

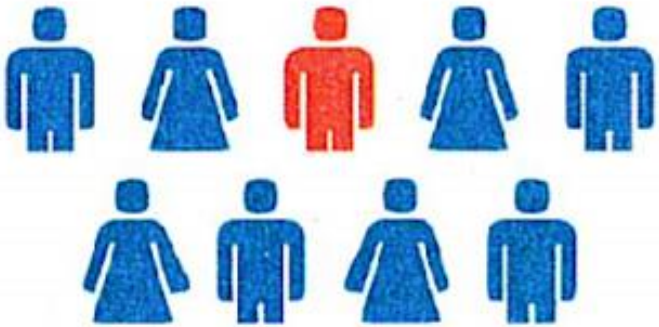


# CalABLE

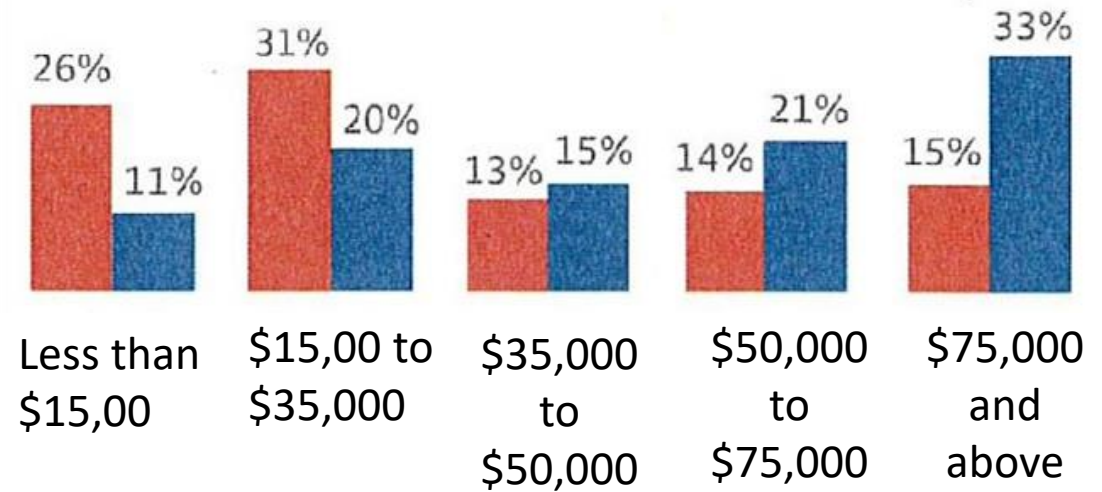
**Providing greater financial security to Californians  
living with a disability**



# Quick Statistics



**1 in 9 adults** (ages 18-64) have a disability. Of those, only **1 in 3** are employed.



Annual Household Incomes

Goodman, Nathan, O'Day, Bonnie, Morris, Michael (2017). "Findings From the National Capability Study" National Disability Institute

# Quick Statistics

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They are also more likely to report that they **could not** come up with \$2,000 if an unexpected need arose



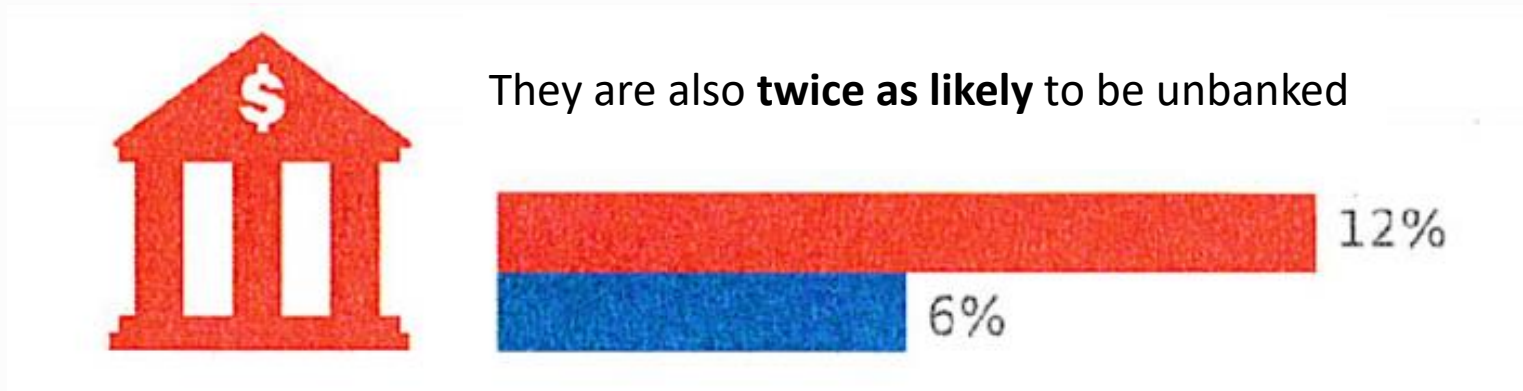
People with disabilities are almost **2 times more likely** to skip medical treatments because of cost

