

*Please file this Supplement to the CalABLE Program Disclosure Statement with your records*

**SUPPLEMENT DATED  
JANUARY 2024  
TO THE CALABLE  
PROGRAM DISCLOSURE STATEMENT  
DATED AUGUST 2023**

The information in this supplement amends and, to the extent it is different, supersedes information contained in the CalABLE Program Disclosure Statement dated August 2023. Please review this information carefully and keep it with your current copy of the Program Disclosure Statement. Capitalized terms used without definition in this Supplement have the meanings set forth in the Program Disclosure Statement.

**Annual Contribution Limit**

Effective January 1, 2024, ABLE's Standard Contribution Limit is \$18,000 per year.

As a result, all references to the previous Annual Contribution Limit throughout this Program Disclosure Statement are replaced with the new limit of \$18,000.

**ABLE to Work Limit**

Effective January 1, 2024, the ABLE to Work limit is \$14,580 for the 48 contiguous States and District of Columbia; \$16,770 for Hawaii and \$18,210 for Alaska.

As a result, all references to the previous ABLE to Work limit throughout this Program Disclosure Statement are replaced with these new limits.



# California's 529A Qualified ABLE Program

Program Disclosure Statement and Participation Agreement

August 19, 2023

Program managed by  
Vestwell State Savings, LLC.



Interests in California's 529A Qualified ABLE Program (CalABLE) are not guaranteed or insured. You could lose money by investing in CalABLE. Investments in the FDIC-Insured Portfolio are insured by the FDIC up to \$250,000, subject to certain restrictions. Interests in CalABLE are not registered with or in any way approved by the Securities and Exchange Commission or by any state securities commission.



# Notices

## California 529A Qualified ABLE Program Disclosure Statement and Participation Agreement

This Program Disclosure Statement, including the Participation Agreement contained herein (the “Program Disclosure Statement”) contains important information to be considered before making a decision to contribute to the California 529A Qualified ABLE Program (“CalABLE”), including information about terms and conditions, risks, and fees and expenses. It should be read thoroughly and retained for future reference. No one is authorized to provide information that is different from the information in this Program Disclosure Statement or any supplement or amendment hereto. Account Owners should periodically assess and, if appropriate, adjust their investment choices with their time horizon, risk tolerance and investment objectives in mind.

### Accounts not insured or guaranteed

Other than an investment in (or a portion of an investment in) the FDIC-Insured Portfolio, which is insured by the Federal Deposit Insurance Corporation (the “FDIC”), subject to certain limitations, no insurance or investment guarantees are provided as part of CalABLE. An account is not guaranteed by any person or entity, including but not limited to CalABLE, the California ABLE Program Trust (the “Trust”), the California ABLE Act Board (the “Board”), the state of California, CalABLE’s service providers (including the Program Manager), any investment adviser associated with the underlying investments or any service provider thereof, or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing. Your Account may lose value. Investments in the FDIC-Insured Portfolio are FDIC insured up to \$250,000, subject to certain FDIC limits and restrictions.

### Securities law considerations

Interests in CalABLE are considered municipal fund securities for federal securities law purposes. Interests in CalABLE have not been registered with the Securities and Exchange Commission (the “SEC”) or with any state securities commission pursuant to exemptions from registration available for securities issued by a public instrumentality of a state. Neither the SEC nor any state securities commission has reviewed this Program Disclosure Statement. This Program Disclosure Statement does not constitute an

offer to sell or the solicitation of an offer to buy in any jurisdiction in which it is unlawful to offer or sell interests in CalABLE. Neither the SEC nor any state securities commission has approved or disapproved interests in CalABLE or passed on the adequacy of this Program Disclosure Statement. Any representation to the contrary is a criminal offense.

## Tax and other advantages of home state programs

For residents of states other than California, if your state sponsors an ABLE program, you should consider, before investing, whether your home state offers any state tax or other state benefits such as grants or scholarships, fee waivers, and protection from creditors that are only available for investments in that state's ABLE plan.

If you are not a California taxpayer or resident, please consult your financial or tax advisor or your home state's ABLE program to learn more about how state-based benefits (or any limitations) may apply to your specific circumstances.

## Additional notices

Information in this Program Disclosure Statement is believed to be accurate as of the date hereof and is subject to change without notice.

An Account in CalABLE should be used only to save for Qualified Disability Expenses. Accounts in CalABLE are not intended for use, and should not be used by any taxpayer, for the purpose of evading federal, state, or local taxes or tax penalties. Taxpayers should consult with a qualified advisor to seek tax advice based on their own particular circumstances.

Investing is an important decision. Please read Program Disclosure Statement in its entirety before making an investment decision.

Links to third party websites such as the Social Security Administration and the Internal Revenue Service are provided for informational purposes. Neither CalABLE nor any other person or entity affiliated with, or performing services for, the Trust make any representation as to the accuracy of the information contained on any third-party websites. Website content and website addresses are subject to change and broken links.

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# CalABLE Key Features

## California Administrator

The California ABLE Act Board.

For additional information, see [Introduction to CalABLE](#) on page 35.

## Program Manager

Vestwell State Savings, LLC (“Vestwell”) will act as the Program Manager, coordinating the delivery of all service.

For additional information, see [The Program Manager](#) on page 109.

## Investment Advisor

Vestwell Advisors, LLC, (“Vestwell Advisors”) Vestwell’s affiliate, will act as the Investment Advisor.

## Investment Sub-Advisor

BNY Mellon Advisors will provide sub-advisor services related to the portfolio construction and monitoring as a subcontractor to Vestwell Advisors. BNY Mellon Advisors is a subsidiary of The Bank of New York Mellon.

## Eligible Individual

CalABLE Accounts may be opened by or on behalf of an Eligible Individual. An Eligible Individual is a person who:

- (a) Is entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act (or whose entitlement under Title XVI has been suspended solely due to excess income or resources); or
- (b) Makes a disability certification meeting certain requirements.

In all cases, the blindness or disability must have occurred before age 26.

For additional information, see [Eligibility Requirements](#) on page 36.



## Who may Open an Account for Himself or Herself

An Eligible Individual may open an Account for himself or herself. He or she must:

1. Be a U.S. citizen or an individual residing in the United States;
2. Be 18 years of age or older with the legal capacity to contract;
3. Have a Social Security number or other taxpayer identification number; and
4. Have a U.S. permanent address that is not a Post Office Box.

For additional information, see [Opening and Maintaining Your Account — Who May Open an Account](#) on page 39.

## Who may Open an Account on Behalf of Another

If the Beneficiary is unable to establish a CalABLE account, an Authorized Legal Representative may be the eligible individual's agent under a power of attorney or, if none, a conservator or legal guardian, a spouse, a parent, a sibling, a grandparent, or a Social Security Administration representative payee, in that order.

The Authorized Legal Representative must certify the basis for acting as the Authorized Legal Representative and must also certify that there is no other willing and able person with a higher priority in the above list. According to Internal Revenue Service (“IRS”) guidance, the Authorized Legal Representative may neither have, nor acquire, any beneficial interest in the CalABLE Account during the Beneficiary’s lifetime and must administer the CalABLE Account for the benefit of the Beneficiary.

Whenever an action is required to be taken by a Beneficiary in connection with a CalABLE Account with an Authorized Legal Representative, it must be taken by the Beneficiary’s Authorized Legal Representative acting in that capacity.

For additional information, see [Opening and Maintaining Your Account — Who May Open an Account](#) on page 39.

## Enrolling in CalABLE

You may enroll online at [CalABLE.ca.gov](https://CalABLE.ca.gov).

For additional information, see [Opening and Maintaining Your Account — How to Open an Account](#) on page 39.

## Minimum Contributions

The minimum initial contribution amount is \$25, and the minimum subsequent contribution amount is \$1. All contributions can be made easily online at [CalABLE.ca.gov](https://CalABLE.ca.gov) or by mailing a check to:

**First Class Mail:**

CalABLE  
PO Box 534403  
Pittsburgh PA 15253-4403

**Overnight Address:**

CalABLE  
Attention: 534403  
500 Ross St. 154-0520  
Pittsburgh PA 15253-4403

For additional information, see [Making Contributions — Minimum Contribution Amounts](#) on page 43.

## Annual Standard Contribution Limit

Currently, the annual Standard Contribution limit is \$17,000. This amount is subject to change periodically as the annual gift tax exclusion amount under federal income tax law is adjusted. If applicable, an Eligible Individual may be able to contribute more under the annual ABLE To Work Contribution Limit.

For additional information, see [Making Contributions — Contribution Types — Standard Contributions](#) on page 43.

## Impact on Federal Government Means-Tested Benefits

- Account balances of up to \$100,000 will not be considered for purposes of determining a Beneficiary's eligibility to receive Supplemental Security Income (SSI).
- Except as otherwise required by law, Qualified Withdrawals are not considered for purposes of determining a Beneficiary's eligibility to receive SSI benefits.
- Account balances are not considered in determining a Beneficiary's eligibility to receive benefits under Medicaid/Medi-Cal.

For additional information, see [Government Benefits Considerations](#) on page 89.

## Exemption from California Means-Tested Benefits

Account balances up to \$100,000, contributions to an Account, and Qualified Withdrawals will not be considered for purposes of determining a Beneficiary's eligibility to receive any California state or local means-tested benefits.

For additional information, see [California State and Local Means-Tested Benefits](#) on page 97.

## Overall Maximum Account Contribution Limit

Currently \$529,000.

For additional information, see [Making Contributions — Maximum Account Balance](#) on page 46.

## Fees and Expenses

- Annual Maintenance Fee: \$30.00
- Investment Option Asset-Based Fees and Expenses: 0.28 % - 0.45%.
- You may be subject to other fees, including a monthly prepaid card fee of \$2.50 (currently waived) and an annual Print and Paper Mail Delivery Fee for printing and mailing paper documents.

See [Fees and Expenses — Other Account Fees](#) on page 82 for a list of all applicable fees.

For additional information, see [Fees and Expenses](#) on page 79.

## Electronic Delivery

You can access all of your Plan documents electronically. You have the option to select paper delivery of your documents; however, you will then be subject to an annual Print and Paper Mail Delivery Fee.

For additional information, see [Opening and Maintaining Your Account — Delivery of CalABLE Documents](#) on page 41.

## Investment Options

You may choose from eight investment options:

### Income Portfolio

The Income Portfolio seeks to help investors preserve the value of their savings, while also providing income, by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 80% bonds and 20% money market securities. This portfolio is designed for investors with a very low tolerance for short-term market fluctuations who want low risk to principal and have a high desire for current income with limited capital appreciation.

### Conservative Portfolio

The Conservative Portfolio seeks to provide current income and some growth by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 20% stocks and 80% bonds. Overall, this portfolio offers a somewhat reduced level of risk and a more limited appreciation potential and is designed for investors with a shorter investment period. This portfolio is designed for investors with a low tolerance for short-term market fluctuations who want low risk to principal and have a high desire for current income with limited capital appreciation.

## Income and Growth Portfolio

The Income and Growth Portfolio seeks to provide current income and some growth by investing in a portfolio of mutual funds intended to produce an overall investment exposure. Overall, this portfolio offers a moderately reduced level of risk and a relatively limited appreciation potential and is designed for investors with a shorter investment period.

## Balanced Portfolio

The Balanced Portfolio seeks to provide a balanced mix of steady return and growth but comes with additional risk and invests in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 50% stocks and 50% bonds. The portfolio is designed for investors with a modest tolerance for short-term market fluctuations and a desire for income and moderate capital appreciation.

## Conservative Growth Portfolio

The Conservative Growth Portfolio seeks to provide a combination of growth and current income by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 60% stocks and 40% bonds. Overall, there is a medium level of risk for a pursuit of investment return and is designed for investors with a medium or uncertain time horizon.

## Moderate Growth Portfolio

The Moderate Growth Portfolio seeks to provide the potential for asset growth by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 80% stocks and 20% bonds. Overall, there is a high level of risk and the potential for higher return. This option is designed for investors with a longer time horizon (10 years or more).

## Growth Portfolio

The Growth Portfolio seeks to aggressively pursue growth opportunities by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 100% stocks. This portfolio is designed for investors with a longer time horizon (10 years or more) and will provide the highest level of risk and the potential for higher return out of the investment options.

## FDIC-Insured Portfolio

The FDIC-Insured Portfolio has a low level of risk and seeks to preserve capital and provide a stable return by investing 100% of its assets in an FDIC-insured custodial account.

For additional information, see [Choosing your Investment Options](#) on page 53.

## Qualified Disability Expenses

Any expenses incurred at a time when the Beneficiary is an Eligible Individual that relate to the blindness or disability of the Beneficiary and are for the benefit of the Beneficiary in maintaining or improving his or her health, independence, or quality of life. Such expenses include, but are not limited to, expenses for education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time in future guidance published by the IRS. Such expenses include basic living expenses and are not limited to items for which there is a medical necessity, or which solely benefit the Beneficiary.

[Making Withdrawals — Qualified Disability Expenses](#) on page 85.

## Qualified Withdrawals

Withdrawals from an Account used to pay for Qualified Disability Expenses.

For additional information, see [Making Withdrawals — Types of Withdrawals — Qualified Withdrawals](#) on page 85.

## Rollovers

- **Incoming Rollovers:** Contributions into an Account directly or indirectly from another ABLE account or a Section 529 qualified tuition program (a “Section 529 Plan”) account, provided that certain conditions are satisfied. To initiate an Incoming Rollover, download the “Incoming Rollover/Transfer Form” at [CalABLE.ca.gov](http://CalABLE.ca.gov).

For additional information, see [Making Contributions — Incoming Rollovers](#) on page 48.

- **Outgoing Rollovers:** Withdrawals from an Account directly or indirectly contributed to another ABLE account, provided that certain conditions are satisfied.

For additional information, see [Making Withdrawals — Types of Withdrawals — Outgoing Rollovers](#) on page 85.

## Prepaid Card

The TrueLink ABLE Visa® Prepaid Card is CalABLE's reloadable prepaid card. You can deposit funds from your CalABLE Account onto your CalABLE Prepaid Card and then use the card to pay for Qualified Disability Expenses.

For additional information, see [Making Withdrawals — Withdrawals Using the CalABLE Visa® Prepaid Card](#) on page 87.

## Non-Qualified Withdrawals

Any withdrawal from an Account that (a) is not used to pay for a Qualified Disability Expense or (b) does not meet the requirements for an Outgoing Rollover.

For additional information, see [Making Withdrawals — Types of Withdrawals — Non-Qualified Withdrawals](#) on page 88.

## Federal Tax Treatment

- Contributions are not deductible for federal income tax purposes, but a Saver's Credit may be available for qualifying Beneficiaries.
- Third-party contributions are generally considered completed gifts to the Beneficiary for federal gift and estate tax purposes.
- Earnings grow free of federal income tax.
- Qualified Withdrawals and Outgoing Rollovers are not subject to federal income tax.
- The earnings portion of Non-Qualified Withdrawals are subject to federal income tax and may be subject to a 10% additional federal income tax.

For additional information, see [Federal Tax Treatment](#) on page 99.

## California Tax Treatment

- California tax treatment generally follows federal tax treatment with certain exceptions.
- The earnings portion of Non-Qualified Withdrawals are subject to California income tax and may be subject to a 2.5% additional state income tax.

For additional information, see [California Tax Treatment](#) on page 103.

## Risks of Investing in CalABLE

- Other than an investment in (or a portion of an investment in) the FDIC-Insured Portfolio, which is insured by the Federal Deposit Insurance Corporation (the “FDIC”) subject to certain limitations, no investment in CalABLE is guaranteed or insured.
- The value of your Account may decrease. You could lose money, including your principal investment.
- Your Account may not be enough to cover Qualified Disability Expenses.
- Non-Qualified Withdrawals from the Plan may adversely affect a Beneficiary’s eligibility for federal means-tested benefits such as SSI and Medicaid/Medi-Cal.
- Losing a Beneficiary’s status as an Eligible Individual could have negative tax and government benefit consequences.
- Upon the death of the Beneficiary, a state may be required to file a claim for the amount of the total medical assistance paid for the Beneficiary under the state’s Medicaid plan (in California, Medi-Cal).
- CalABLE fees may increase, and the Investment Options may change.
- CalABLE and applicable law are subject to change without notice.
- CalABLE and its service providers are subject to Cybersecurity Risk.
- Circumstances beyond the reasonable control of CalABLE, CalABLE’s service providers (including the Program Manager), the Board, and the Trust may negatively impact your Account.

For additional information, see [Key Risks of Investing in CalABLE](#) on page 104.



# Frequently Asked Questions

These FAQs, together with the CalABLE Summary, provide a general overview of CalABLE. The topics discussed here are discussed in more detail later in this Program Disclosure Statement. You can find additional information on each topic in the sections noted below. You can also find a glossary of frequently used terms in the next section. Before investing, please read the entire Program Disclosure Statement carefully to ensure that you fully understand CalABLE. You should consult qualified personal legal, tax, financial, benefit, or other advisors with respect to any investment in a CalABLE account. These FAQs are not intended to constitute legal advice or a recommendation to pursue any particular action or investment.

## What is CalABLE?

CalABLE is a tax-advantaged savings program authorized by the laws of the state of California, Welfare, and Institutions Code Section 4875 et seq. (the “California Enabling Law”) designed to help Eligible Individuals save for disability-related expenses without jeopardizing their federal and state benefits. CalABLE is designed to be and is intended to satisfy the requirements for treatment as, a qualified ABLE program under Section 529A of the Internal Revenue Code.

In accordance with the California Enabling Law, CalABLE operates under the overall direction and supervision of the California ABLE Act Board (the “Board”), which is chaired by the California State Treasurer.

*By design, CalABLE allows participants to easily establish and maintain their Accounts online. Customer service representatives are available at [833-225-2253](tel:833-225-2253) to help you with any questions.*

## Who is eligible to have a CalABLE Account?

An Account may be opened by, or on behalf of, any person who is an Eligible Individual as defined in Section 529A of the Internal Revenue Code. To be an Eligible Individual, an individual must be entitled to benefits based on blindness or disability under Title II (Social Security Disability Insurance) or XVI (Supplemental Security Income) of the Social Security Act or have a disability certification meeting specified requirements under penalty of perjury. In all cases, the blindness or disability must have occurred before the individual's 26th birthday.

*For more information, see [Eligibility Requirements](#) on page 36.*

*Regardless of whether an Account is opened by an Eligible Individual or on his or her behalf, the Eligible Individual is deemed to be both the Account Owner and the Beneficiary of the Account.*

## May I open a CalABLE Account for myself?

Yes, if you qualify as an Eligible Individual. In addition, you must:

1. Be a U.S. citizen or an individual residing in the United States;
2. Be 18 years of age or older with the legal capacity to contract;
3. Have a Social Security number or other taxpayer identification number; and
4. Have a U.S. permanent address that is not a Post Office Box.

*If you open an Account for yourself, you may exercise signature authority with respect to your Account or choose to have an Authorized Legal Representative act on your behalf.*

Please see [Opening and Maintaining your Account — Who May Open an Account?](#) on page 39.

## May a CalABLE Account be opened on an Eligible Individual's behalf?

Yes, if the intended Beneficiary qualifies as an Eligible Individual and you qualify as an Authorized Legal Representative. For instance, a parent may open an Account on behalf of his or her child who is blind or has a disability, provided that the child qualifies as an Eligible Individual and the parent qualifies as an Authorized Legal Representative.

To be an Authorized Legal Representative, an individual must:

1. Be a U.S. citizen or an individual residing in the United States;
2. Be 18 years of age or older with the legal capacity to contract;
3. Have a Social Security number or other taxpayer identification number;
4. Have a U.S. permanent address that is not a Post Office Box; and
5. Be either selected by the Eligible Individual or legally authorized to act on behalf of the Eligible Individual.

When an Account is opened on behalf of an Eligible Individual by an Authorized Legal Representative, only that Authorized Legal Representative may act upon the Account.

For more information, see [Opening and Maintaining your Account — Who May Open an Account?](#) on page 39.

## Can a Beneficiary have more than one ABLÉ Account?

No. Under federal law, a Beneficiary may have only one ABLÉ account. As a result, except in connection with a Rollover, additional ABLÉ accounts cannot be opened in different states or by different people on behalf of the same Beneficiary. The ABLÉ account opened first will be the only account to be eligible for favorable tax benefits, and any additional accounts will not be treated as ABLÉ accounts and will therefore not qualify for any means-tested or tax benefits associated with ABLÉ accounts.

*For more information, see [Opening and Maintaining an Account — One Account Rule](#) on page 39.*

## What saving and investment choices do I have in CalABLE?

You can invest your contributions into one or more Investment Options. The Investment Options include seven Target Risk Investment Options and the FDIC-Insured Portfolio.

The Target Risk Investment Options are the Income Portfolio, the Conservative Portfolio, the Income and Growth Portfolio, the Balanced Portfolio, the Conservative Growth Portfolio, the Moderate Growth Portfolio, and the Growth Portfolio. These Investment Options invest in a combination of underlying mutual funds. The value of your investment will go and up down with the value of the underlying mutual funds. The FDIC-Insured Portfolio is an Investment Option in which your assets are invested in an interest-bearing, FDIC-insured custodial account.

*For more information, see [Choosing your Investment Options](#) on page 53.*

## I'm not comfortable with the risk that I may lose money. Is there an Investment Option that protects my investment and pays interest?

