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**JULY 9, 2024**

**AGENDA ITEM 4  
INFORMATION ITEM**

**CALIFORNIA ABLE ACT BOARD**

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529A Program Consultant Update: ABLE Landscape Update

***Background***

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

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

***Presenter***

Juliana Crist, AKF Consulting

***Attachments***

- Attachment #1 – ABLE Industry Landscape Deck

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# ***California ABLE Act Board***

## **ABLE Landscape Update**

**July 9, 2024**

# Today's Discussion

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- **CalABLE Growth Comparisons** **11**
- **Select Plans: Fee Comparisons** **14**
- **Observations and Considerations** **18**

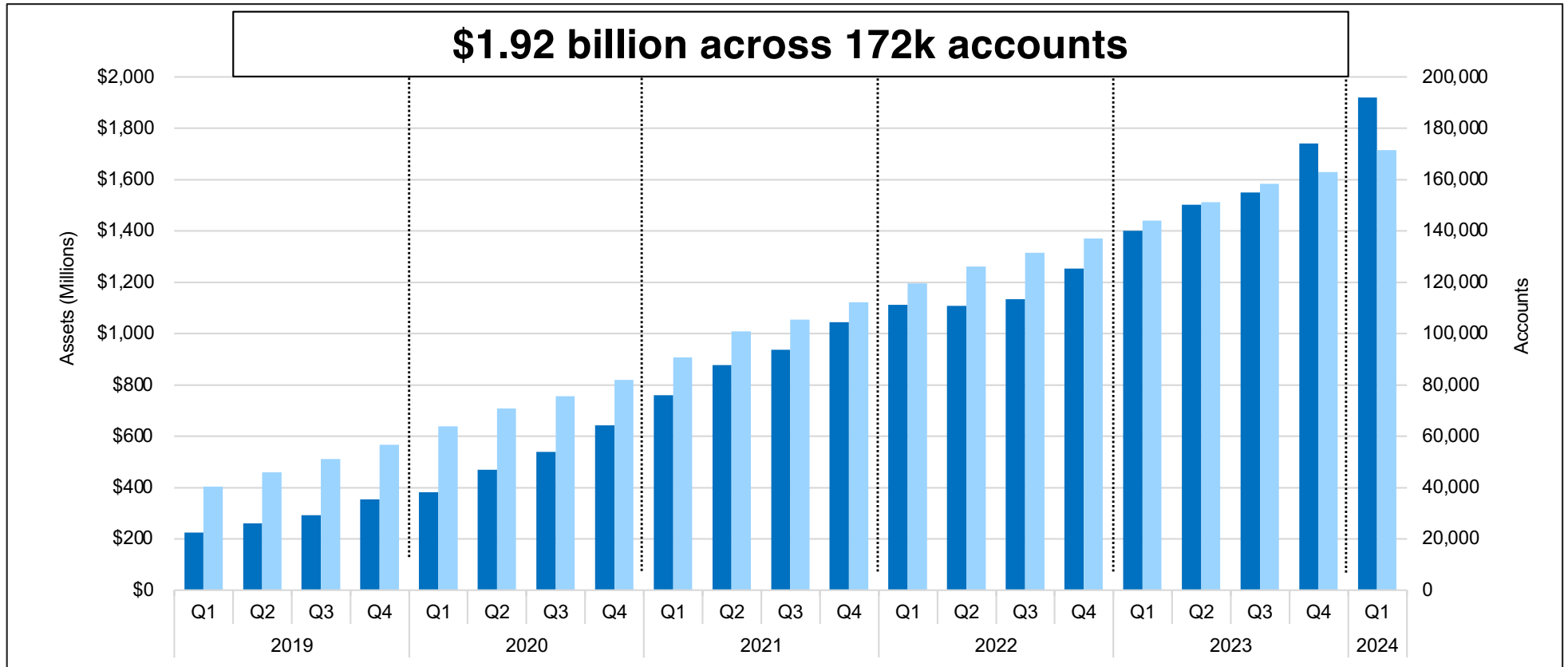
## Presentation Highlights

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

# Section 1.

## The Landscape Today

# National Market Growth Shows Recent Improvement



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

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

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

# National Alignment of States

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

Source: AKF Consulting as of May 2024

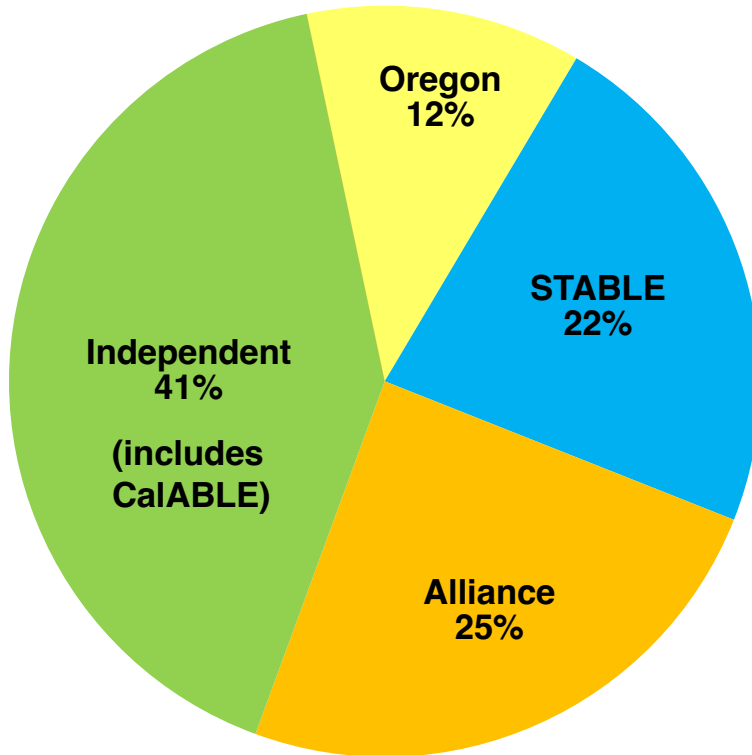
Blue indicates Lead State in the partnership

