

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

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. The State Treasurer may  
8 establish and administer a College Savings Pool to supplement  
9 and enhance the investment opportunities otherwise available  
10 to persons seeking to finance the costs of higher education.  
11 The State Treasurer, in administering the College Savings Pool,  
12 may receive moneys paid into the pool by a participant and may  
13 serve as the fiscal agent of that participant for the purpose  
14 of holding and investing those moneys.

15 "Participant", as used in this Section, means any person  
16 who has authority to withdraw funds, change the designated  
17 beneficiary, or otherwise exercise control over an account.

18 "Donor", as used in this Section, means any person who makes  
19 investments in the pool. "Designated beneficiary", as used in  
20 this Section, means any person on whose behalf an account is  
21 established in the College Savings Pool by a participant. Both  
22 in-state and out-of-state persons may be participants, donors,  
23 and designated beneficiaries in the College Savings Pool. The

1 College Savings Pool must be available to any individual with a  
2 valid social security number or taxpayer identification number  
3 for the benefit of any individual with a valid social security  
4 number or taxpayer identification number, unless a contract in  
5 effect on August 1, 2011 (the effective date of Public Act  
6 97-233) does not allow for taxpayer identification numbers, in  
7 which case taxpayer identification numbers must be allowed upon  
8 the expiration of the contract.

9 New accounts in the College Savings Pool may be processed  
10 through participating financial institutions. "Participating  
11 financial institution", as used in this Section, means any  
12 financial institution insured by the Federal Deposit Insurance  
13 Corporation and lawfully doing business in the State of  
14 Illinois and any credit union approved by the State Treasurer  
15 and lawfully doing business in the State of Illinois that  
16 agrees to process new accounts in the College Savings Pool.  
17 Participating financial institutions may charge a processing  
18 fee to participants to open an account in the pool that shall  
19 not exceed \$30 until the year 2001. Beginning in 2001 and every  
20 year thereafter, the maximum fee limit shall be adjusted by the  
21 Treasurer based on the Consumer Price Index for the North  
22 Central Region as published by the United States Department of  
23 Labor, Bureau of Labor Statistics for the immediately preceding  
24 calendar year. Every contribution received by a financial  
25 institution for investment in the College Savings Pool shall be  
26 transferred from the financial institution to a location

1 selected by the State Treasurer within one business day  
2 following the day that the funds must be made available in  
3 accordance with federal law. All communications from the State  
4 Treasurer to participants and donors shall reference the  
5 participating financial institution at which the account was  
6 processed.

7       The Treasurer may invest the moneys in the College Savings  
8 Pool in the same manner and in the same types of investments  
9 provided for the investment of moneys by the Illinois State  
10 Board of Investment. To enhance the safety and liquidity of the  
11 College Savings Pool, to ensure the diversification of the  
12 investment portfolio of the pool, and in an effort to keep  
13 investment dollars in the State of Illinois, the State  
14 Treasurer may make a percentage of each account available for  
15 investment in participating financial institutions doing  
16 business in the State. The State Treasurer may deposit with the  
17 participating financial institution at which the account was  
18 processed the following percentage of each account at a  
19 prevailing rate offered by the institution, provided that the  
20 deposit is federally insured or fully collateralized and the  
21 institution accepts the deposit: 10% of the total amount of  
22 each account for which the current age of the beneficiary is  
23 less than 7 years of age, 20% of the total amount of each  
24 account for which the beneficiary is at least 7 years of age  
25 and less than 12 years of age, and 50% of the total amount of  
26 each account for which the current age of the beneficiary is at

1 least 12 years of age. The Treasurer shall develop, publish,  
2 and implement an investment policy covering the investment of  
3 the moneys in the College Savings Pool. The policy shall be  
4 published each year as part of the audit of the College Savings  
5 Pool by the Auditor General, which shall be distributed to all  
6 participants. The Treasurer shall notify all participants in  
7 writing, and the Treasurer shall publish in a newspaper of  
8 general circulation in both Chicago and Springfield, any  
9 changes to the previously published investment policy at least  
10 30 calendar days before implementing the policy. Any investment  
11 policy adopted by the Treasurer shall be reviewed and updated  
12 if necessary within 90 days following the date that the State  
13 Treasurer takes office.

14 Participants shall be required to use moneys distributed  
15 from the College Savings Pool for qualified expenses at  
16 eligible educational institutions. "Qualified expenses", as  
17 used in this Section, means the following: (i) tuition, fees,  
18 and the costs of books, supplies, and equipment required for  
19 enrollment or attendance at an eligible educational  
20 institution; (ii) expenses for special needs services, in the  
21 case of a special needs beneficiary, which are incurred in  
22 connection with such enrollment or attendance; (iii) certain  
23 expenses for the purchase of computer or peripheral equipment,  
24 as defined in Section 168 of the federal Internal Revenue Code  
25 (26 U.S.C. 168), computer software, as defined in Section 197  
26 of the federal Internal Revenue Code (26 U.S.C. 197), or

