



Rep. Amy Elik

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10400HB4872ham001

LRB104 17843 SPS 36031 a

1 AMENDMENT TO HOUSE BILL 4872

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 4872 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The State Treasurer Act is amended by changing  
5 Section 16.5 as follows:

6 (15 ILCS 505/16.5)

7 Sec. 16.5. College Savings Pool.

8 (a) Definitions. As used in this Section:

9 "Account owner" means any person or entity who has opened  
10 an account or to whom ownership of an account has been  
11 transferred, as allowed by the Internal Revenue Code, and who  
12 has authority to withdraw funds, direct withdrawal of funds,  
13 change the designated beneficiary, or otherwise exercise  
14 control over an account in the College Savings Pool.

15 "Donor" means any person or entity who makes contributions  
16 to an account in the College Savings Pool.

1 "Designated beneficiary" means any individual designated  
2 as the beneficiary of an account in the College Savings Pool by  
3 an account owner. A designated beneficiary must have a valid  
4 social security number or taxpayer identification number. In  
5 the case of an account established as part of a scholarship  
6 program permitted under Section 529 of the Internal Revenue  
7 Code, the designated beneficiary is any individual receiving  
8 benefits accumulated in the account as a scholarship.

9 "Eligible educational institution" means public and  
10 private colleges, junior colleges, graduate schools, and  
11 certain vocational institutions that are described in Section  
12 1001 of the Higher Education Resource and Student Assistance  
13 Chapter of Title 20 of the United States Code (20 U.S.C. 1001)  
14 and that are eligible to participate in Department of  
15 Education student aid programs. "Eligible educational  
16 institution" includes specialized, structured, and  
17 individualized educational or therapy programs for the  
18 intervention and treatment of a specific learning disability  
19 for students who are 5 years of age or older.

20 "Member of the family" has the same meaning ascribed to  
21 that term under Section 529 of the Internal Revenue Code.

22 "Nonqualified withdrawal" means a distribution from an  
23 account other than a distribution that (i) is used for the  
24 qualified expenses of the designated beneficiary; (ii) results  
25 from the beneficiary's death or disability; (iii) is a  
26 rollover to another account in the College Savings Pool; (iv)

1 is a rollover to an Illinois ABLE account, as defined in  
2 Section 16.6 of this Act, or any distribution that, within 60  
3 days after such distribution, is transferred to an Illinois  
4 ABLE account of the designated beneficiary or a member of the  
5 family of the designated beneficiary to the extent that the  
6 distribution, when added to all other contributions made to  
7 the Illinois ABLE account for the taxable year, does not  
8 exceed the limitation under Section 529A(b) of the Internal  
9 Revenue Code; or (v) is a rollover to a Roth IRA account to the  
10 extent permitted by Section 529 of the Internal Revenue Code.

11 "Qualified expenses" means: (i) tuition, fees, and the  
12 costs of books, supplies, and equipment required for  
13 enrollment or attendance at an eligible educational  
14 institution; (ii) expenses for special needs services, in the  
15 case of a special needs beneficiary, which are incurred in  
16 connection with such enrollment or attendance, including  
17 expenses incurred for the intervention and treatment of a  
18 specific learning disability for students who are 5 years of  
19 age or older; (iii) certain expenses, to the extent they  
20 qualify as qualified higher education expenses under Section  
21 529 of the Internal Revenue Code, for the purchase of computer  
22 or peripheral equipment or Internet access and related  
23 services, if such equipment, software, or services are to be  
24 used primarily by the beneficiary during any of the years the  
25 beneficiary is enrolled at an eligible educational  
26 institution, except that, such expenses shall not include

1 expenses for computer software designed for sports, games, or  
2 hobbies, unless the software is predominantly educational in  
3 nature; (iv) room and board expenses incurred while attending  
4 an eligible educational institution at least half-time; (v)  
5 expenses for fees, books, supplies, and equipment required for  
6 the participation of a designated beneficiary in an  
7 apprenticeship program registered and certified with the  
8 Secretary of Labor under the National Apprenticeship Act (29  
9 U.S.C. 50); and (vi) amounts paid as principal or interest on  
10 any qualified education loan of the designated beneficiary or  
11 a sibling of the designated beneficiary, as allowed under  
12 Section 529 of the Internal Revenue Code. A student shall be  
13 considered to be enrolled at least half-time if the student is  
14 enrolled for at least half the full-time academic workload for  
15 the course of study the student is pursuing as determined  
16 under the standards of the institution at which the student is  
17 enrolled.