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

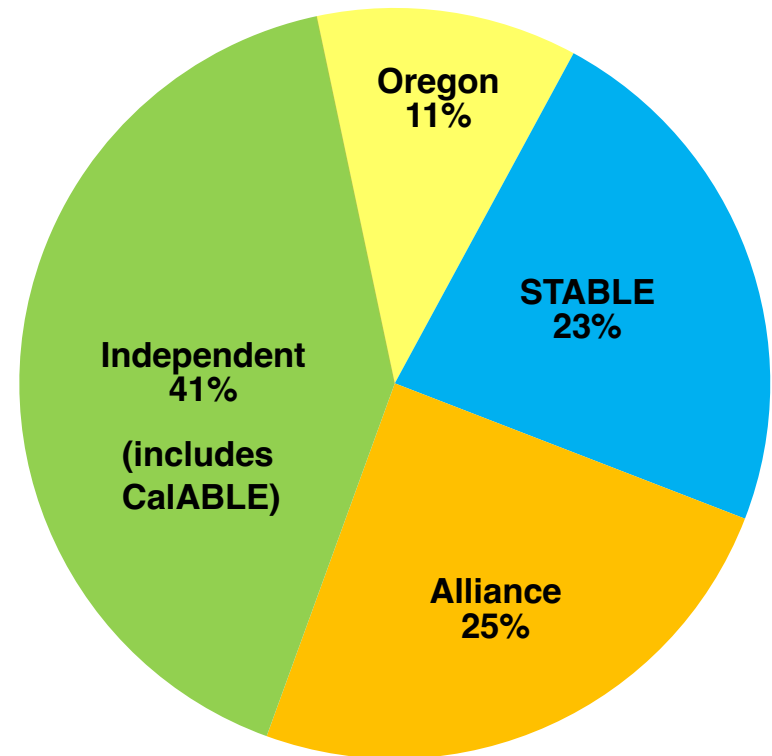


# Industry Snapshot: Market Share

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