Annual Household Incomes

Goodman, Nathan, O'Day, Bonnie, Morris, Michael (2017). "Findings From the National Capability Study" National Disability Institute

# Quick Statistics

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Goodman, Nathan, O'Day, Bonnie, Morris, Michael (2017). "Findings From the National Capability Study" National Disability Institute

# ABLE Act of 2014

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- Federal ABLE Act was signed by the President in 2014
  - Adds Section 529A Qualified ABLE Program to the Internal Revenue Code
  - Allows states to create tax-advantaged savings and investment programs for people with disabilities
  - Provides that assets in your ABLE account will not affect eligibility for federal or California means-tested benefits like SSI or Medi-Cal
  - Keeps ABLE monies safe from federal and state income taxes if spent on Qualified Disability Expenses
  - Permits people with disabilities to have more control over their finances

# What Does the ABLE Act Do?

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- Adds Section 529A Qualified ABLE Program to the Internal Revenue Code
- Allows states to create **tax-advantaged** savings and investment programs for people with disabilities
- Provides that assets in your ABLE account **will not affect eligibility for means-tested benefits like SSI or Medi-Cal**

# California ABLE Act: “CalABLE”

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- CalABLE - California’s ABLE Program
  - California ABLE Act generally mirrors the federal law
  - A national program
  - Program administered by the State Treasurer and overseen by seven-member Board
  - Launched on December 18, 2018





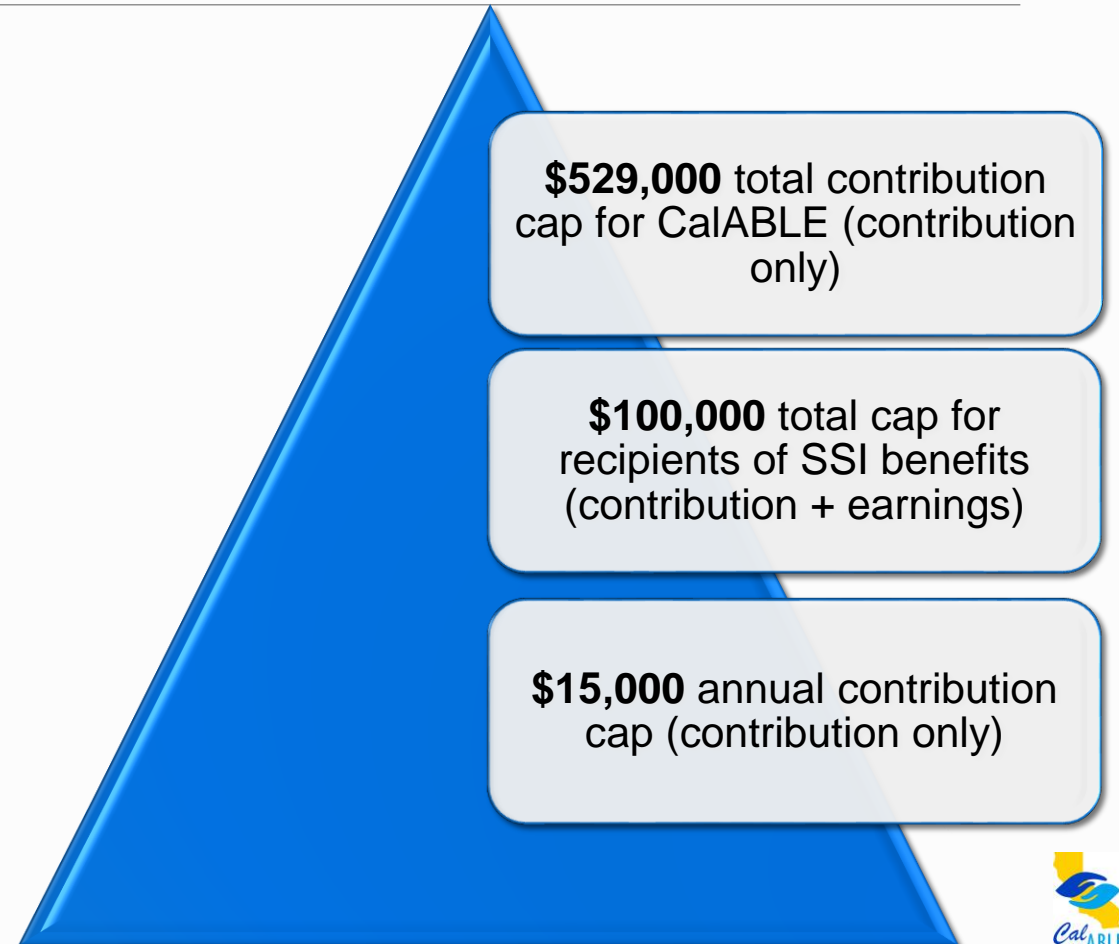
# Who is Eligible?

