



# Annual Report

2021



## DEAR FRIENDS,

The Maryland 529 Board is pleased to report that the Maryland ABLE program grew significantly over the past year. The global pandemic provided unique challenges for people with disabilities who receive federal and state means-tested benefits. Reduced opportunities to spend assets as well as additional income received from government stimulus programs, created an additional need for asset protected accounts. Maryland ABLE accounts were able to provide this asset protection for federal and state means-tested programs and allowed account holders to maintain their health, independence, and quality of life by using an ABLE account.

At the close of Fiscal 2021 ("FY21") the Maryland ABLE program had increased its assets to over \$35 million, a 106% increase from the FY20 of \$17 million. While investment returns were strong throughout the year, the primary driver for the Program's growth remained the increase in new accounts with consistent contributions.

The program had a 65% increase in the number of account holders from 2,328 in FY20 to 3,490 in FY21. The most significant area of growth for the Maryland ABLE program this year was in its Entity as Authorized Legal Representative (ALR) process. This Entity ALR process, was designed for people who want assistance in managing their ABLE accounts and who are supported by licensed Maryland State agencies serving as their Social Security Representative Payees. At the end of FY20, sixteen Maryland service providers had opened Maryland ABLE accounts for people for whom they serve as Social Security Representative Payee and ARL. At the end of FY21, twenty six Maryland service providers had deposited over \$6.2 million into over 920 Maryland ABLE accounts. This represents a 292% increase in assets under management ("AUM") and a 159% increase in the number of accounts in one year.

College savings rollovers to ABLE accounts provide added flexibility for people with disabilities who may have found that their personal plans and needs have changed. Funds added to the Maryland ABLE program as a result of rollovers from 529 college savings plans and rollovers from other state ABLE plans continued to increase as these transactions accounted for over \$1.2 million to the program in FY21.

"ABLE to Work" contributions, which allow for a higher annual contribution limit for those account holders who are earning income, increased 93% year over year. The online gifting program also provides Maryland ABLE account holders with an additional way to receive money and increase contributions to their accounts. Over \$1 million was deposited into approximately 400 Maryland ABLE accounts as gifts in FY21.

Maryland ABLE provides a savings and investment tool to assist people with disabilities. The Program, in supporting an individual's right to independence and enhancing their autonomy, would like to end the cycle of poverty often experienced by people living with disabilities. We are thankful for the disability advocates, legislators and State officials who continue to make this program possible. In the coming year, we will continue the work to develop and improve the program to meet the savings and investment needs of ABLE account holders.

Sincerely,

THE MARYLAND 529 BOARD

## Maryland ABLE Snapshot

<b>Assets</b>	\$35.1 million
<b>Beneficiaries</b>	3,490
<b>Average Account Balance</b>	\$10,054

## Maryland Leaders

### Larry Hogan

Governor

### Boyd Rutherford

Lt. Governor

## Maryland 529 Board

### Nancy K. Kopp

Board Chair, State Treasurer

### Peter Franchot

State Comptroller

### Carol Beatty

Secretary, Maryland Department of Disabilities

### Jay A. Perman

MD, Chancellor, University System of Maryland

### James D. Fielder, Jr.

Ph.D. Secretary of Higher Education

### Karen B. Salmon\*

Ph.D. State Superintendent of Schools

### Mohammed Choudhury\*

State Superintendent of Schools

### Samuel N. Gallo

Public Member

### Jessica McClain

Public Member

### Joanna Pratt

Public Member

### Peter Tsirigotis

Public Member

### Rev. Dr. Lisa M. Weah

Public Member

\* Dr. Salmon left the Maryland 529 Board in July 2021. Mr. Choudhury joined the Board in July 2021.



# Contents

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## **Program Summary**

Maryland ABLE Features and Benefits	02
A Profile of Maryland ABLE Account Holders	04
ABLE Program Information	09

## **Financial Section**

Independent Auditor's Report	12
Management's Discussion and Analysis	15
Financial Statements	21
Notes to Financial Statements Year Ended June 30, 2021	24

## **Market Commentary**

ABLE Investment Options for Year Ended June 30, 2021	29
Supplemental Information Fiduciary Fund	30
Summary of Performance Comparison and Asset Distribution as of June 30, 2021	32

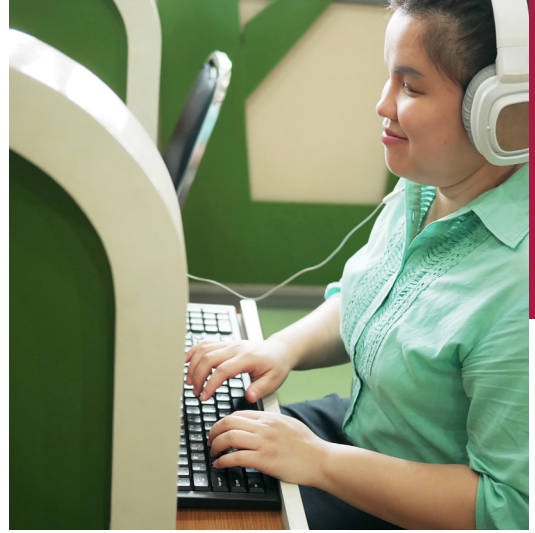


# Program Summary

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# Maryland ABLE Features and Benefits

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The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (the “ABLE Act”) amended the Internal Revenue Code of 1986 (“the Code”) by adding Section 529A, which allows states to open tax-advantaged qualified ABLE Programs throughout the United States. ABLE programs were intended to mirror the benefits of Qualified Tuition Programs (or college savings programs) established pursuant to Section 529 of the Code. ABLE Programs provide people with disabilities a means to save for disability-related expenses without jeopardizing federal means-tested benefits.

Pursuant to Section 529A, a person is eligible to open an ABLE account if they have a qualifying disability or blindness that began before age 26. The account holder and beneficiary of an ABLE account must be the same person, and a beneficiary is only able to have one ABLE account at a time. In general, assets held in an ABLE account are not counted in determining eligibility for State or Federal means-tested programs. With respect to Social Security benefits, only assets above \$100,000 held in an ABLE account count as a resource.

The Maryland ABLE Act (H.B. 431) was signed into law by Governor Larry Hogan on April 12, 2016. In part due to the similar framework of the college savings and ABLE savings programs, the Maryland ABLE Act provided that the independent State agency charged with overseeing the State’s college savings programs since 1997, Maryland 529, would also open and oversee the State’s ABLE program. The Maryland ABLE Program began operation on November 28, 2017.

The Maryland ABLE Act provided the opportunity for State residents to open their accounts with Maryland ABLE and receive State tax advantages for contributions to an account. Specifically, an individual may deduct up to \$2,500 per Beneficiary from their income for contributions made to a Maryland ABLE account. Contributions in excess of \$2,500 annually may be carried forward and deducted in the next 10 succeeding taxable years. Additional Federal and Maryland State tax benefits include tax-deferred growth and tax-free earnings provided the funds are used for Qualified Disability Expenses (“QDEs”). QDEs are broadly defined and specific to the individual account holder. Anything from transportation to employment training, assistive technology, health services, legal fees or housing may be considered a QDE.

Annual contributions to an ABLE account, unlike those to college savings plans, are capped at the same amount as the federal gift tax exclusion, which has remained at \$15,000 throughout this fiscal year, but which is tied to inflation and may change annually. Beginning in 2018, a beneficiary who was working, but not contributing to or receiving contributions to a retirement plan, was able to contribute over and above the annual contribution cap in “ABLE to Work” contributions. ABLE to Work contributions are capped at the lesser of the beneficiary’s earnings for the calendar year, or the federal poverty level for a one-person household for the previous calendar year. ABLE to Work contributions in calendar year 2020 were therefore capped at \$12,490 and in calendar year 2021 are capped at \$12,760.

Contributions to an ABLE account can also be made through a rollover from a 529 college savings plan. Account holders can rollover funds into an ABLE account for the same Beneficiary or for a different beneficiary, provided that the receiving beneficiary is a “Member of the Family” of the original Beneficiary as defined by Section 529 of the Internal Revenue Code (“the Code”). Rollovers from a 529 college savings plan to an ABLE account are subject to the ABLE annual contribution limit.

The maximum account value for a Maryland ABLE account, beyond which contributions will not be accepted is \$500,000.