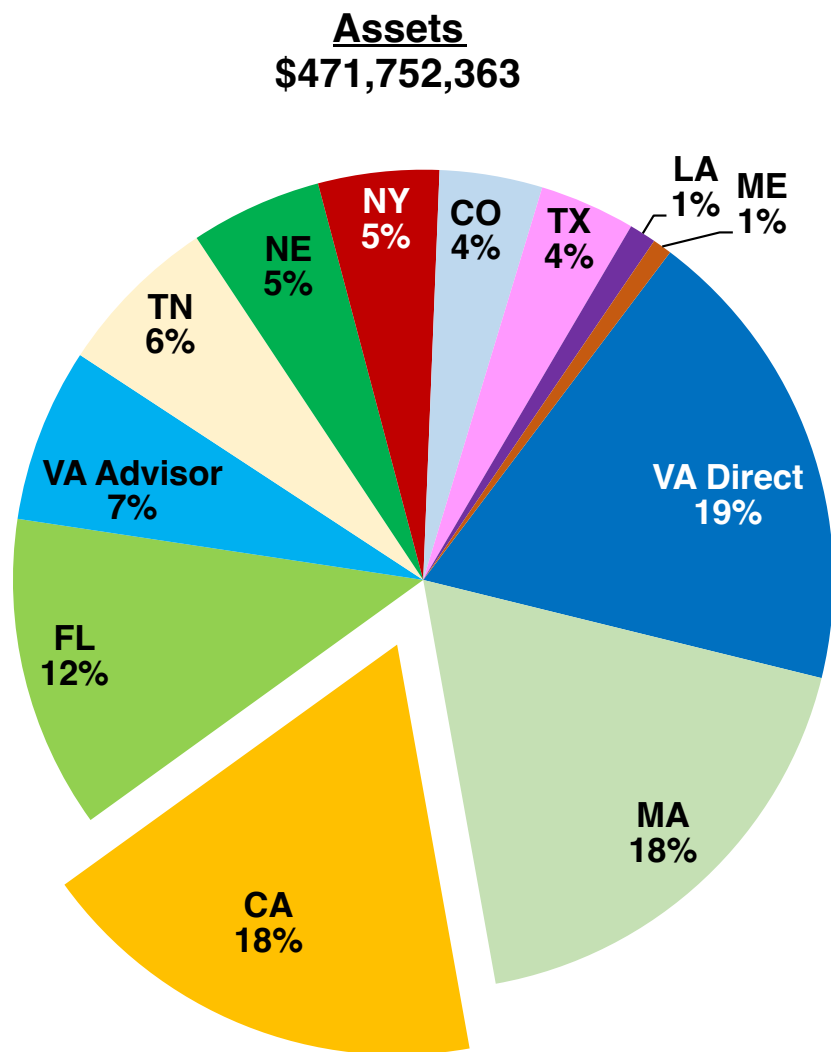


**Accounts**  
171,571



Source: ISS Market Intelligence as of March 31, 2024

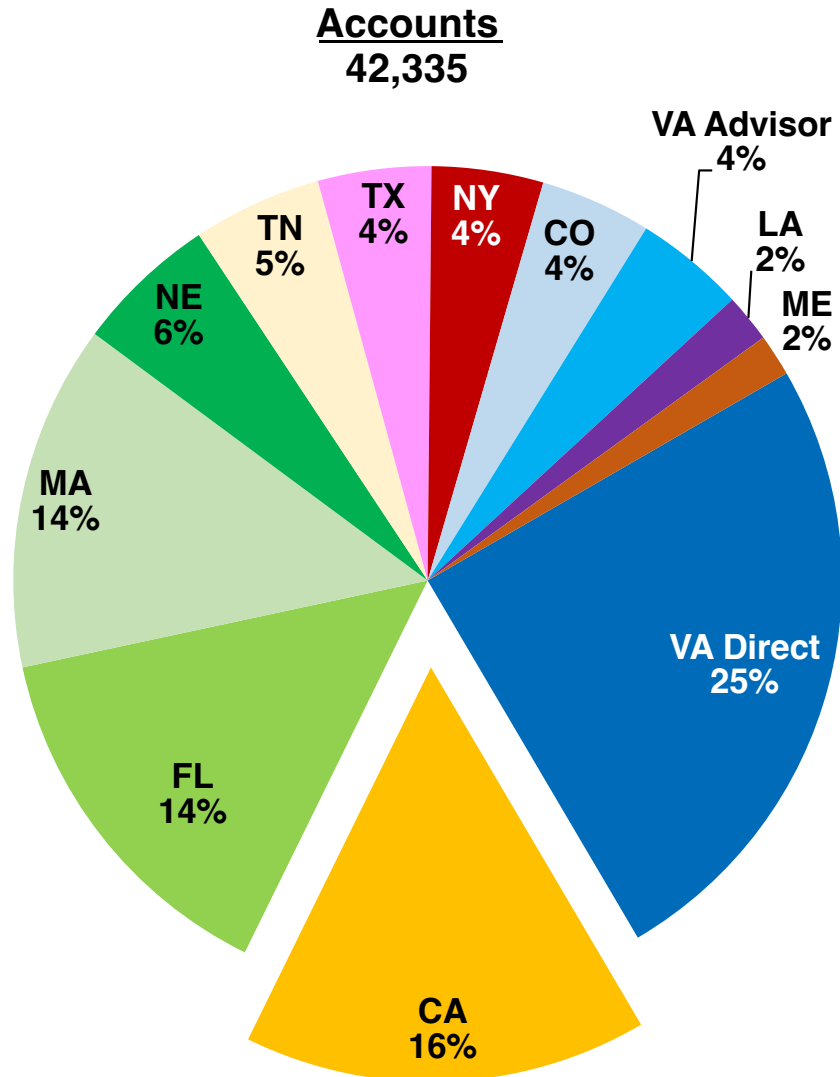
# Independent Plan Snapshot: Market Share



