

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 adding  
5 Section 16.6 as follows:

6 (15 ILCS 505/16.6 new)

7 Sec. 16.6. ABLE account program.

8 (a) As used in this Section:

9 "ABLE account" or "account" means an account established  
10 for the purpose of financing certain qualified expenses of  
11 eligible individuals as specifically provided for in this  
12 Section and authorized by Section 529A of the Internal Revenue  
13 Code.

14 "ABLE account plan" or "plan" means the savings account  
15 plan provided for in this Section.

16 "Account administrator" means the person selected by the  
17 State Treasurer to administer the daily operations of the ABLE  
18 account plan and provide marketing, recordkeeping, investment  
19 management, and other services for the plan.

20 "Aggregate account balance" means the amount in an account  
21 on a particular date or the fair market value of an account on  
22 a particular date.

23 "Beneficiary" means the ABLE account owner.

1 "Board" means the Illinois State Board of Investment.

2 "Contracting state" means a state without a qualified ABLE  
3 program which has entered into a contract with Illinois to  
4 provide residents of the contracting state access to a  
5 qualified ABLE program.

6 "Designated representative" means a person who is  
7 authorized to act on behalf of an account owner. An account  
8 owner is authorized to act on his or her own behalf unless the  
9 account owner is a minor or the account owner has been  
10 adjudicated to have a disability so that a guardian has been  
11 appointed. A designated representative acts in a fiduciary  
12 capacity to the account owner. The State Treasurer shall  
13 recognize a person as a designated representative without  
14 appointment by a court in the following order of priority:

15 (1) The account owner's plenary guardian of the estate,  
16 or the account owner's limited guardian of financial or  
17 contractual matters. Any guardian acting in this capacity  
18 shall not be required to seek court approval for any ABLE  
19 qualified distributions.

20 (2) The agent named by the account owner in a property  
21 power of attorney recognized as a statutory short form  
22 power of attorney for property.

23 (3) Such individual or entity that the account owner so  
24 designates in writing, in a manner to be established by the  
25 State Treasurer.

26 (4) Such other individual or entity designated by the

1 State Treasurer pursuant to its rules.

2 "Disability certification" has the meaning given to that  
3 term under Section 529A of the Internal Revenue Code.

4 "Eligible individual" has the meaning given to that term  
5 under Section 529A of the Internal Revenue Code.

6 "Participation agreement" means an agreement to  
7 participate in the ABLE account plan between an account owner  
8 and the State, through its agencies and the State Treasurer.

9 "Qualified disability expenses" has the meaning given to  
10 that term under Section 529A of the Internal Revenue Code.

11 "Qualified withdrawal" or "qualified distribution" means a  
12 withdrawal from an ABLE account to pay the qualified disability  
13 expenses of the beneficiary of the account.

14 (b) The "Achieving a Better Life Experience" or "ABLE"  
15 account program is hereby created and shall be administered by  
16 the State Treasurer. The purpose of the ABLE plan is to  
17 encourage and assist individuals and families in saving private  
18 funds for the purpose of supporting individuals with  
19 disabilities to maintain health, independence, and quality of  
20 life, and to provide secure funding for disability-related  
21 expenses on behalf of designated beneficiaries with  
22 disabilities that will supplement, but not supplant, benefits  
23 provided through private insurance, federal and State medical  
24 and disability insurance, the beneficiary's employment, and  
25 other sources. Under the plan, a person may make contributions  
26 to an ABLE account to meet the qualified disability expenses of

1 the designated beneficiary of the account. The plan must be  
2 operated as an accounts-type plan that permits persons to save  
3 for qualified disability expenses incurred by or on behalf of  
4 an eligible individual.

5 The State Treasurer shall promote awareness of the  
6 availability and advantages of the ABLE account plan as a way  
7 to assist individuals and families in saving private funds for  
8 the purpose of supporting individuals with disabilities. The  
9 cost of these promotional efforts shall not be funded with fees  
10 imposed on participants by the State Treasurer.

11 The State Treasurer shall not accept contributions for ABLE  
12 accounts under this Section until the Internal Revenue Service  
13 has issued its final regulations concerning ABLE accounts.

14 A separate account must be maintained for each beneficiary  
15 for whom contributions are made, and no more than one account  
16 shall be established per beneficiary. If an ABLE account is  
17 established for a designated beneficiary, no account  
18 subsequently established for such beneficiary shall be treated  
19 as an ABLE account. The preceding sentence shall not apply in  
20 the case of an ABLE account established for purposes of a  
21 rollover as permitted under Section 529A of the Internal  
22 Revenue Code.