## Program Partnership

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After careful deliberation, the Maryland 529 Board determined that implementing the Maryland ABLE program in collaboration with other state programs would provide the scale to attract quality investment managers and service providers while minimizing program fees. The Maryland ABLE program is a partner with the State of Oregon through an intergovernmental cooperative purchasing agreement.

## Program Manager

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Sumday Administration, LLC (“Sumday” or “Program Manager”), a subsidiary of The Bank of New York Mellon (“BNY Mellon”), provides administrative and record-keeping services to the Program under the direction of the Board. Sumday and the Board have entered into a contract (the “Management Agreement”) under which Sumday and its subcontractors, including its affiliated companies, BNY Mellon and BNY Investment Management Services, LLC, provide services to the Program.



# A Profile of Maryland ABLE Account Holders

## MARYLAND ABLE ACCOUNT HOLDERS

77%

Developmental and intellectual disability diagnosis

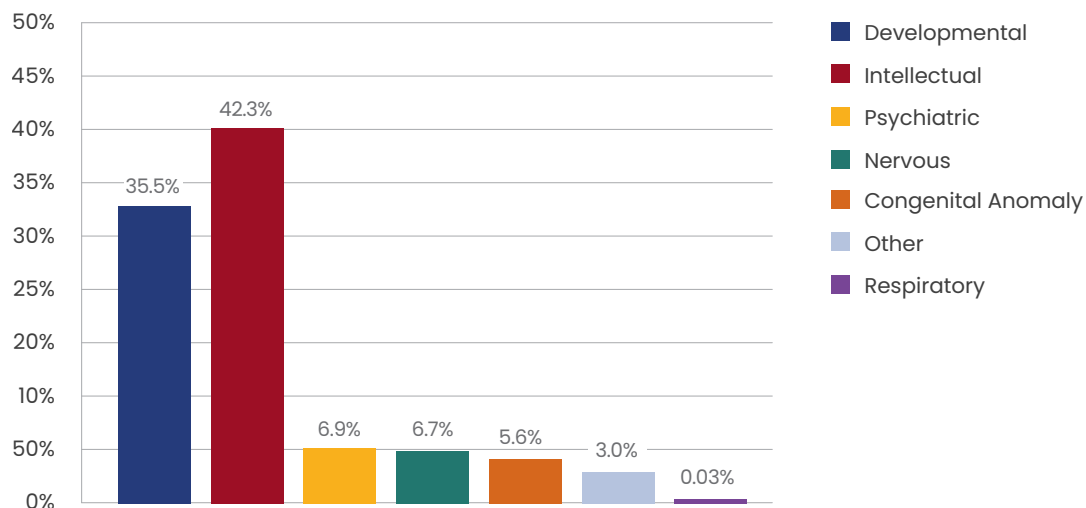
### Enrollment by Disability Type

Seventy-seven percent (77%) of Maryland ABLE account holders selected the developmental or intellectual disability diagnosis codes compared to the nationwide average in ABLE programs, which was 68%. These two disability codes continue to be the predominate types of disabilities for account holders nationwide.

While the overall percentage for these two combined categories decreased by 2% from last year, there has been a notable change in each individual category. In 2021, 42% of new account holders selected Intellectual Disability (an increase of 5% from 2020) while 35% selected Developmental Disability (a decrease of 3%) as their diagnosis code. This increase in the percentage of people with intellectual disabilities may be attributed to the increased number of account holders enrolled through the Maryland ABLE Entity as ALR program. Currently, all entities with the Maryland ABLE program are licensed by the Developmental Disabilities Administration of Maryland and support a large number of people for whom their primary diagnosis is an intellectual disability.

All disability categories are represented in the Maryland ABLE account holder population, with the exception of individuals with qualifying respiratory disorders, a gap that has been noted by ABLE programs nationwide.

### Diagnosis Codes—FY 2021

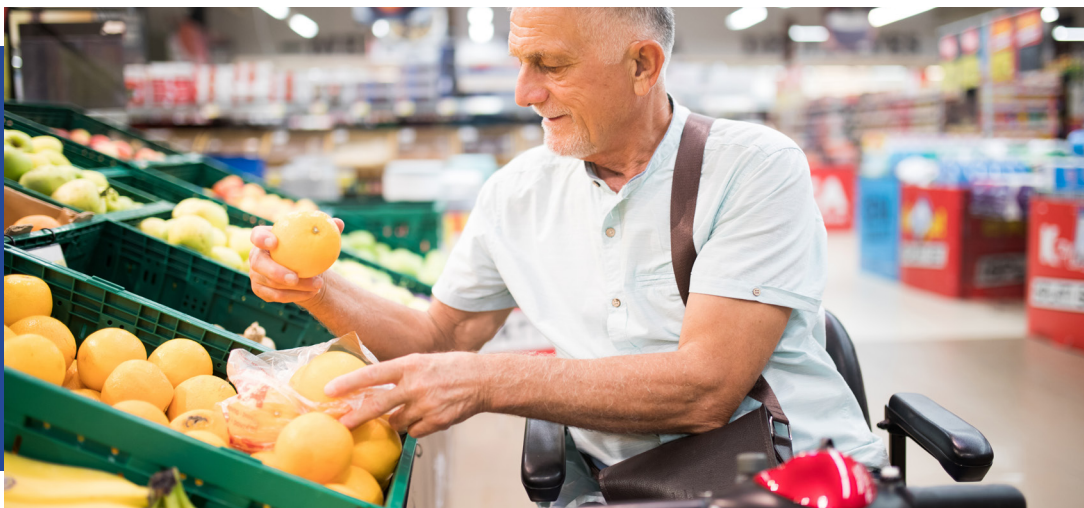
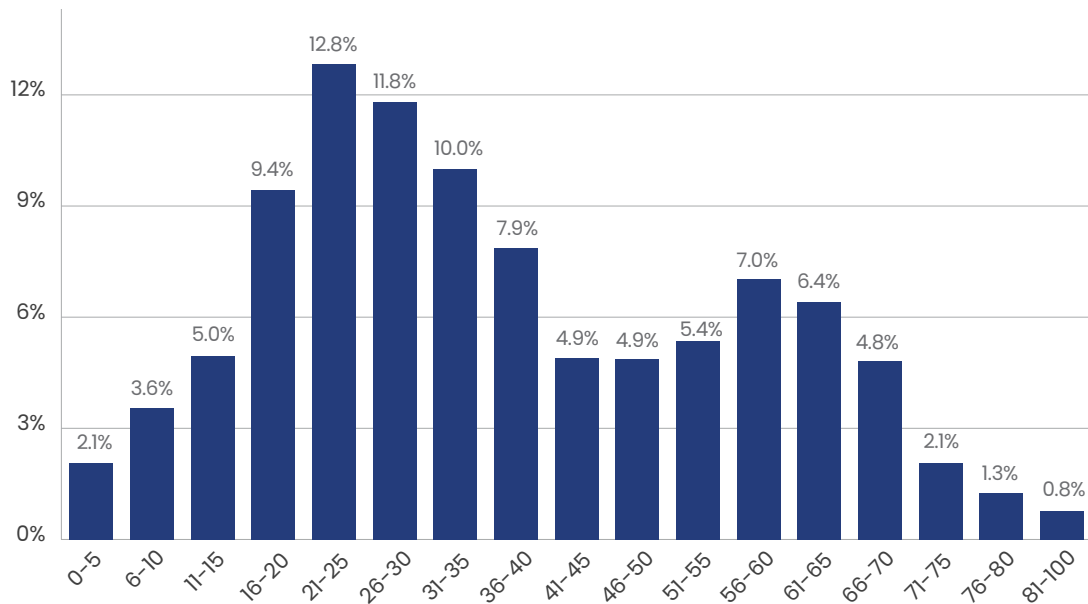


## Account Holder by Age

This year, the average age for a Maryland ABLE beneficiary was 37 years old and the age range for all account holders spanned from 7 months to 92 years of age. The most represented age group in the Maryland ABLE Program remained 21-40 years old.

A notable increase was seen in the number of account holders in the 61-75 age groups. This increase can be attributed to the growth in the number of account holders that are a part of the Maryland ABLE Entity as Authorized Legal Representative (ALR) program. This program continues to provide organizations that serve as the Representative Payee for a person's Social Security payment a streamlined process to easily enroll and manage accounts on behalf of an account older. Many of these organizations provide residential support to older people with intellectual and developmental disabilities.

