

CalABLE Quarterly

October 2021

From the Director

Guardians of CalABLE account owners are tireless advocates. They challenge school districts for equal access, fight for federal benefits and state-of-art therapies, and raise awareness of disabilities through nonprofits promoting research spending. CalABLE account owners also dig deep financially.

Even with health insurance, people spend hundreds of thousands of dollars on out-of-pocket fees associated with equipment, medication, and care. Some families turn to second mortgages, loans, or even credit cards to ensure their family member with a disability is never denied medication or services they need. So, for guardians with a family member who has a disability, the importance of having a financial plan in place cannot be overstated.

Creating a financial strategy can give you peace of mind and help your family...

- resolve current issues by addressing those things with which you struggle each month, like transportation, respite care, or finding family-time. It can also resolve ongoing concerns you don't seem to have time to tackle, such as naming a future guardian, creating a transition plan, and so on.
- prepare for future needs by taking action to address college expenses, funding your retirement, and other long-term savings goals.
- establish a financial safety net to provide for your family member with a disability as s/he grows older.
- create a legacy for you to pass on to other family members, friends, institutions, or charitable organizations.

When you have peace of mind knowing you understand your financial future and your plans are in order, you can focus on other matters. In this issue of the CalABLE Quarterly, we bring together a few articles that can help you do just that.

Your ABLE partner,
Dante Q. Allen
Executive Director
CalABLE

[Close From the Director](#)



Dante Allen
Executive Director
CalABLE

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In This Issue



Good Intentions

To help guardians with a family member who has a disability prepare for a time when they can no longer provide care, it's important to complete a letter of intent.

A letter of intent, also called a letter of instruction, can be of enormous practical and emotional value to your loved ones. It should include personal, medical, educational, and social information about your family member with a disability. Think of it as a user's guide in which you share everything relevant about your loved one—from what schools they go to now and whether they have an individual education plan, to which medications they tried in the past and the degree to which they have worked. A letter of intent could include:

- Passwords, PINs and account numbers for bank, brokerage, retirement, and investment accounts
- Passwords for email and social media accounts
- Contact information for bankers, brokers, attorneys, and professionals who handle your assets
- List of beneficiaries and their contact information
- Location of titles or deeds for your home and any other real estate
- Location of safe deposit box keys
- Contact information for creditors holding mortgages, credit cards, and loans
- Contact information for life insurance coverage
- Information regarding the dispersal of assets, such as who gets possession of a sentimental heirloom
- List of assets (e.g., artwork, boats, vehicles, and jewelry as well as a rough estimate of their current value.)
- List of charities to receive donations
- Location of birth certificate and copies of all financial statements, tax returns, and legal documents such as wills and trusts

Once you've written a letter of intent, regular updating will help ensure that anyone providing care for your loved one will have the information they need to maintain your family member's quality of life. And, after you've taken the first step, you might find that gaining momentum is easier than you imagined. Next steps may include making a family budget, determining how much money saved should be distributed, or completing a health care proxy and living will.

Life can be stressful. A letter of intent preserves your voice and eases the burden on the remaining family members. It's a fairly simple thing you can do for your family that can bring a little peace of mind.

[Visit CalABLE's Financially-ABLE webpage](#) to continue building financial resilience and peace of mind.

[Close Good Intentions](#)



Understanding the Child Tax Credit

Beginning July 15, 2021, eligible families across the country began receiving advance payments resulting from changes made to the Child Tax Credit with the passing of the [American Rescue Plan Act](#). You must be aware of who qualifies and how to ensure you receive this tax credit in the way that best fits you and your household.

The IRS will pay half the total Child Tax Credit amount in advance via monthly payments between July 15 and December 2021, unless eligible families opt-out of receiving these payments in advance. You will claim the other half when you file your 2021 income tax return in 2022. These changes apply to the tax year 2021 only.

What is the Child Tax Credit?

For 2021 only, the Child Tax Credit (CTC) provides a credit of up to \$3,600 per child under age 6 and \$3,000 per child from ages 6 to 17. For 2021, it is a refundable credit, meaning if the credit exceeds taxes owed, families may receive the excess amount as a refund. Fifty percent of the credit amount will be provided via advance payments on the 15th of each month beginning July 15 through December 2021 rather than as a lump sum at tax time. Families no longer need to have earned income to receive this credit for their children.

What are the Advance Child Tax Credit payments?

For 2021, the Child Tax Credit (CTC) provides up to \$300 per month per child under age 6, and up to \$250 per month per child ages 6 to 17. You can receive payments starting on the 15th of each month from July 2021 through December 2021. To ensure you receive ongoing payments through 2022, make sure to file a tax return each year. Families may opt-out of receiving these advance payments.

How do I get the Advance Child Tax Credit Payments?

To receive the Advance Child Tax Credit payments, the IRS needs to know current information about you and your children. If you already filed a 2019 or 2020 tax return or used the IRS Non-Filer Portal in 2020 to claim your stimulus payments and had no major changes in your household information, including your family situation, you do not have to do anything. In these instances, the IRS has enough information to send your family your Advance Child Tax Credit payments automatically.

A part of ensuring your financial peace of mind is knowing you took advantage of every tax benefit for your family. [Understand the Child Tax Credit \(PDF\)](#) and spread the word.

[Close Understanding the Child Tax Credit](#)



ABLE Age Adjustment Act

Stay up to date on proposed legislation to raise the age of onset of disability from 26 to 46.