23 An ABLE account may be established under this Section only  
24 for a designated beneficiary who is a resident of Illinois or a  
25 resident of a contracting state.

26 Prior to the establishment of an ABLE account, an account

1 owner must provide documentation to the State Treasurer that  
2 the account beneficiary is an eligible individual.

3 Annual contributions to an ABLE account on behalf of a  
4 beneficiary are subject to the requirements of subsection (b)  
5 of Section 529A of the Internal Revenue Code. No person may  
6 make a contribution to an ABLE account if such a contribution  
7 would result in the aggregate account balance of an ABLE  
8 account exceeding the account balance limit authorized under  
9 Section 529A of the Internal Revenue Code. The Treasurer shall  
10 review the contribution limit at least annually.

11 The State Treasurer shall administer the plan, including  
12 accepting and processing applications, maintaining account  
13 records, making payments, and undertaking any other necessary  
14 tasks to administer the plan, including the appointment of an  
15 account administrator. The State Treasurer may contract with  
16 one or more third parties to carry out some or all of these  
17 administrative duties, including, but not limited to,  
18 providing investment management services, incentives, and  
19 marketing the plan.

20 In designing and establishing the plan's requirements and  
21 in negotiating or entering into contracts with third parties  
22 under this Section, the State Treasurer shall consult with the  
23 Board. The State Treasurer shall establish fees to be imposed  
24 on participants to recover the costs of administration,  
25 recordkeeping, and investment management. The State Treasurer  
26 must use his or her best efforts to keep these fees as low as

1 possible, consistent with efficient administration.

2 The Illinois ABLE Accounts Administrative Fund is created  
3 as a nonappropriated trust fund in the State treasury. The  
4 State Treasurer shall use moneys in the Administrative Fund to  
5 pay for administrative expenses he or she incurs in the  
6 performance of his or her duties under this Section. The State  
7 Treasurer shall use moneys in the Administrative Fund to cover  
8 administrative expenses incurred under this Section. The  
9 Administrative Fund may receive any grants or other moneys  
10 designated for administrative purposes from the State, or any  
11 unit of federal or local government, or any other person, firm,  
12 partnership, or corporation. Any interest earnings that are  
13 attributable to moneys in the Administrative Fund must be  
14 deposited into the Administrative Fund. Any fees established by  
15 the State Treasurer to recover the costs of administration,  
16 recordkeeping, and investment management shall be deposited  
17 into the Administrative Fund.

18 Subject to appropriation, the State Treasurer may pay  
19 administrative costs associated with the creation and  
20 management of the plan until sufficient assets are available in  
21 the Administrative Fund for that purpose.

22 Applications for accounts, account owner data, account  
23 data, and data on beneficiaries of accounts are confidential  
24 and exempt from disclosure under the Freedom of Information  
25 Act.

26 (c) The State Treasurer may invest the moneys in ABLE

1 accounts in the same manner and in the same types of  
2 investments provided for the investment of moneys by the Board.  
3 To enhance the safety and liquidity of ABLE accounts, to ensure  
4 the diversification of the investment portfolio of accounts,  
5 and in an effort to keep investment dollars in the State, the  
6 State Treasurer may make a percentage of each account available  
7 for investment in participating financial institutions doing  
8 business in the State, except that the accounts may be invested  
9 without limit in investment options from open-ended investment  
10 companies registered under Section 80a of the federal  
11 Investment Company Act of 1940. The State Treasurer may  
12 contract with one or more third parties for investment  
13 management, recordkeeping, or other services in connection  
14 with investing the accounts.

15 The account administrator shall annually prepare and adopt  
16 a written statement of investment policy that includes a risk  
17 management and oversight program. The risk management and  
18 oversight program shall be designed to ensure that an effective  
19 risk management system is in place to monitor the risk levels  
20 of the ABLE plan, to ensure that the risks taken are prudent  
21 and properly managed, to provide an integrated process for  
22 overall risk management, and to assess investment returns as  
23 well as risk to determine if the risks taken are adequately  
24 compensated compared to applicable performance benchmarks and  
25 standards.

26 The State Treasurer may enter into agreements with other

1 states to either allow Illinois residents to participate in a  
2 plan operated by another state or to allow residents of other  
3 states to participate in the Illinois ABLE plan.

4 (d) The State Treasurer shall ensure that the plan meets  
5 the requirements for an ABLE account under Section 529A of the  
6 Internal Revenue Code. The State Treasurer may request a  
7 private letter ruling or rulings from the Internal Revenue  
8 Service and must take any necessary steps to ensure that the  
9 plan qualifies under relevant provisions of federal law.

