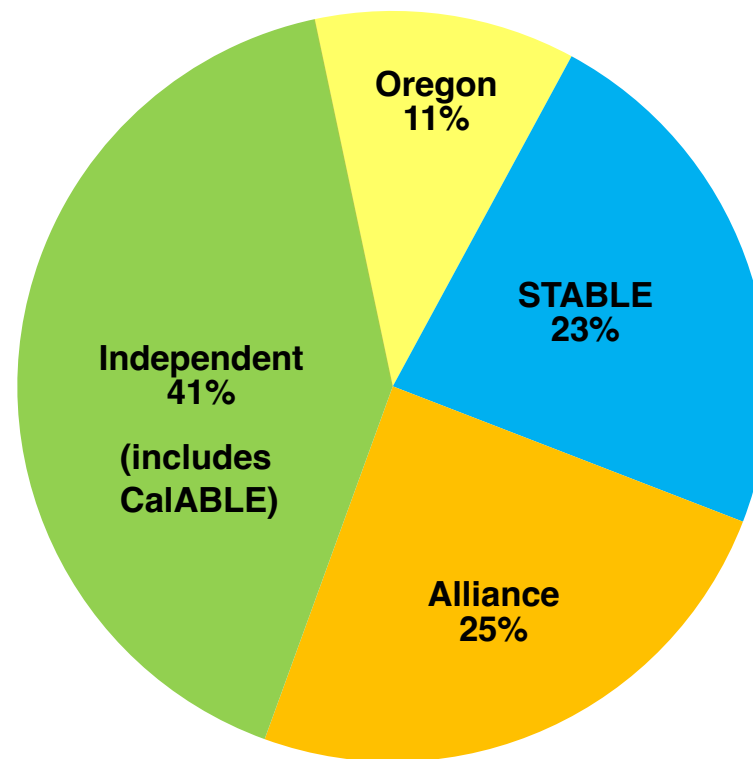


## Industry Snapshot: Market Share

**Assets**  
**\$1,919,113,808**

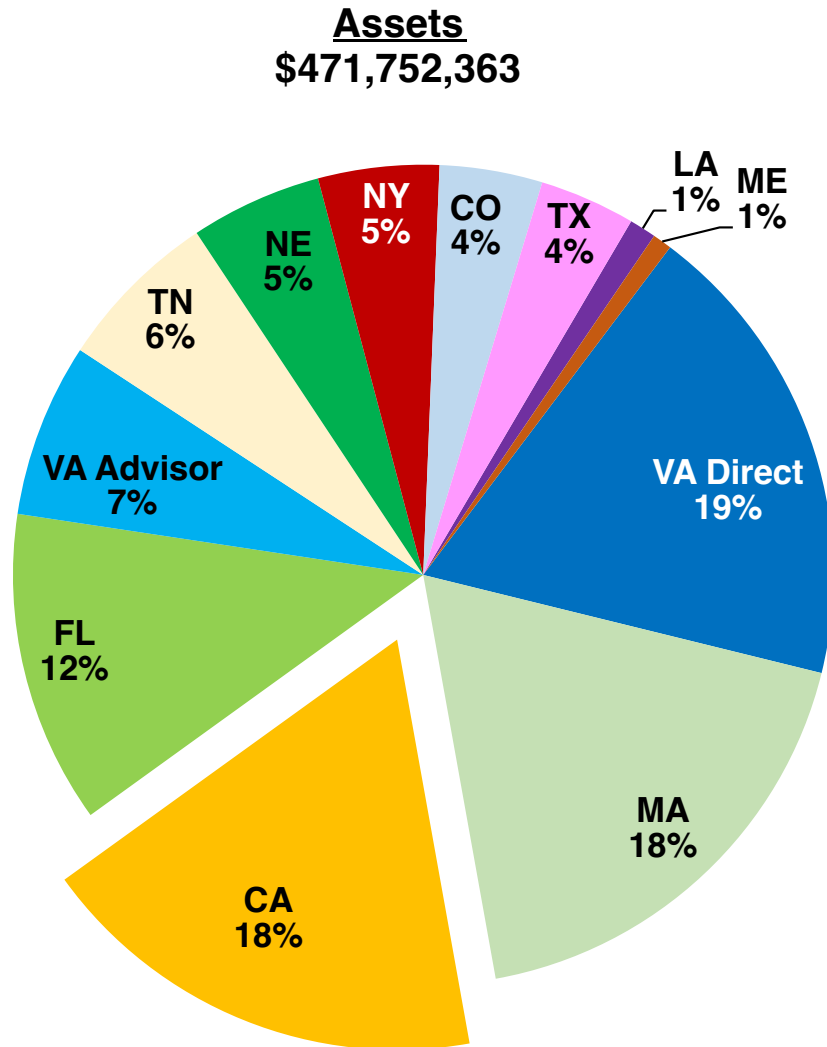


**Accounts**  
**171,571**



Source: **ISS Market Intelligence** as of March 31, 2024

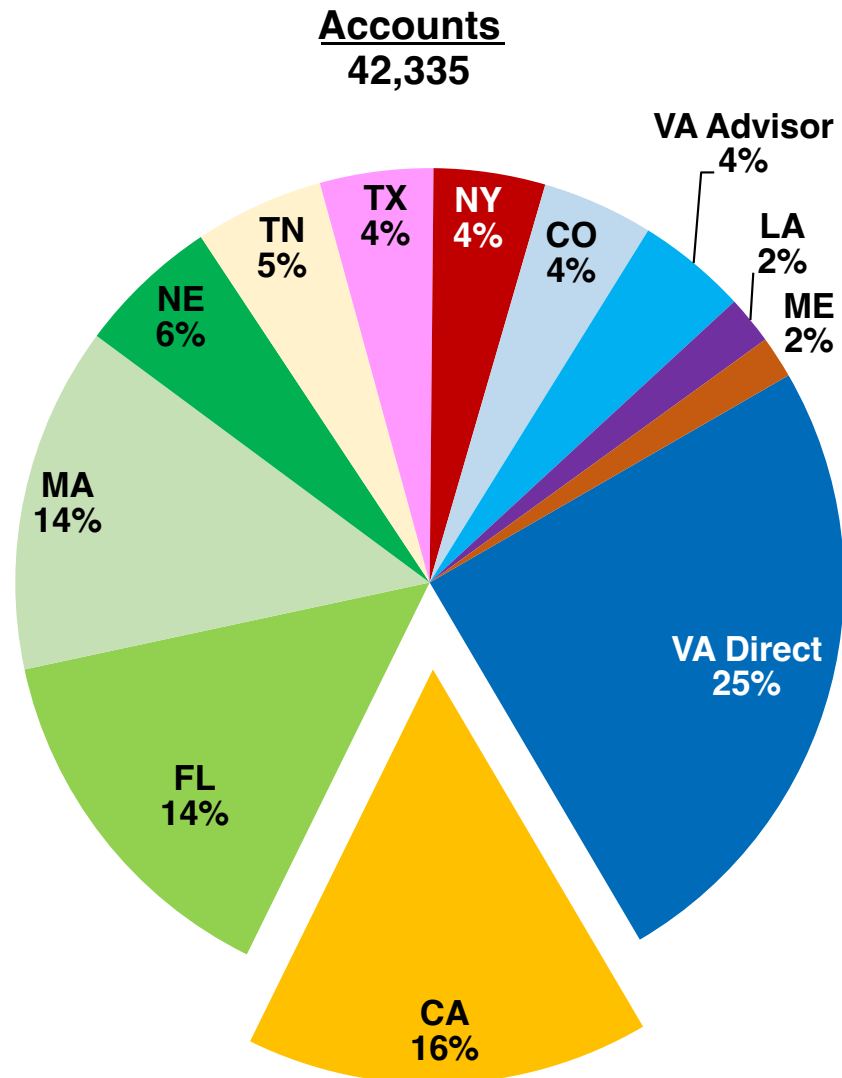
# Independent Plan Snapshot: Market Share



Rank	Plan	Assets
1	Virginia Direct	\$146,362,606
2	Massachusetts	\$144,455,294
3	California	\$140,944,310
4	Florida	\$97,198,402
5	Virginia Advisor	\$54,026,994
6	Tennessee	\$50,854,181
7	Nebraska	\$40,859,025
8	New York	\$37,559,188
9	Colorado	\$31,939,768
10	Texas	\$29,741,153
11	Louisiana	\$8,346,801
12	Maine	\$5,987,081