Yes. Assets in the FDIC-Insured Portfolio are 100% invested in an interest-bearing custodial account at the Bank of New York Mellon. Interest on the FDIC-Insured Portfolio will be credited by the Bank on the last business day of each month based on the average daily balance on deposit in the FDIC-Insured Portfolio during such month. Your investments in the FDIC-Insured Portfolio are FDIC-insured up to \$250,000, subject to certain restrictions.

For more information, see [Choosing your Investment Options — Description of the FDIC-Insured Option](#) on page 67.

## Will amounts in my CalABLE Account affect my or my Beneficiary's means-tested benefits?

The Federal ABLE Act requires that Account balances may not be taken into account in determining the Beneficiary's eligibility to receive benefits under Medicaid/Medi-Cal, and that balances of up to \$100,000 will not be taken into account for purposes of determining the Beneficiary's eligibility to receive benefits under the Supplemental Security Income program or any California state or local means-tested program.

For more information, see [Government Benefits Considerations](#) on page 89 and [California State and Local Benefits Considerations](#) on page 96.

## Are there any benefits that are exclusive to California residents participating in CalABLE?

Yes. In addition to the protection of California state and local means-tested benefits mentioned above, CalABLE exclusive benefits include:

- **Protection from Creditors:** Assets of up to \$100,000 held in an Account are exempt from enforcement of a money judgment without making a claim.
- **Protection from Recovery by Medi-Cal:** Assets of up to \$100,000 held in an Account are exempt from enforcement of a money judgment in favor of the State Department of Health Care Services except where federal law or guidance issued by the federal Centers for Medicare & Medicaid Services requires the department to recover funds from ABLE accounts for reimbursement of qualifying Medi-Cal expenditures.

## What are the potential tax advantages of having a CalABLE Account?

There are multiple tax advantages associated with an Account under federal law (and California law, if applicable).

- Earnings, if any, on contributions are not taxed while the funds remain in the Account (i.e., earnings are tax-deferred).
- Withdrawals, if used to pay for Qualified Disability Expenses of the Beneficiary, are free of federal (and California) income taxes.
- Contributions to an Account are not deductible for federal (or California) income tax purposes, but a federal Saver's Credit may be available for Beneficiaries that qualify.

For more information, see [General Tax Considerations](#) on page 97, [Federal Tax Treatment](#) on page 99, and [California Tax Treatment](#) on page 103.

## How can I use the funds from my CalABLE Account?

An Account should be used to pay for the Beneficiary's Qualified Disability Expenses, which in general are any expenses that are for the benefit of the Beneficiary in maintaining or improving his or her health, independence, or quality of life.

Such expenses include, but are not limited to, expenses related to the Beneficiary's education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time by the IRS. Qualified Disability Expenses include "basic living expenses," are not limited to items that are "medically necessary" or for the sole benefit of the Beneficiary.

See [Making Withdrawals — Types of Withdrawals — Qualified Withdrawals](#) on page 85.

## What if I use funds from my CalABLE Account to pay for something other than Qualified Disability Expenses?

Will I have to pay taxes? Savings in ABLE plans are intended to be used for Qualified Disability Expenses. There will be potential federal and possibly state and/or local income tax and means-tested benefit consequences if you take a withdrawal and do not use the funds to pay for Qualified Disability Expenses. These are called "Non-Qualified Withdrawals." If you take a Non-Qualified Withdrawal, the earnings portion of the withdrawal will be subject to federal income taxes (and California income taxes, if applicable), including the Additional Federal Tax (and the Additional California Tax) unless an exception applies.

For more information, see [Making Withdrawals — Types of Withdrawals — Non-Qualified Withdrawals](#) on page 88, [General Tax Considerations](#) on page 97, [Federal Tax Treatment](#) on page 99, and [California Tax Treatment](#) on page 103.

## What are CalABLE's Fees and Expenses?

All Accounts are subject to an Annual Maintenance Fee.

See [Fees and Expenses — Annual Maintenance Fee](#) on page 80.

In addition to the Annual Maintenance Fee, other fees may apply to certain Accounts. For example, you may be subject to a monthly prepaid card fee of \$ 2.50 per month (currently waived). In addition, accounts that elect to receive CalABLE documents by mail will be subject to an annual \$10 Print and Paper Mail Delivery Fee. CalABLE documents are available for electronic delivery for free.

See [Fees and Expenses — Other Account Fees](#) on page 82.

There are also certain asset-based fees and expenses associated with the Investment Options. These fees and expenses reduce the value of your investment, but you do not pay them directly. Instead, they are deducted from the general assets held in the Investment Options, and you bear your share of those expenses along with the other Accounts in CalABLE.

Each Investment Option is subject to a State Administrative Fee of 0.28%. In addition, the Target Risk Investment Options indirectly bear the expenses of their underlying mutual funds.

See [Fees and Expenses — Asset-Based Fees and Expenses](#) on page 79.

## How do I open an Account?

Enrollment is done online at [CalABLE.ca.gov](https://CalABLE.ca.gov).

# Frequently Used Terms

For your convenience, certain frequently used terms are defined below.

## ABLE

As the context requires, a program or account intended to qualify under Section 529A of the Internal Revenue Code.

## Account

An account in CalABLE.

## Additional Federal Tax

A 10% additional federal income tax imposed on the earnings portion of a Non-Qualified Withdrawal unless an exception applies.

## Additional California Tax

For Beneficiaries subject to California income tax, a 2.5% additional California state income tax imposed on the earnings portion of a Non-Qualified Withdrawal unless an exception applies.

## Authorized Legal Representative

A holder of a legally enforceable power of attorney from the Beneficiary or if there is no such power of attorney, the Eligible Individual's conservator or legal guardian, spouse, parent, sibling, grandparent or representative payee appointed by the Social Security Administration, in that order who opens an Account on behalf of the Beneficiary and/or exercises control over an Account on behalf of the Beneficiary on the terms and conditions described in this document and any online forms.

## Beneficiary/Account Owner

The owner and beneficiary of an Account. An Account may be, but is not required to be, opened by the Beneficiary/Account Owner.



## Board

The California ABLE Act Board.

## Business Day

Each day that the New York Stock Exchange (“NYSE”) is open for regular trading. Each Business Day closes at the same time that regular trading closes on the NYSE. Regular trading on the NYSE usually closes at 4 p.m. Eastern Time (1 p.m. Pacific Time), but earlier on certain scheduled days and may close earlier in the case of an emergency.

## CalABLE

California’s 529A Qualified ABLE Program.

## Eligible Individual

An individual who qualifies as an Eligible Individual under Section 529A of the Internal Revenue Code, and who therefore may qualify to be a Beneficiary of an Account.

## FDIC

Federal Deposit Insurance Corporation.

## FDIC-Insured Portfolio

An FDIC-insured Investment Option.

## Incoming Rollover

Contributions into an Account directly or indirectly from another ABLE account or a Section 529 Plan account, provided that certain conditions are satisfied.

## Investment Options

CalABLE’s investment options, in which you may invest your contributions and earnings (if any).

## Internal Revenue Code, IRC, or the Code

The Internal Revenue Code of 1986, as amended.

## IRS

The Internal Revenue Service.

## Non-Qualified Withdrawal

Any withdrawal from an Account that is not a Qualified Withdrawal or an Outgoing Rollover.

## Outgoing Rollover

Withdrawals from an Account contributed to another ABLE account, provided that certain conditions are satisfied.

## Program Manager

Vestwell

## Qualified Disability Expenses

Any expenses incurred at a time when the Beneficiary is an Eligible Individual that relate to the blindness or disability of the Beneficiary and are for the benefit of the Beneficiary in maintaining or improving his or her health, independence, or quality of life. Such expenses include, but are not limited to, expenses for education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time in future guidance published by the IRS. Such expenses include basic living expenses and are not limited to items for which there is a medical necessity or which solely benefit the Beneficiary.

## Qualified Withdrawal

Any withdrawal from an Account used to pay for the Qualified Disability Expenses of the Beneficiary.

## Target Risk Investment Options

Investment options with investment objectives and strategies based on a targeted risk level. Each Target Risk Investment Option invests in underlying mutual funds.

## Tax Regulations

Federal tax regulations issued by the U.S. Department of the Treasury and the Internal Revenue Service under Section 529A.

## Sibling

A brother, sister, stepbrother, stepsister, half-brother, or half-sister of the Beneficiary, whether by blood or adoption.

## Section 529A

Section 529A of the Internal Revenue Code.

## SSI

Supplemental Security Income.

## Unit

An interest in an Investment Option.

## Unit Value

The value of a Unit in an Investment Option.

## You

Except when referring to an Authorized Legal Representative as the context requires, “you” refers to a Beneficiary/Account Owner.

# Introduction to CalABLE

CalABLE is a tax-advantaged savings program offered by the Board, an instrumentality of the state of California. CalABLE is intended to operate as a qualified ABLE program, pursuant to Section 529A of the Internal Revenue Code, which was adopted as part of the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014, as amended (the "Federal ABLE Act").

The Federal ABLE Act is designed to permit states and state instrumentalities to establish and maintain programs that allow Eligible Individuals to save for Qualified Disability Expenses on a tax-advantaged basis without jeopardizing eligibility for federal means-tested benefits, such as SSI and Medicaid/Medi-Cal.

CalABLE is authorized by the Laws of the State of California, Welfare, and Institutions Code Section 4875 et seq. (the "California Enabling Law"). In accordance with the California Enabling Law, CalABLE operates under the overall direction and supervision of the Board. The Board is comprised of the California State Treasurer, Director of Finance, Controller, Director of Developmental Services, Chairperson of the State Council on Developmental Disabilities, Director of Rehabilitation, and Chairperson of the State Independent Living Council, or their designees. The California State Treasurer serves as Chair of the Board. Assets in CalABLE are held in the Trust, for which the Board serves as the trustee.

CalABLE is offered on a national basis. Each Account is governed by the terms of this Program Disclosure Statement, the Participation Agreement, the online application, California law, Section 529A, and any other applicable laws. Before opening an Account, please read this Program Disclosure Statement including the Participation Agreement, and other CalABLE documents carefully. By design, CalABLE allows participants to easily establish and maintain their accounts online. Customer service representatives are available to help you with any questions.

An Account in CalABLE should be used only to save for Qualified Disability Expenses. Accounts in CalABLE are not intended for use, and should not be used by any taxpayer, for the purpose of evading federal, state, or local taxes or tax penalties. The tax information contained in this Program Disclosure Statement was written to support the promotion and marketing of CalABLE and was neither written, nor intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding federal, state, or local taxes or tax penalties. Taxpayers should consult with a qualified advisor to seek tax advice based on their own particular circumstances.

# Eligibility Requirements

## Eligible Individual Requirement

An Account may be opened by or on behalf of any person who is an Eligible Individual under Section 529A. An individual is an Eligible Individual for a taxable year if, during that year, either:

- a) The individual is entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act (or whose entitlement under Title XVI has been suspended solely due to excess income or resources) (“Social Security Disability Eligibility”); or
- b) The individual has a disability certification meeting specified requirements (“Certification Eligibility”).

In all cases, the blindness or disability must have occurred before the individual’s 26th birthday.

## Social Security Disability Eligibility Certification

If you claim Social Security Disability Eligibility, you are required to certify as part of the enrollment process, subject to the penalties of perjury, that the Eligible Individual has received a benefit verification letter from the Social Security Administration and that you agree to retain and provide the letter (or a genuine copy of the letter) to CalABLE, the IRS, or the U.S. Treasury Department upon request. If you fail to provide the benefit verification letter within 30 days of any such request, CalABLE reserves the right to suspend Account activity until the requested information is provided.

In addition, if you claim Social Security Disability Eligibility, you must also certify that (i) the blindness or disability occurred before the Eligible Individual attained age 26 and (ii) that he or she, at the time that the Account is opened, is still eligible to receive benefits from the Social Security Administration.

*For information about entitlement to benefits under Title II or XVI of the Social Security Act based on blindness or disability, please see <https://www.ssa.gov/disability/professionals/bluebook/general-info.htm> or contact your local Social Security Administration office.*

## Certification Eligibility

If you claim Certification Eligibility, you, are required to certify as part of the CalABLE enrollment process, subject to the penalties of perjury, that:

1. The Eligible Individual either:
  - a) has a medically determinable physical or mental impairment which results in marked or severe functional limitations, and which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months; or
  - b) is blind (within the meaning of the Social Security Act); and
2. The blindness or disability was present before the Eligible Individual attained age 26.

Unless the Eligible Individual has a condition listed in the “List of Compassionate Allowances Conditions” maintained by the Social Security Administration, which is located at:

<https://www.ssa.gov/compassionateallowances/index.htm>.

CalABLE requires that you also certify under penalty of perjury that you have received a written diagnosis relating to the disability from a “licensed physician” (as defined in Section 1861(r) of the Social Security Act). You must also agree to retain and provide a copy of the written diagnosis, accompanied by the name and address of the diagnosing physician, the date of the written diagnosis, to CalABLE, the IRS, or the U.S. Treasury Department upon request. If you fail to provide the requested information within 30 days of any such request, CalABLE reserves the right to suspend Account activity until the requested information is provided.

## Continuing Certification and Recertification

By maintaining or transacting business in an Account, the Beneficiary (or the Authorized Legal Representative, as applicable) is making a continuing certification that the Beneficiary is an Eligible Individual. It is the Beneficiary's, or the Authorized Legal Representative's, responsibility to notify CalABLE if the Beneficiary ceases to be an Eligible Individual. It is also the Beneficiary's or the Authorized Representative's responsibility to notify CalABLE if the Beneficiary subsequently re-qualifies as an Eligible Individual.

Unless a Beneficiary's disability is permanent, as defined under applicable law and as certified to CalABLE, CalABLE may require annual recertification of the Beneficiary's status as an Eligible Individual. Recertifications are subject to penalties of perjury. If recertification is not provided as required, CalABLE reserves the right to suspend Account activity.

## Other Beneficiary Requirements

In addition to the Beneficiary being an Eligible Individual, in order to open an Account, the Beneficiary must:

1. Be a U.S. citizen or an individual residing in the United States;
2. Be 18 years of age or older;
3. Have a Social Security number or other taxpayer identification number; and
4. Have a U.S. permanent address that is not a Post Office Box.

## CalABLE Not Responsible for Eligibility Determinations

None of CalABLE, the Trust, the Board, the state of California, CalABLE's service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing, will have any responsibility or liability for an individual's failure (or an Authorized Representative's failure) to establish eligibility to open an Account or maintain eligibility to continue to make contributions, withdrawals, and other transactions in CalABLE.

# Opening and Maintaining your Account

## How to Open an Account

CalABLE allows participants to easily establish and maintain their Accounts online. To open an Account, please visit [CalABLE.ca.gov](https://CalABLE.ca.gov) and click on “Open an Account.” Once your Account is open, you can manage it (for example, update your contact information, make a contribution, check your balance, or request a withdrawal) by logging into your Account at [CalABLE.ca.gov](https://CalABLE.ca.gov).

## Who May Open an Account?

If the Beneficiary is unable to establish a CalABLE account, an Authorized Legal Representative may be the eligible individual's agent under a power of attorney or, if none, a conservator or legal guardian, a spouse, a parent, a sibling, a grandparent, or a Social Security Administration representative payee, in that order.

The Authorized Legal Representative must certify the basis for acting as the Authorized Legal Representative and must also certify that there is no other willing and able person with a higher priority in the above list. According to Internal Revenue Service (“IRS”) guidance, the Authorized Legal Representative may neither have, nor acquire, any beneficial interest in the CalABLE Account during the Beneficiary’s lifetime and must administer the CalABLE Account for the benefit of the Beneficiary.

Whenever an action is required to be taken by a Beneficiary in connection with a CalABLE Account with an Authorized Legal Representative, it must be taken by the Beneficiary’s Authorized Legal Representative acting in that capacity.

## One Account Rule

In general, no Beneficiary may have more than one qualified ABLE account open at the same time (the “One Account Rule”). However, in the case of an Incoming Rollover or Outgoing Rollover between ABLE accounts, if the accounts are for the benefit of the same person, the distributing ABLE account may remain open for no longer than 60 days after the distribution.

As part of the enrollment process, you will be required to certify under penalties of perjury that the Beneficiary is in compliance with the One Account Rule.



If more than one ABLE account is opened in violation of the One Account Rule, only the earliest-opened account will be treated as a qualified ABLE account under Section 529A. For example, monies contributed to a second or subsequent ABLE account will be considered when determining eligibility under federal means-tested programs, such as SSI, and will not be afforded the favorable tax treatment available to ABLE accounts.

However, an additional account will not be deemed to be an ineligible ABLE account if the additional account was established for the purpose of receiving a rollover or program-to-program transfer (as described above); all of the contributions to the additional account are returned in accordance with the rules that apply to the return of excess contributions and excess aggregate contributions; or all amounts in the additional account are transferred to the designated beneficiary's preexisting ABLE account and any excess contributions and excess aggregate contributions are returned in accordance with the rules that apply to the return of excess contributions and excess aggregate contributions.

## Changing the Beneficiary for an Account

The Beneficiary for an Account may be changed without tax consequences only if the new Beneficiary is a Sibling of the current Beneficiary and is otherwise an Eligible Individual. A change of Beneficiary to a person other than a Sibling who is also an Eligible Individual is subject to federal tax and may be subject to state taxation and could adversely affect the Beneficiary's eligibility for federal and state benefits.

## Successor Beneficiary

Based on the final IRS regulations, a successor designated beneficiary may be listed on the ABLE Account. This individual must be a sibling, stepsibling, or half-sibling of the current owner and must also qualify for an ABLE account. Adding a successor designated beneficiary can be done online under account management, or by submitting the Add/Edit/Remove Successor Owner Form. The designation must be made before the designated beneficiary's death. If no successor designated beneficiary is named, the assets in the ABLE account are payable to the estate of the deceased designated beneficiary.

## Opening an Account

To open an Account, you must complete an application online at [CalABLE.ca.gov](https://CalABLE.ca.gov). By completing the online application, you certify under penalty of perjury that all of the requirements to open an Account are satisfied (and that all requirements to be an Authorized Legal Representative are satisfied, if applicable). As part of the application, you agree that the Account will be subject to the terms and conditions of this Program Disclosure Statement including the Participation Agreement, and the online application.

When you complete the online application, CalABLE will take steps to verify your identity. If CalABLE is unable to verify your identity based on the information you provided on the application, we may require further proof of your identity before activating the Account.

## Initial Contribution

An initial contribution must be made at the time of enrollment.

## Investing Your Contribution(s)

CalABLE has multiple Investment Options. To complete the enrollment process, you must select the Investment Option(s) in which your initial contribution will be invested. You may select any one or a combination of the Investment Options. You may change the Investment Option(s) in which future payroll and Social Security Administration (SSA) contributions are invested at any time. However, you may transfer funds in your Account between Investment Options only twice per calendar year.

## Annual Maintenance Fee

If you open an Account, an Annual Maintenance Fee will be deducted from your Account. This maintenance fee will be charged quarterly in arrears on the first business day of the following quarter. The fee is deducted based on the most conservative fund to the most aggressive fund.

## Updating Account or Contact Information

You can update your Account information online at [CalABLE.ca.gov](https://CalABLE.ca.gov).

## Delivery of CalABLE Documents

All CalABLE documents are made available to you electronically for free. If you elect to receive printed CalABLE documents by mail, you will become subject to an annual Print and Paper Mail Delivery Fee. You may set your document delivery preference at [CalABLE.ca.gov](https://CalABLE.ca.gov).

## Low Balance Accounts

The Program reserves the right to liquidate and close your account if the account balance falls below the initial account opening amount and there has been no activity other than fees in the preceding 12 months. Redemption proceeds will be sent to you via check to the address of record of the account.

## Zero-Balance Accounts

If an Account has a zero balance for 12 months or more, it will be closed. To reinstate a zero-balance Account, the Beneficiary or an Authorized Legal Representative must call the customer service center at 833-Cal-ABLE ([833-225-2253](tel:833-225-2253)), 6 am-5 pm PT.

## Death of the Beneficiary

When CalABLE is notified of a Beneficiary's death, CalABLE will request satisfactory proof of death and documentation from the executor or administrator of the Beneficiary's estate. Upon receipt of such proof of death, CalABLE will suspend all Account activity, except that the executor or administrator of the Beneficiary's estate will be permitted to take withdrawals from the Account. Please note that the balance of an Account after a Beneficiary's death may be subject to claims by states under their Medicaid recapture guidelines. An executor or administrator of a Beneficiary's estate should consult with qualified tax and legal advisors regarding the tax treatment of such withdrawals and the potential for Medicaid/Medi-Cal recapture by Medicaid/Medi-Cal or other states.

## Address Verification

Whenever a mailing address is changed, a confirmation of the change will be mailed to both the old and new addresses.

# Making Contributions

## Who May Contribute?

Any person (including your friends and family), corporation, trust, or other legal entity may make a contribution to your Account. Contributions made by anyone other than the Beneficiary (i.e., third-party contributions) are considered gifts to the Beneficiary and become the property of the Beneficiary.

## Minimum Contribution Amounts

An initial contribution of \$25 is required to open your Account. The minimum amount for subsequent contributions is \$1.

## Contribution Types

CalABLE accepts two types of contributions: Standard Contributions and ABLE to Work Contributions. All Beneficiaries are eligible to make or receive Standard Contributions to their CalABLE Account, but only certain employed Beneficiaries are eligible to make ABLE to Work Contributions. Each Beneficiary, or his or her Authorized Legal Representative, is solely responsible for determining whether the Beneficiary qualifies for ABLE to Work Contributions in any year; determining the aggregate additional amount of ABLE to Work Contributions that he or she may make each year; and obtaining and preserving documentation establishing his or her eligibility to make ABLE to Work Contributions, which must be furnished to the Plan or the IRS upon request. The Beneficiary, or his or her Authorized Legal Representative, is also solely responsible for any tax penalties or loss of benefits that may result from ABLE to Work Contributions that exceed the Beneficiary's earned income.