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

Source: ISS Market Intelligence as of March 31, 2024

# Independent Plan Snapshot: Market Share, continued

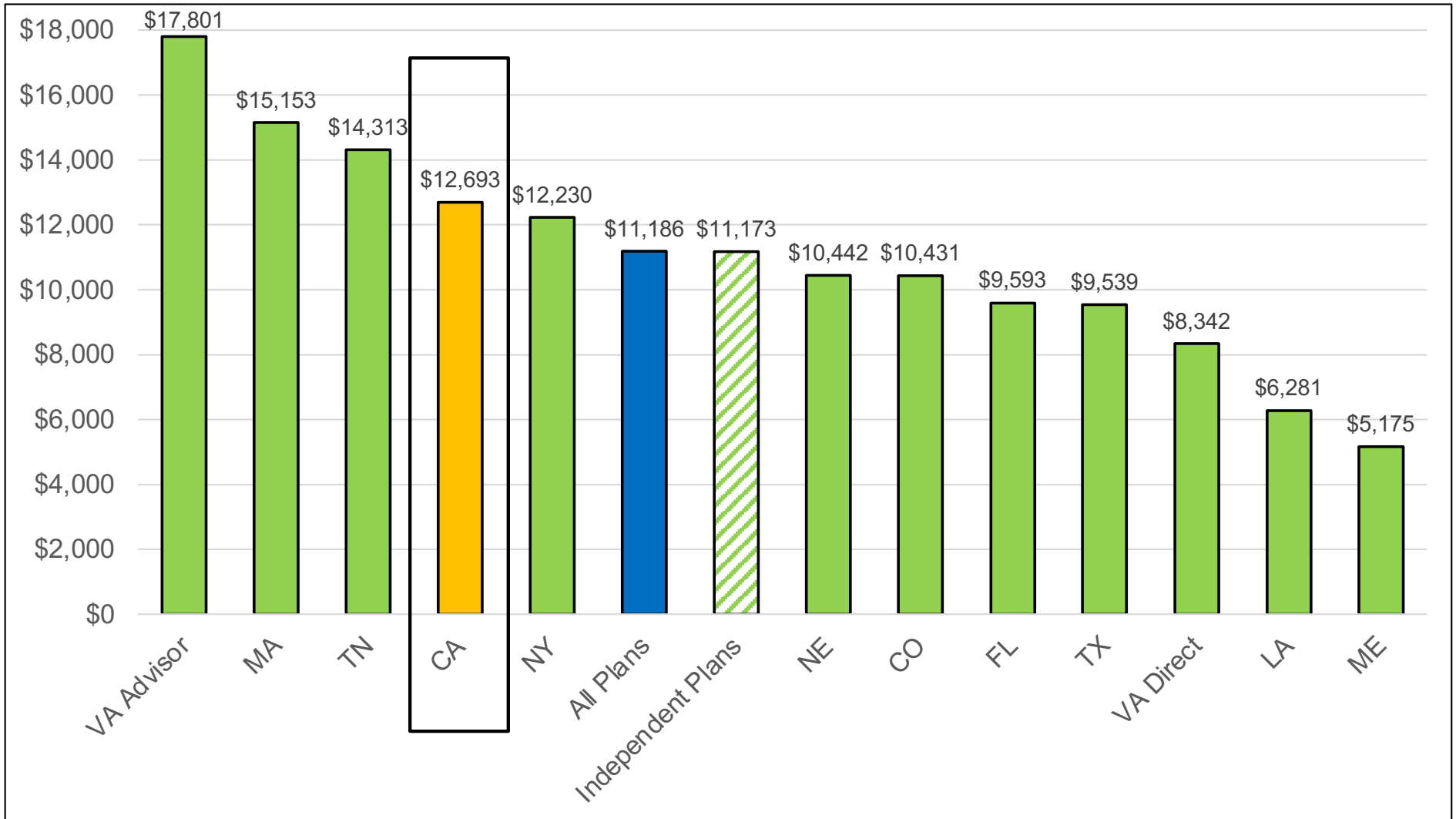


Rank	Plan	Accounts
1	Virginia Direct	17,545
2	<i>California</i>	<i>11,104</i>
3	Florida	10,132
4	Massachusetts	9,533
5	Tennessee	3,913
6	Nebraska	3,553
7	Texas	3,118
8	New York	3,071
9	Colorado	3,062
10	Virginia Advisor	3,035
11	Louisiana	1,329
12	Maine	1,157