1 internet access and related services, if such equipment,  
2 software, or services are to be used primarily by the  
3 beneficiary during any of the years the beneficiary is enrolled  
4 at an eligible educational institution, except that, such  
5 expenses shall not include expenses for computer software  
6 designed for sports, games, or hobbies, unless the software is  
7 predominantly educational in nature; and (iv) ~~(ii)~~ certain room  
8 and board expenses incurred while attending an eligible  
9 educational institution at least half-time. "Eligible  
10 educational institutions", as used in this Section, means  
11 public and private colleges, junior colleges, graduate  
12 schools, and certain vocational institutions that are  
13 described in Section 481 of the Higher Education Act of 1965  
14 (20 U.S.C. 1088) and that are eligible to participate in  
15 Department of Education student aid programs. A student shall  
16 be considered to be enrolled at least half-time if the student  
17 is enrolled for at least half the full-time academic work load  
18 for the course of study the student is pursuing as determined  
19 under the standards of the institution at which the student is  
20 enrolled. Distributions made from the pool for qualified  
21 expenses shall be made directly to the eligible educational  
22 institution, directly to a vendor, or in the form of a check  
23 payable to both the beneficiary and the institution or vendor.  
24 Any moneys that are distributed in any other manner or that are  
25 used for expenses other than qualified expenses at an eligible  
26 educational institution shall be subject to a penalty of 10% of

1 the earnings unless the beneficiary dies, becomes a person with  
2 a disability, or receives a scholarship that equals or exceeds  
3 the distribution. Penalties shall be withheld at the time the  
4 distribution is made.

5 The Treasurer shall limit the contributions that may be  
6 made on behalf of a designated beneficiary based on the  
7 limitations established by the Internal Revenue Service. The  
8 contributions made on behalf of a beneficiary who is also a  
9 beneficiary under the Illinois Prepaid Tuition Program shall be  
10 further restricted to ensure that the contributions in both  
11 programs combined do not exceed the limit established for the  
12 College Savings Pool. The Treasurer shall provide the Illinois  
13 Student Assistance Commission each year at a time designated by  
14 the Commission, an electronic report of all participant  
15 accounts in the Treasurer's College Savings Pool, listing total  
16 contributions and disbursements from each individual account  
17 during the previous calendar year. As soon thereafter as is  
18 possible following receipt of the Treasurer's report, the  
19 Illinois Student Assistance Commission shall, in turn, provide  
20 the Treasurer with an electronic report listing those College  
21 Savings Pool participants who also participate in the State's  
22 prepaid tuition program, administered by the Commission. The  
23 Commission shall be responsible for filing any combined tax  
24 reports regarding State qualified savings programs required by  
25 the United States Internal Revenue Service. The Treasurer shall  
26 work with the Illinois Student Assistance Commission to

1 coordinate the marketing of the College Savings Pool and the  
2 Illinois Prepaid Tuition Program when considered beneficial by  
3 the Treasurer and the Director of the Illinois Student  
4 Assistance Commission. The Treasurer's office shall not  
5 publicize or otherwise market the College Savings Pool or  
6 accept any moneys into the College Savings Pool prior to March  
7 1, 2000. The Treasurer shall provide a separate accounting for  
8 each designated beneficiary to each participant, the Illinois  
9 Student Assistance Commission, and the participating financial  
10 institution at which the account was processed. No interest in  
11 the program may be pledged as security for a loan. Moneys held  
12 in an account invested in the Illinois College Savings Pool  
13 shall be exempt from all claims of the creditors of the  
14 participant, donor, or designated beneficiary of that account,  
15 except for the non-exempt College Savings Pool transfers to or  
16 from the account as defined under subsection (j) of Section  
17 12-1001 of the Code of Civil Procedure (735 ILCS 5/12-1001(j)).

18 The assets of the College Savings Pool and its income and  
19 operation shall be exempt from all taxation by the State of  
20 Illinois and any of its subdivisions. The accrued earnings on  
21 investments in the Pool once disbursed on behalf of a  
22 designated beneficiary shall be similarly exempt from all  
23 taxation by the State of Illinois and its subdivisions, so long  
24 as they are used for qualified expenses. Contributions to a  
25 College Savings Pool account during the taxable year may be  
26 deducted from adjusted gross income as provided in Section 203

1 of the Illinois Income Tax Act. The provisions of this  
2 paragraph are exempt from Section 250 of the Illinois Income  
3 Tax Act.

4 The Treasurer shall adopt rules he or she considers  
5 necessary for the efficient administration of the College  
6 Savings Pool. The rules shall provide whatever additional  
7 parameters and restrictions are necessary to ensure that the  
8 College Savings Pool meets all of the requirements for a  
9 qualified state tuition program under Section 529 of the  
10 Internal Revenue Code (26 U.S.C. 529). The rules shall provide  
11 for the administration expenses of the pool to be paid from its  
12 earnings and for the investment earnings in excess of the  
13 expenses and all moneys collected as penalties to be credited  
14 or paid monthly to the several participants in the pool in a  
15 manner which equitably reflects the differing amounts of their  
16 respective investments in the pool and the differing periods of  
17 time for which those amounts were in the custody of the pool.  
18 Also, the rules shall require the maintenance of records that  
19 enable the Treasurer's office to produce a report for each  
20 account in the pool at least annually that documents the  
21 account balance and investment earnings. Notice of any proposed  
22 amendments to the rules and regulations shall be provided to  
23 all participants prior to adoption. Amendments to rules and  
24 regulations shall apply only to contributions made after the  
25 adoption of the amendment.

26 Upon creating the College Savings Pool, the State Treasurer



1 shall give bond with 2 or more sufficient sureties, payable to  
2 and for the benefit of the participants in the College Savings  
3 Pool, in the penal sum of \$1,000,000, conditioned upon the  
4 faithful discharge of his or her duties in relation to the  
5 College Savings Pool.

6 (Source: P.A. 99-143, eff. 7-27-15.)

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law.