## Standard Contributions

Standard Contributions come from any person or any source. The Standard Contribution limit for CalABLE Accounts is \$17,000 per year per Beneficiary from all sources. For example, if the Beneficiary contributes \$14,000 to their CalABLE Account in a calendar year and the Beneficiary's parent contributes \$3,000, the annual Standard Contribution limit will have been reached and no additional Standard Contributions will be accepted into the CalABLE Account until the following year. This limit may increase from time to time.

## ABLE to Work Contributions

Some Beneficiaries may be able to contribute additional money to their CalABLE Account by making ABLE to Work Contributions. ABLE to Work Contributions are contributions based on the Beneficiary's own earned income. Only certain Beneficiaries are eligible to make ABLE to Work Contributions.

In addition to the Annual Contribution Limit (i.e. \$17,000 for 2023), a working Beneficiary is allowed to contribute an additional amount up to the lesser of: (i) the Beneficiary's compensation for the taxable year; or (ii) an amount equal to the Federal Poverty Level for a one-person household as determined for the preceding calendar year of the tax year in which contributions are made (\$13,590 in 2023). If the beneficiary or their employer is contributing to a defined contribution plan (401K), annuity plan (403(b)), or deferred compensation plan (457(b)) this calendar year, the beneficiary is not eligible to make ABLE to Work contributions.

You do not have to directly contribute paycheck amounts in order to make an ABLE to Work Contribution; so long as the amount of your total ABLE to Work Contributions for the year is not more than the amount of your earned income at the end of the year, the ABLE to Work Contribution is allowed. For example: if Sue already has \$17,000 in her CalABLE Account and would like to contribute another \$2,000, she must have at least \$2,000 in earned income by the end of the calendar year. If you have reached your annual ABLE to Work Contribution limit for the year, you may continue to make contributions from earned income as a Standard Contribution so long as you have not reached the annual maximum.

## Designating Contribution Types

If you are eligible to make ABLE to Work Contributions, each contribution you make will need to be designated as either a Standard Contribution or an ABLE to Work Contribution. Each time you make an electronic contribution via ACH, you will be given the option to designate the contribution as either a Standard Contribution or an ABLE to Work Contribution.

By default, all contributions made via check or via eGift are designated as Standard Contributions. If the contribution is intended to be an ABLE to Work Contribution, please contact the Plan's customer service to redesignate the contribution.

## Attempted Contributions over the Annual Standard Contribution Limit

The Program Manager will not knowingly accept attempted contributions that would cause your ABLE Account to exceed the annual Standard Contribution limit (“Excess Contributions”). In the event that an Excess Contribution is inadvertently accepted by the Plan, the Program Manager will make a good-faith effort to return the Excess Contribution, plus any earnings on the Excess Contribution less any amounts attributable to market losses suffered between the date of the Excess Contribution and the date of refund, to the contributor.

If you identify any excess contributions, you must request a return of the contributions from the Program Manager on or before the day prescribed by law (including extensions of time) for filing tax returns for the taxable year in which the contributions were made.

Excess Contributions inadvertently applied to an ABLE Account and not returned to the contributor on or before the due date (including extensions) of the Beneficiary’s income tax return for the year in which the Excess Contributions were made will result in the imposition on the Beneficiary of a 6% excise tax on the amount of Excess Contributions.

When an Excess Contribution is refunded by CalABLE, CalABLE will attempt to refund the contributor, regardless of whether the contributor is the Beneficiary or a third party. However, when the contributor is a third party, if CalABLE is unable to identify and/or refund the third-party after 60 days, the Excess Contribution will be refunded to the Beneficiary. Refunds of third-party contributions to the Beneficiary may adversely affect government benefits. Therefore, CalABLE may seek information from a Beneficiary or Authorized Legal Representative to help identify a third-party contributor.

## Unclaimed Funds

Many states (including California) have unclaimed property laws or similar laws under which if certain statutory requirements are met, funds in an account are considered abandoned or unclaimed. Your state may request that the Plan transfer the funds in your ABLE Account pursuant to such laws. The Plan will only transfer funds to your state as required by applicable law. To help ensure that your funds will not be considered abandoned, please always keep your current email address on file with the Plan and respond to inquiries received by the Program Manager.

## Maximum Account Balance

Contributions cannot be made over the Maximum Account Balance of \$529,000; however, earnings may cause an Account to exceed this maximum. For so long as the assets in an Account are equal to or exceed the Maximum Account Balance, no additional contributions into the Account will be accepted. If the assets in an Account are less than the Maximum Account Balance, additional contributions into the Account will be accepted up to the Maximum Account Balance (subject to any other contribution limits). An Account may continue to grow and accrue earnings beyond the Maximum Account Balance. The Maximum Account Balance may be increased from time to time.

## How to Make Contributions

Contributions can be made to your Account only through any of the methods listed below.

### Automated Clearing House Transfers (ACH)

A contribution to an Account may be made by either a one-time or recurring ACH from a bank checking or savings account, which can be set up via [CalABLE.ca.gov](https://www.calable.ca.gov). Before making an initial ACH, certain information must be provided about the bank account from which money will be withdrawn.

We reserve the right to reject or cancel any contribution due to nonpayment. If the ACH contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information, the Insufficient Funds Fee will also be automatically deducted from your Account. CalABLE reserves the right to suspend processing future ACH contributions.

### Gifting Contributions

Gifts may be made by family and friends via two channels: (1) Paper Forms with a check; or (2) Online via your bank account or a debit card. To make a paper contribution, simply download the gift form from the [CalABLE.ca.gov](https://www.calable.ca.gov) website and attach a check. To make an online gift you must be invited to make the contribution by the account owner. Fees may be assessed for online gifting.

### Recurring Contributions

Recurring contributions to your Account may be made through periodic automated debits from a bank checking or savings account, if the bank is a member of the Automated Clearing House (ACH), subject to certain processing restrictions. You can initiate recurring contributions at [CalABLE.ca.gov](https://www.calable.ca.gov). Recurring contributions can be made on a monthly basis.

Your authorization will remain in effect until CalABLE has received notification from you of its termination. You may terminate recurring contributions at any time at [CalABLE.ca.gov](https://www.calable.ca.gov). Recurring contribution changes are not effective until received and processed by CalABLE.

If a recurring contribution is returned unpaid by the bank upon which it is drawn, any losses or expenses incurred by the Investment Options or CalABLE will be automatically deducted from your Account. The ACH Fail/Returned Check Fee will also be automatically deducted from your Account. We reserve the right to reject or cancel any contribution due to nonpayment. CalABLE reserves the right to suspend processing future recurring contributions for any reason. CalABLE reserves the right to refuse to allow an Account to establish recurring contributions.

## Payroll Deposits

Depending on the employer, contributions may be made automatically through payroll direct deposit. The contributor's employer must agree and be able to meet CalABLE's operational and administrative requirements. CalABLE reserves the right to suspend processing future payroll deposits and the right to refuse to allow an Account to establish payroll deposits.

## Social Security Administration (SSA)

You may contribute to the Plan by direct deposit of Social Security or SSI benefits through the Social Security Administration website.

## Incoming Rollovers

Contributions may be made by rolling over funds from an account in another qualified ABLE program or a Section 529 Plan as described under [Incoming Rollovers](#) below.

## Checks

Checks (excluding starter and cashier's checks) may be used to make contributions. Checks should be payable to "CalABLE Savings Plan" and mailed to CalABLE P.O. Box 534403 Pittsburgh, PA15253-4403. A contributor must include the name of the Beneficiary and Account number on the check.

If a contribution by check is returned unpaid by the bank upon which it is drawn, any losses or expenses incurred by the Investment Options or CalABLE will be automatically deducted from your Account. The Insufficient Funds Fee will also be automatically deducted from your Account. CalABLE reserves the right to reject or cancel any contribution due to nonpayment.



# Incoming Rollovers

A contribution to an Account may be made through an Incoming Rollover. Incoming Rollovers may be “Direct” or “Indirect.” Direct Incoming Rollovers involve funds that are directly distributed from an account in another qualified ABLE program or a Section 529 Plan into an Account in CalABLE by a trustee-to-trustee transfer. Indirect Incoming Rollovers involve funds that are withdrawn from an account and then subsequently deposited into an Account in CalABLE.

The table below describes the types of Incoming Rollovers that may be performed and the requirements to perform any such Rollover.

Type of Incoming Rollover	Requirements
<b>Direct or Indirect Incoming Rollover from an account that the Account Owner has in another state’s qualified ABLE program</b>	<ul style="list-style-type: none"> <li>• The entire amount in the other state’s qualified ABLE program account must be rolled over.</li> <li>• This type of Rollover may be performed only once in a 12-month period.</li> <li>• In the case of an Indirect Incoming Rollover, the funds must be contributed into the Account within 60 days of being withdrawn.</li> <li>• The other state’s qualified ABLE program account must be closed within 60 days after the withdrawal.</li> </ul>
<b>Direct or Indirect Incoming Rollover from an Account in CalABLE or an account in another state’s qualified ABLE program owned by a person other than the Account Owner</b>	<ul style="list-style-type: none"> <li>• A portion of or the entire amount in the distributing account may be rolled over up to the Maximum Contribution Limit.</li> <li>• The person who owns the distributing account must be a Sibling of the Account Owner who receives the contribution.</li> <li>• In the case of an Indirect Incoming Rollover, the funds must be contributed into the Account within 60 days of being withdrawn.</li> </ul>

**Direct or Indirect Incoming Rollover from Section 529 Plan account\***

- A portion of or the entire amount in a Section 529 Plan account may be rolled over subject to the annual Standard Contribution limit.
- The owner of the Section 529 Plan account must be a “Member of the Family” of the Account Owner of the receiving Account.\*\*
- In the case of an Indirect Incoming Rollover, the funds must be contributed into the Account within 60 days of being withdrawn.
- The distribution from the Section 529 Plan account must occur before January 1, 2026.
- It is important to note that Section 529 to ABLERollovers are treated by the plan as contributions for the purpose of calculating the annual Standard Contribution limit. Therefore, the maximum Section 529 to ABLERollover amount is (\$17,000 in 2023) LESS the Standard Contributions made to the ABLERaccount for the current tax year (excluding ABLERto Work Contributions).

*\* The ability to make an Incoming Rollover from a Section 529 Plan account to an ABLERaccount without adverse federal tax or means-tested benefits consequences will expire for distributions after December 31, 2025, unless federal legislation providing otherwise extends that date. Please consult with your qualified tax advisor for more information.*

*\*\* For this purpose, a “Member of the Family” includes any person related to the Account Owner as follows: (1) a child or a descendant of a child; (2) a brother, sister, stepbrother or stepsister; (3) the father or mother, or an ancestor of either; (4) a stepfather or stepmother; (5) a son or daughter of a brother or sister; (6) a brother or sister of the father or mother; (7) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; (8) the spouse of any of the foregoing individuals or the spouse of the Beneficiary; or (9) a first cousin of the Beneficiary. A “child” includes a legally adopted child and a stepson or stepdaughter, and a foster child; a brother or sister includes a half-brother or half-sister.*

If an attempted Incoming Rollover fails to satisfy the applicable conditions set forth above, the owner of the account from which the funds are moved (which may be the Account Owner depending on the circumstances) may be subject to adverse federal and possibly state and/or local income tax consequences. The earnings portion of the distribution may be subject to federal and possibly state and/or local income tax, possibly including the Additional Federal Tax.

See [Federal Tax Treatment – Withdrawals](#) on page 100.

The distribution may also be subject to state taxes. For California residents, the earnings portion of the distribution will be subject to California income tax and may be subject to the Additional California Tax.

See [California Tax Treatment](#) on page 103. In addition, there may be government benefit consequences. See [Government Benefits Considerations](#) on page 89.

To receive an Incoming Rollover contribution, you must have or open an Account and complete an “Incoming Rollover/Transfer Form,” which can be downloaded at [CalABLE.ca.gov](http://CalABLE.ca.gov). Additionally, if the Incoming Rollover is from another state’s qualified ABLE program or Section 529 Plan, CalABLE must receive an accurate statement from such program describing the portions of the Incoming Rollover that constitute principal and earnings. CalABLE will maintain that allocation with respect to your Account. Until such documentation is received, or as otherwise required by applicable law or provided by the IRS, the entire amount of the Incoming Rollover will be treated as earnings, which may be subject to federal and possibly state and/or local income tax, possibly including the Additional Federal Tax if you take a Non-Qualified Withdrawal.

## Crediting Contributions

Contributions to your Account purchase Units of the Investment Option(s) that you select for investment. CalABLE will process contributions and other Account transaction requests (e.g., withdrawals and transfers) at the Unit Value(s) of the applicable Investment Option(s) next determined after the transaction request is received by CalABLE in Good Order. More specifically, CalABLE will process a transaction request received in Good Order prior to the close of a Business Day at the Unit Value(s) of the applicable Investment Option(s) next determined on that Business Day, and CalABLE will process a transaction request received in Good Order after the close of a Business Day, or on a non-Business Day, at the Unit Value(s) of the applicable Investment Option(s) next determined on the first Business Day after the transaction request was received in Good Order.

See [Choosing Your Investment Options — Unit Values of the Investment Options](#) on page 54.

“Good Order” means that you have provided all the necessary information to enroll in CalABLE and/or provided all the necessary information to instruct CalABLE on the transaction request. With respect to contributions, Good Order also means that CalABLE has received the money to be invested for the Account.

ACH (one-time or recurring), payroll deposits, and Direct Incoming Rollovers are deemed to be received by CalABLE when the funds are deposited into the Trust’s bank account. A contribution by check will be deemed to be received by CalABLE when it is received at the physical location of CalABLE’s processing facility (not at any Post Office Box). The time at which Indirect Incoming Rollovers are deemed to be received by CalABLE depends on how the funds are contributed to an Account, as set forth above.

*Please note that even if CalABLE receives the funds related to a contribution, the contribution may not necessarily be in Good Order. For example, your contribution will not be in Good Order if your allocation instructions cannot be carried out for any reason.*

## Year-End Contribution Deadlines

- Current year check contributions must be received in Good Order by the last business day of the year at 4 PM ET and online contributions by the second to the last business day of the year at 4 PM ET of each year.
- Recurring ACH contributions will be applied to the tax year in which the contribution is scheduled.

**Example:** *You have a recurring contribution of \$200.00 scheduled for the first of every month. Your scheduled contribution for January 1 of tax year 2023 will count and be reported as a 2023 contribution, even though the ACH begins processing (i.e., is debited from your selected bank account) prior to January 1.*

**Please note:** *Regardless of the tax year to which your contribution applies, (i) the Unit Value of the Units purchased with your contribution will be determined based on the date that the contribution is received, as described under “Crediting Contributions” above, and (ii) acceptance of any contribution is subject to the annual Standard Contribution limit, the ABLE to Work Contribution Limit, and the Maximum Account Balance.*

## Quarterly Statements

You will receive quarterly statements indicating:

- Contributions to each Investment Option, if any, made to your Account during the period and aggregate contributions, if any, year-to-date;
- Withdrawals from each Investment Option made during the period; and
- The total value of your Account at the end of the period.

You should review your statements carefully and contact CalABLE within 90 days if you believe there is an error. After 90 days, your statement is considered correct.

# Choosing your Investment Options

## Investment Options Summary

CalABLE offers eight different Investment Options in which you can invest. Choosing your Account investments takes planning. You need to consider your savings goals, understand your investment objectives, and risk tolerance, and select Investment Options suitable to your investment needs. This section helps you to understand the types of Investment Options offered under CalABLE and the risks involved in investing in such Investment Options.

*You should periodically assess, and if appropriate, adjust your investment choices based on your time horizon, risk tolerance, and investment objectives.*

*You should also consult with your own tax or financial advisor to discuss your particular situation.*

The performance of the Investment Options is based on the performance of their respective underlying investments. Information about the investment objective, strategies, and risks of each mutual fund in which an Investment Option invests is available in the mutual fund's current prospectus and statement of additional information. The full prospectus for each of the mutual funds can be found by visiting the applicable fund's website.

*Please keep in mind that you will not own shares of any of the underlying mutual funds, nor will you own any interests in any underlying funding agreement or custodial account. Instead, you will own Units in the Program.*

## Investing Your Contributions

As part of the enrollment process, you must specify how your initial contribution is to be invested in the Investment Options. You could choose to invest your contribution in a single Investment Option or multiple Investment Options.

Your allocation instructions will apply to each additional contribution until you direct otherwise. If you provide new allocation instructions, you can direct that the new allocation instructions apply only to the additional contribution you are making at that time (if any) or to future contributions.

*Please note that changing your allocation instructions will not affect the allocation of the funds already in your Account.*

## Unit Values of the Investment Options

With the exception of funds in the FDIC-Insured Portfolio, which have a \$1.00 NAV), the funds in your Account must be invested in at least one Investment Option. Your investment in a given Investment Option is represented by a certain number of Units, and the value of your investment in that Investment Option equals the number of Units that you own multiplied by their Unit Value.

**For example**, if you own 100 Units in an Investment Option, and the Investment Option has a Unit Value of \$10, the value of your investment in that Investment Option is \$1,000.

At the close of each Business Day, the Program Manager calculates a Unit Value for each Investment Option. The Unit Value of an Investment Option's Units is calculated by dividing the value of the Investment Option's assets, plus any receivables and less any liabilities, by the number of outstanding Units.

## Transfers Between Investment Options

You may transfer funds in your Account between Investment Options only twice per calendar year.

You may change the Investment Option(s) to which future payroll or Social Security Administration (SSA) contributions will be allocated at any time.

Any transfer request received after the end of a Business Day or on a non-Business Day will be processed as of the next Business Day. When processing a transfer request, the Units exchanged in your Account will be redeemed and purchased, as applicable, at the Unit Values next calculated after the transfer request is received by CalABLE.

# The Investment Options

CalABLE offers eight Investment Options: seven Target Risk Investment Options and one FDIC-insured Investment Option:

## The Target Risk Investment Options

Each Target Risk Investment Option has its own investment objective and strategy based on a targeted risk level. Each Target Risk Investment Option invests in multiple underlying mutual funds.

### Income Portfolio

The Income Portfolio seeks to help investors preserve the value of their savings, while also providing income, by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 80% bonds and 20% money market securities. This portfolio is designed for investors with a very low tolerance for short-term market fluctuations who want low risk to principal and have a high desire for current income with limited capital appreciation.

### Conservative Portfolio

The Conservative Portfolio seeks to provide current income and some growth by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 20% stocks and 80% bonds. Overall, this portfolio offers a somewhat reduced level of risk and a more limited appreciation potential and is designed for investors with a shorter investment period. This portfolio is designed for investors with a low tolerance for short-term market fluctuations who want low risk to principal and have a high desire for current income with limited capital appreciation.

### Income and Growth Portfolio

The Income and Growth Portfolio seeks to provide current income and some growth by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 40% stocks and 60% bonds. Overall, this portfolio offers a moderately reduced level of risk and a relatively limited appreciation potential and is designed for investors with a shorter investment period.

### Balanced Portfolio

The Balanced Portfolio seeks to provide a balanced mix of steady return and growth but comes with additional risk and invests in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 50% stocks and 50% bonds. The portfolio is designed for investors with a modest tolerance for short-term market fluctuations and a desire for income and moderate capital appreciation.



## **Conservative Growth Portfolio**

The Conservative Growth Portfolio seeks to provide a combination of growth and current income by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 60% stocks and 40% bonds. Overall, this portfolio offers a medium level of risk in the pursuit of investment return and is designed for investors with a medium or uncertain time horizon.

## **Moderate Growth Portfolio**

The Moderate Growth Portfolio seeks to provide the potential for asset growth by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 80% stocks and 20% bonds. Overall, this portfolio offers a high level of risk with the potential for higher return and is designed for investors with a longer time horizon (10 years or more).

## **Growth Portfolio**

The Growth Portfolio seeks to aggressively pursue growth opportunities by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 100% stocks. This portfolio is designed for investors with a longer time horizon (10 years or more) and provides the highest level of risk out of the investment options in the pursuit of potentially higher investment returns.

# **The FDIC-Insured Investment Option**

## **FDIC-Insured Portfolio**

The FDIC-Insured Portfolio has a low level of risk and seeks to preserve capital and provide a stable return by investing 100% of its assets in an FDIC-insured custodial account.

# Target Risk Investment Options: Underlying Mutual Funds

## Allocation of Underlying Mutual Funds by Target Risk Investment Option

Each Target Risk Investment Option pursues its investment objective by investing in certain underlying mutual funds. The table below reflects the target allocations of underlying mutual funds for each of the Target Risk Investment Options, as well as the FDIC-Insured Investment Option, under the Plan’s investment policy.