Source: ISS Market Intelligence as of March 31, 2024



# Independent Plan Snapshot: Average Account Size



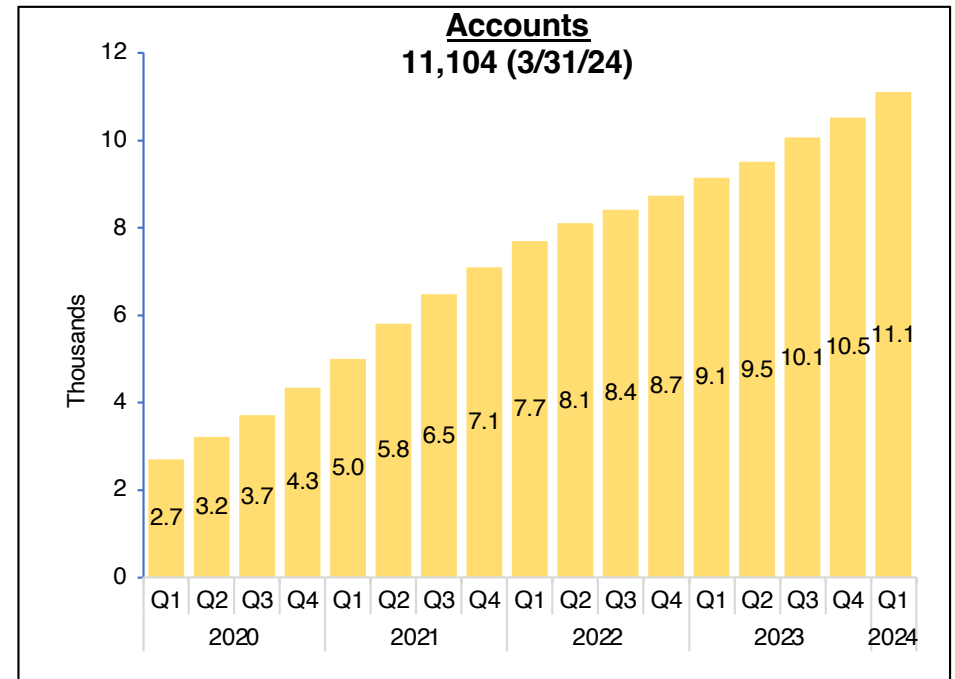
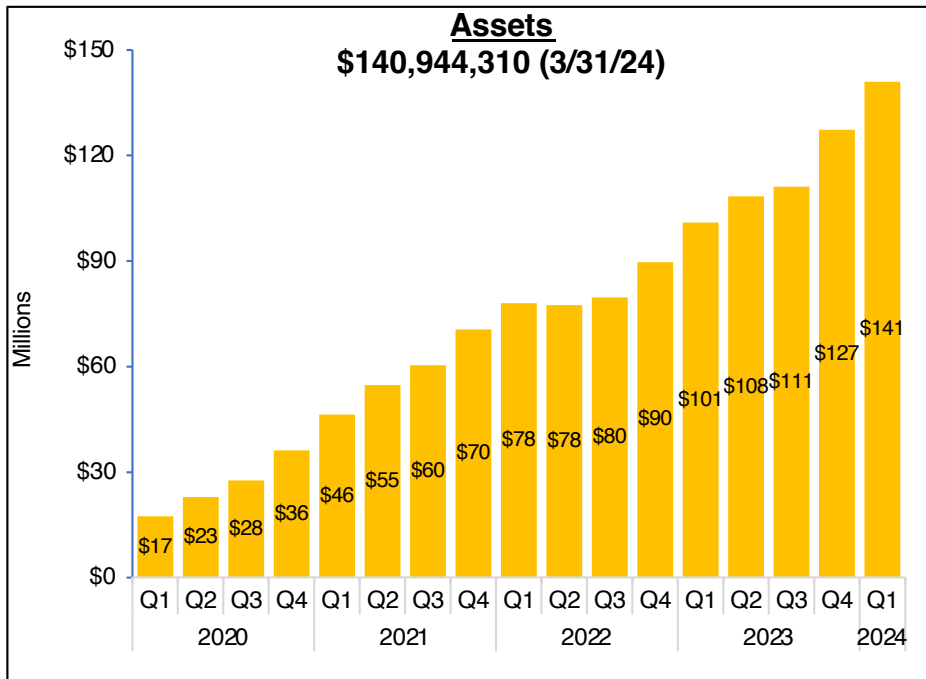
Source: AKF Consulting based upon data from ISS Market Intelligence as of March 31, 2024