18 "Specific learning disability" has the meaning given in  
19 item (30) of Section 602 of the Individuals with Disabilities  
20 Education Act (20 U.S.C. 1401(30)).

21 (b) Establishment of the Pool. The State Treasurer may  
22 establish and administer the College Savings Pool as a  
23 qualified tuition program under Section 529 of the Internal  
24 Revenue Code. The Pool may consist of one or more college  
25 savings programs. The State Treasurer, in administering the  
26 College Savings Pool, may: (1) receive, hold, and invest

1 moneys paid into the Pool; and (2) perform any other action he  
2 or she deems necessary to administer the Pool, including any  
3 other actions necessary to ensure that the Pool operates as a  
4 qualified tuition program in accordance with Section 529 of  
5 the Internal Revenue Code.

6 (c) Administration of the College Savings Pool. The State  
7 Treasurer may delegate duties related to the College Savings  
8 Pool to one or more contractors. The contributions deposited  
9 in the Pool, and any earnings thereon, shall not constitute  
10 property of the State or be commingled with State funds and the  
11 State shall have no claim to or against, or interest in, such  
12 funds; provided that the fees collected by the State Treasurer  
13 in accordance with this Act, scholarship programs administered  
14 by the State Treasurer, and seed funds deposited by the State  
15 Treasurer under Section 16.8 of the Act are State funds.

16 (c-5) College Savings Pool Account Summaries. The State  
17 Treasurer shall provide a separate accounting for each  
18 designated beneficiary. The separate accounting shall be  
19 provided to the account owner of the account for the  
20 designated beneficiary at least annually and shall show the  
21 account balance, the investment in the account, the investment  
22 earnings, and the distributions from the account.

23 (d) Availability of the College Savings Pool. The State  
24 Treasurer may permit persons, including trustees of trusts and  
25 custodians under a Uniform Transfers to Minors Act or Uniform  
26 Gifts to Minors Act account, and certain legal entities to be

1 account owners, including as part of a scholarship program,  
2 provided that: (1) an individual, trustee or custodian must  
3 have a valid social security number or taxpayer identification  
4 number, be at least 18 years of age, and have a valid United  
5 States street address; and (2) a legal entity must have a valid  
6 taxpayer identification number and a valid United States  
7 street address. In-state and out-of-state persons, trustees,  
8 custodians, and legal entities may be account owners and  
9 donors, and both in-state and out-of-state individuals may be  
10 designated beneficiaries in the College Savings Pool.

11 (e) Fees. Any fees, costs, and expenses, including  
12 investment fees and expenses and payments to third parties,  
13 related to the College Savings Pool, shall be paid from the  
14 assets of the College Savings Pool. The State Treasurer shall  
15 establish fees to be imposed on accounts to cover such fees,  
16 costs, and expenses, to the extent not paid directly out of the  
17 investments of the College Savings Pool, and to maintain an  
18 adequate reserve fund in line with industry standards for  
19 government operated funds. The Treasurer must use his or her  
20 best efforts to keep these fees as low as possible and  
21 consistent with administration of high quality competitive  
22 college savings programs.

23 (f) Investments in the State. To enhance the safety and  
24 liquidity of the College Savings Pool, to ensure the  
25 diversification of the investment portfolio of the College  
26 Savings Pool, and in an effort to keep investment dollars in

1 the State of Illinois, the State Treasurer may make a  
2 percentage of each account available for investment in  
3 participating financial institutions doing business in the  
4 State.

5 (g) Investment policy. The Treasurer shall develop,  
6 publish, and implement an investment policy covering the  
7 investment of the moneys in each of the programs in the College  
8 Savings Pool. The policy shall be published each year as part  
9 of the audit of the College Savings Pool by the Auditor  
10 General, which shall be distributed to all account owners in  
11 such program. The Treasurer shall notify all account owners in  
12 such program in writing, and the Treasurer shall publish in a  
13 newspaper of general circulation in both Chicago and  
14 Springfield, any changes to the previously published  
15 investment policy at least 30 calendar days before  
16 implementing the policy. Any investment policy adopted by the  
17 Treasurer shall be reviewed and updated if necessary within 90  
18 days following the date that the State Treasurer takes office.

19 (h) Investment restrictions. An account owner may,  
20 directly or indirectly, direct the investment of his or her  
21 account only as provided in Section 529(b)(4) of the Internal  
22 Revenue Code. Donors and designated beneficiaries, in those  
23 capacities, may not, directly or indirectly, direct the  
24 investment of an account.