		Percent Allocation of Investment Option						
Fund Name	Ticker	Income Portfolio	Conservative Portfolio	Income and Growth Portfolio	Balanced Portfolio	Conservative Growth Portfolio	Moderate Growth Portfolio	Growth Portfolio
Fidelity® Total Market Index Fund	FSKAX	0%	7%	13%	17%	20%	26%	33%
Schwab Total Stock Market Index Fund®	SWTSX	0%	6%	13%	16%	19%	26%	32%
Fidelity® International Index Fund	FSPSX	0%	5%	10%	12%	15%	20%	25%
Fidelity® Emerging Markets Index Fund	FPADX	0%	2%	4%	5%	6%	8%	10%
Fidelity® U.S. Bond Index Fund	FXNAX	30%	30%	25%	22%	17%	9%	0%
Schwab U.S. Aggregate Bond Index Fund	SWAGX	30%	30%	25%	20%	17%	8%	0%
Fidelity® Long-Term Treasury Bond Index Fund	FNBGX	5%	5%	4%	4%	4%	3%	0%
Schwab Treasury Inflation Protected Securities Index Fund	SWRSX	3%	3%	2%	2%	2%	0%	0%
Vanguard Emerging Markets Bond Fund Admiral Shares	VEGBX	6%	6%	2%	1%	0%	0%	0%
Vanguard High-Yield Corporate Fund Admiral Shares	VWEAX	6%	6%	2%	1%	0%	0%	0%
Vanguard Cash Reserves Federal Money Market Fund Admiral Shares	VMRXX	20%	0%	0%	0%	0%	0%	0%

## Underlying Mutual Funds Contact Information

### Fidelity Funds

**Website:** <https://fundresearch.fidelity.com>

**Phone:** [800-343-3548](tel:800-343-3548)

### Schwab Funds

**Website:** <https://www.schwabassetmanagement.com>

**Phone:** [800-435-4000](tel:800-435-4000)

### Vanguard Funds

**Website:** <https://investor.vanguard.com/mutual-funds/>

**Phone:** [877-662-7447](tel:877-662-7447)

## Description of Underlying Mutual Funds

The following provides a description of the underlying mutual funds in which the Target Risk Investment Options may invest, including each fund's investment objective, principal investment strategies, and principal investment risks.

*Additional information regarding each underlying mutual fund is available in the fund's prospectus and statement of additional information. A copy of the prospectus and statement of additional information for each underlying mutual fund can be obtained by calling the fund company or visiting the fund company's website. Information included herein regarding the underlying mutual funds has been obtained from the fund company and is subject to change. For the most currently available information, please refer to the fund's prospectus and statement of additional information.*

### Fidelity® Emerging Markets Index Fund (FPADX)

#### Investment Objective

This fund seeks to provide investment results that correspond to the total return of emerging stock markets.

#### Principal Investment Strategies

This fund normally invests at least 80% of assets in securities included in the MSCI Emerging Markets Index and in depository receipts representing securities included in the index. The fund uses statistical sampling techniques based on such factors as capitalization, industry exposures, dividend yield, price/earnings (P/E) ratio, price/book (P/B) ratio, earnings growth, country weightings, and the effect of foreign taxes to attempt to replicate the returns of the MSCI Emerging Markets Index. The fund also lends securities to earn income for the fund.

#### Principal Investment Risks

This fund is subject to the following risks: Stock Market Volatility Risk; Foreign and Emerging Markets Risk; Issuer-Specific Changes Risk; Correlation to Index Risk; and Passive Management Risk.

## **Fidelity® International Index Fund (FSPSX)**

### **Investment Objective**

This fund seeks to provide investment results that correspond to the total return of foreign stock markets.

### **Principal Investment Strategies**

This fund normally invests at least 80% of assets in common stocks included in the MSCI EAFE Index, which represents the performance of foreign stock markets. The fund uses statistical sampling techniques based on such factors as capitalization, industry exposures, dividend yield, price/earnings (P/E) ratio, price/book (P/B) ratio, earnings growth, and country weightings to attempt to replicate the returns of the MSCI EAFE Index. The fund also lends securities to earn income for the fund.

### **Principal Investment Risks**

This fund is subject to the following risks: Stock Market Volatility Risk; Foreign Exposure Risk; Issuer-Specific Changes Risk; Correlation to Index Risk; and Passive Management Risk.

## **Fidelity® Long-Term Treasury Bond Index Fund (FNBGX)**

### **Investment Objective**

This fund seeks a high level of current income.

### **Principal Investment Strategies**

This fund normally invests at least 80% of assets in securities included in the Bloomberg U.S. Long Treasury Bond Index, a market value-weighted index of investment-grade fixed-rate public obligations of the U.S. Treasury with maturities of 10 years or more. The fund normally maintains a dollar-weighted average maturity that generally is expected to be 10 years or more, consistent with that of the index. The fund uses statistical sampling techniques based on duration, maturity, interest rate sensitivity, security structure, and credit quality to attempt to replicate the returns of the Bloomberg U.S. Long Treasury Bond Index using a smaller number of securities.

### **Principal Investment Risks**

This fund is subject to the following risks: Interest Rate Changes Risk; Prepayment Risk; Issuer-Specific Changes Risk; Correlation to Index Risk; and Passive Management Risk.

## Fidelity Total Market Index Fund (FSKAX)

### Investment Objective

The Fidelity Total Market Index Fund seeks to provide investment results that correspond to the total return of a broad range of U. S. stocks.

### Principal Investment Strategies

This fund normally invests at least 80% of assets in common stocks included in the Dow Jones U.S. Total Stock Market Index, which represents the performance of a broad range of U.S. stocks. The fund uses statistical sampling techniques based on such factors as capitalization, industry exposures, dividend yield, price/earnings (P/E) ratio, price/book (P/B) ratio, and earnings growth to attempt to replicate the returns of the Dow Jones U.S. Total Stock Market Index using a smaller number of securities. The fund also lends securities to earn income for the fund.

### Principal Investment Risks

This fund is subject to the following risks: Stock Market Volatility Risk; Issuer-Specific Changes Risk; Correlation to Index Risk; and Passive Management Risk.

## Fidelity® U.S. Bond Index Fund (FXNAX)

### Investment Objective

This fund seeks to provide investment results that correspond to the aggregate price and interest performance of the debt securities in the Bloomberg Barclays U.S. Aggregate Bond Index.

### Principal Investment Strategies

This fund normally invests at least 80% of the fund's assets in bonds included in the Bloomberg Barclays U.S. Aggregate Bond Index. The fund uses statistical sampling techniques based on duration, maturity, interest rate sensitivity, security structure, and credit quality to attempt to replicate the returns of the Bloomberg Barclays U.S. Aggregate Bond Index using a smaller number of securities. The fund engages in transactions that have a leveraging effect on the fund, including investments in derivatives—such as swaps (interest rate, total return, and credit default), options, and futures contracts—and forward-settling securities, to adjust the fund's risk exposure. The fund invests in Fidelity's central funds (specialized investment vehicles used by Fidelity funds to invest in particular security types or investment disciplines).

### Principal Investment Risks

This fund is subject to the following risks: Interest Rate Changes Risk; Foreign Exposure Risk; Prepayment Risk; Issuer-Specific Changes Risk; Correlation to Index Risk; Passive Management Risk; and Leverage Risk.

## Schwab Total Stock Market Index Fund (SWTSX)

### Investment Objective

This fund's goal is to track the total return of the entire U.S. stock market, as measured by the Dow Jones U.S. Total Stock Market Index.

### Principal Investment Strategies

To pursue its goal, this fund generally invests in stocks that are included in the Dow Jones U.S. Total Stock Market Index. It is the Fund's policy that under normal circumstances it will invest at least 80% of its net assets (including, for this purpose, any borrowings for investment purposes) in these stocks; typically, the actual percentage is considerably higher. The fund will notify its shareholders at least 60 days before changing this policy.

The fund generally gives the same weight to a given stock as the index does. However, when the investment adviser believes it is in the best interest of the fund, such as to avoid purchasing odd-lots (i.e., purchasing less than the usual number of shares traded for a security), for tax considerations, or to address liquidity considerations with respect to a stock, the investment adviser may cause the fund's weighting of a stock to be more or less than the index's weighting of the stock. The fund may sell securities that are represented in the index in anticipation of their removal from the index or buy securities that are not yet represented in the index in anticipation of their addition to the index.

The Dow Jones U.S. Total Stock Market Index includes all publicly traded stocks of companies headquartered in the United States for which pricing information is readily available. The index is a float-adjusted market capitalization weighted index that reflects the shares of securities actually available to investors in the marketplace. Because it may not be possible or practical to purchase all of the stocks included in the index, the investment adviser seeks to track the total return of the index by using sampling techniques. These techniques involve investing in a limited number of index securities which, when taken together, are expected to perform similarly to the index as a whole. These techniques are based on a variety of factors, including capitalization, performance attributes, dividend yield, price/earnings ratio, risk factors, industry factors and other characteristics.

The fund generally expects that its portfolio will include the largest 2,000 to 2,800 U.S. stocks (measured by the float-adjusted market capitalization), and that its industry weightings, dividend yield and price/earnings ratio will be similar to those of the index.

### Principal Investment Risks

This fund is subject to the following risks: Market Risk; Equity Risk; Investment Style Risk; Tracking Error Risk; Sampling Index Tracking Risk; Concentration Risk; Market Capitalization Risk; Large-Cap Company Risk; Mid-Cap Company Risk; Small-Cap Company Risk; Derivatives Risk; Liquidity Risk; and Securities Lending Risk.

## Schwab Treasury Inflation Protected Securities Index Fund (SWRSX)

### Investment Objective

This fund's goal is to track as closely as possible, before fees and expenses, the price and yield performance of the Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L). The fund's investment objective is not fundamental and therefore may be changed by the fund's board of trustees without shareholder approval.

### Principal Investment Strategies

To pursue its goal, the fund generally invests in securities that are included in the index. The index includes all publicly-issued TIPS that have at least one year remaining to maturity, are rated investment grade and have \$250 million or more of outstanding face value. The TIPS in the index must be denominated in U.S. dollars and must be fixed-rate and non-convertible. It is the fund's policy that, under normal circumstances, it will invest at least 90% of its net assets (net assets plus borrowings for investment purposes) in securities included in the index.

### Principal Investment Risks

This fund is subject to the following risks: Market Risk; Investment Style Risk; Inflation Protected Security Risk; Interest Rate Risk; Credit Risk; Liquidity Risk; Prepayment and Extension Risk; Sampling Index Tracking Risk; Tracking Error Risk; and Money Market Fund Risk.

## Schwab U.S. Aggregate Bond Index Fund (SWAGX)

### Investment Objective

This fund's goal is to track as closely as possible, before fees and expenses, the total return of an index that measures the performance of the broad U.S. investment-grade bond market.

### Principal Investment Strategies

To pursue its goal, this fund generally invests in securities that are included in the Bloomberg US Aggregate Bond Index. The index is a broad-based benchmark measuring the performance of the U.S. investment grade, taxable bond market, including U.S. Treasuries, government-related and corporate bonds, mortgage pass-through securities, commercial mortgage-backed securities, and asset-backed securities that are publicly available for sale in the United States.

To be eligible for inclusion in the index, a security must be fixed rate, non-convertible, U.S. dollar-denominated with at least \$300 million or more of outstanding face value and have one or more years remaining to maturity. The index excludes certain types of securities, including, bonds with equity type features (e.g., warrants, convertibles and preferreds), tax-exempt municipal securities, inflation-linked bonds, floating-rate issues, strips, private placements, U.S. dollar-denominated 25 and 50 par retail bonds, structured notes and pass-through certificates.

The index is market capitalization weighted and the securities in the index are updated on the last business day of each month. It is the fund's policy that under normal circumstances it will invest at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in securities included in the index, including TBA transactions, as defined below. The fund will notify its shareholders at least 60 days before changing this policy.

Under normal circumstances, the fund may invest up to 10% of its net assets in securities not included in its index. The principal types of these investments include those that the investment adviser believes will help the fund track the index, such as investments in (a) securities that are not represented in the index but the investment adviser anticipates will be added to the index; (b) high-quality liquid investments, such as securities issued by the U.S. government, its agencies or instrumentalities, including obligations that are not guaranteed by the U.S. Treasury, and obligations that are issued by private issuers; (c) other investment companies; and (d) derivatives, principally futures contracts. The fund may use futures contracts and other derivatives primarily to help manage interest rate exposure. The fund may also invest in cash and cash equivalents, including money market funds, and lend its securities to minimize the difference in performance that naturally exists between an index fund and its corresponding index.

Because it is not possible or practical to purchase all of the securities in the index, the fund's investment adviser will seek to track the total return of the index by using sampling techniques. Sampling techniques involve investing in a limited number of index securities that, when taken together, are expected to perform similarly to the index as a whole. These techniques are based on a variety of factors, including interest rate and yield curve risk, maturity exposures, industry, sector and issuer weights, credit quality, and other risk factors and characteristics.

The fund expects that its portfolio will hold less than the total number of securities in the index, but reserves the right to hold as many securities as it believes necessary to achieve the fund's investment objective. The fund may sell securities that are represented in the index in anticipation of their removal from the index. The fund generally expects that its duration will closely correspond to the duration of the index.

A percentage of the bonds represented in the index typically include U.S. fixed-rate agency mortgage pass-through securities. U.S. fixed-rate agency mortgage pass-through securities are securities issued by entities such as the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac) that are backed by pools of mortgages. Many transactions in fixed-rate mortgage pass-through securities occur through standardized contracts for future delivery in which the exact mortgage pools to be delivered are not specified until a few days prior to settlement, and are often referred to as "to-be-announced transactions" or "TBA transactions."

In a TBA transaction, the buyer and seller agree upon general trade parameters such as agency, settlement date, par amount and price. The actual pools delivered generally are determined two days prior to settlement date; however, it is not anticipated that the fund will receive the pools, but will instead participate in rolling



TBA transactions. The fund anticipates that it may enter into such contracts on a regular basis. This may result in a significantly higher portfolio turnover for the fund than a typical index fund.

The fund, pending settlement of such contracts, will invest its assets in high-quality liquid short-term instruments, including Treasury securities and shares of money market mutual funds. The fund will assume its pro rata share of the fees and expenses of any money market fund that it may invest in, in addition to the fund's own fees and expenses.

The fund will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry, group of industries or sector to approximately the same extent that its index is so concentrated. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities), and repurchase agreements collateralized by U.S. government securities are not considered to be issued by members of any industry. The investment adviser seeks to achieve, over time, a correlation between the fund's performance and that of its index, before fees and expenses, of 95% or better. However, there can be no guarantee that the fund will achieve a high degree of correlation with the index.

A number of factors may affect the fund's ability to achieve a high correlation with its index, including the degree to which the fund uses a sampling technique (or otherwise gives a different weighting to a security than the index does). The correlation between the performance of the fund and its index may also diverge due to transaction costs, asset valuations, timing variances, and differences between the fund's portfolio and the index resulting from legal restrictions (such as diversification requirements) that apply to the fund but not to the index.

### **Principal Investment Risks**

This fund is subject to the following risks: Market Risk; Investment Style Risk; Interest Rate Risk; Credit Risk; Sampling Index Tracking Risk; Tracking Error Risk; Portfolio Turnover Risk; Prepayment and Extension Risk; Non-U.S. Issuer Risk; Derivatives Risk; Mortgage-Backed and Mortgage Pass-Through Securities Risk; Liquidity Risk; Concentration Risk; Mortgage Dollar Rolls Risk; Leverage Risk; Securities Lending Risk; and Money Market Fund Risk.

## Vanguard Cash Reserves Federal Money Market Fund (VMRXX)

### Investment Objective

This fund seeks to provide current income while maintaining liquidity and a stable share price of \$1.00.

### Principal Investment Strategies

This fund invests primarily in high-quality, short-term money market instruments. Under normal circumstances, at least 80% of the fund's assets are invested in securities issued by the U.S. government and its agencies and instrumentalities, including repurchase agreements that are collateralized solely by U.S. government securities or cash. Although these securities are high-quality, some of the securities held by the fund are neither guaranteed by the U.S. Treasury or supported by the full faith and credit of the U.S. government. To be considered high quality, a security must be determined by Vanguard to present minimal credit risk based in part on a consideration of maturity, portfolio diversification, portfolio liquidity, and credit quality.

The fund invests more than 25% of its assets in securities issued by companies in the financial services industry, which includes, without limitation, securities issued by certain government-sponsored enterprises. The fund maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. Government money market funds are required to invest at least 99.5% of their total assets in cash, U.S. government securities, and/or repurchase agreements that are collateralized solely by U.S. government securities or cash (collectively, government securities). The fund generally invests 100% of its assets in U.S. government securities and therefore will satisfy the 99.5% requirement for designation as a government money market fund.

### Principal Investment Risks

This fund is subject to the following risks: Income Risk; Manager Risk; Credit Risk; and Industry Concentration Risk.

## Vanguard Emerging Markets Bond Fund Admiral Shares (VEGBX)

### Investment objective

This fund seeks to provide total return while generating a moderate level of current income.

### Principal Investment Strategies

The fund invests in fixed income securities of various maturities, yields, and qualities. Under normal circumstances, the fund will invest at least 80% of its assets in fixed income securities of issuers that are tied economically to emerging market countries.

The fund seeks to have a majority of its assets denominated in or hedged back to the U.S. dollar but has the ability to invest in bonds denominated in a local currency on an unhedged basis. Emerging market bonds include sovereign debt securities, which include fixed income securities that are issued or guaranteed by foreign governments or their agencies, authorities, political subdivisions or instrumentalities, or other supranational agencies, as well as debt securities issued or guaranteed by foreign corporations and foreign financial institutions. Emerging market countries include countries whose economies or bond markets are less developed, which includes most countries except for Australia, Canada, Japan, New Zealand, the United States, the United Kingdom, and most European Monetary Union countries.

The fund may invest in emerging market bonds of any maturity or quality. The fund may invest in bonds that have lower-range quality ratings (including those in default), which are those rated the equivalent of Ba1 or lower by Moody's Investors Service, Inc., or another independent rating agency, or if unrated, are determined to be of comparable quality by the fund's adviser. These are commonly referred to as "junk bonds."

The fund is considered nondiversified and may invest a greater portion of its assets in fewer issuers. The fund may invest a large percentage of its assets in issuers of a single country, a small number of countries, or a geographic region.

Although the fund may use derivatives for any investment purpose, it expects to use derivatives predominantly to adjust interest rate or currency exposure; to adjust exposure to a particular market, segment of the market, or security; or as a substitute to direct investment.

### Principal Investment Risks

An investment in the fund could lose money over short or long periods of time. You should expect the fund's share price and total return to fluctuate within a wide range. The fund is subject to the following risks, which could affect the fund's performance, and the level of risk may vary based on market conditions: Country/Regional Risk; Emerging Markets Risk; Currency Risk; Nondiversification Risk; Credit Risk; Liquidity Risk; Derivatives Risk; Interest Rate Risk; Income Risk; Call Risk; and Manager Risk.

## Vanguard High Yield Corporate Fund (VWEAX)

### Investment Objective

This fund seeks to provide a high level of income.

### Principal Investment Strategies

This fund invests primarily in a diversified group of high-yielding, higher-risk corporate bonds—commonly known as “junk bonds”—with medium- and lower-range credit quality ratings. The fund invests at least 80% of its assets in corporate bonds that are rated below Baa by Moody’s Investors Service, Inc. (Moody’s); have an equivalent rating by any other independent bond rating agency; or, if unrated, are determined to be of comparable quality by the fund’s adviser.

The fund may not invest more than 20% of its assets in any of the following, in the aggregate: bonds with credit ratings lower than B or the equivalent, convertible securities, preferred stocks, and fixed and floating rate loans of medium- to lower-range credit quality. The loans in which the fund may invest will be rated Baa or below by Moody’s; have an equivalent rating by any other independent bond rating agency; or, if unrated, are determined to be of comparable quality by the fund’s adviser. The fund’s high-yield bonds and loans mostly have short- and intermediate-term maturities.

### Principal Investment Risks

This fund is subject to the following risks: Credit Risk; Income Risk; Call Risk; Interest Rate Risk; Liquidity Risk; Extension Risk; and Manager Risk.

## Description of the FDIC-Insured Option

### FDIC-Insured Portfolio

Account assets in the FDIC-Insured Portfolio are 100% invested in an interest -bearing custodial account at the Bank of New York Mellon.

*Please note that if you select the FDIC-Insured Portfolio for investment, you will not be a customer of the Bank of New York Mellon and no deposit account will be opened in your name at The Bank of New York Mellon. Instead, the assets of all Beneficiaries with Account assets allocated to the FDIC-Insured Portfolio will be pooled together in one custodial account at the Bank of New York Mellon.*

### Investment Objective

This Investment Option has a low level of risk and seeks to preserve capital and provide a stable return by investing 100% of its assets in an FDIC-insured custodial account.

## FDIC Insurance

The FDIC-Insured Portfolio includes FDIC insurance protection for amounts invested in the Investment Option up to FDIC-permitted limits. Contributions and earnings allocated to the FDIC-Insured Portfolio are insured by the FDIC on a pass-through basis to each Beneficiary. FDIC insurance generally insures up to \$250,000 of any amounts you have in the FDIC-Insured Portfolio taken together with other deposits you may hold in the same ownership right and capacity at BNY Mellon.

*For more information on FDIC insurance, visit [www.fdic.gov](http://www.fdic.gov). Any of your funds in the FDIC-Insured Portfolio that are not covered by FDIC insurance are not otherwise insured or guaranteed under CalABLE.*

## Interest Rates

Interest on the FDIC-Insured Portfolio will be credited by the Bank on the last business day of each month based on the average daily balance on deposit in the FDIC-Insured Portfolio during such month. The interest rate on the FDIC-Insured Portfolio will be the Federal Reserve's Interest On Bank Reserves (IOBR), less 44 basis points times 0.5 ((IBOR Rate - 44bps)/2). The FOMC normally meets eight times a year, and may also hold additional meetings and implement target rate range changes outside of its normal schedule. The State Administration Fee is subject to reduction if its application would cause a negative return on the FDIC-Insured Portfolio. Units in the FDIC-Insured Portfolio will have a daily net asset value that includes interest accruals on the Bank Account and is net of the applicable State Administrative Fee. If the interest rate on the FDIC-Insured Portfolio for any period is less than or equal to the State Administrative Fee for such period, the net interest accrual on Units in the FDIC-Insured Portfolio for such period will be zero. If the interest rate on the FDIC-Insured Portfolio for any period is less than the State Administrative Fee for such period, the Board will waive the portion of the State Administrative Fee that exceeds such interest rate so that the State Administrative Fee shall not cause a negative return on amounts contributed to the FDIC-Insured Portfolio.