## Section 2.

# CaABLE Growth Comparison

# CalABLE Growth

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



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

Source: ISS Market Intelligence as of March 31, 2024

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



## CalABLE Growth versus Industry

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

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

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

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

## Section 3.

# Select Plans: Fee Comparisons



## Fee Snapshot: Select Plans

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

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

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

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

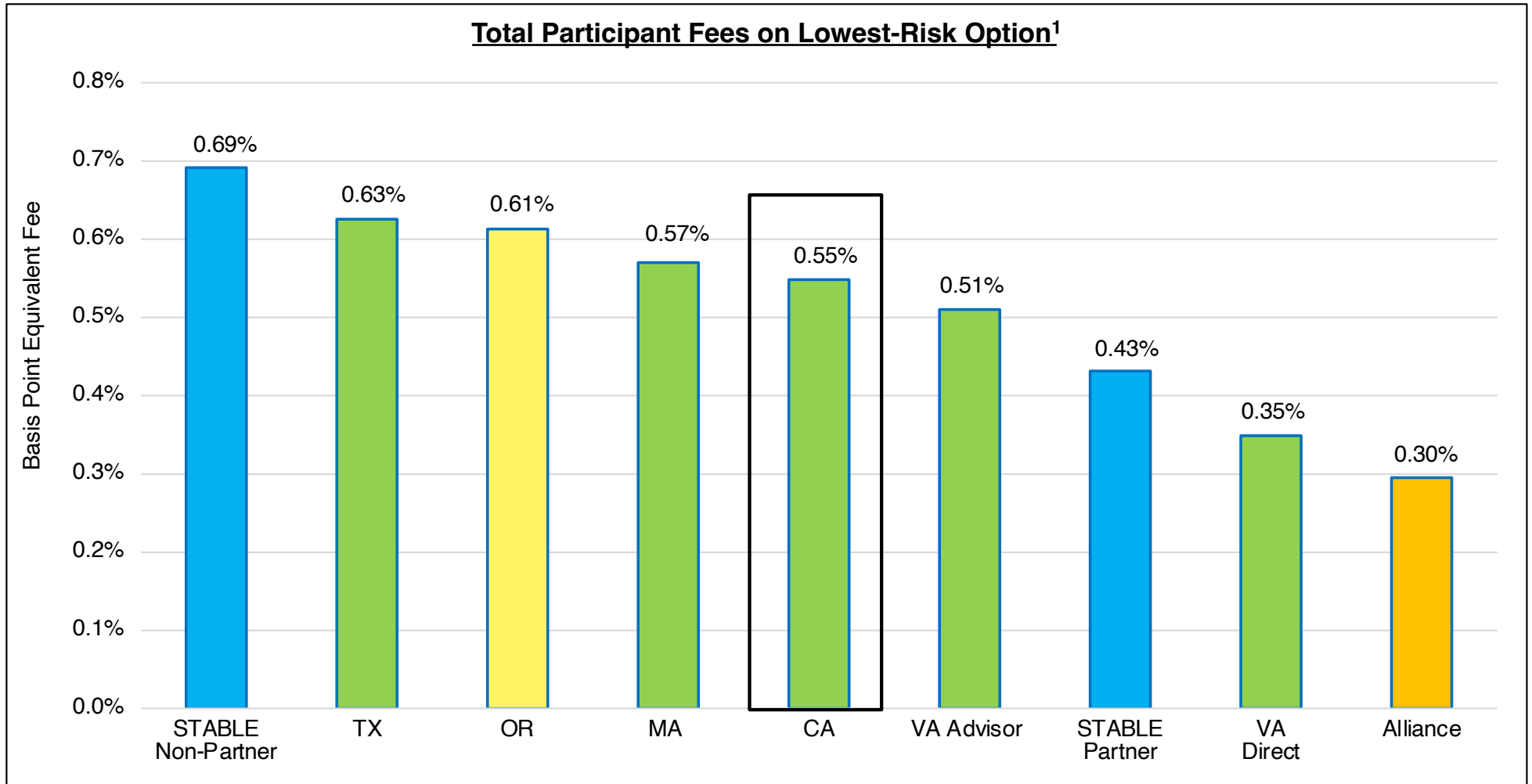
<sup>2</sup> Represents fees for Class A shares; also assumes VA529 fee waiver of 6 basis points (0.06%) remains in place after January 1, 2024