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- Must be disabled before age 26 **AND**
- Meets the eligibility criteria for disability benefits like SSI or SSDI - **OR-**
- Self-certification: Has been diagnosed by a qualified physician with a physical or mental disability resulting in marked and severe functional limitations that is expected to last at least one year.
  - Condition is listed on SSA's List of Compassionate Allowances or Blue Book Listings

# Account Contributions

- Before the ABLE Act
  - A person with a disability could not save more than \$2,000 without impacting their SSI
- Now
  - You can save up to \$15,000 per year and up to \$100,000 in total before SSI is impacted
- CalABLE will automatically reject excess contributions



# ABLE to Work

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- Permits working account owners to contribute above the \$15,000 annual contribution limit, if they or their employer are not contributing to a retirement plan.
  - Can contribute whichever is less:
    - Amount equal to annual gross salary OR
    - Federal Poverty Level (\$12,140 in 2019)
  - For a potential \$27,140 per year

# Some ABLE Basics

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- Only one ABLE account
- Beneficiary is always the account owner
- Account can be opened by the beneficiary or an **Authorized Legal Representative** (parent, legal guardian/conservator, Power of Attorney)
- Accounts are **asset-protected** – they cannot shelter income
- Function both like a savings/checking account
- Funds are tax-exempt as long as they are spent on “Qualified Disability Expenses”

# What is a Qualified Disability Expense (QDE)?

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- Any expense related to the designated beneficiary as a result of living a life with disabilities that **helps maintain or improve your health, independence or quality of life**
- Categories are **intentionally broad**, and include education, **housing\***, transportation, health care expenses and more
- **Non-QDE:** Not illegal, but if taken, expense is now subject to regular income taxes, plus a 10% tax penalty on account earnings – and benefits may be at risk (expense may now be considered a resource)

# CalABLE vs. Special Needs Trusts

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- Complementary tools that make up a broader financial planning strategy
- **Advantages of ABLE Account:**
  - Inexpensive to set up and maintain
  - Can be used to pay housing expenses without affecting SSI
  - Tax-advantaged status
  - Beneficiary has more control over funds
  - Can open the account at any age (assuming disability started before age 26)



# Protection from Medi-Cal Recovery & Creditors

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- SB 218 (Dodd) passed in 2017:
  - Limits the state from filing a claim to recover Medi-Cal costs incurred by a beneficiary after the establishment of an ABLE account upon the beneficiary's death
  - Protection only applies to California residents with a CalABLE account
  - California Estate Recovery laws may still apply (rare)
- AB 688 (Calderon) passed in 2017:
  - Exempts ABLE accounts from enforcement of money judgements

# Simple Investment Options

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- Funds managed by TIAA-CREF
- FDIC-Insured Portfolio (savings option – acts like a checking account, principal protected)
- Conservative Portfolio
- Moderate Portfolio
- Aggressive Growth Portfolio
- Can change investment options twice per year
- Can allocate funds to different options



# INVESTMENT OPTIONS

How would you like the money in your CalABLE account to be invested?

- Before making a selection, please ensure you have read the [Program Disclosure Statement](#).
- Contributions will be invested according to the choices you designate below. You may select one or more.
- Your choices must total to 100%.
- You can change your future investment choices at any time by logging into your account.