## Notice Regarding Withdrawals

All withdrawals will be processed by the Program Manager on behalf of the Trust. Beneficiaries will not be able to withdraw FDIC-Insured Portfolio funds directly from the Bank.

**Investment Risks** With respect to any amount allocated to the FDIC-Insured Portfolio that is not insured by the FDIC, the Bank will be the sole party responsible for the repayment of the principal amount of such contributions and earnings thereon, even if the Bank goes into receivership or otherwise experiences insolvency. In the event the Bank exercises its right to close the Bank Account, the Plan may be required to transfer amounts invested in the FDIC-Insured Portfolio to another investment that may not be eligible for FDIC deposit insurance. Accordingly, there is no assurance that any FDIC deposit insurance applicable to your investments in the FDIC-Insured Portfolio will remain in effect for the duration of your participation in the Plan. The money you contribute to the FDIC-Insured Portfolio, taken together with other deposits you have at the Bank, is insured up to FDIC limits and will not be subject to investment risk or loss to principal

except as set forth herein. If the Bank is unable to pay all or part of any such amounts, then the FDIC may be obligated to pay the balance of that amount up to the limit previously described. There is a risk that the FDIC-Insured Portfolio's interest rate, in the future, could decrease. There is no minimum guaranteed interest rate (floor) for the FDIC-Insured Portfolio. The fees charged by the Plan, taking into account the Account Maintenance Fee, may exceed the interest paid by the Bank.

## Changes to Investment Options

The Board may terminate, add, or merge Investment Options, change the assets or accounts in which an Investment Option invests, or change allocations among those investments. If the Board terminates an Investment Option, CalABLE may move all funds held in that Investment Option to another Investment Option selected by the Board. There can be no assurance that any Investment Option to which funds are automatically moved to will be similar to the terminated Investment Option or suitable for the Beneficiary. Account Owners would be permitted to withdraw funds allocated to an Investment Option prior to or after a termination, but unless such withdrawals were used to pay for Qualified Disability Expenses of the Beneficiary, the earnings on the funds would be subject to taxation as a Non-Qualified Withdrawal. Accounts would be permitted to transfer funds allocated to an Investment Option prior to or after a termination, but such transfers are subject to the limitations described under [Transfers Between Investment Options](#) on page 54. In addition, if the FDIC-Insured Portfolio is terminated, there is no assurance that the FDIC-Insured Portfolio will be replaced with a similar, FDIC-insured Investment Option.

# Description of Principal Investment Risks

Set forth below are descriptions of the principal investment risks associated with the underlying mutual funds held in one or more of the Target Risk Investment Options.

*Please note that investment in any of the Target Risk Investment Options involves some degree of risk, including the loss of principal.*

## Descriptions of Principal Risks of the Fidelity Underlying Funds

### Correlation to Index Risk

The performance of the Fund and its index may vary somewhat due to factors such as fees and expenses of the Fund, transaction costs, sample selection, regulatory restrictions, and timing differences associated with additions to and deletions from its index.

### Foreign and Emerging Markets Risk

Foreign markets, particularly emerging markets, can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. Foreign exchange rates also can be extremely volatile.

### Foreign Exposure Risk

Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market. Foreign exchange rates also can be extremely volatile.

### Interest Rate Changes Risk

Interest rate increases can cause the price of a debt security to decrease.

## Issuer-Specific Changes Risk

The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. Changes in the financial condition of an issuer or counterparty (e.g., broker-dealer or other borrower in a securities lending transaction) can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value or result in delays in recovering securities and/or capital from a counterparty.

## Leverage Risk

Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly.

## Passive Management Risk

The Fund is managed with a passive investment strategy, attempting to track the performance of an unmanaged index of securities, regardless of the current or projected performance of the Fund's index or of the actual securities included in the index. This differs from an actively managed fund, which typically seeks to outperform a benchmark index. As a result, the Fund's performance could be lower than actively managed funds that may shift their portfolio assets to take advantage of market opportunities or lessen the impact of a market decline or a decline in the value of one or more issuers.

## Prepayment Risk

The ability of an issuer of a debt security to repay principal prior to a security's maturity can cause greater price volatility if interest rates change.

## Stock Market Volatility Risk

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market, including different market sectors, and different types of securities can react differently to these developments.



# Description of Principal Risks of the Underlying Schwab Funds

**Concentration Risk:** To the extent that the fund's or the index's portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector or asset class, the fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more vulnerable to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

## Credit Risk

The Fund is subject to the risk that a decline in the credit quality of a portfolio investment could cause the Fund to lose money or underperform. The Fund could lose money if the issuer or guarantor of a portfolio investment fails to make timely principal or interest payments or otherwise honor its obligations.

## Derivatives Risk

The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. The Fund's use of derivatives could reduce the Fund's performance, increase the Fund's volatility, and could cause the Fund to lose more than the initial amount invested. In addition, investments in derivatives may involve leverage, which means a small percentage of assets invested in derivatives can have a disproportionately large impact on the Fund.

## Equity Risk

The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. In addition, equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time.

## Inflation Protected Security Risk

The value of inflation-protected securities, including TIPS, generally will fluctuate in response to changes in "real" interest rates, generally decreasing when real interest rates rise and increasing when real interest rates fall. Real interest rates represent nominal (or stated) interest rates reduced by the expected impact of inflation. In addition, interest payments on inflation-indexed securities will generally vary up or down along with the rate of inflation.

## Interest Rate Risk

The Fund's investments in fixed-income securities are subject to the risk that interest rates rise and fall over time. As with any investment whose yield reflects current interest rates, the Fund's yield will change over time. During periods when interest rates are low, the Fund's yield (and total return) also may be low. Changes in interest rates also may affect the Fund's share price: a rise in interest rates could cause the Fund's share price to fall. The longer the Fund's portfolio duration, the more sensitive to interest rate movements its share price is likely to be. A change in a central bank's monetary policy or improving economic conditions, among other things, may result in an increase in interest rates.

## Investment Style Risk

The Fund is not actively managed. Therefore, the Fund follows the securities included in the index during upturns as well as downturns. Because of its indexing strategy, the Fund does not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of the Fund's expenses, the Fund's performance may be below that of the index.

## Large-Cap Company Risk

Large-cap companies are generally more mature and the securities issued by these companies may not be able to reach the same levels of growth as the securities issued by small- or mid-cap companies.

## Leverage Risk

Certain fund transactions, such as "to-be-announced" (TBA) transactions or derivatives transactions, may give rise to a form of leverage and may expose the fund to greater risk. Leverage tends to magnify the effect of any decrease or increase in the value of the fund's portfolio securities. The use of leverage may cause the fund to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations.

## Liquidity Risk

The Fund may be unable to sell certain securities, such as illiquid securities, readily at a favorable time or price, or the Fund may have to sell them at a loss.

## Market Capitalization Risk

Securities issued by companies of different market capitalizations tend to go in and out of favor based on market and economic conditions. During a period when securities of a particular market capitalization fall behind other types of investments the Fund's performance could be impacted.

## Market Risk

Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. As with any investment whose performance is tied to these markets, the value of an investment in the Fund will fluctuate, which means that an investor could lose money over short or long periods.

## Mid-Cap Company Risk

Mid-cap companies may be more vulnerable to adverse business or economic events than larger, more established companies and the value of these securities may move sharply.

## Money Market Fund Risk

The Fund may invest in underlying money market funds that either seek to maintain a stable \$1 net asset value (“stable share price money market funds”) or that have a share price that fluctuates (“variable share price money market funds”). Although an underlying stable share price money market fund seeks to maintain a stable \$1 net asset value, it is possible to lose money by investing in such a money market fund. Because the share price of an underlying variable share price money market fund will fluctuate, when the fund sells the shares it owns they may be worth more or less than what the fund originally paid for them. In addition, neither type of money market fund is designed to offer capital appreciation. Certain underlying money market funds may impose a fee upon the sale of shares or may temporarily suspend the ability to sell shares if such fund’s liquidity falls below required minimums.

## Mortgage-Backed and Mortgage Pass-Through Securities Risk

Mortgage-backed securities tend to increase in value less than other debt securities when interest rates decline, but are subject to similar or greater risk of decline in market value during periods of rising interest rates. Certain of the mortgage-backed securities in which the fund may invest are issued or guaranteed by agencies or instrumentalities of the U.S. government but are not backed by the full faith and credit of the U.S. government. There can be no assurance that the U.S. government would provide financial support to its agencies or instrumentalities where it was not obligated to do so which can cause the fund to lose money or underperform. The risks of investing in mortgage-backed securities include, among others, interest rate risk, credit risk, prepayment risk and extension risk. Transactions in mortgage pass-through securities often occur through “to-be-announced” (TBA) transactions. The fund could lose money or underperform if a TBA counterparty defaults or goes bankrupt.

## **Mortgage Dollar Rolls Risk**

Mortgage dollar rolls are transactions in which the fund sells mortgage-backed securities to a dealer and simultaneously agrees to repurchase similar securities in the future at a predetermined price. The fund's mortgage dollar rolls could lose money if the price of the mortgage-backed securities sold falls below the agreed upon repurchase price, or if the counterparty is unable to honor the agreement.

## **Non-U.S. Issuer Risk**

The fund may invest in U.S.-registered, dollar-denominated bonds of non-U.S. corporations, governments, agencies and supra-national entities. The fund's investments in bonds of non-U.S. issuers may involve certain risks that are greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions; the imposition of economic sanctions or other government restrictions; differing accounting, auditing, financial reporting and legal standards and practices; differing securities market structures; and higher transaction costs. These risks may be heightened in connection with bonds issued by non-U.S. corporations and entities in emerging markets.

## **Portfolio Turnover Risk**

The fund may engage in frequent trading of its portfolio securities in connection with its tracking of the index, primarily due to the fund rolling over its positions in "to-be-announced" (TBA) transactions as it tracks the portion of the index represented by mortgage-backed securities. A higher portfolio turnover rate may result in increased transaction costs, which may lower the fund's performance. A higher portfolio turnover rate can also result in an increase in taxable capital gains distributions to the fund's shareholders.

## **Prepayment and Extension Risk**

The Fund's portfolio investments are subject to the risk that the securities may be paid off earlier or later than expected. Either situation could cause the Fund to hold securities paying lower-than market rates of interest, which could hurt the Fund's yield or share price.

## **Sampling Index Tracking Risk**

To the extent the Fund uses sampling techniques, the Fund will not fully replicate the index and may hold securities not included in the index. As a result, the Fund will be subject to the risk that the investment adviser's investment management strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. If the Fund uses a sampling approach it may not track the return of the index as well as it would if the Fund purchased all of the equity securities in the index.

## Securities Lending Risk

Securities lending involves the risk of loss of rights in, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent.

## Small-Cap Company Risk

Securities issued by small-cap companies may be riskier than those issued by larger companies, and their prices may move sharply, especially during market upturns and downturns.

## Tracking Error Risk

As an index fund, the Fund seeks to track the performance of its comparative index, although it may not be successful in doing so. The divergence between the performance of the Fund and its index, positive or negative, is called “tracking error.” Tracking error can be caused by many factors and it may be significant.

# Descriptions of Principal Risks of the Vanguard Underlying Funds

## Call Risk

Call Risk is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. The fund would then lose any price appreciation above the bond’s call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund’s income. Such redemptions and subsequent reinvestments would also increase the fund’s portfolio turnover rate.

## Country/Regional Risk

The chance that world events—such as political upheaval, financial troubles, or natural disasters— will adversely affect the value and/or liquidity of securities issued by foreign governments, government agencies, and government-owned corporations. Because the Fund may invest a large portion of its assets in bonds of issuers located in any one country or region, the Fund’s performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets.

## Credit Risk

Credit Risk is the chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer’s ability to make such payments will cause the price of that bond to decline. Because the fund invests in both investment-grade and below-investment-grade bonds (also known as high-yield or junk bonds), credit risk should be high for the fund.

## Currency Risk

Currency Risk is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.

## Derivatives Risk

Derivatives Risk is the chance that the use of derivatives—such as futures contracts, foreign currency exchange forward contracts, swap agreements, and options—can lead to losses because of adverse movements in the price or value of the underlying security, asset, index, or reference rate. The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in the underlying securities or assets. Also, a liquid market may not always exist for the Fund's derivative positions at times when the Fund might wish to terminate or sell. The use of a derivative subjects the investor to the risk of nonperformance by the counterparty (i.e., counterparty risk), potentially resulting in delayed or partial payment or even nonpayment of amounts due under the derivative contract.

## Emerging Markets Risk

Emerging Markets Risk is the chance that the bonds of governments, government agencies, government-owned corporations, and foreign companies located in emerging market countries will be substantially more volatile, and substantially less liquid, than the bonds of governments, government agencies, government-owned corporations, and foreign companies located in more developed foreign markets because, among other factors, emerging market countries can have greater custodial and operational risks; less developed legal, tax, regulatory, financial reporting, accounting, and recordkeeping systems; and greater political, social, and economic instability than developed markets. Emerging markets risk is especially high for the fund.

## Extension Risk

The chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. For Funds that invest in mortgage-backed securities, extension risk is the chance that during periods of rising interest rates, homeowners will repay their mortgages at slower rates.

## Income Risk

Income Risk is the chance that the fund's income will decline because of falling interest rates. Income risk should be moderate for the fund, so investors should expect the fund's monthly income to fluctuate accordingly.

## Industry Concentration Risk

The chance that there will be overall problems affecting a particular industry. Because the fund will invest more than 25% of its assets in securities of companies in the financial services industry, which includes securities issued by certain government-sponsored enterprises, the fund's performance will depend to a greater extent on the overall condition of that industry.

## Interest Rate Risk

The chance that bond prices will decline because of rising interest rates.

## Liquidity Risk

The chance that the Fund may not be able to sell a security in a timely manner at a desired price.

## Manager Risk

Manager Risk is the chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

## Nondiversification Risk

Nondiversification Risk is the chance that the fund's performance may be hurt disproportionately by the poor performance of bonds issued by just a few issuers or even a single issuer. The fund is considered nondiversified, which means that it may invest a greater percentage of its assets in bonds issued by a small number of issuers as compared with diversified mutual funds.

# Fees and Expenses

## Asset-Based Fees and Expenses

The following table sets forth the asset-based fees and expenses associated with the Investment Options. An Account bears the cost of the asset-based fees and expenses of the Investment Option(s) that you select for investment. Any applicable asset-based fees and expenses will decrease the value of your investment in CalABLE by reducing the value of your Units.

The Plan and Portfolios are expected to commence operations on or about August 19, 2023. Prior to that time, the Board operated the Plan with a different Investment Manager and investment options. Performance information will be available at <http://calable.ca.gov/historical-performance> or by calling [1-833-225-2253](tel:1-833-225-2253).

<b>Investment Portfolios</b>	<b>Underlying Fund Fees and Expenses*</b>	<b>Annual Program Management Fee</b>	<b>Annual State Administration Fee</b>	<b>Net Annual Expense Ratio</b>
<b>FDIC Insured Option</b>	0.000%	0.00%	0.28%	0.280%**
<b>Income Portfolio</b>	0.074%	0.10%	0.28%	0.454%
<b>Conservative Portfolio</b>	0.060%	0.10%	0.28%	0.440%
<b>Income and Growth Portfolio</b>	0.041%	0.10%	0.28%	0.421%
<b>Balanced Portfolio</b>	0.036%	0.10%	0.280%	0.416%
<b>Conservative Growth Portfolio</b>	0.032%	0.10%	0.28%	0.412%
<b>Moderate Growth Portfolio</b>	0.031%	0.10%	0.28%	0.411%
<b>Growth Portfolio</b>	0.031%	0.10%	0.28%	0.411%

\* The figures in this column are derived from publicly available information for the underlying mutual funds as of January 1, 2023. Each Investment Option indirectly bears the underlying mutual funds' expenses because when fees are deducted from an underlying mutual fund's assets, the value of the underlying mutual fund's shares is reduced. Actual underlying investment expenses may vary. You should refer to the Investment Cost Example for the total assumed investment cost over 1-, 3-, 5-, and 10-year periods.

\*\* To the extent the interest rate on the FDIC-Insured Portfolio is less during a particular period than the State Administrative Fee, the Board will waive the portion of the State Administrative Fee that exceeds such interest rate for the applicable period, and the Total Annual Asset-Based Fees for the FDIC-Insured Portfolio will be reduced accordingly for the applicable period.



## Annual Maintenance Fee

All Accounts are subject to the Annual Maintenance Fee of \$30.

This fee will be deducted quarterly in arrears on the first business day of the following quarter and will be assessed based on the most conservative to the most aggressive investment option. The Board reserves the right to change or increase the Annual Maintenance Fee in the future.

## Investment Cost Example

The example in the following table is intended to help you compare the cost of investing in the different Portfolio Options over various periods of time. This example assumes that:

- You invest \$10,000 in your ABLE Account for the time periods shown below on January 1st.
- You elected to have 100% of your account balance invested in a single portfolio option.
- Your investment has a 5% quarterly compounded return each year. Your actual return may be higher or lower.
- No withdrawals are reflected.
- Net Annual Expense Ratio remain the same as shown in the Fee Table above.
- A \$30 annual Account Maintenance Fee will be withdrawn from your ABLE Account pro-rata at the end of each calendar quarter.
- The example does not consider the impact of any [Other Account Fees](#) described on page 82.
- The example does not consider the impact of any potential state or federal taxes on the withdrawal.

Your actual costs may be higher or lower. Based on the above assumptions your costs can be found in the following chart.

## Approximate Cost of a \$10,000 Investment

Portfolio Option	1 Year	3 Year	5 Year	10 Year
FDIC Insured Option	\$58.82	\$180.42	\$307.73	\$654.74
Income Portfolio	\$76.73	\$236.35	\$404.81	\$870.29
Conservative Portfolio	\$75.31	\$231.90	\$397.09	\$853.24
Income and Growth Portfolio	\$73.36	\$225.82	\$386.55	\$829.91
Balanced Portfolio	\$72.83	\$224.18	\$383.71	\$823.63
Conservative Growth Portfolio	\$72.36	\$222.71	\$381.16	\$817.97
Moderate Growth Portfolio	\$72.29	\$222.50	\$380.79	\$817.17
Growth Portfolio	\$72.27	\$222.42	\$380.66	\$816.87

## Other Account Fees

The table below reflects the other fees to which your Account may be subject. The Board reserves the right to change or increase these fees and to impose additional fees in the future.

Transaction	Fee
Annual Print and Paper Mail Delivery Fee	\$10 <i>(\$2.50 assessed quarterly)</i>
ACH Fail/Returned Check Fee	\$25
Prepaid Card Fee (if requested))	\$2.50 per month <i>(currently waived)</i>
Prepaid Card Replacement Fee	\$5
Prepaid Card International Usage	\$2
Prepaid Card Overnight Delivery	\$30
Overnight Delivery Fee	\$15
Re-issue of Disbursement Check Fee	\$15

# Making Withdrawals

Withdrawals may be made at any time and for any reason, but there may be adverse tax and government benefit consequences associated with Non-Qualified Withdrawals.

Only the Beneficiary or an Authorized Legal Representative may direct withdrawals from an Account.

When you request a withdrawal, you specify from which Investment Option(s) the withdrawal should be taken.

There are restrictions on the availability of funds for withdrawal in order to protect the account owner. The restrictions are as follows:

1. Contributions received from a Beneficiary or ALR will be subject to a five (5) Business Day holding period before the funds are available for withdrawal.
2. Contributions made as a result of a gift from a third party will be subject to a five to ten (5-10) Business Day holding period before the funds are available for withdrawal.
3. A change in mailing address will result in a fifteen (15) calendar day holding period before physical checks can be requested and mailed to the new address of record.
4. A change in bank account will result in a ten (10) calendar day holding period before Electronic Fund Transfers can be requested and sent to the new linked bank account.

## No Recontribution of Withdrawals

Withdrawals cannot be refunded back into your Account, even if you requested the withdrawal by mistake. If you attempt to recontribute money that you previously withdrew, the recontribution will be treated as a new and separate contribution. The withdrawal may also be treated as a Non-Qualified Withdrawal, which may subject you to tax consequences and which may have adverse effects on your eligibility for means-tested benefits.

## How to Request a Withdrawal

You may request a withdrawal by accessing your Account at [CalABLE.ca.gov](https://CalABLE.ca.gov).

## Processing Withdrawal Requests

CalABLE will process withdrawals and other Account transaction requests (e.g., contributions, and transfers) at the Unit Value(s) of the applicable Investment Option(s) next determined after the transaction request is received by CalABLE in Good Order. More specifically, CalABLE will process a transaction request received in Good Order prior to the close of a Business Day at the Unit Value(s) of the applicable Investment Option(s) next determined on that Business Day, and CalABLE will process a transaction request received in Good Order after the close of a Business Day or on a non-Business Day at the Unit Value(s) of the applicable Investment Option(s) next determined on the first Business Day after the transaction request was received in Good Order.