### Percent of Beneficiaries by Age Range—FY21



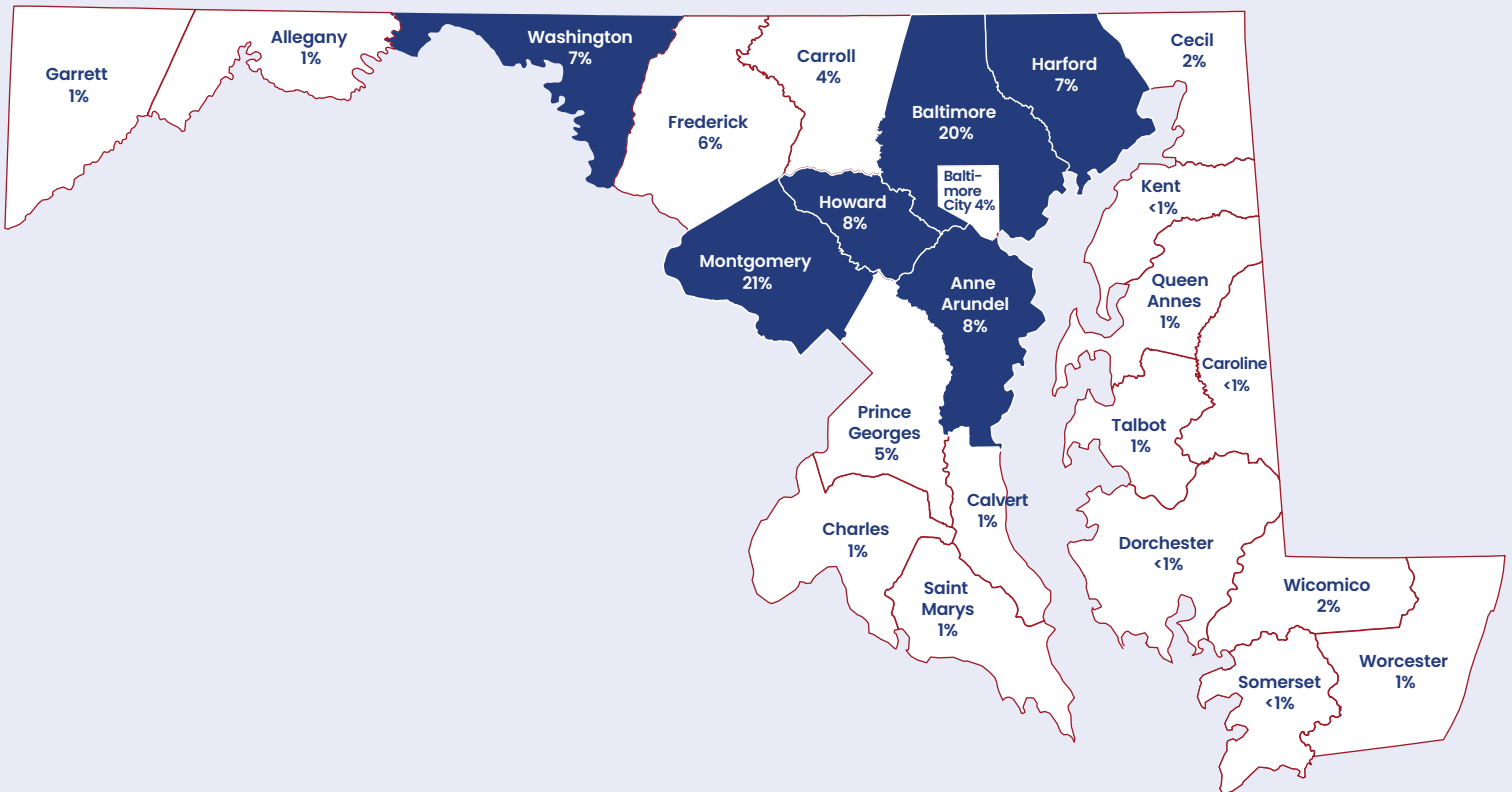


## Account Demographics by County

Maryland ABLE account holders reside in every county in the state of Maryland. Similar to 2020, almost 50% of account holders reside in either Montgomery County or Baltimore County.

Fiscal year 2021 saw a similar county-by-county breakdown as was seen in 2020. The counties with the largest percentage of accounts represent 71% of all accounts across the state. These counties are: Montgomery (21% accounts), Baltimore (20% accounts), Howard (8% accounts), Anne Arundel (8% accounts), Washington (7% accounts), and Harford (7% accounts) counties.

### Percentage of Account Holders by County

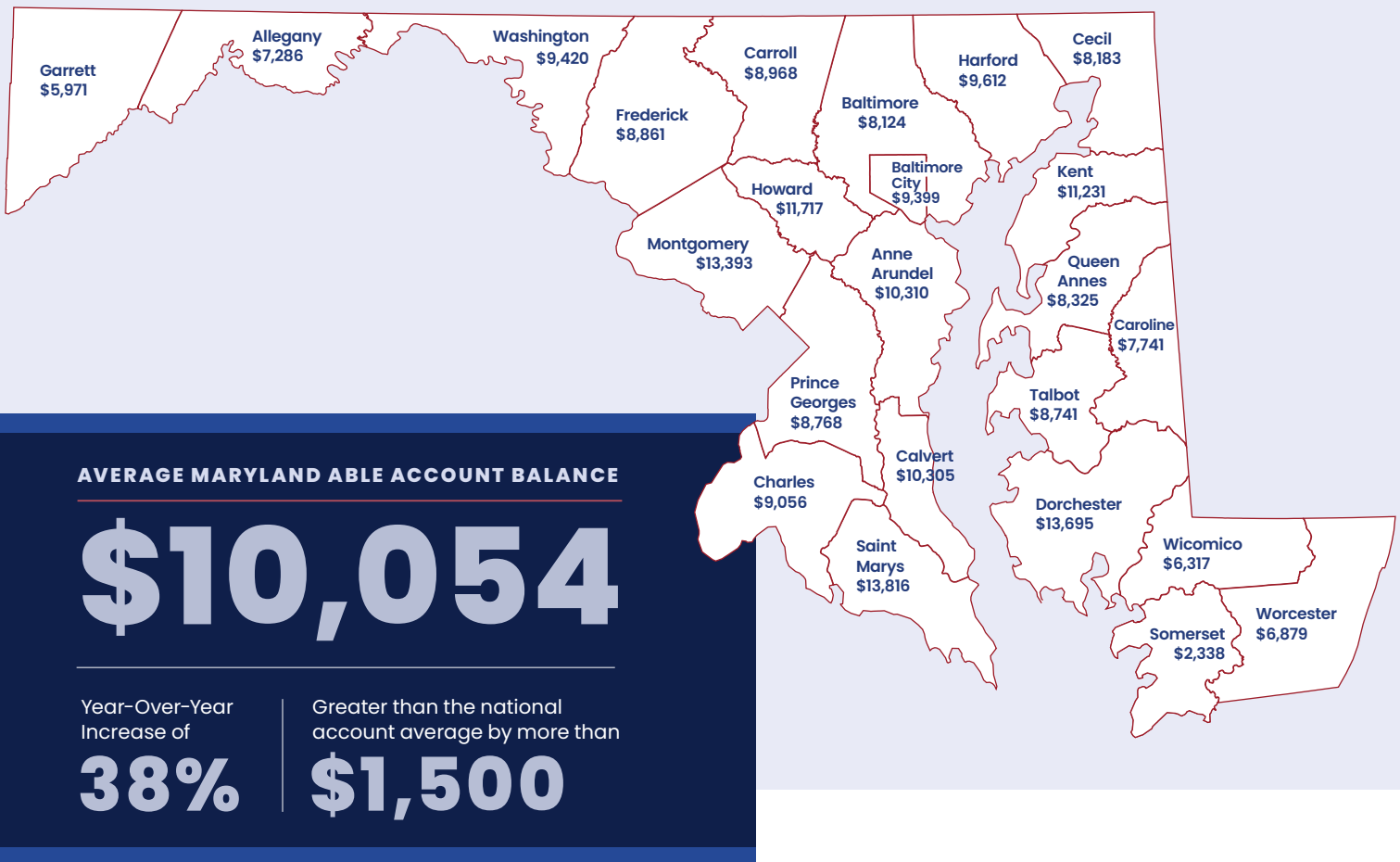


Average account balances across the state continued to increase in 2021. Just as in 2020, the county with the highest average account balance was St. Mary's County where the average balance increased by more than \$3,000 to \$13,866. The most significant increase was noted in Dorchester County where the average account balance rose from \$3,024 per account in FY20 to \$13,695 in FY21. As the number of actual accounts did not increase in Dorchester County in FY21, this increased average account balance may be due to increased contributions from state or federal economic stimulus payments and/or enhanced workers compensation benefits received by people over the past year.