Source: ISS Market Intelligence as of March 31, 2024

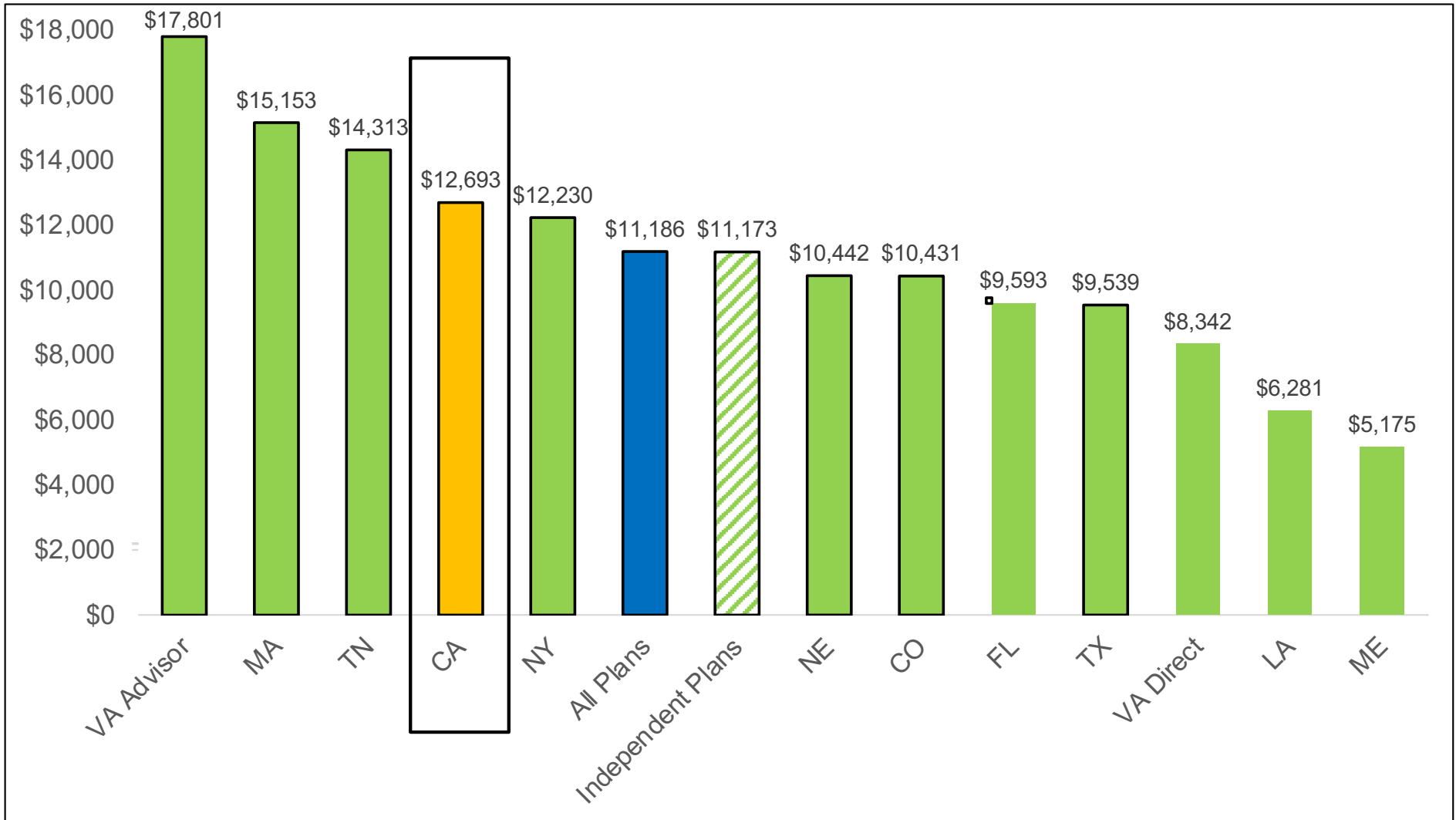
# Independent Plan Snapshot: Market Share, continued



Rank	Plan	Accounts
1	Virginia Direct	17,545
2	California	11,104
3	Florida	10,132
4	Massachusetts	9,533
5	Tennessee	3,913
6	Nebraska	3,553
7	Texas	3,118
8	New York	3,071
9	Colorado	3,062
10	Virginia Advisor	3,035
11	Louisiana	1,329
12	Maine	1,157