See [Choosing Your Investment Options — Unit Values of the Investment Options](#) on page 54.

“Good Order” means that you have provided all necessary funds and information to enroll in CalABLE and/or provided all the necessary funds, if any, and information to instruct CalABLE on the transaction request.

For ACH withdrawals, you will typically receive the funds within three to five Business Days after CalABLE processes the request. For a check withdrawal request, you will typically receive the check within seven to ten Business Days after CalABLE processes the request. However, those time frames are not guaranteed, and various circumstances may cause your receipt of the funds or the check to be delayed.

## Payment Methods

You may designate one of several payment methods for withdrawals. Withdrawals may be sent electronically (by ACH) using the bank information on the Account record or prepaid card, by check to the Beneficiary or an Authorized Legal Representative at the mailing address on the Account record, or by check to a third party. CalABLE reserves the right to discontinue certain payment methods at any time or make certain payment methods available for only certain types of withdrawals.

## Types of Withdrawals

There are three different types of withdrawals:

- Qualified Withdrawals;
- Outgoing Rollovers; and
- Non-Qualified Withdrawals.

The permissible payees, limitations, federal and California state tax consequences, and the impact on government benefits may depend on the type of withdrawal being taken, as described in this Program Disclosure Statement.

## Qualified Withdrawals

A Qualified Withdrawal is a withdrawal from an Account used to pay for Qualified Disability Expenses. Qualified Withdrawals are federal income tax free for the Beneficiary. They are also California income tax free if the Beneficiary is subject to California income tax.

For federal income tax purposes, a Qualified Disability Expense paid on or before the 60th day immediately following calendar year-end, may be treated as having been paid during the prior calendar year. Any such Qualified Disability Expenses that the Beneficiary elects to have treated as having been paid during the prior year will be excluded as Qualified Disability Expenses for federal income tax purposes for the year in which they were actually paid.

## Qualified Disability Expenses

Qualified Disability Expenses are any expenses incurred at a time when the Beneficiary is an Eligible Individual that relate to the blindness or disability of the Beneficiary, and are for the benefit of the Beneficiary in maintaining or improving his or her health, independence, or quality of life. Such expenses include, but are not limited to, expenses for education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses that may be identified from time to time in future guidance published by the IRS.

In order to implement the legislative purpose of assisting Eligible Individuals in maintaining or improving their health, independence, and quality of life, the U.S. Treasury Department and the IRS have taken the position that the term “Qualified Disability Expenses” should be broadly construed to permit the inclusion of basic living expenses and should not be limited to expenses for items for which there is a medical necessity or which provide no benefits to others in addition to the benefit to the Eligible Individual. For example, expenses for common items such as smart phones could be considered Qualified Disability Expenses if they are an effective and safe communication or navigation aid for a child with autism.

## Outgoing Rollovers

A withdrawal from an Account may be made in the form of an Outgoing Rollover. Outgoing Rollovers are federal income tax free for the Beneficiary.

Outgoing Rollovers may be “Direct” or “Indirect.” Direct Outgoing Rollovers involve funds that are directly distributed from an Account in CalABLE to an account in another qualified ABLE program via a trustee-to-trustee transfer. Indirect Outgoing Rollovers involve funds that are withdrawn from an Account in CalABLE and then subsequently deposited into an account in another qualified ABLE program.

The table below describes the types of Outgoing Rollovers that may be performed and the requirements to perform any such Rollover.

Type of Outgoing Rollover	Requirements
<p><b>Direct or Indirect Outgoing Rollover to an account that the Account Owner has in another state’s qualified ABLE program</b></p>	<ul style="list-style-type: none"> <li>• The entire amount in the Account in CalABLE must be rolled over.</li> <li>• This type of Rollover may be performed only once in a 12-month period.</li> <li>• In the case of an Indirect Outgoing Rollover, the funds must be contributed into the other state’s qualified ABLE program account within 60 days of being withdrawn.</li> <li>• The Account in CalABLE must be closed within 60 days after the withdrawal.</li> </ul>
<p><b>Direct or Indirect Outgoing Rollover from an Account in CalABLE to another Account in CalABLE or an account in another state’s qualified ABLE program owned by a person other than the withdrawing Account Owner</b></p>	<ul style="list-style-type: none"> <li>• A portion of or the entire amount in the distributing account may be rolled over .</li> <li>• The person who owns the receiving account must be an Eligible Individual and a Sibling of the Account Owner who makes the withdrawal.</li> <li>• In the case of an Indirect Rollover, the funds must be contributed into the receiving account within 60 days of being withdrawn.</li> </ul>

If an attempted Outgoing Rollover fails to satisfy the applicable conditions set forth above, the withdrawal from the Account may be treated as a Non-Qualified Withdrawal.

You may perform a Direct Outgoing Rollover to another Account within CalABLE by completing a “Program-to-Program Transfer” request on [CalABLE.ca.gov](http://CalABLE.ca.gov). You may perform a Direct Outgoing Rollover to another state’s qualified ABLE program on [CalABLE.ca.gov](http://CalABLE.ca.gov) and by obtaining and completing the appropriate form from the receiving program. When CalABLE receives a rollover request, CalABLE will provide information on the principal and earnings and year-to-date contributions based on CalABLE’s records.

You may perform an Indirect Outgoing Rollover by withdrawing funds from your Account and then subsequently contributing the funds into another Account in CalABLE or an account in another state's qualified ABLE program, provided that the Outgoing Rollover satisfies the applicable conditions set forth in the table above. Unless you provide the receiving program with a statement reflecting the principal and earnings attributable to the Outgoing Rollover, the receiving program will treat the entire Outgoing Rollover as earnings.

## Non-Qualified Withdrawals

A Non-Qualified Withdrawal is a withdrawal that is not a Qualified Withdrawal or an Outgoing Rollover. The earnings portion of a Non-Qualified Withdrawal is subject to federal income tax, possibly including the Additional Federal Tax. Non-Qualified Withdrawals may also be subject to state and/or local income tax. For those Beneficiaries subject to California income tax, the earnings portion of a Non-Qualified Withdrawal is subject to California income tax and the Additional California Tax.

## Withdrawals Using the CalABLE Visa<sup>®</sup> Prepaid Card

The ABLE Visa Prepaid Card will be issued by Sunrise Bank ("Issuing Bank") in accordance with the terms of the Cardholder Agreement established by the Issuing Bank. The ABLE Visa Prepaid Card program will be managed by True Link Financial.

Beneficiaries can request a Visa Card at the ABLE Visa Prepaid Card program's website managed by True Link Financial.

To sign up for an ABLE Visa Prepaid Card you must have a valid ABLE Account first. When you sign up for your Visa Card account, you will be required to agree to the Issuing Bank's Privacy Policy and a separate Cardholder Agreement with the Issuing Bank. You will also be subject to any additional card account related fees as documented in the Issuing Bank's schedule of fees.

You can load your ABLE Visa Prepaid Card and track your transaction activity directly from your online Visa Card account via the True Link website. Loading your ABLE Visa Prepaid Card is treated like any other withdrawal. Loading your Visa Card is considered a withdrawal and does not count toward the annual limit of only two changes to investment direction. Any funds loaded onto your ABLE Visa Prepaid Card and not spent on Qualified Disability Expenses in the same calendar year (or on or before the 60th day immediately following the end of such calendar year) may be subject to federal (and possible state and/or local) income tax, including the Additional Federal Tax.

A maximum of 95% of your available ABLE Account balance can be withdrawn from your available ABLE Account balance to be loaded onto your ABLE Visa Prepaid Card, subject to the daily and monthly load card maximums set by the Issuing Bank. You may not add funds to your ABLE Visa Prepaid Card



account from any other source, including credit cards, debit cards, bank accounts, cash, or by sending personal checks, cashier's checks, retailer load networks (e.g. Green- Dot, MoneyGram, Western Union, etc.), or money orders to the Issuing Bank.

You may not use your ABLE Visa Prepaid Card for online gambling or illegal transactions. You can use the ABLE Prepaid Visa Card for Qualified Disability Expenses online or in stores all over the U.S. that accept VISA cards.

If your Visa Card Account has a zero or negative balance, and has had a negative balance for 4+ consecutive months, True Link may automatically close your card without advance notice.

## Form 1099-QA

For any year in which there is a withdrawal from an Account, CalABLE will provide an IRS Form 1099-QA. This form will set forth the total amount of the withdrawal and identify the earnings and principal portions of any withdrawal.

# Government Benefits Considerations

Pursuant to federal law, funds in an ABLE account are generally disregarded for purposes of determining eligibility to receive government assistance or benefits. This includes contributions, earnings, and Qualified Withdrawals. However, a Beneficiary's income is not generally excluded from eligibility determinations simply because it is contributed to an ABLE account.

It is the Beneficiary's or an Authorized Legal Representative's responsibility to maintain sufficient records regarding his or her status with respect to, and to substantiate any treatment by, any government benefits agency.

The statements made in this Program Disclosure Statement about federal and California means tested benefits are based on publicly available sources and subject to change without notice and are not to be relied upon as benefits advice. In the event of a conflict between statements made in this Program Disclosure Statement and publicly available guidance the guidance will control.

*Prior to opening an ABLE account, individuals should also consult with their own qualified advisors for additional information on the possible impact of having an ABLE account on the Beneficiary's eligibility for federal and state benefits.*

## Supplemental Security Income

The Social Security Administration (the "SSA") has issued guidance on how the SSA will treat ABLE accounts for the purposes of determining a beneficiary's benefit eligibility for Supplemental Security Income ("SSI"). This guidance is derived from publicly available sources and is not intended to be exhaustive and is subject to change by the SSA at any time.

*For more information on how the SSA treats ABLE accounts, please see the "SI 01130.740 Achieving a Better Life Experience (ABLE) Accounts" in the SSA's Program Operations Manual System available at [https://secure.ssa.gov/apps10/poms.nsf/lnx/0\\_501130740](https://secure.ssa.gov/apps10/poms.nsf/lnx/0_501130740).*

## Exclusions from Income

For SSI purposes, the SSA will exclude from the income of the Beneficiary:

- Contributions to an Account, including from Incoming Rollovers
- Any earnings an Account receives while they remain in the Account.
- Qualified Withdrawals from an Account (even if they include earnings).

Note, however, that the SSA will not deduct contributions from the countable income of the person who makes the contribution. The fact that a person uses his or her income to contribute to an Account does not mean that such income is not countable for SSI purposes. For example, a Beneficiary can have contributions automatically deducted from his or her paycheck and deposited into his or her own Account. In this case, the income used to make the contribution would still be included in the Beneficiary's gross wages.

## Exclusions from Countable Resources

For SSI purposes, the SSA will exclude from the resources of the Beneficiary:

- Up to and including \$100,000 of the balance of funds in an Account. The SSA will count the amount by which an Account, including any earnings, exceeds \$100,000 as a countable resource of the Beneficiary.
- Any withdrawal from an Account for a Qualified Disability Expense other than housing if it is retained beyond the month received. While the withdrawal proceeds remain unspent, this exclusion continues to apply so long as:
  - I. The Beneficiary maintains, makes contributions to, or receives withdrawals from the Account;
  - II. The withdrawal is unspent and identifiable; and
  - III. The Beneficiary intends to use the withdrawal for a non-housing-related Qualified Disability Expense.

SSA will count, as a resource, a withdrawal for a housing-related Qualified Disability expense or for an expense that is not a Qualified Disability Expense if the withdrawal is retained beyond the calendar month received. If any such withdrawal is spent within the month of receipt, it has no effect on eligibility. Section SI 01130.740 of the SSA Program Operations Manual states that housing expenses for the purposes of an ABLE account are similar to household costs for in-kind support and maintenance purposes.

For ABLE purposes, food is considered a Qualified Disability Expense (basic living expense), but not a housing expense. Qualified Disability Expenses for housing include payments for:

- Mortgage  
(including property insurance required by the mortgage holder)
- Real property taxes
- Rent
- Heating fuel
- Gas
- Electricity
- Water
- Sewer
- Garbage removal

SSA will apply normal SSI resource counting rules and exclusions to assets or other items purchased with funds from an Account. You should note that unless withdrawals from an Account are used in accordance with the SSA's exclusion rules, the withdrawals could have a material adverse effect on the Beneficiary's continued eligibility for SSI. If you have any questions about the potential impact of a withdrawal on a Beneficiary's continuing eligibility for SSI, you should contact the local SSA office before making a withdrawal from an Account.

**Example** — Eric takes a withdrawal of \$500 from his ABLE account in February 2024 to pay for a health-related Qualified Disability Expense. His health-related expense is not due until May 2024, so Eric deposits the withdrawal in his checking account in February. The withdrawal is not income in February or subsequent months as long as it is eventually spent for a non-housing Qualified Disability Expense. Eric maintains his ABLE account at all relevant times, and the withdrawal is both unspent and identifiable until Eric pays for a Qualified Disability Expense in May 2024. The SSA will exclude the \$500 from Eric's countable resources.

*It should be noted that, in the example above, if Eric changes his intent to use the \$500 withdrawal for a Qualified Disability Expense in March and instead uses it for a Non-Qualified Withdrawal, the \$500 withdrawal would be treated as a countable resource in May.*

**Example** — Amy takes a withdrawal of \$500 from her ABLE account in May to pay her rent for June. She deposits the \$500 into her checking account in May and withdraws \$500 in cash on June 3 and pays her landlord. This withdrawal is a housing-related Qualified Disability Expense and part of her checking account balance as of the first of June, which makes it a countable resource by the SSA for the month of June, which could potentially have a negative impact on Amy's benefit eligibility.

*If Amy had paid the rent in May, it would not have counted as a resource because she would have spent it in the same month it was received.*

## Suspension of SSI When Balance of an Account Exceeds \$100,000 by Certain Amount

The SSA will count the amount by which an Account balance, including any earnings, exceeds \$100,000 as a countable resource of the Beneficiary. A special rule applies when the balance of an SSI recipient's Account exceeds \$100,000 by an amount that causes the recipient to exceed the SSI resource limit, whether alone or in combination with other resources.

When this happens, the recipient is put into a special SSI suspension period during which:

- The SSA suspends the recipient's SSI benefits without time limit (as long as he or she remains otherwise eligible);
- The recipient retains continued eligibility for medical assistance (Medicaid/Medi-Cal); and
- The individual's eligibility does not terminate after 12 continuous months of suspension.

The SSA will reinstate the recipient's regular SSI eligibility for any month in which the individual's Account balance no longer causes the recipient to exceed the resource limit and he or she is otherwise eligible.

The special suspension rule only applies where the balance of the SSI recipient's Account exceeds \$100,000 by an amount that causes the recipient to exceed the SSI resource limit, whether alone or with other resources. The special rule does not apply where resources other than Account alone would cause the SSI recipient to exceed the resource limit. In that case, SSI could suspend the SSI recipient's eligibility for Medicaid/Medi-Cal and terminate his or her eligibility for SSI if the suspension continues for 12 months.

**Example** — *Recipient's SSI is suspended but Retains Eligibility for Medicaid/Medi-Cal* — Paul is the designated beneficiary of an ABLER account with a balance of \$101,000 on the first of the month. Paul's only other countable resource is a checking account with a balance of \$1,500. Paul's countable resources are \$2,500 and therefore exceed the SSI resource limit. However, since Paul's ABLER account balance is causing him to exceed the resource limit (i.e., his countable resources other than the ABLER account are less than \$2,000), the SSA will suspend Paul's SSI eligibility and stop his cash benefits, but he retains eligibility for Medicaid/Medi-Cal.

**Example** — *Recipient's SSI is Suspended and Loses Eligibility for Medicaid/Medi-Cal* — Christine is the designated beneficiary of an ABLER account with a balance of \$101,000 on the first of the month. Christine's only other countable resource is a checking account with a balance of \$3,000. Christine's countable resources are \$4,000 and therefore exceed the SSI resource limit. However, because her ABLER account balance is not the cause of her excess resources (i.e., her countable resources other than the ABLER account are more than \$2,000), the special rule does not apply, and Christine is not eligible for SSI because of excess resources. The SSA will suspend Christine's SSI benefits, and her Medicaid/Medi-Cal benefits will stop.

## Program Reporting to the SSA

CalABLE is required to provide information to the SSA including, without limitation, information about the Beneficiary's name, Account number, Social Security number or taxpayer identification number, and date of birth, as well as the name of any Authorized Legal Representative, the date on which the Account was opened or closed, Account balances, the dates of withdrawals, and withdrawal amounts. It is anticipated SSA will match the Social Security number furnished by CalABLE against their records and incorporate the ABLE Account information into their records.

## Medicaid/Medi-Cal — Recapture

Under Section 529A, following the death of the Beneficiary, a state may file a claim against the Beneficiary's estate or the Account itself for the amount of the total medical assistance paid for the Beneficiary under the state's Medicaid plan (in California, Medi-Cal) after the establishment of the Account (or any ABLE account from which amounts were rolled or transferred to the Account). Such claims are sometimes referred to as "recapture." The amount paid in satisfaction of such a claim is not a taxable withdrawal from the Account. Further, the amount is to be paid only after the payment of all outstanding payments due for the Qualified Disability Expenses of the Beneficiary, including any funeral and burial expenses, and is to be reduced by the amount of all premiums paid by or on behalf of the Beneficiary to a Medicaid Buy-In program under the state's Medicaid plan (in California, Medi-Cal).

Procedures for filing claims may vary from state to state and applicable statutes of limitation may delay the final distribution of proceeds of the Account. The Beneficiary, any Authorized Legal Representative, and executors and administrators should consider seeking legal counsel on the applicability of, and any available exceptions to, Medicaid/Medi-Cal recapture under applicable state law and regulation.

## Guidance from Centers for Medicare & Medicaid Services

The Centers for Medicare & Medicaid Services (the "CMS") has issued guidance on how it interprets the application of the Federal ABLE Act to state Medicaid programs. This guidance is derived from publicly available sources and is not intended to be exhaustive and is subject to change by the CMS at any time.

*Prior to opening an Account, individuals should also consult with their own qualified advisors for additional information on the possible impact on a Beneficiary's eligibility and benefits under Medicaid/ Medi-Cal.*

## Treatment of Funds in an ABLER Account

State Medicaid agencies (in California, Medi-Cal) must disregard all funds in an ABLER account in determining the resource eligibility of Medicaid/Medi-Cal applicants and beneficiaries who are subject to a resource test, and the earnings on the account should be excluded from income of Medicaid/Medi-Cal recipients.

## Contributions to ABLER Accounts

Third-party contributions to an ABLER account should be disregarded in determining Medicaid/Medi-Cal eligibility, including distributions from a Special Needs Trust (a "SNT") or a pooled trust that is deposited into the ABLER account of the SNT or pooled trust beneficiary.

## Contributions by the Beneficiary

If an ABLER account beneficiary transfer some of his or her own (otherwise countable resources for determining eligibility) to his or her ABLER account, the effect would be a corresponding reduction in total countable resources. By contrast, if the beneficiary of an ABLER account transfers some of his or her income in the month received to his or her ABLER account, the effect would not be a reduction in countable income. Therefore, income contributed to an ABLER account by the beneficiary is not disregarded from income, unless the state utilizes its authority regarding less restrictive methodologies employed in determining an individual's income and resource eligibility for medical assistance, if available.

## Withdrawals from ABLER Accounts

Like funds in and contributions to ABLER accounts, withdrawals from ABLER accounts are not included in the beneficiary's taxable income or counted as income in eligibility determinations for Medicaid/Medi-Cal as long as they are used for Qualified Disability Expenses.

For a beneficiary whose financial eligibility is determined using SSI-based methodologies (as opposed to Modified Adjusted Gross Income-based ("MAGI-based") methodologies), a withdrawal from an ABLER account may be countable as a resource only if (1) it is retained beyond the month in which the withdrawal is made and (2) it is used for a Non-Qualified Disability Expense in that or a subsequent month. ABLER account withdrawals used for expenses other than Qualified Disability Expenses will be counted in the month the expenditure is made.

For example, if an SSI-based Designated Beneficiary receives an ABLER account withdrawal in August but does not spend the withdrawal until December and uses the withdrawal for a Qualified Disability Expense, the amount of the withdrawal is not counted in any month. If the Beneficiary uses the withdrawal in December for a non-Qualified Disability Expense, the withdrawal would be counted as a resource in the month of December.

For a beneficiary whose financial eligibility is determined using MAGI-based income methodologies, the income portion of the Non-Qualified Withdrawal subject to taxation will be included in the individual's MAGI-based income.

## **Post-Eligibility Treatment of Income**

Under applicable Medicaid regulations, the requirement that affected individuals apply most of their total available income to the cost of long-term services and supports before federal financial participation for medical assistance is available is referred to as post-eligibility treatment of income ("PETI"). For purposes of PETI, states should disregard from an individual's total income any withdrawals for Qualified Disability Expenses. To the extent that a withdrawal for a non-Qualified Disability Expense is counted as income in determining the individual's eligibility for other Medicaid/Medi-Cal benefits, discussed above, such a withdrawal would also be counted for purposes of PETI.

## **Supplemental Nutrition Assistance Program ("SNAP")**

On April 4, 2016, the U.S. Department of Agriculture released a statement reporting that funds in ABLE accounts should be excluded as both income and resources in determining SNAP eligibility.

## **U.S. Department of Housing and Urban Development**

On April 26, 2019, the U.S. Department of Housing and Urban Development released a notice that HUD program administrators and public housing directors will disregard amounts in an individual's ABLE account when determining eligibility and continued occupancy.