Sixty three percent (63%) of counties, up from 57% in 2020, had a higher average account balance than the national average for an ABL account.

Maryland ABL allows for people with qualifying disabilities from other states to enroll in the Maryland ABL program. At the end of FY21, there were 113 account holders from 33 different states outside of Maryland and the District of Columbia with Maryland ABL accounts. Out of state accounts represented 4% of the overall AUM in FY21 for the Program.

### Average Maryland ABL Account Balance by County



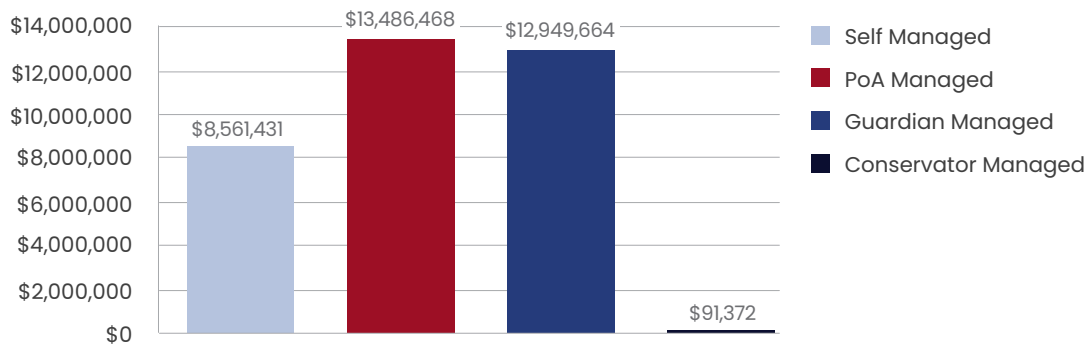
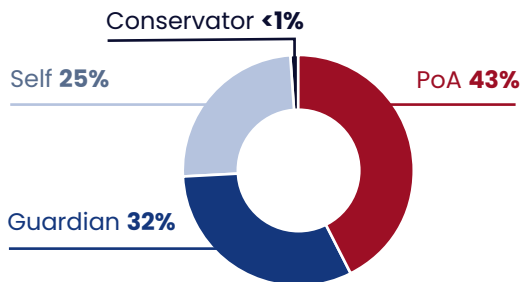
## Enrollment by Beneficiary or Authorized Legal Representative (“ALR”)

All ABLER accounts are owned by the beneficiary. The beneficiary may, however, list an authorized legal representative (ALR) to manage the account. ALRs can be the parent of a beneficiary who is a minor, someone named as a guardian, someone granted power of attorney by the beneficiary, or a conservator. There have been some changes in the distribution of account manager since FY20.

In FY21, there was a 2% decrease in the percentage of parent/legal guardians managing accounts, a 3% decrease in the number of beneficiaries managing their own accounts and a 6% increase in the percentage of accounts with a Power of Attorney (PoA) acting for the Beneficiary. This increase in the number of accounts being managed by a person acting as a PoA is partially attributable to the growth in the Entity as Authorized Legal Representative program during FY21 as all such beneficiaries have powers of attorney on file with the entity.

Another noted change this fiscal year has been the total amount of money managed by each type of account manager. During the previous years of program operation, the money managed by each type of account manager had mirrored the number of managers by type. This year, there was a more even distribution of funds managed by PoA’s and guardians despite the greater percentage of PoA’s managing accounts for Beneficiaries (see the graphs below).

### Number of Accounts Managed by Type and Dollars Managed by Type



# ABLE Program Information

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## Contributions

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Contributions by Maryland ABLE account holders increased 73% in FY21. Total contributions to the Maryland ABLE program in FY21 totaled over \$20.3 million. There was a notable 48% increase over FY20 in the number of account holders reaching the maximum annual contribution limit of \$15,000.

### ABLE to Work

There was a 90% increase year over year in the number of people who made ABLE to Work contributions, contributions allowed over and above the annual contribution limit for qualified working account holders. Three hundred and ninety beneficiaries made ABLE to Work contributions totaling over \$674,250 during FY21, a 93% increase in money contributed over the previous fiscal year.

### Rollovers

One hundred twenty-four ABLE beneficiaries transferred approximately \$1.21 million from 529 college savings plans throughout the country into their Maryland ABLE accounts. This was an increase of 46% in the amount of money contributed to Maryland ABLE accounts from 529 college savings plans over last year's contributions.

ABLE account holders are permitted to open an account in any state that is open for national enrollment, such as Maryland. This year, Maryland ABLE received rollovers for 2 new accounts from other state ABLE programs amounting to just over \$32,800 in contributions.

## Distributions

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Distributions slowly increased each quarter this fiscal year but remained below the national average. The average distribution per account was \$775 in FY21, approximately \$143 less than the total national average distribution from an ABLE account this year.

Ninety-three percent (93%) of Maryland ABLE account holders took one or less distribution per month in FY21. During FY20, the frequency of distributions per month aligned with the national trends reported during the ABLE national data survey; conversely, in FY21, Maryland account holders took less distributions than the national average which had 72% of account holders taking one or less distributions per month and 18% taking more than 1 distribution per month. Maryland accounts taking 12 or more distributions per year accounted for 6% of account holders. Low frequency of distributions during both fiscal years could be attributed to the effects of the global pandemic.



# Financial Section

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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Maryland 529

### **Report on the Financial Statements**

We have audited the financial statements of the business-type activities (enterprise fund) and fiduciary activities (fiduciary fund) of the Maryland ABLE Program (the Program), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Program's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position the business-type activities and fiduciary activities of the Program, as of June 30, 2021, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Program's basic financial statements. The Program Information and Supplemental Information in the Annual Report, which includes the Maryland ABLE—Features and Benefits, A Profile of Maryland ABLE Account Holders, ABLE Program Information, ABLE Investment Options for Year Ended June 30, 2021, Market Commentary and Summary of Performance Comparison and Asset Distribution as of June 30, 2021, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.





**MITCHELL TITUS**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

*Mitchell Titus, LLP*

December 13, 2021

# Management's Discussion and Analysis

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Our discussion and analysis of the ABLE Program's (the Program) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2021, with comparative fiscal year ended June 30, 2020 amounts. This discussion is designed to provide a general overview of the Program's operations and Maryland 529's management analysis of its financial statements. The discussion should be read in conjunction with the Program's financial statements and notes, which begin on page 21. Inquiries may be directed to the Program at [questions@marylandable.org](mailto:questions@marylandable.org) or by mailing your request to Maryland ABLE, 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Program for the fiscal year ended June 30, 2021, have been audited by Mitchell Titus.

## ABLE Program Financial Statements

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The Program's financial statements have been prepared in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). Financial statements provide information about the operation of the Program as a whole and present a long-term view of the Program's finances.

There are Financial Statements for two funds prepared to accurately represent the financial activities of the Program.

1. The contributions received from account holders are held and invested, according to the account holder's investment selections, by the contracted Program Manager, Sumday Administration, LLC. The account values then change as gains or losses occur as a result of the investment experience of the Portfolio Option chosen, as well as due to distribution requests and contributions by the account holder. The activities are presented as the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.
2. The administrative and operational activities of the Program are funded through the Maryland State Budget appropriations as well as the State's portion of the annual administrative account fee for each account and a certain percentage of the investment experience as described below. The activities related to the administrative and operational activities are presented as the Statement of Net Position, Statement of Revenue, Expenses and Change in Net Position and Statement of Cash Flows.

## Fiduciary Fund

The Statement of Fiduciary Net Position presents the assets, liabilities, and net position of the Program's Fiduciary Activities as of June 30, 2021. Net position is defined as total assets less total liabilities. The Program's financial statements are prepared using the accrual basis of accounting.