The United States Congress introduced the [ABLE Age Adjustment Act \(S. 331 and H.R. 1219\)](#) in February 2021. Once passed, this legislation will amend the Internal Revenue Code with respect to qualified Achieving a Better Life Experience (ABLE) programs by increasing the eligibility age of ABLE account beneficiaries from the onset of disability before age 26 to onset before age 46.

The goal of the ABLE Age Adjustment Act is to build on the progress made over the last decade to empower people with disabilities to live fuller and more independent lives. This legislation will expand access to tax-free ABLE accounts for people who develop a disability later in life. Here are the [proposed adjustments outlined by the National Association of State Treasurers \(NAST\)](#) (PDF):

1. Eliminate the Medicaid payback provision.
2. Allow multiple accounts for the benefit of the same beneficiary and eliminate the requirement that the account owner and beneficiary be the same person.
3. Increase or eliminate the annual contribution limit and allow a five-year advance payment option.
4. Allow lump sum contributions in certain circumstances—including insurance settlements, court-ordered judgments, inheritances and early retirement payouts related to a disability.
5. Clarify that use of a checking account option in an ABLE account is not considered investment direction.
6. Allow greater flexibility in ABLE accounts for beneficiaries with a spouse, either by allowing the account to be rolled over to a spouse with a disability and/or by allowing joint ABLE account ownership or married couples with disabilities to twice the annual contribution limit of a single account owner.

The Able Age Adjustment Act will expand the pool of people who qualify for the accounts. In fact, approving this legislation [increases the pool of eligible people to 14 million](#), making this legislation crucial for our community to track and to support.

[Read the ABLE One Page Congressional Handout about the ABLE AGE Adjustment Act from NAST \(PDF\)](#).

[Close ABLE Age Adjustment Act](#)



5 Common Questions

No matter how long you've had a CalABLE account, you may still have questions—or need a refresher. Here are four common questions we get from new and longstanding account owners alike.

Q: Can I roll over a 529 college savings plan into my CalABLE account?

A: You may roll over amounts from a 529 college savings plan into your CalABLE account tax-free. Keep in mind that 529 rollovers count as part of your annual \$15,000 contribution limit. In addition, the IRS allows for one ABLE Program to ABLE Program transfer every 12 months.

Q: How can friends and family contribute to my CalABLE account?

A: We offer a gifting tool which allows you to ask friends and family for gifts on holidays, special occasions or to help you reach a financial goal. All you have to do is create an eGift event at any time. We will send out an email with a unique link and a personalized eGift message, instructing recipients on how to make an online contribution. The email can be sent to as many friends and family as you like.

Q: What if I use my account for a non-qualified expense?

A: You may have to pay income taxes, plus a 10% withdrawal federal tax and a 2.5% California state tax on the earnings portion of any withdrawal not used for qualified disability expenses. Additionally, the non-qualified funds you withdraw may be counted against you for purposes of determining your eligibility for public benefits programs like Supplemental Security Income (SSI).

Q: How do I get a CalABLE Visa Prepaid Card?

A: You can request a CalABLE Visa Prepaid Card at the time of enrollment or anytime afterward by logging into your account and selecting "Prepaid Card Request" from the Profile tab.

Q: May I use CalABLE funds to pay for a vacation?

A: A vacation likely qualifies as an eligible expense if it can help maintain or improve the health, independence, or quality of life of the person living with a disability.

[More answers to frequently asked questions.](#)

[Close 5 Common Questions](#)



Consider Becoming a CalABLE Ambassador

Live with a disability or care for a family member with a disability? Check. Passionate about spreading the word about CalABLE? Check.

First and foremost, CalABLE is important to its Ambassador ranks. CalABLE Ambassadors know firsthand how important it is to promote financial health and resources that enrich their own life, as well as the community around them. The CalABLE Ambassadors are our way of sharing real examples of how owning a CalABLE account can improve lives.

As a CalABLE Ambassador, you will be able to download communication tools and attend events that promote CalABLE and empower individuals with disabilities to have greater independence and more financial security. Additionally, your contact information will be [featured on the CalABLE website](#), you will receive training and support from CalABLE staff, and you will have access to marketing tools.

If you're ready to roll up your sleeves and become a CalABLE Ambassador, your application between September 22 and October 31 at [calable.ca.gov/2021questionnaire](#).

[Close Consider Becoming a CalABLE Ambassador](#)



The AchievABLE Corner

Your dreams are AchievABLE with a CalABLE account—and even more resources to help you achieve a better life experience.

CalABLE teamed up with the [National Disability Institute \(NDI\)](#) [Clicking "National Disability Institute" takes you to the National Disability Institute official website](#) to provide information you need to manage your CalABLE account. No matter where you are in the process—if you are considering opening a CalABLE account, ready to open a CalABLE account, or already using your CalABLE account—NDI has tools and resources in its [AchievABLE Corner](#) [Clicking "AchievABLE™ Corner" takes you to the official website](#) to help you maximize the potential of your account.

We are here to help. Don't hesitate to contact us.

CalABLE Service Center
Account and CalABLE Program Questions
Phone: 833-225-2253
Email: CalABLESupport@CalABLE.ca.gov

CalABLE Act Board and Administrative Staff
Administered by the California State Treasurer's Office
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[Close AchievABLE Corner](#)

SUPPORT

FAQS

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