# California State and Local Benefits Considerations

## Medical Assistance (Medi-Cal)

Medi-Cal eligibility is not impacted by an ABLE account. In addition, under California's Enabling Law, assets of up to \$100,000 held in an Account are exempt from enforcement of a money judgment in favor of the California Department of Health Care Services ("DHCS"), the state agency responsible for administering Medi-Cal, except during any period of time during which federal law or guidance issued by the federal Centers for Medicare & Medicaid Services requires DHCS to recover funds from ABLE accounts for reimbursement of qualifying Medi-Cal expenditures.

See [Government Benefits Considerations — Medicaid/Medi-Cal — Recapture](#) on page 93.

Accordingly, DHCS may file a claim against a deceased ABLE beneficiary's estate if the beneficiary was 55 or older when he or she died. In addition, the claim may be only for nursing facility services, home and community-based services, and related hospital and prescription drug services provided from the time the individual was 55 years of age or older. Payment of the claim may be postponed if it can be shown that the beneficiary is survived by:

- A spouse;
- A child under the age of 21; or
- A child of any age with qualifying disabilities

Once the reason for which the postponement was granted is no longer valid, DHCS may then seek payment of the claim. During the period of postponement, the proceeds of the ABLE account may be used for limited purposes.

If a Beneficiary, including a Beneficiary who was a California resident, received Medicaid payments from another state during the time he or she had an Account, that Medicaid-providing state may file a claim against the Account.

See [Government Benefit Considerations — Medicaid/Medi-Cal — Recapture](#) on page 93.

## California State and Local Means-Tested Benefits

The Enabling Law provides that money in, contributions to, and Qualified Withdrawals from an Account up to \$100,000 will not be counted in determining eligibility for any California state or local means-tested benefits.

## General Tax Considerations

The tax-related information in this Program Disclosure Statement summarizes certain aspects of federal and state income, gift, estate, and generation-skipping transfer tax consequences relating to ABLE accounts, including for Account contributions, earnings, and withdrawals. The tax information in this Program Disclosure Statement is for informational purposes only; it does not provide tax advice and is not exhaustive. There can be no assurance that the IRS or other legal authority will accept the statements made herein or, if challenged, that such statements would be sustained in court. Any information contained in this Program Disclosure Statement is not intended or written to be used, and cannot be used, by a person for the purpose of avoiding federal or state tax penalties. Nothing in this Program Disclosure Statement or in any other written materials or verbal communications by Program representatives should be considered advice or a recommendation. Prospective and existing Account Owners should consult qualified personal legal, tax, financial, benefit, or other qualified advisors with respect to any investment in an ABLE account.

## Tax Information is Subject to Change and Uncertainty

The tax information in this Program Disclosure Statement is based on the relevant provisions of the IRC, California tax law, the Tax Regulations, and IRS guidance issued as of the date of this Program Disclosure Statement. Taxpayers may look to the Tax Regulations and certain other IRS information for guidance. However, certain provisions of the Tax Regulations may be obsoleted or otherwise impacted by tax legislation enacted after the date on which the Tax Regulations were issued. Moreover, the Tax Regulations do not provide guidance on all aspects of CalABLE. It is possible that Congress, the U.S. Treasury Department, the IRS, the state of California, and other taxing authorities or the courts may take actions in the future that will adversely affect the tax law consequences described herein and that such adverse effects may be retroactive.

The applicable tax rules are complex, certain rules are at present uncertain, and their application to any person may vary according to facts and circumstances specific to that person. The IRC and regulations thereunder, and judicial and administrative interpretations thereof, are subject to change, retroactively and/or prospectively. The Board has the authority to take steps it deems necessary or appropriate to conform CalABLE with the requirements of Section 529A of the IRC or other applicable federal law. When the Board believes it is feasible and appropriate, it intends to provide reasonable notice to Account Owners.

This Program Disclosure Statement only summarizes the federal and California tax treatment applicable to CalABLE. Other states' tax treatments may differ based on the state or states in which you pay taxes. It is possible that other state or local taxes apply to withdrawals from or accumulated earnings within CalABLE, depending on the residency, domicile, or sources of taxable income of the Account Owner. If you are not a California taxpayer, consider whether your home state offers an ABL program that provides its taxpayers with favorable state tax or other benefits that may only be available through an investment in the home state's ABL program before investing. Please consult your financial, tax, or other qualified advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact your home state's ABL program, or any other ABL program, to learn more about those plans' features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

## Tax Reports

CalABLE will report contributions, withdrawals, the basis of the Account Owner's eligibility, earnings in the Account, and other matters to the Account Owner, the IRS, a state, and other persons, if any, to the extent required by federal, state, or local law.

## Tax Records

It is the Account Owner's or an Authorized Legal Representative's responsibility to retain documents and information adequate to support the assertion of his or her rights and obligations as a taxpayer. For example, you should retain statements and tax reports received from CalABLE and receipts to substantiate purchases made for Qualified Disability Expenses.

# Federal Tax Treatment

## Qualified ABLE Program

CalABLE is designed to be and is intended to satisfy the requirements for treatment as, a qualified ABLE program under Section 529A. The IRS provides important information on the taxation of qualified ABLE programs in IRS Publication 907 available at <https://www.irs.gov/pub/irs-pdf/p907.pdf>. You should consult with your qualified legal and or tax advisor regarding any information in the IRS Publication to determine whether it is current and the application of such information to your specific circumstances.

## Contributions

Contributions to an Account generally will not result in taxable income to the Account Owner. Contributions are made on an after-tax basis. A contributor may not deduct the contribution from income for the purposes of determining federal income tax liability.

## Excess Contributions

If an Excess Contribution is returned on or before the due date (including extensions) for filing the Account Owner's income tax return for the year in which the Excess Contribution was made, any net income distributed is includible in the gross income of the contributor(s) in the taxable year in which the Excess Contribution was made. If the Excess Contribution is not returned on time; the Account Owner will be subject to a 6% excise tax on the Excess Contribution and earnings that are not returned by CalABLE to the contributors by the due date (including extensions) of the Account Owner's income tax return. The 6% excise tax will be due even if you are not otherwise required to file a federal income tax return.

## Earnings

Earnings within an Account should not result in taxable income to the Account Owner while the earnings are retained in the Account.

## Withdrawals

All withdrawals are considered as attributable partially to contributions made to the Account and partially to earnings, if any. Only the earnings portion of a withdrawal is ever subject to federal income tax, including the Additional Federal Tax.

The tax treatment of a withdrawal from an Account will vary depending on whether the withdrawal is a Qualified Withdrawal, Outgoing Rollover, or a Non-Qualified Withdrawal. Whether a withdrawal complies with Applicable Law and can be classified as a Qualified Withdrawal, Outgoing Rollover, or a Non-Qualified Withdrawal is a matter between the Beneficiary and the IRS. CalABLE assumes no responsibility for monitoring the Beneficiary's compliance with applicable tax rules.

### Qualified Withdrawals

If a Qualified Withdrawal is taken from an Account, no portion of the withdrawal, including any earnings, is included in the gross income of the Account Owner. A Qualified Withdrawal is a withdrawal that is used to pay the Beneficiary's Qualified Disability Expenses.

### Outgoing Rollovers

No portion of an Outgoing Rollover, including any earnings, is includable in the gross income of the Account Owner.

### Non-Qualified Withdrawals

The portion of a Non-Qualified Withdrawal attributable to any investment earnings is included in the gross income of the Account Owner. The portion of a Non-Qualified Withdrawal attributable to principal is not includable in gross income.

Withdrawals made after the death of the Account Owner in payment of outstanding obligations due for Qualified Disability Expenses of the Account Owner, including funeral and burial expenses, are not includable in the gross income of the Account Owner or his or her estate, including the post-death payment of any part of a claim filed against the deceased Account Owner or his or her estate or the Account by a state under a state Medicaid plan.

In addition, if a Non-Qualified Withdrawal is taken from an Account, the Additional Federal Tax (equal to 10% of any earnings) will apply, subject to the exceptions set forth below.

The Additional Federal Tax does not apply to:

1. withdrawals on or after the death of the Account Owner paid to the estate of an Account Owner or to an heir or legatee of the Account Owner; or
2. returns of Excess Contributions and contributions to additional purported ABLE accounts made by the due date (including extensions) of the Account Owner's tax return for the year in which the relevant contributions were made.

*You should consult your own qualified tax advisor regarding the application of any of the above exceptions.*

For any year in which there is a withdrawal from an Account, CalABLE will provide an IRS Form 1099-QA. This form will set forth the total amount of the withdrawal and identify the earnings and principal portions of any withdrawal.

CalABLE will not withhold taxes with respect to a Non-Qualified Withdrawal. The taxpayer is responsible for reporting taxes due on the taxpayer's federal tax return.

## Change of Account Owner

A change in the Account Owner of an Account is treated as an Outgoing Rollover, not a Non-Qualified Withdrawal, if the new Account Owner is a Sibling of the former Account Owner and an Eligible Individual. However, if the new Account Owner is not an Eligible Individual and a Sibling of the former Account Owner, the change may be treated as a Non-Qualified Withdrawal by the former Account Owner. A change in the Account Owner or a transfer to an Account for the new Account Owner may have federal gift tax or Generation-Skipping Transfer (GST) tax consequences.

## Federal Gift Tax and GST Tax

For federal gift and Generation-Skipping Transfer (GST) tax purposes, contributions to an Account by an Account Owner are not considered to be completed gifts because an individual cannot make a transfer of property to himself or herself, and a transfer of property is a fundamental requirement for a completed gift. However, contributions to an Account by persons other than the Account Owner are considered completed gifts from the contributor to the Account Owner and are eligible for the annual gift tax exclusion. Contributions that qualify for the gift tax annual exclusion are generally also excludible for purposes of the federal Generation-Skipping Transfer tax. A donor's total contributions to an Account for an Account Owner in any given year (together with any other gifts made by the donor to that Account Owner in the year) will not be considered taxable gifts and will generally be excludible for purposes of the Generation-Skipping Transfer tax if the gifts do not in total exceed the annual exclusion for the year. Currently, the annual exclusion is \$17,000 per donee (i.e., the person receiving the gift), and \$34,000 for

a married couple electing to split gifts. This means that in each calendar year, you may contribute up to the amount of the annual exclusion to an Account without the contribution being considered a taxable gift, provided you make no other gifts to the Account Owner in the same calendar year. The annual exclusion is indexed for inflation and therefore is expected to increase over time.

## Federal Estate Tax

Upon the death of the Account Owner, all amounts remaining in the Account are includible in the Account Owner's gross estate for federal estate tax purposes.

For 2023, an individual can transfer up to \$12.92 million (\$25.84 million per married couple) without incurring Federal estate tax.

## Medicaid/Medi-Cal Recovery

Under Section 529A, following the death of the Account Owner, a state may file a claim against the Account Owner or the Account itself for the amount of the total medical assistance paid for the Account Owner under the state's Medicaid plan (in California, Medi-Cal) after the establishment of the Account (or any ABLE account from which amounts were rolled over or transferred to the current Account), subject to the payment of certain other obligations. The amount paid in satisfaction of such a claim is not a taxable distribution from the Account.

## Saver's Credit

Effective for contributions made on or after January 1, 2018, and before January 1, 2026, an Account Owner may be able to claim a Saver's Credit. Adjusted Gross Income limits apply, and the Account Owner of the ABLE account must attain the age of 18 as of the close of the taxable year, not be a full-time student and not be claimed as a dependent on another person's return.

# California Tax Treatment

*California tax treatment in connection with CalABLE applies only to California taxpayers.*

*You should consult with a qualified advisor regarding the application of California tax provisions to your particular circumstances.*

## Tax Provisions Related to Contributions

For California tax purposes, contributions to an Account are made on an after-tax basis. That is, in the year the contribution is made, a contributor may not deduct the contribution from income for purposes of determining California income taxes. Contributions to an Account do not result in taxable income to the Account Owner.

California also does not provide for a comparable Saver's Credit for California income tax purposes. To the extent that an Incoming Rollover from a Section 529 Plan is not subject to federal income tax, it will also not be subject to California income tax.

## Tax Provisions Related to Withdrawals

California's income taxation of withdrawals generally follows the federal income tax treatment described above. Qualified Withdrawals and Outgoing Rollovers are not subject to California income tax. The earnings portion of Non-Qualified Withdrawals is subject to California income tax. In addition, for a Non-Qualified Withdrawal subject to the Additional Federal Tax, the earnings portion of Non-Qualified Withdrawal will be subject to the Additional California Tax (equal to 2.5%). Earnings from the investment of contributions to an Account will not be subject to California income tax, if at all, until funds are withdrawn in whole or in part from the Account.



# Key Risks of Investing in CalABLE

You should carefully consider, along with other matters referred to in this Program Disclosure Statement, the following risks of investing in CalABLE. This Program Disclosure Statement cannot and does not list every possible factor that may affect your investment in CalABLE. Additional risks not discussed in this Program Disclosure Statement may arise, and you must be willing and able to accept those risks. Furthermore, none of CalABLE, the Trust, the Board, the state of California, CalABLE's service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing, make any representation concerning the appropriateness of CalABLE as a whole or any Investment Option for you. Other types of investments may be more appropriate depending upon your personal circumstances, including without limitation your financial status, tax situation, risk tolerance, age, or the importance of continued eligibility for federal or state government benefits. Other ABLE programs are available, as are other investment alternatives. The investments, fees, expenses, terms and conditions, taxes, and other features associated with such alternatives may differ from CalABLE. Anyone considering opening an Account should consider these alternatives prior to opening an Account and should consult qualified investment, tax, or benefits advisors.

## No Other Insurance or Investment Guarantees

Other than an investment in (or a portion of an investment in) the FDIC-Insured Portfolio, which is insured by the FDIC subject to certain limitations, no insurance, investment, or other guarantees are provided through CalABLE. An Account is not guaranteed by any person or entity, including but not limited to, CalABLE, the Trust, the Board, the state of California, CalABLE's service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing.

## Investment Risks

Investing in the portfolios offered through CalABLE involves risk. Please see [Choosing your Investment Options](#) on page 53 for investment risk information related to the Investment Options. The value of your Account could be less than the amount you originally invest due to the investment performance of the Investment Option(s) that you select. In short, you could lose money, and it is possible that you could lose your entire investment.

## Potential Impact on Supplemental Security Income

Account balances over \$100,000, a Beneficiary's income (even if contributed to an Account), and Non-Qualified Withdrawals could negatively affect a Beneficiary's eligibility for SSI. Suspension of eligibility for SSI may also lead to ineligibility of the SSI recipient for Medicaid/Medi-Cal.

See [Government Benefits Considerations — Supplemental Security Income](#) on page 89.

*If you have any questions about the potential impact of an Account on continuing eligibility for SSI or Medicaid/Medi-Cal, you should contact the local Social Security Administration office.*

## Potential Impact on Medicaid/Medi-Cal Eligibility

Contributions from a Beneficiary's income and certain withdrawals from an Account could adversely affect a Beneficiary's eligibility for Medicaid/Medi-Cal.

See [Government Benefits Considerations](#) on page 89.

*If you have any questions about the potential impact of an Account on continuing eligibility for Medicaid/Medi-Cal, you should contact the Medicaid office.*

## Potential Impact on Other State Benefits

While balances, earnings, and withdrawals from an Account will be disregarded for the purposes of determining eligibility to receive certain benefits provided by the state of California, other states may treat your Account balances, earnings, and withdrawals differently. ABLE program balances and withdrawals from an ABLE account could affect your eligibility for other states' benefit programs. Please consult your local benefits office or qualified benefits advisor for more information.

## Tax Impact of Loss of Eligible Individual Status

If you are a Beneficiary and no longer considered to be an Eligible Individual, expenses incurred at a time when you are not an Eligible Individual will not be considered Qualified Disability Expenses. Withdrawals from an Account for expenses that are not considered Qualified Disability Expenses will be treated as Non-Qualified Withdrawals.

## Medicaid/Medi-Cal Recapture

Upon the death of the Beneficiary, a state may be required to file a claim for the amount of the total medical assistance paid for the Beneficiary under the state's Medicaid plan (in California, Medi-Cal) after the establishment of the Account (or any ABLER account from which amounts were rolled over or transferred to the Account).

See [Government Benefits Considerations — Medicaid/Medi-Cal — Recapture](#) on page 93.

## Possible Changes to CalABLE

The Board reserves the right to make changes to or discontinue CalABLE at any time. These changes may include changes to the Investment Options and changes to the fees and expenses of CalABLE borne by Accounts. If the Investment Options are changed, the fees and expenses of the Investment Options may be higher or lower, and the Investment Options may not perform as well as they did in the past. When the Board believes it is feasible and appropriate, it intends to provide reasonable notice regarding any material Program changes.

## Limitation on Transferring Funds Between Investment Options

You may transfer funds in your Account between Investment Options only twice per calendar year. This may limit your ability to respond to changes in market conditions or your personal circumstances.

## Legal and Program Restrictions

Accounts are subject to applicable law and the terms and conditions of CalABLE (including the terms and conditions described in this Program Disclosure Statement, the Participation Agreement, and the online

application). These provisions impose obligations and restrictions on the opening and maintenance of an Account; limit the ability to contribute, withdraw, and transfer funds in an Account; and may result in adverse tax and benefit consequences.

## Qualified Disability Expenses May Exceed the Account Balance

Even if you make the maximum allowable amount of contributions to your Account, the balance of your Account may not be sufficient to cover your Qualified Disability Expenses.

## No Creation of California Residency

Opening an Account or making contributions to an Account does not create California residency status for the Beneficiary or any other person for purposes of determining entitlement to California state benefits or otherwise.

## Laws Governing ABLE Programs May Change

There is a risk that federal and state laws and regulations governing qualified ABLE programs, as well as regulators' interpretations of those laws and regulations, could change in the future. The Tax Regulations or other IRS information provide guidance and requirements for the establishment and operation of CalABLE but do not provide guidance on all aspects of CalABLE. Changes to the Tax Regulations or other administrative guidance or court decisions might be issued that could adversely impact the federal tax consequences or requirements with respect to the operation of CalABLE, including without limitation contributions to or withdrawals from an Account.

In addition, Section 529A or other federal or state laws could be amended in a manner that materially changes (i) your eligibility to open an Account; (ii) the treatment of an Account for the purposes of eligibility for government benefits; (iii) the federal tax treatment of an Account; or (iv) available exemptions for CalABLE from certain federal securities laws. You should understand that changes in laws or regulations governing the treatment of CalABLE may necessitate material changes to CalABLE. Furthermore, CalABLE has been established pursuant to California laws and regulations, and any guidelines and procedures adopted by CalABLE. Changes to any such laws, regulations, guidelines, and procedures may also affect the operation of CalABLE as described in this Program Disclosure Statement. When the Board believes it is feasible and appropriate, it intends to provide reasonable notice of any material Program changes.

## Cybersecurity Risk

With the increased use of technologies such as the Internet to conduct business, CalABLE, the Investment Options and the underlying investments are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting CalABLE’s or an underlying investments manager(s) and other service providers (including, but not limited to, accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with an Investment Option’s or underlying fund’s ability to calculate its Net Unit Value, impediments to trading, the inability of Account Owners or underlying fund shareholders (including the Trust) to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which an underlying fund invests, counterparties with which an underlying fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While CalABLE’s and the underlying investments’ service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, CalABLE, the Investment Options and the underlying investments cannot control the cybersecurity plans and systems put in place by their service providers or any other third parties whose operations may affect them. CalABLE, the Investment Options and the underlying investments could be negatively impacted as a result.

## Force Majeure

None of the State of California, the Trust, the Board, the Board Members, the Plan, or any other government agency or entity, nor any of the service providers to CalABLE, are responsible for circumstances beyond their reasonable control that may negatively impact your Account. Such circumstances include, but are not limited to, regulatory or legislative changes, worldwide political uncertainties, and general economic conditions (such as including inflation and unemployment rates), acts of God, acts of civil or military authority, acts of government, accidents, environmental disasters, natural disasters or events, fires, floods, earthquakes, hurricanes, explosions, lightning, suspensions of trading,

epidemics, pandemics, public health crises, quarantines, wars, acts of war (whether war is declared or not), terrorism, threats of terrorism, insurrections, embargoes, cyber-attacks, riots, strikes, lockouts or other labor disturbances, disruptions of supply chains, civil unrest, revolutions, power or other mechanical failures, loss or malfunction of utilities or communications services, delays or stoppage of postal or courier services, delays in or stoppages of transportation, and any other events or circumstances beyond our reasonable control whether similar or dissimilar to any of the foregoing.

## The Program Manager

The Board selected Vestwell as the Program Manager. Vestwell is an indirect, wholly owned subsidiary of Vestwell Holdings, Inc. Vestwell provides administration and recordkeeping services to the Program under the direction of the Board. Vestwell and the Board have entered into a contract (the Management Agreement”) under which Vestwell and its subcontractors, including its affiliated companies, the Bank of New York Mellon and BNY Mellon Investment Management Services LLC. provides services to the Plan.

## Management Agreement

The Program Manager has entered into a Management Agreement (“Management Agreement”) with the Treasurer as of April 14, 2023, under which Vestwell is responsible for providing, directly or through subcontractors, program management systems, recordkeeping, and administrative services for the plan. The Management Agreement is set to terminate on September 1, 2028, unless earlier terminated or extended. At the Board’s sole discretion, there will be an option to extend the Agreement for up to five additional one-year terms.

## Other Compensation

In connection with making the FDIC-Insured Portfolio available through CalABLE, Vestwell receives compensation from BNY Mellon.

## Custody Services

The Program Manager has retained The Bank of New York Mellon to provide custody services to CalABLE.