10 Notwithstanding the foregoing, any determination by the  
11 Secretary of the Treasury of the United States that an account  
12 was utilized to make non-qualified distributions shall not  
13 result in an ABLE account being disregarded as a resource.

14 A person may make contributions to an ABLE account on  
15 behalf of a beneficiary. Contributions to an account made by  
16 persons other than the account owner become the property of the  
17 account owner. Contributions to an account shall be considered  
18 as a transfer of assets for fair market value. A person does  
19 not acquire an interest in an ABLE account by making  
20 contributions to an account. A contribution to any account for  
21 a beneficiary must be rejected if the contribution would cause  
22 either the aggregate or annual account balance of the account  
23 to exceed the limits imposed by Section 529A of the Internal  
24 Revenue Code.

25 Any change in account owner must be done in a manner  
26 consistent with Section 529A of the Internal Revenue Code.



1       Notice of any proposed amendments to the rules and  
2 regulations shall be provided to all owners or their designated  
3 representatives prior to adoption. Amendments to rules and  
4 regulations shall apply only to contributions made after the  
5 adoption of the amendment. Amendments to this Section  
6 automatically amend the participation agreement. Any  
7 amendments to the operating procedures and policies of the plan  
8 shall automatically amend the participation agreement after  
9 adoption by the State Treasurer.

10       All assets of the plan, including any contributions to  
11 accounts, are held in trust for the exclusive benefit of the  
12 account owner and shall be considered spendthrift accounts  
13 exempt from all of the owner's creditors. The plan shall  
14 provide separate accounting for each designated beneficiary  
15 sufficient to satisfy the requirements of paragraph (3) of  
16 subsection (b) of Section 529A of the Internal Revenue Code.  
17 Assets must be held in either a state trust fund outside the  
18 State treasury, to be known as the Illinois ABLE plan trust  
19 fund, or in accounts with a third-party provider selected  
20 pursuant to this Section. Amounts contributed to ABLE accounts  
21 shall not be commingled with State funds and the State shall  
22 have no claim to or against, or interest in, such funds.

23       Plan assets are not subject to claims by creditors of the  
24 State and are not subject to appropriation by the State.  
25 Payments from the Illinois ABLE account plan shall be made  
26 under this Section.

1       The assets of ABLE accounts and their income may not be  
2 used as security for a loan.

3       The assets of ABLE accounts and their income and operation  
4 shall be exempt from all taxation by the State of Illinois and  
5 any of its subdivisions to the extent exempt from federal  
6 income taxation. The accrued earnings on investments in an ABLE  
7 account once disbursed on behalf of a designated beneficiary  
8 shall be similarly exempt from all taxation by the State of  
9 Illinois and its subdivisions to the extent exempt from federal  
10 income taxation, so long as they are used for qualified  
11 expenses.

12       Notwithstanding any other provision of law that requires  
13 consideration of one or more financial circumstances of an  
14 individual, for the purpose of determining eligibility to  
15 receive, or the amount of, any assistance or benefit authorized  
16 by such provision to be provided to or for the benefit of such  
17 individual, any amount, including earnings thereon, in the ABLE  
18 account of such individual, any contributions to the ABLE  
19 account of the individual, and any distribution for qualified  
20 disability expenses shall be disregarded for such purpose with  
21 respect to any period during which such individual maintains,  
22 makes contributions to, or receives distributions from such  
23 ABLE account.

24       (e) The account owner or the designated representative of  
25 the account owner may request that a qualified distribution be  
26 made for the benefit of the account owner. Qualified

1 distributions shall be made for qualified disability expenses  
2 allowed pursuant to Section 529A of the Internal Revenue Code.  
3 Qualified distributions must be withdrawn proportionally from  
4 contributions and earnings in an account owner's account on the  
5 date of distribution as provided in Section 529A of the  
6 Internal Revenue Code. Upon the death of a beneficiary, the  
7 amount remaining in the beneficiary's account must be  
8 distributed pursuant to subsection (f) of Section 529A of the  
9 Internal Revenue Code.

10 (f) The State Treasurer may adopt rules to carry out the  
11 purposes of this Section. The State Treasurer shall further  
12 have the power to issue peremptory rules necessary to ensure  
13 that ABLE accounts meet all of the requirements for a qualified  
14 state ABLE program under Section 529A of the Internal Revenue  
15 Code and any regulations issued by the Internal Revenue  
16 Service.

17 Section 10. The State Finance Act is amended by adding  
18 Section 5.866 as follows:

19 (30 ILCS 105/5.866 new)

20 Sec. 5.866. The Illinois ABLE Accounts Administrative  
21 Fund.