Under this method of accounting, revenue and assets are recognized when the enrollment materials are received in good order, distributions are recognized when paid, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

As of June 30, 2021, the net position of the Program was \$35.1 million and was based on cumulative account holder contributions, less distributions. The following chart presents the condensed Statements of Fiduciary Net Position as of June 30, 2021 and 2020.

<b>Statements of Fiduciary Net Position as of June 30, 2021 and 2020</b> (amounts in thousands)		
<b>ASSETS</b>	<b>As of June 30, 2021</b>	<b>As of June 30, 2020</b>
Assets	\$35,066	\$16,951
<b>Total</b>	<b>35,066</b>	<b>16,951</b>
<b>NET POSITION</b>	<b>\$35,066</b>	<b>\$16,951</b>

## Statement of Changes in Fiduciary Net Position for the year ended June 30, 2021

The Fiduciary Net Position is based on the activity presented in the Statement of Changes in Fiduciary Net Position. The purpose of this statement is to present both additions and deductions to the Program. Additions consist primarily of contributions from enrollments of new and existing account holders. Deductions are those expenses paid to an account holder for distributions and related administrative fees.

For the fiscal-year ended June 30, 2021, the program reported additions of \$20.3 million, deductions of \$4.6 million and net position of \$35.1 million.

The chart below presents the condensed Statements of Changes in Fiduciary Net Position for the years ended June 30:

<b>Statements of changes in Fiduciary Net Position for the Years Ended June 30, 2021 and 2020</b> (amounts in thousands)		
	<b>FY 2021</b>	<b>FY 2020</b>
<b>ADDITIONS</b>		
Account Holder Contributions	\$20,250	\$10,870
Account Fees	97	60
<b>Total Contributions</b>	<b>20,347</b>	<b>10,930</b>
<b>INVESTMENT INCOME</b>		
Investment Income	\$2,376	\$269
<b>Total Additions</b>	<b>\$22,723</b>	<b>\$11,199</b>
<b>DEDUCTIONS</b>		
Distribution to Account Holders	\$4,475	\$2,294
Administrative Expense	36	19
Account Fees	97	60
<b>Total Deductions</b>	<b>4,608</b>	<b>2,373</b>
Change in Net Position	\$18,115	\$8,826
Total Net Fiduciary Position, Beginning of Period	16,951	8,125
<b>Total Net Fiduciary Position, End of Period</b>	<b>\$35,066</b>	<b>\$16,951</b>

## Enterprise Fund

The ABLE Program is administered by Maryland 529, an independent State agency, which received \$642,600 in Fiscal Year 2017 for startup costs in the form of an appropriation from the State of Maryland. As the Program matures, the Maryland 529 Board will develop procedures to reimburse the State of Maryland for the start-up costs. As of June 30, 2019, all of the original startup funds had been spent. The Program received \$300,000 in FY21 through State appropriations. The Board, in accordance with the enabling legislation for Maryland 529, prepares and submits an annual budget to the Maryland General Assembly for informational purposes. Also, in accordance with its fiduciary obligations, throughout the year the Board reviews a comparison of actual and budgeted expenditures in connection with its administration of the Program.

## Program Fees

All fees received by the Program are used to offset expenses associated with administering the Program:

1. **Account Fees**—ABLE Accounts are charged an annual account maintenance fee of \$35 billed quarterly in arrears. The amount billed is prorated for the calendar quarter during which the ABLE Account is opened.
2. **Investment Fees**—Annual asset-based administrative fees of 0.30% charged by the Program and additional fees are charged by the Mutual Funds underlying each investment option. Each investment portfolio indirectly bears its pro-rata share of the fees and expenses of the underlying mutual funds in which it invests. These fees are not charged directly to a portfolio, but are included in the net asset value of the mutual funds held by the Program. The pro-rata share of the fees and expenses is calculated based on the amount that each portfolio invests in a mutual fund and the expense ratio (the ratio of expenses to average net assets) of that mutual fund. The Program Manager, Sunday, receives 0.10%; the Partner State, Oregon, receives 0.10%; and the Maryland ABLE Program receives 0.10% of the annualized administrative fee.

Revenue for the fiscal years 2021 and 2020, from ABLE account fees and investments were as follows:

## ABLE Investment Plan Fees

	FY21	FY20
<b>ACCOUNT FEES</b>	\$13,810	\$8,588
<b>INVESTMENT FEES</b>	\$16,516	\$10,729

## Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the administrative operations of the Program as of June 30, 2021. Net position is defined as total assets less total liabilities. The Statement of Net Position, along with all of the Program's financial statements, is prepared using the accrual basis of accounting. Under this method of accounting, revenue and assets are recognized when the Program Fees and the State appropriations are received expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Program classifies assets and liabilities as current and noncurrent. Current assets for FY21 consisted of surplus from operating revenue. Noncurrent assets consisted of Capital Assets (see page 22).

Current liabilities consist of accounts payable and accrued expenses to vendors. As of June 30, 2021, and June 30, 2020, the net position of the administrative operations of the Program were \$30,188 and \$16,272 respectively.

The following chart presents the condensed Statements of Net Position as of June 30, 2021 and 2020.

<b>Statements of Net Position as of June 30, 2021 and 2020</b> (amounts in thousands)		
	<b>As of June 30, 2021</b>	<b>As of June 30, 2020</b>
<b>ASSETS</b>		
Current assets	\$62	\$45
<b>Total current assets</b>	<b>62</b>	<b>45</b>
<b>LIABILITIES</b>		
Current liabilities	\$32	\$29
<b>Total current liabilities</b>	<b>32</b>	<b>29</b>
<b>NET POSITION</b>		
Unrestricted	\$30	\$16
<b>Total net position</b>	<b>\$30</b>	<b>\$16</b>

## Statement of Revenue, Expenses and Changes in Net Position

Net position is based on the activity presented in the Statement of Revenue, Expenses and Changes in Net Position. The purpose of this statement is to present both operating and non-operating revenue received and the expenses, gains and losses incurred by the Program. Operating revenue consist of administrative fees and investment plan fees.

Operating expenses are those expenses paid to employees and to acquire goods or services. For the fiscal years ended June 30, 2021 and June 30, 2020, the Program reported a change in net position of \$13,916 and \$13,251 respectively.

The chart below presents the condensed Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2021 and 2020:

<b>Statements of Revenue, Expenses and Change in Net Position</b> for the Years Ended June 30, 2021 and 2020		
(amounts in thousands)		
	As of June 30, 2021	As of June 30, 2020
<b>OPERATING REVENUE</b>		
Operating Revenue	\$30	\$29
<b>Total operating revenue</b>	<b>30</b>	<b>29</b>
<b>OPERATING EXPENSES</b>		
Operating Expenses	\$316	\$316
<b>Total operating Expenses</b>	<b>316</b>	<b>316</b>
Operating Loss	(286)	(287)
<b>NON-OPERATING REVENUES</b>		
State Appropriation	\$300	\$300
Change in net position	14	13
<b>Total net position, beginning of year</b>	<b>\$16</b>	<b>\$3</b>
<b>Total net position, end of year</b>	<b>\$30</b>	<b>\$16</b>

## Statement of Cash Flows

The Statement of Cash Flows presents cash flows by the following categories: operating and related financing activities. The following chart presents the condensed Statements of Cash Flows for the fiscal years ended June 30, 2021 and 2020:

<b>Statements of Cash Flows for the Years Ended June 30, 2021 and 2020</b>		
(amounts in thousands)		
	As of June 30, 2021	As of June 30, 2020
<b>CASH PROVIDED (USED) BY:</b>		
Operating Activities	\$(287)	\$(270)
Financing Activities	300	300
Net Change in Cash and Cash Equivalents	13	30
Cash and cash equivalents, beginning of year	39	9
<b>Cash and cash equivalents, end of year</b>	<b>\$52</b>	<b>\$39</b>

# Financial Statements

## Fiduciary Fund

<b>Statement of Fiduciary Net Position as of June 30, 2021</b> (amounts in thousands)	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$18,300
Investments, at fair value	\$16,766
<b>Total Assets</b>	<b>\$35,066</b>
<b>NET POSITION</b>	<b>\$35,066</b>

<b>Statement of Changes in Fiduciary Net Position for the Year Ended June 30, 2021</b> (amounts in thousands)	
<b>ADDITIONS</b>	
Account Holder Contributions	\$20,250
Account Fees	97
Investment Income/ Net	2,376
<b>Total Additions</b>	<b>\$22,723</b>
<b>DEDUCTIONS</b>	
Distribution to Account Holders	\$4,475
Administrative Expenses	36
Account Fees	97
<b>Total Deductions</b>	<b>\$4,608</b>
Change in Net Position	18,115
<b>Total Net Position, beginning of Year</b>	<b>16,951</b>
<b>Total Net Position, end of Year</b>	<b>\$35,066</b>

See accompanying notes to financial statements.