Source: ISS Market Intelligence as of March 31, 2024

## Independent Plan Snapshot: Average Account Size



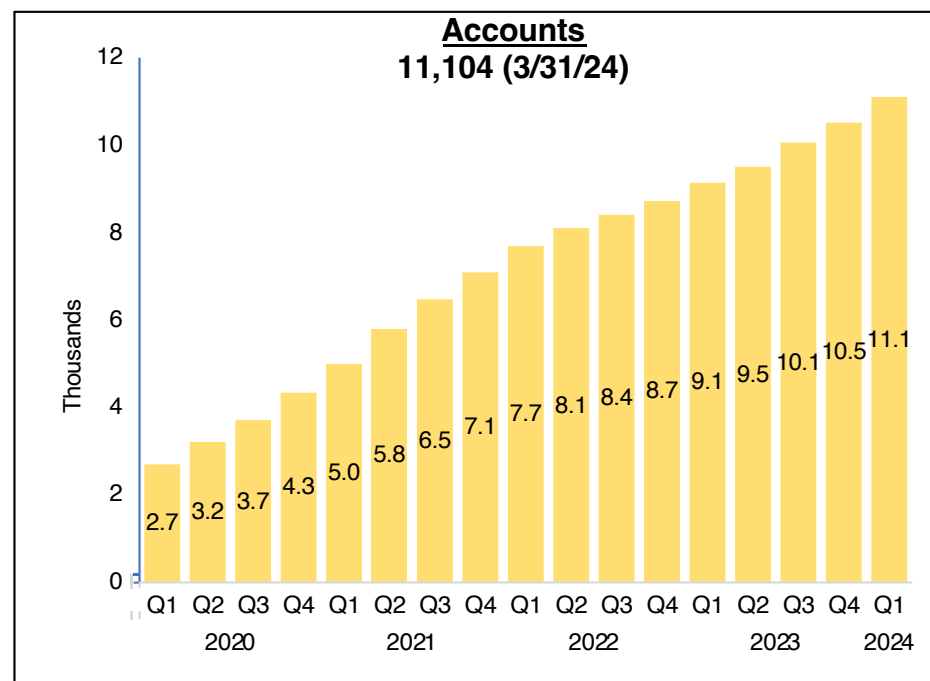
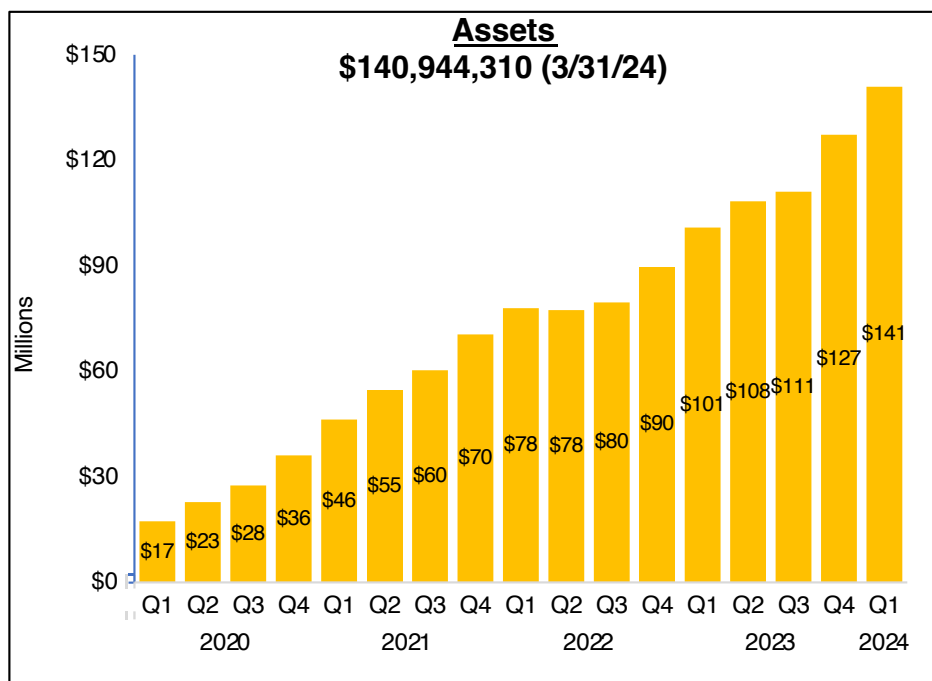
Source: AKF Consulting based upon data from **ISS Market Intelligence** as of March 31, 2024

