

CalABLE: Providing People with Disabilities in California Greater Financial Security.

California Achieving a Better Life Experience (CalABLE) is a new program that will allow people with disabilities to establish a tax-advantaged ABLE account that allows them to save up to \$14,000 (currently) per year and up to \$100,000 in total without losing vital public benefits such as SSI or SSDI. Earnings in these accounts are not subject to federal income tax or California state income tax, so long as the earnings are spent on Qualified Disability Expenses. CalABLE began operations July 1, 2016 and is anticipated to open for business summer 2017.

BACKGROUND

In 2014, the President signed the Stephen Beck, Jr. Achieving a Better Life Experience Act (IRC Section 529A).

Prior to the federal ABLE Act, a person with a disability receiving support from public benefit programs was not able to save more than \$2,000 without their SSI being suspended and any other asset accumulated would have been counted against them.

In 2015, the California State Legislature created the California Achieving a Better Life Experience Board (CalABLE or the Board) to implement the ABLE program in California.

Who is Eligible to Open an ABLE Account? An individual who has been diagnosed with a disability before age 26 may qualify by meeting one of the following:

- Is eligible to receive benefits based on disability, such as Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI); or
- Has a disability certification, including a copy of the diagnosis signed by a physician.

What is a “Qualified Disability Expense”? An expense is qualified if it relates to the person’s disability and helps them maintain or improve their health, independence, or quality of life. Qualified Disability Expenses are not restricted to just medical expenses. They can include basic living expenditures such as expenses for education, housing, transportation, employment support, health, prevention and wellness, assistive technology, financial services, home improvement and funeral services.

Features and Benefits of an Account: The CalABLE Board is yet to determine many California specific features and benefits, but the following may be considered:

- Ability to contribute automatically through routine deductions from a bank account:
- Ability to invite friends and family to contribute directly to your account
- Deposit online or by check
- Due to California’s large population, fees may be the lowest in the country
- Diverse investment options

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Implementation Timeline: California plans to be able to open its doors to participants during summer of 2017. In the meantime, along with setting up the internal infrastructure for this new state agency, staff will develop state regulations, and hire consultants to implement the California program next summer.

Where we need your help:

- Identification of public agencies, state and local, that work with people with disabilities and their families and can help with outreach and education.
- Identification of all State laws and regulations that need to be changed and or updated to ensure that there is no conflict between existing statutes or regulations with the new CalABLE mandate that the accounts are exempt from public program asset test limitations.
- How we might utilize the systems you have in place to communicate to the constituents you serve who would be eligible for an account.

Contact: Executive Director, Christina Elliott. Email: calable@treasurer.ca.gov, (916) 653-1728

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