## Enterprise Fund

<b>Statement of Net Position as of June 30, 2021</b> (amounts in thousands)	
<b>ASSETS</b>	
Current assets:	
Cash and Cash Equivalents	\$52
Accounts receivable	9
<b>Total current assets</b>	<b>61</b>
Noncurrent assets:	
Capital assets, net	1
<b>Total noncurrent assets</b>	<b>1</b>
<b>Total assets</b>	<b>\$62</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$13
Other Current Liabilities	19
<b>Total current liabilities</b>	<b>\$32</b>
<b>NET POSITION</b>	
Unrestricted	30
<b>Total net position</b>	<b>30</b>

See accompanying notes to financial statements.

<b>Statement of Revenue, Expenses and Change in Net Position</b> <b>for the Year Ended June 30, 2021</b> (amounts in thousands)	
<b>OPERATING REVENUE</b>	
Plan Fees from Investment Options	\$30
<b>Total operating revenue</b>	<b>30</b>
<b>OPERATING EXPENSES</b>	
Salaries, wages and benefits	\$257
Marketing	3
Contractual services	42
Fixed charges	12
Other operating expenses	2
<b>Total operating Expenses</b>	<b>316</b>
Operating Loss	(286)
<b>NON-OPERATING REVENUES</b>	
State Appropriation	\$300
<b>Change in net position</b>	<b>14</b>
<b>Total net position, beginning of year</b>	<b>16</b>
<b>Total net position, end of year</b>	<b>\$30</b>

See accompanying notes to financial statements.

**Statement of Cash Flows for the Year Ended June 30, 2021**  
(amounts in thousands)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from:

Plan Fees from Investment and Cash Options	\$27
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Payments to:

Employees	(257)
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Vendors	(57)
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<b>Net cash from operating activities</b>	<b>(287)</b>
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**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Receipts from Primary Government	\$300
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Net Increase in Cash and Cash Equivalents	13
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<b>Cash and cash equivalents, beginning of year</b>	<b>\$39</b>
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<b>Cash and cash equivalents, end of year</b>	<b>\$52</b>
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**Reconciliation of operating loss to net cash from operating activities:**

Operating loss	\$(286)
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**Adjustments to reconcile operating loss to net cash from operating activities:**

**Effect from changes in non-cash operating assets and liabilities:**

Accounts payable	(2)
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Accounts receivable	(4)
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Other current liabilities	5
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<b>Net cash from operating activities</b>	<b><u><u>\$(287)</u></u></b>
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See accompanying notes to financial statements.

# Notes to Financial Statements

## Year Ended June 30, 2021

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### 1. Organization and Purpose

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The ABLE Program was designed to provide people with qualified disabilities a new way to save and invest for their future without jeopardizing access to federal and state means-tested benefits. The Program permits the Beneficiary of an ABLE Account to contribute and invest funds, enjoy tax-free growth on the earnings of the account, and make tax-free withdrawals to pay for Qualified Disability Expenses. Amounts in an ABLE Account up to \$100,000 are disregarded for purposes of determining the Beneficiary's eligibility to receive benefits under the federal Supplemental Security Income program ("SSI"), and all amounts in an ABLE Account are to be disregarded in determining the Beneficiary's eligibility to receive benefits under any other federal or state means-tested program. During fiscal year 2021, individuals could contribute up to \$15,000 per Beneficiary in annual contributions to an ABLE account with an opportunity for the beneficiary to contribute up to approximately \$12,760 more in ABLE to Work contributions. Additional features of the Maryland ABLE Program include the opportunity to contribute up to a maximum account value of \$500,000 over the life of the account, and access to an annual income deduction of up to \$2,500 each year, per contributor, per ABLE account on an individual's Maryland State taxes.

Maryland ABLE is overseen by the Maryland 529 Board. The Board consists of 11 members. Six members of the Board (the Maryland State Comptroller, the Maryland State Treasurer, and the Secretary of the Maryland Higher Education Commission, the Maryland State Superintendent of Schools, the Chancellor of the University System of Maryland and the Secretary of Disabilities) serve ex-officio. The five remaining members are appointed by the Governor from the private sector; must have significant experience in finance, accounting, investment management, or other areas that can be of assistance to the Board; have taken an oath of office; and are required to file annual financial disclosure statements with the Maryland State Ethics Commission. Board members receive no compensation for their services to Maryland 529; however, they are entitled to reimbursement for expenses incurred in the performance of their duties. The Board has general and fiduciary responsibility for Maryland ABLE as a whole. There are certain costs incurred by Maryland 529 that are not allocated to the Program. Thus, the results of the administrative activities of the Program do not represent the operations as a standalone entity. Federal law, Maryland State law, applicable federal and State regulations, the Program Disclosure Booklet and the Participation Agreement govern the terms of Maryland ABLE accounts. Any amendments to applicable federal or State law or regulations, the Program Disclosure Booklet, or the Participation Agreement, change the features of Maryland ABLE account when such amendments become effective.

## 2. Summary of Significant Accounting Policies

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We have prepared the Maryland ABLE Program's financial statements in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). Financial statements provide information about the operation of the Program as a whole and present a view of the Program's finances as of June 30, 2021 and for the year then ended. The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure as of the date of the financial statements. Actual results could differ from those estimates. Therefore, the accompanying financial statements have been prepared on the accrual basis of accounting whereby revenue is recorded when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

The accompanying basic financial statements of the Program consists of two funds.

### Fiduciary Fund

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The Program's investments are reported in the fiduciary fund. Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

Financial statements used to present fiduciary fund financial information include:

- Statement of fiduciary net position
  - Statement of changes in fiduciary net position
- i. The contributions received from account holders are held and invested, according to the account holder's investment selections, by the contracted Program Manager, Sumday Administration, LLC. The account values then change as gains or losses occur as a result of the investment experience of the Portfolio Option chosen as well as due to distribution requests and contributions by the account holder. The Fiduciary activities are presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

### Enterprise Fund

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The administrative activities operated by the Program are accounted for as an enterprise fund. An enterprise fund focuses on the flow of economic resources, which together with the maintenance of equity, is an important financial indicator.

- i. The administrative and operational activities are funded through the Maryland State Budget appropriations of \$300,000 in fiscal year 2021, as well as the State's portion of the annual administrative account fee for each account. The activities related to the administrative and operational activities are presented in the Statement of Net Position, the Statement of Revenue, Expenses and Change in Net Position and Statement of Cash Flows.

- ii. The net position is classified as unrestricted.
- iii. The Program distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with the Program's principal ongoing operations. Revenue and expenses not meeting this definition are reported as non-operating revenue and expenses. The principal operating revenue is the Investment Plan fees.
- iv. The ABLE Program received \$642,600 in Fiscal Year 2017 for startup costs in the form of an appropriation from the State of Maryland. As the Program matures, the Maryland 529 Board will develop procedures to reimburse the State of Maryland for the start-up costs. As of June 30, 2019, all of the original startup funds had been spent. The Program has not recorded this as a liability in its financial statement as the revenue received from the Program Fees does not cover the operations of the Program and may take several years for the Program to be in a position to reimburse.

## New Accounting Pronouncements

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The GASB has issued Statement No. 84, Fiduciary Activities and Statement No. 87, Leases; which will require adoption in the future, if applicable. The agency will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

## Tax Exempt Status

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The Program is exempt from Federal taxation in accordance with Section 529A of the Internal Revenue Code. Additionally, the Program is exempt from Maryland State and local taxation in accordance with the Enabling Legislation.

## Investments

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The Maryland ABLE Investment Policy, adopted by the Board, specifies the number of investment options and the general character and composition of each investment option. Based on these guidelines, detailed asset allocations have been developed and Underlying Mutual Funds have been selected for each Portfolio. The Program is not restricted in its investments by legal or contractual provisions.