CONSERVATIVE ⓘ

%

MODERATE ⓘ

%

AGGRESSIVE GROWTH ⓘ

%

FDIC-INSURED ⓘ

%

**Total Allocations**



%

# CalABLE Fees

Fee Type	
Account Maintenance Fee (annual – assessed monthly)	\$37
Underlying Investment Fee (varies per investment choice & asset-based)	0.00% - 0.10%
State Administrative Fee	0.44%
Paper Statement Mail Delivery Fee (annually)	\$10
Insufficient Funds (per occurrence)	\$20
Check Issuance Fee (per check)	\$5

- Online enrollment free
- \$25 minimum deposit to open account



# CalABLE Fees (cont'd)

\$3,000 Assumed Assets				
Investment Option	FDIC	Conservative Growth	Moderate Growth	Aggressive Growth
Account Maintenance Fee	\$37	\$37	\$37	\$37
Underlying Investment Fee 0.00% FDIC 0.09% Conservative 0.10% Moderate 0.08% Aggressive	\$0	\$2.70	\$3	\$2.40
State Administrative Fee	\$0	\$13.20	\$13.20	\$13.20
<b>Total Annual Fees*</b>	<b>\$37</b>	<b>\$52.90</b>	<b>\$53.20</b>	<b>\$52.60</b>

*\*Paper statements will include an additional annual \$10 fee*

# Ready to Open Your Account?

Get started at: [CalABLE.ca.gov](https://CalABLE.ca.gov)



The image shows a screenshot of the CalABLE website. The header features the CalABLE logo on the left, which consists of a stylized blue and yellow wave icon next to the text 'CalABLE'. To the right of the logo is a navigation bar with the text 'Be a CalABLE Ambassador' followed by a 'LEARN MORE' link. Further right are two buttons: 'LOG IN' and 'OPEN AN ACCOUNT'. Below the navigation bar is a row of five links: 'About CalABLE', 'Who Is Eligible?', 'Plan Benefits', 'Qualified Expenses', and 'Saving & Investment Choices'. The main banner has a dark blue background on the left with white text that reads 'Save & invest for the future without affecting public benefits.' Below this text is a smaller line of text: 'Tax-free treatment on earnings and withdrawals to pay for disability-related expenses.' At the bottom of the banner is a yellow button with the text 'OPEN AN ACCOUNT'. On the right side of the banner is a circular image of a smiling woman and a young boy.

**Save & invest for the future without affecting public benefits.**

Tax-free treatment on earnings and withdrawals to pay for disability-related expenses.

[OPEN AN ACCOUNT](#)



You will need a few pieces of information to open an account:

- Social Security number, date of birth and contact information for the beneficiary
- Social Security number for the authorized legal representative (if different from the account owner/beneficiary)
- Bank account information (account number and bank routing number)

# Account Withdrawals

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- Just log into your account and request withdrawal amount
- No limit on number of withdrawals
- Can transfer electronically to personal checking or savings accounts (no charge), or request third-party check (\$5 fee)
- Prepaid (loadable) debit card – can transfer funds to the card
- CalABLE will not ask what you spend your money on, but IRS and SSA have authority to audit (keep receipts)

# Need Help with the Enrollment Process?

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**CalABLE Customer Call Center**

**Open 9:00 a.m. to 5:00 p.m. PST**

**Monday – Friday**

[833-Cal-ABLE \(833-225-2253\)](tel:833-225-2253)

[CalABLESupport@CalABLE.ca.gov](mailto:CalABLESupport@CalABLE.ca.gov)





# Additional Resources

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## **ABLE NATIONAL RESOURCE CENTER - [ABLENRC.org](http://ABLENRC.org)**

- Resources
- Webinars
- State comparison tool

## **DISABILITY BENEFITS 101 - [DB101.org](http://DB101.org)**

- Interactive information on disability benefits and related work rules
- Decision support tool



# Legislative Priorities

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- **Federal:**
  - **ABLE Age Adjustment Act (S. 651/H.R. 1814)** – Raises age of onset eligibility criteria from age 26 to age 46
- **State:**
  - **AB 416 (Fong)** - Tax deduction for CalABLE account contributors
  - **AB 736 (Irwin)** - Seeks tax conformity with federal law for rollovers from 529 accounts to CalABLE
- Contact your representatives to help advocate for these!





# Connect With CalABLE

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- **Find us on Facebook, Twitter, YouTube, and LinkedIn**
  - Facebook: California ABLE Act Board
  - Twitter: @CalABLE\_Board
  - YouTube: California ABLE Act Board
  - LinkedIn: California ABLE Act Board
- Join our **email distribution list** – visit <http://www.treasurer.ca.gov/able>; under “Quick Links” in left side bar, click “Sign Up to Receive CalABLE Information”



# Questions? Contact Us!

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