25 (i) Distributions. Distributions from an account in the  
26 College Savings Pool may be used for the designated

1 beneficiary's qualified expenses, and if not used in that  
2 manner, may be considered a nonqualified withdrawal. Funds  
3 contained in a College Savings Pool account may be rolled over  
4 into:

5 (1) an eligible Illinois ABLE account, as defined in  
6 Section 16.6 of this Act to the extent permitted by  
7 Section 529 of the Internal Revenue Code;

8 (2) another qualified tuition program, to the extent  
9 permitted by Section 529 of the Internal Revenue Code; or

10 (3) a Roth IRA account, to the extent permitted by  
11 Section 529 of the Internal Revenue Code.

12 Distributions made from the College Savings Pool may be  
13 made directly to the eligible educational institution,  
14 directly to a vendor, in the form of a check payable to both  
15 the designated beneficiary and the institution or vendor,  
16 directly to the designated beneficiary or account owner, or in  
17 any other manner that is permissible under Section 529 of the  
18 Internal Revenue Code.

19 (j) Contributions. Contributions to the College Savings  
20 Pool shall be as follows:

21 (1) Contributions to an account in the College Savings  
22 Pool may be made only in cash.

23 (2) The Treasurer shall limit the contributions that  
24 may be made to the College Savings Pool on behalf of a  
25 designated beneficiary, as required under Section 529 of  
26 the Internal Revenue Code, to prevent contributions for

1 the benefit of a designated beneficiary in excess of those  
2 necessary to provide for the qualified expenses of the  
3 designated beneficiary. The Pool shall not permit any  
4 additional contributions to an account as soon as the sum  
5 of (i) the aggregate balance in all accounts in the Pool  
6 for the designated beneficiary and (ii) the aggregate  
7 contributions in the Illinois Prepaid Tuition Program for  
8 the designated beneficiary reaches the specified balance  
9 limit established from time to time by the Treasurer.

10 (k) Illinois Student Assistance Commission. The Treasurer  
11 and the Illinois Student Assistance Commission shall each  
12 cooperate in providing each other with account information, as  
13 necessary, to prevent contributions in excess of those  
14 necessary to provide for the qualified expenses of the  
15 designated beneficiary, as described in subsection (j).

16 The Treasurer shall work with the Illinois Student  
17 Assistance Commission to coordinate the marketing of the  
18 College Savings Pool and the Illinois Prepaid Tuition Program  
19 when considered beneficial by the Treasurer and the Director  
20 of the Illinois Student Assistance Commission.

21 (l) Prohibition; exemption. No interest in the program, or  
22 any portion thereof, may be used as security for a loan. Moneys  
23 held in an account invested in the College Savings Pool shall  
24 be exempt from all claims of the creditors of the account  
25 owner, donor, or designated beneficiary of that account,  
26 except for the non-exempt College Savings Pool transfers to or

1 from the account as defined under subsection (j) of Section  
2 12-1001 of the Code of Civil Procedure.

3 (m) Taxation. The assets of the College Savings Pool and  
4 its income and operation shall be exempt from all taxation by  
5 the State of Illinois and any of its subdivisions. The accrued  
6 earnings on investments in the Pool once disbursed on behalf  
7 of a designated beneficiary shall be similarly exempt from all  
8 taxation by the State of Illinois and its subdivisions, so  
9 long as they are used for qualified expenses. Contributions to  
10 a College Savings Pool account during the taxable year may be  
11 deducted from adjusted gross income as provided in Section 203  
12 of the Illinois Income Tax Act. The provisions of this  
13 paragraph are exempt from Section 250 of the Illinois Income  
14 Tax Act.

15 (n) Rules. The Treasurer shall adopt rules he or she  
16 considers necessary for the efficient administration of the  
17 College Savings Pool. The rules shall provide whatever  
18 additional parameters and restrictions are necessary to ensure  
19 that the College Savings Pool meets all the requirements for a  
20 qualified tuition program under Section 529 of the Internal  
21 Revenue Code.

22 Notice of any proposed amendments to the rules and  
23 regulations shall be provided to all account owners prior to  
24 adoption.

25 (o) Bond. The State Treasurer shall give bond with at  
26 least one surety, payable to and for the benefit of the account

1 owners in the College Savings Pool, in the penal sum of  
2 \$10,000,000, conditioned upon the faithful discharge of his or  
3 her duties in relation to the College Savings Pool.

4 (p) The changes made to subsections (c) and (e) of this  
5 Section by Public Act 101-26 are intended to be a restatement  
6 and clarification of existing law.

7 (Source: P.A. 103-778, eff. 8-2-24; 104-314, eff. 1-1-26.)".