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

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

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

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

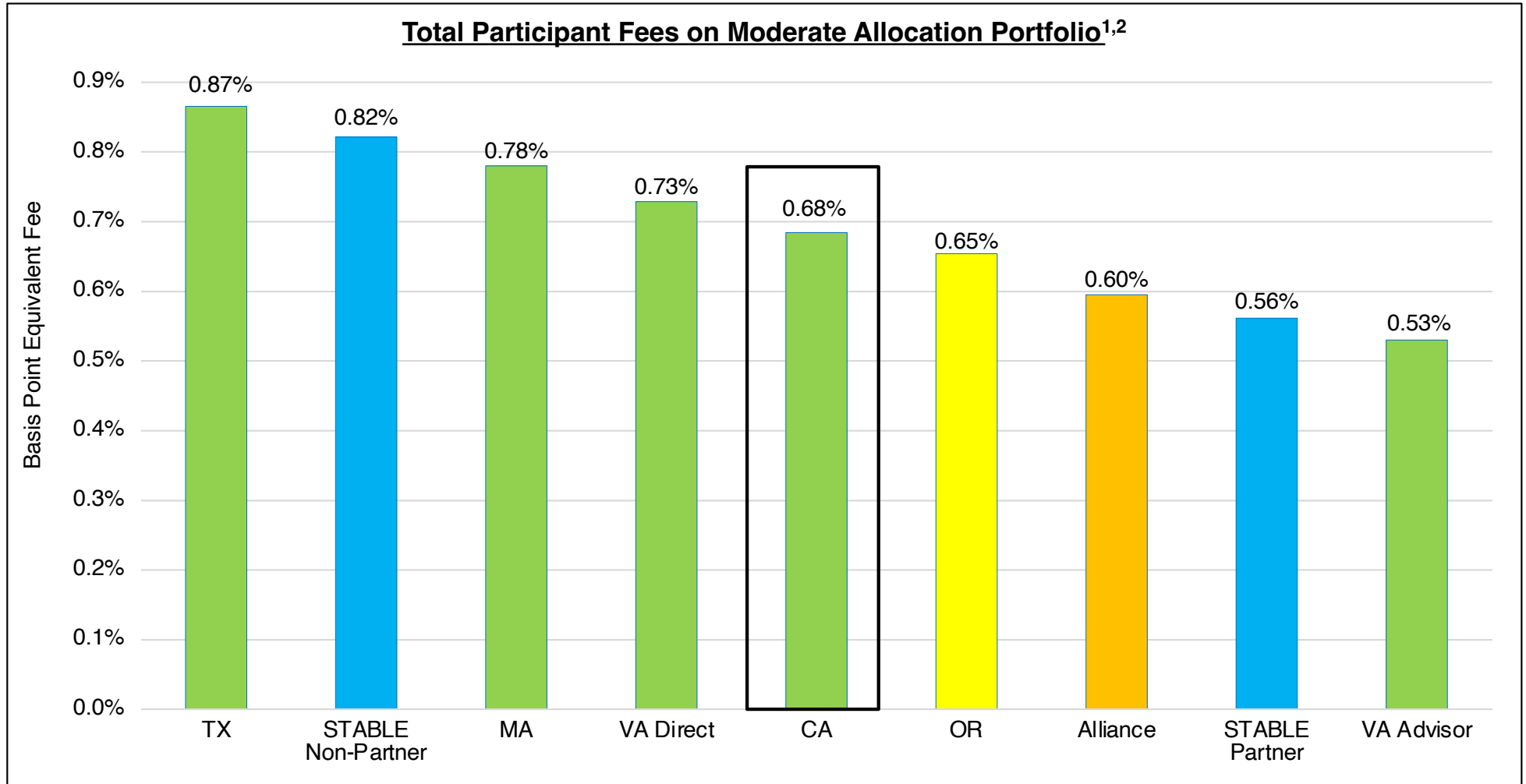


Source: Program Disclosure Statements available as of May 7, 2024

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

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

# Basis Point Equivalent Fees (Moderate Portfolio)



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

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

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

## Section 4.

# Observations and Considerations

## CalABLE Data: Observations

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

<sup>1</sup>Source: Vestwell

## CalABLE Data: Considerations

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

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