## **Section 2.**

# **CalABLE Growth Comparison**

# CalABLE Growth

- Assets and accounts have grown at a faster clip in 2023 than in 2022



Annual Increase <sup>1</sup>	2022	2023
Assets	\$19,155,468	\$37,628,237
Accounts	1,641	1,788

Source: ISS Market Intelligence as of March 31, 2024

<sup>1</sup> Represents the net increase for the period January 1 – December 31 of each calendar year shown

## CalABLE Growth versus Industry

<b>Growth Rate: 1 Year</b> (April 1, 2023 – March 31, 2024)	<b>National</b>	<b>Independent</b>	<b>CalABLE</b>
<b>Assets</b>	<b>37.12%</b>	<b>43.31%</b>	<b>39.53%</b>
<b>Accounts</b>	<b>19.09%</b>	<b>23.31%</b>	<b>21.49%</b>

<b>Growth Rate: 2 Year Average</b> (April 1, 2022 – March 31, 2024)	<b>National</b>	<b>Independent</b>	<b>CalABLE</b>
<b>Assets</b>	<b>31.38%</b>	<b>33.01%</b>	<b>34.42%</b>
<b>Accounts</b>	<b>19.77%</b>	<b>20.58%</b>	<b>20.16%</b>

- **Note: Q3 2023 Plan conversion may have impacted recent growth rates**

Source: AKF calculations based upon data from **ISS Market Intelligence** as of March 31, 2024

## **Section 3.**

### **Select Plans: Fee Comparisons**



## Fee Snapshot: Select Plans

Plan	Dollar-based Fees	Asset-based Fees
Massachusetts	\$0	0.20 – 0.86%
Virginia – ABLEAmerica (Advisor)	\$0 <sup>1</sup>	0.51 – 0.70% <sup>2</sup>
STABLE (Ohio and Partner States)	\$15 (Ohio Residents) \$27 (Partner States)	0.19 – 0.33%
STABLE (Non-Partner States)	\$27	0.45 – 0.59%
ABLE Alliance	\$28 <sup>3</sup> – \$33	0.00 – 0.31%
California	<b>\$30</b>	<b>0.28 – 0.454%</b>
Oregon ABLE	\$35	0.30 – 0.341%
Virginia – ABLEnow (Direct)	\$39 <sup>4</sup>	0.00 – 0.39%
Texas <sup>5</sup>	\$42	0.25 – 0.72%

Source: Program Disclosure Statements and websites available as of May 2024

Fees shown assume e-delivery of account statements, and do not include card-related fees

<sup>1</sup> Program Description notes a potential \$10 annual fee that is currently waived