# Additional Legal and Administrative Information

## Investment Guidelines

The investment guidelines applicable to CalABLE as established by the Board may be changed at any time. The current investment guidelines are available online at [www.treasurer.ca.gov/able](http://www.treasurer.ca.gov/able).

## Program Procedures and Requirements

Your Account and CalABLE are subject to all procedures and requirements adopted by CalABLE from time to time. Additionally, CalABLE reserves the right to:

- Refuse, change, discontinue, or temporarily suspend Account services, including accepting contributions and processing withdrawal requests, for any reason.
- Delay sending out the proceeds of a withdrawal request.
- Refuse, following receipt of a contribution, withdrawal requests relating to that contribution for up to 10 Business Days.
- Suspend the processing of withdrawal requests or postpone sending out the proceeds of a withdrawal request under any emergency circumstances.

*CalABLE may exercise such rights for any reason and at its sole discretion.*

## Availability of Financial Statements and Other Reports

Upon request, financial reports of CalABLE will be sent, as well as any other official documents and reports issued by CalABLE. These may also be available on CalABLE's website.

## Suitability

None of CalABLE, the Trust, the Board, the state of California, CalABLE's service providers (including the Program Manager), or any federal or state entity or person, or any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing, make any representations regarding the suitability of CalABLE or its Investment Options for any particular investor. Other types of investments and other types of savings vehicles may be more appropriate depending upon your personal circumstances. Please consult your qualified tax or investment advisor for more information.

## Federal Bankruptcy Exemption for Certain Contributions to Accounts

Federal law expressly excludes certain funds from an individual debtor's bankruptcy estate (which funds, therefore, will not be available for withdrawal to such individual's creditors) if the funds are contributed by the debtor to an Account. The bankruptcy protection for Accounts is limited, however. The funds contributed will be protected if the Account Owner is the individual debtor's child, stepchild, grandchild, or step grandchild for the taxable year in which the funds were placed in the Account, and only to the extent that such funds (i) are not pledged or promised to any entity in connection with any extension of credit; and (ii) are not Excess Contributions. In addition, the bankruptcy protections are subject to the following limits: (i) contributions made to an Account more than 720 days before a federal bankruptcy filing are completely protected; (ii) contributions made to an Account during the period beginning 365 days through 720 days before a federal bankruptcy filing are protected up to an amount set by statute which is adjusted from time to time; and (iii) contributions made to an Account less than 365 days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

## Abandoned and Unclaimed Accounts

States' unclaimed property laws may require CalABLE to turn over certain Accounts deemed to be abandoned or unclaimed to the custody and control of the state of the last known residence of the Account Owner. Unclaimed property laws vary by state, including the circumstances under which an Account is deemed to be abandoned or unclaimed and the consequences of such a designation. If CalABLE is required to turn over an Account as abandoned or unclaimed property, depending on the law of the applicable state, CalABLE or the receiving state may need to liquidate the Account, and, once liquidated, there may be no additional earnings on the Account. If an Account is turned over, in order to reclaim the Account, the Account Owner or Authorized Legal Representative would need to follow the receiving state's procedures for claiming abandoned or unclaimed property.



## **Limitation on Pledges, Assignments, and Loans**

Your Account may not be pledged as security for a loan or debt. You may not assign your Account. You may not borrow amounts in your Account.

## **Information Subject to Change**

The information in this Program Disclosure Statement is believed to be accurate as of the cover date but is subject to change without notice. No one is authorized to provide information that is different from the information in this Program Disclosure Statement and any supplements or amendments hereto.

## **Important Reference Material**

Please keep this Program Disclosure Statement for future reference. This document gives you important information about CalABLE, including information about investment risks, tax considerations, benefit considerations, and the terms under which you agree to participate in CalABLE.

## **Conflicts**

In the event of any conflicts, California law, federal law, and any regulations promulgated pursuant to those laws shall prevail over any information in this Program Disclosure Statement.

# Appendix A

## California 529A Qualified ABLE Savings Program Participation Agreement

Each term used but not defined in this Participation Agreement has the meaning given to it in the Program Disclosure Statement. By completing the online application, you (either as the Account Owner/Beneficiary, or as the Authorized Legal Representative on behalf of the Account Owner/Beneficiary, as applicable) agree to all the terms and conditions in the Program Disclosure Statement, this Participation Agreement, and the online application. This Agreement is entered into between you and the California ABLE Act Board (the "Board"), acting as trustee of the California ABLE Program Trust (the "Trust") and the administrator of California's 529A Qualified ABLE Program ("CalABLE"). This Agreement becomes effective when CalABLE opens the Account.

\* \* \*

I hereby agree, and represent and warrant to the Board, as follows:

### 1. Legal Contract

I acknowledge that this Participation Agreement that I am entering into represents a legal, valid, and binding contract between the Board and me.

### 2. Information about CalABLE

I have read and I understand the Program Disclosure Statement, this Participation Agreement, and the online application. In making the decision to open the Account, I did not rely on any representations or other information, whether oral or written, other than the information in the Program Disclosure Statement, this Participation Agreement, or the online application. I acknowledge that I have been given the opportunity to obtain answers to all of my questions concerning CalABLE, the Account, the Program Disclosure Statement, this Participation Agreement, and the online application.

### 3. Changes in Law

I understand that CalABLE is established and maintained by the state of California pursuant to the Enabling Law and is intended to qualify for certain federal income tax benefits under Section 529A. I acknowledge that qualification under Section 529A is vital and that CalABLE may be changed by the state of California and the Board at any time if it is determined that such change is required to maintain qualification under Section 529A. I also acknowledge that CalABLE is subject to California and federal laws, and that such

laws are subject to change for any reason, sometimes with retroactive effect, and that neither the state of California, the Trust, the Board, CalABLE, nor any of CalABLE's service providers (including the Program Manager) makes any representation that such laws will not be changed or repealed or that the terms and conditions of CalABLE will remain as currently described in Program Disclosure Statement, this Participation Agreement, or the online application.

## **4. CalABLE Modifications**

I understand and agree that the Board reserves the right, upon written notice and without my consent, to modify CalABLE and this Participation Agreement, as deemed necessary by the Board in its sole discretion and subject to applicable law, for reasons such as, but not limited to, ensuring compliance with California or federal laws, or ensuring the proper administration of CalABLE. I further agree that the Account will be subject to all such modifications.

## **5. Accuracy of Information Provided by Me**

I represent and warrant that I accurately and truthfully completed the online application and that any other documentation or information related to the Account that I provide to CalABLE in the future will be true and correct.

## **6. Additional Documentation Requested from Me**

I acknowledge that in connection with opening the Account, and prior to processing any Account transactions or changes requested by me after the Account is opened, CalABLE may ask me to provide additional documentation, and I agree to promptly comply with any such requests.

## **7. Indemnification by Me**

I recognize that the establishment and maintenance of the Account will be based on the statements, agreements, representations, and warranties made by me to CalABLE. I agree to indemnify the state of California, the Trust, the Board, CalABLE, CalABLE's service providers (including the Program Manager), and any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, and instrumentalities of the foregoing, from and against any and all loss, damage, liability, and expense (including the costs of reasonable attorneys' fees), to which such persons may incur by reason of, or in connection with, any misstatement or misrepresentation made by me; any breach by me of the acknowledgments, representations, warranties, or agreements contained in the Program Disclosure Statement, this Participation Agreement, or the online application, or as otherwise given by me in connection with the Account; or any failure by me to fulfill any covenants or obligations in connection with the Account. I agree that all of my statements, representations, warranties, and agreements shall survive the termination of this Participation Agreement and this indemnification shall remain enforceable against me, notwithstanding the termination of this Participation Agreement.

## **8. Purpose of the Account**

I represent the Account is being opened to save for Qualified Disability Expenses of the Beneficiary. I acknowledge that there is no guarantee that contributions and investment returns, if any, in the Account will be sufficient to cover the Qualified Disability Expenses of the Beneficiary.

## **9. Eligible Individual Status**

I certify that the Beneficiary is an Eligible Individual as described in the Program Disclosure Statement, and that I have, and agree to provide upon request, evidence of such eligibility.

## **10. One Account Rule**

I represent that the opening of the Account does not violate the One Account Rule, as described in the Program Disclosure Statement.

## **11. Contributions**

I acknowledge that the ability to make contributions to the Account is subject to the annual Standard Contribution limit (including the annual ABLE to Work Contribution limit, to the extent applicable), the Maximum Account Balance, and all other terms and conditions related to contributions described in the Program Disclosure Statement, including with respect to Excess Contributions.

## **12. Changes to Account Information, including Eligibility**

I agree to promptly notify CalABLE of any changes to the information maintained by CalABLE for the Account, including changes in the Beneficiary's status as an Eligible Individual.

## **13. Authorized Legal Representative**

If I am acting as an Authorized Legal Representative on behalf of the Beneficiary, I represent that I have full power and authority to open the Account on behalf of the Beneficiary and to enter into this Participation Agreement. In addition, if I am acting as an Authorized Legal Representative, I represent that I neither have nor will acquire any beneficial interest in the Account during the lifetime of the Beneficiary, and that I must administer the Account for the benefit of the Beneficiary.

## 14. Account Authority

I acknowledge that only I may authorize transactions on behalf of the Account (unless in the future such authority is duly transferred to another, as described in the Program Disclosure Statement) including, but not limited to, transactions related to (i) the investment of contributions; (ii) transfers between Investment Options (as permitted by applicable law); (iii) withdrawals; and (iv) changes in the Beneficiary.

## 15. No Investment Direction

I acknowledge that all investment decisions for CalABLE will be made by the Board. Although I must select the Investment Option(s) in which contributions to the Account are to be invested, I acknowledge that I cannot directly or indirectly select the investments for the Investment Options, and that an Investment Option's investments may be changed at any time by the Board. I also acknowledge that contributions and earnings (if any) invested in an Investment Option may be transferred to another Investment Option only twice per calendar year, as described in the Program Disclosure Statement.

## 16. No Investment Advice or Suitability Assessment

I acknowledge that neither the state of California, the Trust, the Board, CalABLE, nor any of CalABLE's service providers (including the Program Manager) has provided me with, and will not provide, any investment advice or suitability assessment regarding the Account or any Investment Option.

## 17. Investment Risks

I understand the risks related to investing in CalABLE, as discussed in the Program Disclosure Statement. I understand that I can lose money by investing in CalABLE. I understand that there are no assurances that I will not suffer a loss of any amount invested in my Account or that I will receive a particular return on any amount in my Account.

## 18. Guarantees

I acknowledge that, other than an investment in (or a portion of an investment in) the FDIC-Insured Portfolio, which is insured by the FDIC subject to the limitations described in the Program Disclosure Statement and by applicable law, neither contributions nor earnings allocated to an Investment Option are guaranteed or insured by any person or entity. I understand that there is no guarantee that any Investment Option's or any underlying mutual fund's investment objective will be achieved. I acknowledge that there is no minimum guaranteed interest rate for the FDIC-Insured Portfolio.

## 19. Not an Investor in Underlying Investments

I understand that I am not, by virtue of an investment in an Investment Option, a shareholder in, or the owner of any interests in, such Investment Option's underlying investments. I understand that CalABLE is the owner of the shares of any mutual fund in which an Investment Option invests, and that I will have no right to vote or direct the voting of any proxy with respect to such shares.

## 20. Withdrawals

I understand that once a contribution is made to the Account, my ability to withdraw funds without adverse tax consequences is limited. I acknowledge these restrictions and potential tax liabilities are described in the Program Disclosure Statement. I further acknowledge the terms and conditions related to withdrawals described in the Program Disclosure Statement.

## 21. Termination

I understand and agree that the Board may at any time terminate CalABLE and/or this Participation Agreement, either of which may cause a distribution of the entire Account balance to be made from the Account. I understand the potential tax liabilities, including additional taxes on earnings (if any), that may apply to any such distribution. I understand that I may cancel this Participation Agreement at any time by written notice to CalABLE and requesting a complete withdrawal of the Account balance.

## 22. Medicaid/Medi-Cal Recapture

I acknowledge and understand the potential for Medicaid/Medi-Cal recapture upon the death of the Beneficiary, as described in the Program Disclosure Statement.

## 23. Tax Records

I acknowledge that, for tax reporting purposes, I am responsible for retaining adequate records related to the Account.

## 24. Transfer of Ownership

I understand that if the Beneficiary for the Account changes, the former Beneficiary will cease to have any right, title, claim, interest in, or authority over the Account.

## 25. No Collateral for Loans

I acknowledge that the Account and any portion thereof cannot be used as collateral for any loan and that any attempt to do so shall be void.

## 26. Assignments

I acknowledge that I may not assign or transfer any interest in the Account except as provided in the Program Disclosure Statement and as permitted by applicable law. I acknowledge that any other attempted assignment or transfer of such interest shall be void.

## 27. Duties and Rights of California Entities and Service Providers

Neither the state of California, the Board, the Trust, CalABLE, nor any of CalABLE's service providers (including the Program Manager), nor any officials, directors, officers, employees, agents, representatives, subcontractors, affiliates, subsidiaries, or instrumentalities of the foregoing has a duty to perform any action other than those specified in the Program Disclosure Statement, this Participation Agreement, or the online application ("Program Parties"). All Program Parties (i) may accept and conclusively rely on any instructions or other communications reasonably believed to be from me or an Authorized Legal Representative, (ii) may assume that the authority of any Authorized Legal Representative continues to be in effect until they receive written notice to the contrary, and (iii) are beneficiaries or third-party beneficiaries of, and can rely upon and enforce, any of my agreements, representations, warranties, acknowledgments, and similar statements in this Participation Agreement. None of the Program Parties has a duty to determine or advise me of the investment, tax, or other consequences of my actions, of their actions in following my directions, or of their failing to act in the absence of my directions.

## 28. Changes to Service Providers

I acknowledge that CalABLE's service providers (including the Program Manager) will not necessarily continue in their roles for the entire period that the Account is open and that additional and/or different service providers may be retained for CalABLE in the future. I acknowledge that if there is a change in CalABLE's service providers, there may be modifications to CalABLE and the Account.

## 29. Headings

The headings used in this Participation Agreement are for ease of reference only and have no legal significance.

## **30. Controlling Law, Venue, and Jurisdiction**

This Participation Agreement is governed by California law without regard to principles of conflicts of law. Subject to the provision in this Participation Agreement titled “Arbitration,” I agree and submit that any post-arbitration claim or controversy arising out of, or relating to, this Participation Agreement shall be adjudicated by a federal or state court located in the state of California, and I hereby submit to the exclusive jurisdiction of any such California court.

## **31. Severance**

In the event that any clause or portion of the online application, the Program Disclosure Statement, or this Participation Agreement is found to be invalid or unenforceable, at the option of the Board or CalABLE, this Participation Agreement may be deemed void, or that clause or portion found to be invalid will be severed from the applicable document and the remainder thereof will continue in full force and effect as if such clause or portion had never been included.

## **32. Sovereign Immunity**

Nothing in the online application, the Program Disclosure Statement, or this Participation Agreement shall be deemed or construed as an express or implied waiver of the sovereign immunity of the state of California or any agency or instrumentality thereof.



# Appendix B

## Privacy Policy

### Notice of Privacy Policy

Protecting the privacy of your personal information is important to us at CalABLE. You have given this information to us so that we may provide you with assistance in participating in the 529A CalABLE program. We understand that you trust us to keep your personal information confidential as required by law.

### CalABLE Privacy Policy

1. CalABLE collects nonpublic personal information about you from the following sources:
  - Information you provide us when you conduct business with CalABLE whether online, through the mail, or over the phone;
  - Information about your transactions with CalABLE and its agents and subcontractors;
  - Information received from the Social Security Administration, the Internal Revenue Service, other state or federal programs, or state agencies; and
  - Information received from third-party payment processors to which you have made contributions or withdrawals.
  - Nonpublic personal information means personal information about you which identifies you and that is not available from public sources.
2. CalABLE does not disclose any nonpublic personal information about you or our other customers to anyone, except with your consent, at your request, or as permitted or required by state or federal law.
3. CalABLE restricts access to nonpublic personal information about you to those employees, agents, subcontractors, organizations, and government agencies who need to know the information to provide the services or products that are the basis of the customer relationship between you and CalABLE. CalABLE maintains physical, electronic, and procedural safeguards reasonably designed to safeguard your nonpublic personal information.

Under the terms of the Program Management Agreement, the Program Manager and other service providers to the Program shall abide by this Privacy Policy.

By enrolling in an account in CalABLE as a Beneficiary, or as the Authorized Legal Representative on behalf of a Beneficiary, or by accessing the Website you agree to this Privacy Policy. Enrollment is deemed to have occurred as of such time that you click to accept the CalABLE Program Disclosure Statement and Participation Agreement and this Privacy Policy.

**If you do not wish to be bound by all of the terms and conditions in this agreement, do not access the website or use any of the services provided on the website.**

## CalABLE Notice of Security

This Notice describes important security practices in connection with the CalABLE Account website. CalABLE operates as a Section 529A qualified ABLE program established and maintained by the state of California through the California ABLE Act Board, which serves as Trustee. When you visit the Website, you can log on to pages where access is permitted only after you have supplied your Account Number and Password.

CalABLE and their subcontractors and their respective affiliates (hereinafter referred to collectively as “the Contractors”) are committed to protecting your privacy online. When you log on to the Website’s secure pages, we use 256-bit SSL certificates for securing information. SSL certificates have been widely accepted on the World Wide Web for authenticated and encrypted communication between clients and servers. In addition, all data that you send to us and we confirm back to you is sent over an encrypted secure connection protected with a mechanism for detecting tampering—that is, for automatically determining whether the data has been altered in transit. This basically means that the data sent is encrypted and is designed so it can only be decrypted by our web server. To provide additional protection, your data is stored on a secure server behind our firewall. Firewalls can be thought of as selective barriers that are designed to permit only specific types of transactions through to our system. This Website may utilize “cookies”—small text files placed on your computer hard drive—when you use this site. Cookies may be used for security purposes, to facilitate navigation of the Website, or to personalize your use of the site by retaining preferences. The cookies used by the Website do not contain personally identifiable information and are used ONLY in the context of your use of the Website.

To use this site, you need a browser that supports encryption and dynamic web page construction. It is strongly recommended that you have a secure browser which supports 256-bit encryption.

Each user session is set up for a specific period of time. If you do not make a transaction within that specific period of time, the session times out. If your session times out, and you are not finished using the Website, you will need to log on again. This reduces "the window of opportunity" for an unauthorized user to access your account information if you walk away from your computer without logging off the Website.

To help ensure the confidentiality and integrity of your information:

- Use caution when choosing your username and password. Choose a unique and secure password that will be difficult for others to guess. Do not use obvious or easily accessed data such as your name, initials, Social Security number, mother's maiden name, phone number, address, family birthdays, family names, pet names, or any combination of these.
- CalABLE will never contact you to solicit your username or password. Do not reveal them to anyone.
- Close your browser when finished. After you have finished your session on the CalABLE website, log off and close your browser to get rid of information that may have been temporarily stored on your computer during your session.
- Do not share your Password, Social Security number or Account Number with anyone.
- Call the CalABLE toll-free number at 833-Cal-ABLE ([833-225-2253](tel:833-225-2253)) if you suspect any willful misuse of this site.

If you provide personal information to affect a transaction, a record of the transaction performed while you are on the Website is retained by CalABLE's secure system, maintained by the Program.

CalABLE and the Contractors may periodically review their procedures and reserve the right to amend them. You will be kept informed of any changes to the practices set forth in this notice.

This site also contains links to other sites. Neither CalABLE nor the Contractors are responsible for the privacy practices or the content of such websites.

## Important Notice About E-mails from CalABLE

Many email programs monitor for "spam," the electronic equivalent of junk mail. When these programs detect something they think is spam, they will either not deliver it at all or will deliver it to a folder other than your Inbox. Depending on your e-mail service and your specific spam settings, email sent with regard to your account may be recognized as spam and not delivered to your Inbox.

Most email services will allow you to add "safe" addresses — specific addresses that are always allowed to send mail to your Inbox. To ensure you receive all email communications regarding your CalABLE login, please add "[do\\_not\\_reply@calable.ca.gov](mailto:do_not_reply@calable.ca.gov)" to your list of safe addresses.

If you request a new password and do not receive an email within 24 hours, check your email program.

# Contact Us

## Have Questions? We're Here to Help.

### Give Us a Call

Call Toll Free: 833-Cal-ABLE ([833-225-2253](tel:833-225-2253)) between 6am and 5pm PT

*For those with a hearing impairment, please contact us at the number above via a relay service.*

### Visit Us Online

Visit [CalABLE.ca.gov/contact-us](https://CalABLE.ca.gov/contact-us)

### Reach Us by Mail

#### First Class Mail

CalABLE  
PO Box 534403  
Pittsburgh PA 15253-4403

#### Overnight address

CalABLE  
Attention: 534403  
500 Ross Street, 154-0520  
Pittsburgh PA 15262

### Email Us

For general inquiries, email us at [CalABLE@treasurer.ca.gov](mailto:CalABLE@treasurer.ca.gov)

### Request a Speaker

A representatives may be available to present to your organization or attend your event.

**Email:** [CalABLE@treasurer.ca.gov](mailto:CalABLE@treasurer.ca.gov)

**Phone:** [916-653-1728](tel:916-653-1728)

### Contact the Board

**Online:** [treasurer.ca.gov](https://treasurer.ca.gov)

**Email:** [CalABLE@treasurer.ca.gov](mailto:CalABLE@treasurer.ca.gov)

**Phone:** [916-653-1728](tel:916-653-1728)