Investments are stated at fair value, which GAAP defines as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Program investment options are comprised of only mutual funds, which are valued at the mutual fund's current share price based on the closing net asset value (NAV) per share on the date of valuation.

Various valuation techniques and inputs are used to determine the fair value of investments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

**LEVEL 1** — quoted prices (unadjusted) in active markets for identical financial instruments that the Program can access at the reporting date

**LEVEL 2** — inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

**LEVEL 3** — unobservable inputs

Because the investment options of the program are mutual funds that are actively traded at publicly available current share price, all investments are classified as Level 1 as of June 30, 2021. Changes in unrealized gain/ loss resulting from changes in the fair values of investments are recognized daily in each account holder's net asset value per unit and, for the fiscal year, are reflected in aggregate in the Program's accompanying Statement of Changes in Fiduciary Net Position. An account holder's investments in mutual funds expose them to certain risks, including market risk in the form of equity price risk — that is, the potential future loss of value that would result from a decline in the fair values of the Underlying Mutual Funds. Each Underlying Mutual Fund and its underlying net assets are also subject to market risk that may arise from, among other things, changes in equity prices, credit ratings, foreign currency exchange rates, and interest rates. Each Underlying Mutual Fund that invests in bonds is subject to certain risks, including interest rate risk, which is the risk associated with a decline in bond prices that usually accompanies a rise in interest rates.

## Custodial Risks

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The Cash Option offers FDIC insurance protection for amounts contributed to the Cash Option, up to FDIC permitted limits. The Cash Option allocates 100% of its assets to a demand deposit account established by the Trust at the Bank (the "Bank Account"). Representatives of the Federal Deposit Insurance Corporation have indicated that contributions to and earnings on an FDIC-insured bank account held by a trust such as the Trust will be insured by the FDIC on a pass-through basis to each Beneficiary under existing or amended FDIC regulations, subject to applicable insurance limits and compliance with applicable recordkeeping requirements. Accordingly, contributions to and earnings on the Cash Option are insured by the FDIC on a pass-through basis to each Beneficiary in the same manner as other deposits held by the Beneficiary at the Bank in the same ownership right and capacity. (For this purpose, accounts established by a custodian for a minor under UTMA or UGMA are aggregated for insurance purposes with all other accounts with the Bank held by the minor.) FDIC insurance generally protects up to \$250,000 of your deposits at the same bank in the same ownership right and capacity, so the portion of your ABLE Account invested in the Cash Option, taken together with other deposits you hold in a single ownership basis at the Bank, will be insured up to \$250,000. For more information on FDIC insurance, visit [www.fdic.gov](http://www.fdic.gov).

The Vanguard Total Bond Index Fund, the Vanguard Total Int'l Bond Index Fund, the Vanguard Short-Term Bond Index Fund, and the Vanguard Short-Term TIPS Fund have interest-rate risk as measured by duration of 6.8 years, 8.4 years, 2.8 years, and 2.6 years, respectively. The funds also have credit risks, but none of the Funds have formal credit ratings. For a complete description of these, and other, risks for each of the Mutual Funds, please review the prospectus that can be found by visiting the applicable Fund's website. For Vanguard Funds, go to [investor.vanguard.com](http://investor.vanguard.com). For the Dimensional Fund, go to [www.dimensionalfund.com](http://www.dimensionalfund.com).

# Market Commentary

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# ABLE Investment Options for Year Ended June 30, 2021

As of June 30, 2021 Maryland ABLE account holders held the following aggregate investments in mutual funds and cash.

	Cost	Gain / Loss	Fair Value	% of Option
<b>CONSERVATIVE</b>				
Vanguard Total Stk Mkt Idx Adm	\$167,629	\$56,401	\$224,030	10
Vanguard Total Intl Stock Idx Adm	176,457	42,011	218,468	10
Vanguard ST Bond Index Adm	510,858	11,355	522,213	25
Vanguard Total Intl Bond Index Adm	741,536	22,332	763,868	36
Vanguard Total Bond Index Inst	185,585	2,402	187,987	9
Vanguard Short-Term TIPS Fund Adm	200,304	11,198	211,502	10
Fees Payable	(1,466)	-	(1,466)	
<b>Total</b>	<b>\$1,980,903</b>	<b>\$145,699</b>	<b>\$2,126,602</b>	
<b>MODERATE</b>				
Vanguard Total Stk Mkt Idx Adm	\$1,280,347	\$478,180	\$1,758,527	25
Vanguard Total Intl Stock Idx Adm	1,375,867	339,094	1,714,961	24
Vanguard Total Bond Index Inst	2,671,755	99,874	2,771,629	39
Vanguard Total Intl Bond Index Adm	669,302	12,375	681,677	10
DFA Global Real Estate	122,921	26,411	149,332	2
Fees Payable	(4,994)	-	(4,994)	
<b>Total</b>	<b>\$6,115,198</b>	<b>\$955,934</b>	<b>\$7,071,132</b>	
<b>AGGRESSIVE</b>				
Vanguard Total Stk Mkt Idx Adm	\$2,249,984	\$836,559	\$3,086,543	40
Vanguard Total Intl Stock Idx Adm	2,442,992	566,489	3,009,481	40
Vanguard Total Bond Index Inst	916,686	31,100	947,786	13
Vanguard Total Intl Bond Index Adm	211,580	3,547	215,127	3
DFA Global Real Estate	259,501	55,087	314,588	4
Fees Payable	(5,355)	-	(5,355)	
<b>Total</b>	<b>\$6,075,388</b>	<b>\$1,492,782</b>	<b>\$7,568,170</b>	
<b>Investment Options</b>	<b>\$14,171,489</b>	<b>\$2,594,415</b>	<b>\$16,765,904</b>	
<b>CASH</b>				
Cash	\$18,299,946	-	\$18,299,946	
<b>Total Assets</b>	<b>\$32,471,435</b>	<b>\$2,594,415</b>	<b>\$35,065,850</b>	



# Supplemental Information

## Fiduciary Fund

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### Market Commentary

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This commentary looks back at the period of performance reported in the annual report and reflects on key market themes during the period July 1, 2020 through June 30, 2021.

At the beginning of 2020, unemployment in the United States equaled 3.5%, matching the lowest jobless rate since 1969 and the economy was growing at a steady 2.1%. However, on March 11, 2020, the longest bull market in US history ended abruptly after eleven years. US stocks, as measured by the S&P 500, dropped by almost 34% in twenty-three trading days following a COVID-19 fueled sell off. Markets bottomed on March 23rd and rallied by almost 39% after central banks world-wide reacted with unprecedented levels of monetary and fiscal stimulus. Since this period, however, the investing world has changed dramatically.

Treasuries and central banks around the world have provided unprecedented stimulus. At the end of 2020, COVID-19 active cases were continuing to climb as vaccine distribution began worldwide and December 2020 unemployment rates were at 6.7%, nearly double pre-pandemic levels. Equity markets seemed unbothered by COVID and were setting new highs. Joe Biden won a contentious election and increased expectations for higher taxes and infrastructure spending. Despite this, the market continued upwards to end the year at a new high.

As the quarter ending June 30, 2021 came to a close, the following capital market themes arose or continued:

- **Global growth starts to normalize:** Though not uniform across the world, economic growth is gaining momentum, with most developed countries projected to resume growth at pre-pandemic levels by mid-2022.
- **GDP:** 1Q 2021 GDP grew at 2.1% and is expected to strengthen further as the year goes on.
- **Unemployment:** June unemployment was 5.9%; employers in select industries - particularly the service sector — are having a difficult time attracting workers as the labor force has not fully returned since the pandemic began.
- **Inflation rises but is not expected to persist:** Elevated inflation coming out of a crisis is not unusual, and longer-term inflation expectations suggest it is not a long-term threat; recent drivers of high inflation, like auto prices, are not sustainable, and commodity prices have started to level off.
- **Earnings growth expected to be strong:** Estimates for equity earnings have strengthened over the last six months, which should help support current valuations.

- **Interest Rates:** Despite the rise in inflation numbers, the Federal Reserve maintained its commitment to low rates through 2022, though some analysts are predicting the first-rate hike late next year.
- **Beware the Delta variant:** Health care experts are already warning about the Delta variant's potential impact this coming fall and winter, particularly in regions with lower vaccination rates.