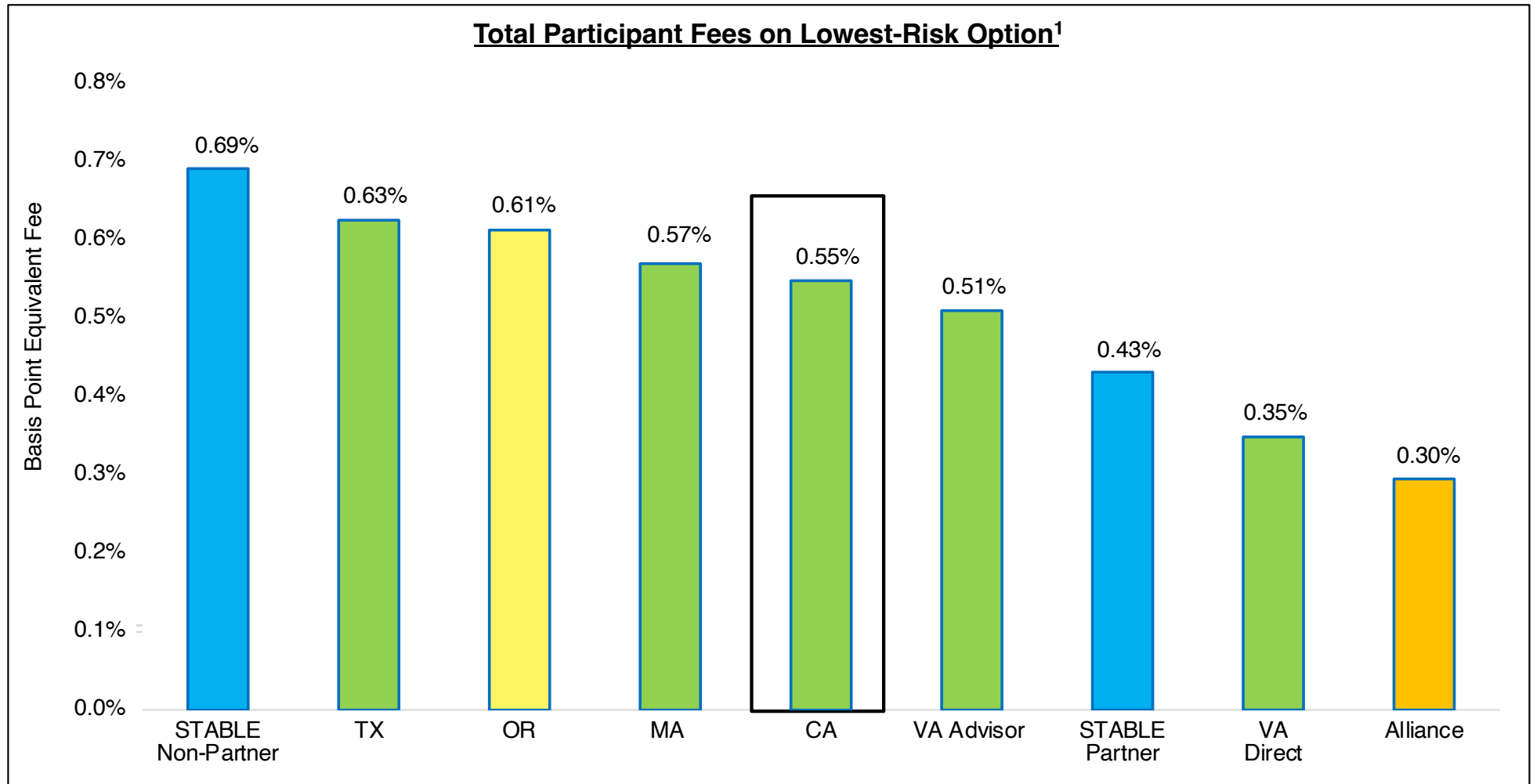
<sup>2</sup> Represents fees for Class A shares; also assumes VA529 fee waiver of 6 basis points (0.06%) remains in place after January 1, 2024

<sup>3</sup> Ten Alliance Member States offer a fee reduction for in-State residents

<sup>4</sup> Waived for accounts that maintain an average daily balance of \$10,000 in the ABLEnow Deposit Account

<sup>5</sup> Plan only open to in-State residents

## Basis Point Equivalent Fees (FDIC or Money Market Option)

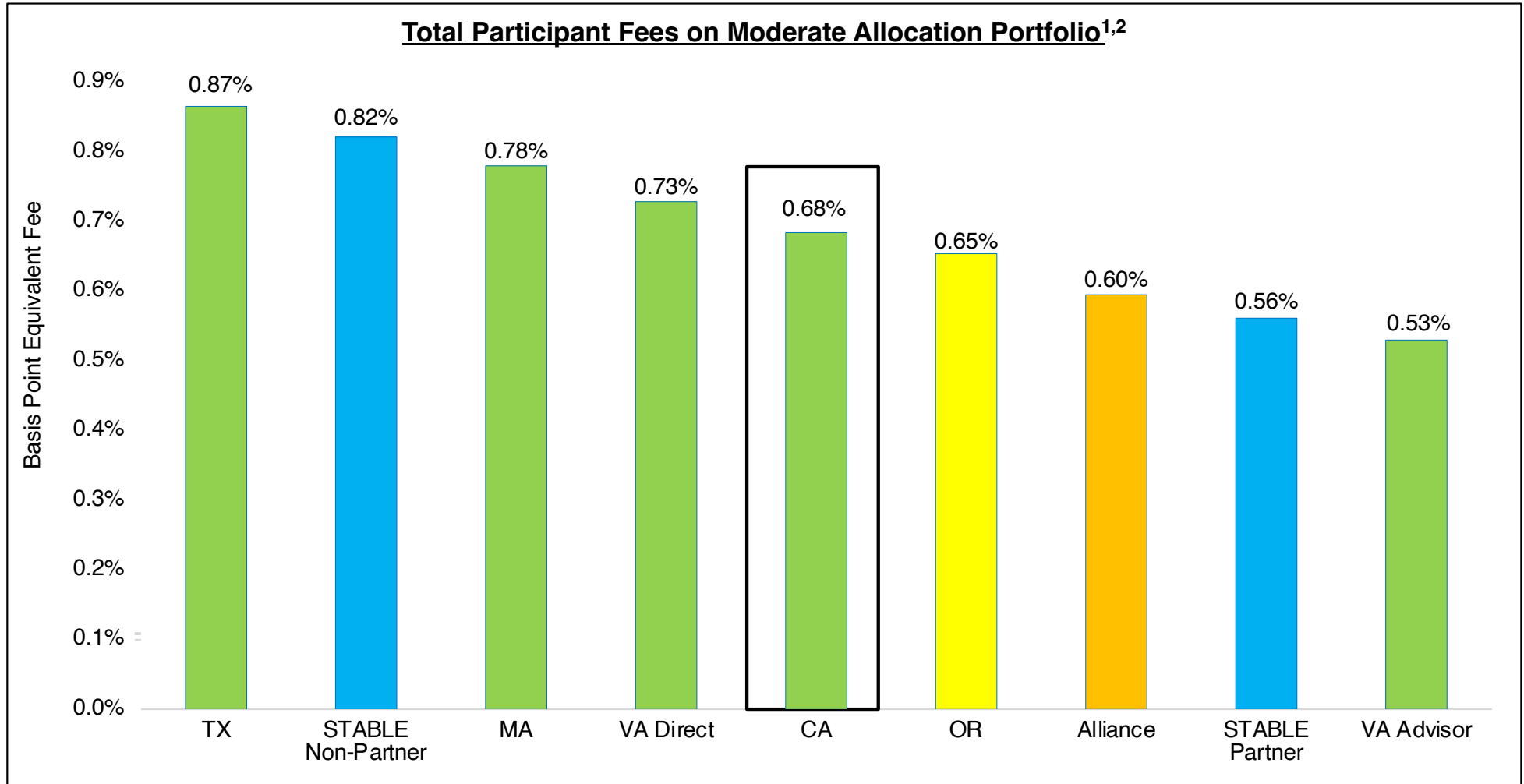


Source: Program Disclosure Statements available as of May 7, 2024

Basis point conversion assumes \$11,186 national average account balance, based upon March 31, 2024 industry data. Costs do not include additional dollar-based fees charged to participants for prepaid cards.

<sup>1</sup> Represents dollar and asset-based fees for each Plan's the lowest risk investment option, assuming e-delivery. For most Plans, this is the FDIC-insured option. The VA Advisor and MA Plans do not offer FDIC-insured options, so fees shown are for the respective Money Market portfolios.

## Basis Point Equivalent Fees (Moderate Portfolio)



Source: Program Disclosure Statements available as of May 30, 2024

Basis point conversion assumes \$11,186 national average account balance, based upon March 31, 2024 industry data. Costs do not include additional dollar-based fees charged to participants for prepaid cards.

<sup>1</sup> Represents dollar and asset-based fees for each Plan's Moderate Allocation Portfolio (approximating a 50/50 Portfolio), assuming e-delivery

## **Section 4.**

# **Observations and Considerations**

## CalABLE Data: Observations

- **Q1 2024 withdrawals (\$5.9M) represent 4.2% of total Plan assets:**
  - **16% of withdrawals (\$923,000) went to the Plan's prepaid card**
- **Plan has 5200+ unfunded accounts as of Q1 2024**
- **Opportunity for additional accounts through entities:**
  - **Currently, less than 1% of accounts are managed by Rep Payees<sup>1</sup>**

<sup>1</sup>Source: Vestwell

## **CalABLE Data: Considerations**

- **Set Objectives and Key Results (OKRs) / Key Performance Indicators (KPIs):**
  - **Growth (numbers, channels, etc.)**
  - **Marketing / outreach**
  - **Vendor performance**
  - **Features / improvements**
- **Develop plan to engage account owners with unfunded accounts**
- **Communicate with high-balance accounts (approaching or > \$100K):**
  - **Potential to affect SSI and State / local benefits**
- **Support US Senate bill (S.4539) and upcoming House bill on sunseting ABLE tax provisions**
- **Design new marketing plans:**
  - **10<sup>th</sup> anniversary of ABLE Act (December 2024)**
  - **35<sup>th</sup> anniversary of ADA (July 2025)**
  - **ABLE Age Adjustment (January 1, 2026)**

# 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](http://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.

This page is intentionally left blank.