## FIXED INCOME

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- **Falling interest rates:** The 10-year Treasury yield was at 1.45% on June 30, 2021. Despite global easing of lockdowns, global central banks have maintained loose policies to help stimulate economic activity.
- **Reversion of fundamentals and valuations back to pre-pandemic levels:** High yield leverage and coverage returned to pre-COVID norms; credit spreads across the board hit pre-pandemic lows.
- **Soaring temporary inflation, markets projecting normalization in two years:** Headline CPI rose 5% y/y in May, a jump from April's 4.2% y/y. Despite the higher inflation currently, markets are pricing inflation over the next 2 years at 2.7% and the next 5 years at 2.5%.

## U.S. EQUITY

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- The second quarter of 2021 saw a cooling of the cyclical rally that began in November 2020 as larger, more expensive, growth-oriented companies largely led the U.S. equity market.
- Volatility has been reduced from higher levels in early 2021 despite ongoing speculative trading of "meme stocks" (e.g., AMC) within the small-cap space.

## INTERNATIONAL EQUITY

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- Economic data continues to beat expectations, aided by low rates and vaccine momentum.
- Energy, financials, and airline/defense industries have benefited from the recovery.



# Summary of Performance Comparison and Asset Distribution as of June 30, 2021

The Cash Option and the Investment Options were launched in December 2017. Each Investment Option is invested in low-cost index mutual funds that replicate the risk and return characteristics of the index they track.

The investment earnings for each portfolio are listed below.

## Portfolio

	Program Fair Value as of 6/30/21 (in thousands)	1-Year Return	3- Year Return Annualized	Inception to Date Return Annualized	Inception Date
<b>Cash</b>	\$18,300	0.0%	0.0%	3.3%	12/1/2017
<b>Conservative</b>	\$2,127	7.5%	6.7%	5.4%	12/1/2017
<b>Moderate</b>	\$7,071	18.0%	9.7%	8.0%	12/1/2017
<b>Aggressive</b>	\$7,568	31.8%	12.3%	10.6%	12/1/2017
<b>Total Investments</b>	\$35,066				





## Cash Option

The Cash Option is designed to protect principal. The Cash Option deposits 100% of its funds into an FDIC-insured account with The Bank of New York Mellon. The cash option closely tracks short term interest rates.

### Performance through June 30, 2021, net of fees

	1-Year Return	3-Year Return Annualized	Since Inception Return Annualized (12/2017)
Cash Option	0.0%	0.9%	1.0%
91 Day T-Bill Benchmark	0.1%	1.3%	1.4%

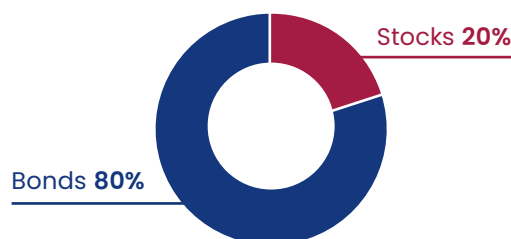
## Conservative Portfolio Option

The ABLE 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, the Conservative Portfolio Option offers a small amount of risk and limited appreciation potential, designed for a shorter investment period.

Bonds represent 80% of the Conservative Portfolio Option and returned -0.3% (BBgBarc US Aggr Bond Index) for the year ended June 30, 2021. Capital Markets, in general, recovered since March 2020, and led by equity market returns. Equity markets world-wide remained on a path of recovery after bottoming in late March 2020. US and non-US equity each represent 10% of the Conservative Portfolio and returned 40.8% (S&P 500) and 32.4% (MSCI EAFE) respectively for the last twelve months.

Asset Allocation	
Underlying Funds	Allocation
Vanguard Total Bond Market	36%
Vanguard Short-Term Bond	25%
Vanguard Short Term Inflation Protected	10%
Vanguard Total Stock Market	10%
Vanguard Total International Stock Market	10%
Vanguard Total International Bond	9%

### Target Asset Allocation



Performance through June 30, 2021, net of fees			
	1-Year Return	3-Year Return Annualized	Since Inception Return Annualized (12/2017)
Conservative Investment Option	7.6%	6.7%	5.5%
Weighted Benchmark*	7.9%	6.7%	5.6%

\*The Conservative Weighted Benchmark is composed of 36% Barclays Aggregate, 9% Barclays Global Aggregate, 25% Barclays Govt/Credit 1-5 Yr, 10% Barclays U.S. Treasury TIPS 0-5 Yr, 10% CRSP Total Stock Market, and 10% FTSE Global All-Cap ex-U.S.

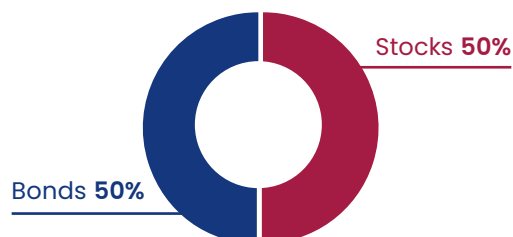
## Moderate Portfolio Option

The ABLE Moderate 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 50% stocks and 50% bonds. Overall, the Moderate Portfolio Option offers a medium level of risk for a pursuit of investment return, designed for a medium or uncertain time horizon.

Bonds represent 50% of the Moderate Portfolio Option and returned -0.3% (BBgBarc US Aggr Bond Index) for the year ended June 30, 2021. Capital Markets, in general, recovered since March 2020, and led by equity market returns. Equity markets world-wide remained on a path of recovery after bottoming in late March 2020. US and non-US equity each represent 24% of the Moderate Portfolio and returned 40.8% (S&P 500) and 32.4% (MSCI EAFE) respectively for the last twelve months.

Target Asset Allocation	
Underlying Funds	Allocation
Vanguard Total Bond Market	40%
Vanguard Total Stock Market	24%
Vanguard Total International Stock Market	24%
Vanguard Total International Bond	10%
DFA Global Real Estate	2%

### Target Asset Allocation



Performance through June 30, 2021, net of fees			
	1-Year Return	3-Year Return Annualized	Since Inception Return Annualized (12/2017)
Moderate Investment Option	17.9%	9.7%	8.1%
Weighted Benchmark*	18.8%	9.9%	8.4%

\*The Moderate Weighted Benchmark is composed of 40% Barclays Aggregate, 10% Barclays Global Aggregate, 24% CRSP Total Stock Market, 24% FTSE Global All-Cap ex-U.S., and 2% S&P Global REIT.

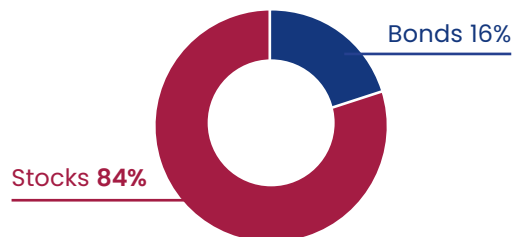
## Aggressive Portfolio Option

The ABLE Aggressive Portfolio seeks to provide the potential to grow by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 84% public stocks and 16% bonds. Overall, the Aggressive Portfolio Option offers a higher level of risk and potential for return (or loss), designed for a longer investment period (10 years or more).

Bonds represent 16% of the Aggressive Portfolio Option and returned -0.3% (BBgBarc US Aggr Bond Index) for the year ended June 30, 2021. Capital Markets, in general, recovered since March 2020, and led by equity market returns. Equity markets world-wide remained on a path of recovery after bottoming in late March 2020. US and non-US equity each represent 40% of the Aggressive Portfolio and returned 40.8% (S&P 500) and 32.4% (MSCI EAFE) respectively for the last twelve months

Asset Allocation	
Underlying Funds	Allocation
Vanguard Total Stock Market	40%
Vanguard Total International Stock Market	40%
Vanguard Total Bond Market	13%
DFA Global Real Estate	4%
Vanguard Total International Bond	3%

### Target Asset Allocation



Performance through June 30, 2021, net of fees			
	1-Year Return	3-Year Return Annualized	Since Inception Return Annualized (12/2017)
Aggressive Investment Option	31.8%	12.3%	10.6%
Weighted Benchmark*	33.2%	12.7%	10.9%

\*The Aggressive Weighted Benchmark is composed of 13% Barclays Aggregate, 3% Barclays Global Aggregate, 40% CRSP Total Stock Market, 40% FTSE Global All-Cap ex-U.S., and 4% S&P Global REIT.



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