

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 16.6 as follows:

6 (15 ILCS 505/16.6)

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 or entity  
17 selected by the State Treasurer to administer the daily  
18 operations of the ABLE account plan and provide marketing,  
19 recordkeeping, investment management, and other services for  
20 the plan.

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

1 "Beneficiary" or "designated beneficiary" means the ABLE  
2 account owner.

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

7 "Designated representative" means a person or entity who  
8 is authorized to act on behalf of a "designated beneficiary".  
9 A designated beneficiary is authorized to act on his or her own  
10 behalf unless the designated beneficiary is a minor or the  
11 designated beneficiary has been adjudicated to have a  
12 disability so that a guardian has been appointed. A designated  
13 representative acts in a fiduciary capacity to the designated  
14 beneficiary. A person or entity seeking to open an ABLE  
15 account on behalf of a designated beneficiary must provide  
16 certification, subject to penalties of perjury, of the basis  
17 for the person's or entity's authority to act as a designated  
18 representative and that there is no other person or entity  
19 with higher priority to establish the ABLE account under  
20 Section 529A of the Internal Revenue Code and federal  
21 regulations.

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

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

26 "Internal Revenue Code" means the federal Internal Revenue

1 Code.

2 "Participation agreement" means an agreement to  
3 participate in the ABLE account plan between a designated  
4 beneficiary and the State, through its agencies and the State  
5 Treasurer.

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

8 "Qualified withdrawal" or "qualified distribution" means a  
9 withdrawal from an ABLE account to pay the qualified  
10 disability expenses of the beneficiary of the account.

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

1 qualified disability expenses incurred by or on behalf of an  
2 eligible individual.

3 (c) Promotion of the ABLE Program. The State Treasurer  
4 shall promote awareness of the availability and advantages of  
5 the ABLE account plan as a way to assist individuals and  
6 families in saving ~~private~~ funds for the purpose of supporting  
7 individuals with disabilities.

8 (c-5) Matching contributions. Subject to appropriation,  
9 the State Treasurer may make a matching contribution of \$50 to  
10 an ABLE account opened on or after January 1, 2026 for a  
11 beneficiary who is a resident of Illinois. This amount may be  
12 increased by the State Treasurer by rule. The matching  
13 contribution shall be limited to one contribution per  
14 beneficiary and shall not be treated differently from any  
15 other contributions to the account. A matching contribution to  
16 an ABLE account becomes the property of the beneficiary. The  
17 State Treasurer may use funds appropriated by the General  
18 Assembly for the purpose described in this Section. If there  
19 are insufficient funds available, the State Treasurer may  
20 reduce the matching contribution amount or forgo  
21 contributions.

22 (d) Availability of the ABLE Program. An ABLE account may  
23 be established under this Section for a designated beneficiary  
24 who is a resident of Illinois, a resident of a contracting  
25 state, or a resident of any other state.

26 Annual contributions to an ABLE account on behalf of a

1 beneficiary are subject to the requirements of subsection (b)  
2 of Section 529A of the Internal Revenue Code. No person or  
3 entity may make a contribution to an ABLE account if such a  
4 contribution would result in the aggregate account balance of  
5 an ABLE account exceeding the account balance limit authorized  
6 under Section 529A of the Internal Revenue Code. The Treasurer  
7 shall review the contribution limit at least annually. A  
8 separate account must be maintained for each beneficiary for  
9 whom contributions are made, and no more than one account  
10 shall be established per beneficiary. If an ABLE account is  
11 established for a designated beneficiary, no account  
12 subsequently established for such beneficiary shall be treated  
13 as an ABLE account. The preceding sentence shall not apply in  
14 the case of an ABLE account established for purposes of a  
15 rollover as permitted under Sections 529 and 529A of the  
16 Internal Revenue Code.

17 (e) Administration of the ABLE Program. The State  
18 Treasurer shall administer the plan, including accepting and  
19 processing applications, maintaining account records, making  
20 payments, and undertaking any other necessary tasks to  
21 administer the plan, including the appointment of an account  
22 administrator. The State Treasurer may contract with one or  
23 more third parties to carry out some or all of these  
24 administrative duties, including, but not limited to,  
25 providing investment management services, incentives, and  
26 marketing the plan. The State Treasurer may enter into

1 agreements with other states to either allow Illinois  
2 residents to participate in a plan operated by another state  
3 or to allow residents of other states to participate in the  
4 Illinois ABLE plan. The State Treasurer may require any  
5 certifications that he or she deems necessary to implement the  
6 program, including oaths or affirmations made under penalties  
7 of perjury.

8 (f) Fees. The State Treasurer may establish fees to be  
9 imposed on participants to cover the costs of administration,  
10 recordkeeping, and investment management. The State Treasurer  
11 must use his or her best efforts to keep these fees as low as  
12 possible, consistent with efficient administration.

13 (g) The Illinois ABLE Accounts Administrative Fund. The  
14 Illinois ABLE Accounts Administrative Fund is created as a  
15 nonappropriated trust fund in the State treasury. The State  
16 Treasurer shall use moneys in the Administrative Fund to cover  
17 administrative expenses incurred under this Section. The  
18 Administrative Fund may receive any grants or other moneys  
19 designated for administrative purposes from the State, or any  
20 unit of federal, state, or local government, or any other  
21 person, firm, partnership, or corporation. Any interest  
22 earnings that are attributable to moneys in the Administrative  
23 Fund must be deposited into the Administrative Fund. Any fees  
24 established by the State Treasurer to cover the costs of  
25 administration, recordkeeping, and investment management shall  
26 be deposited into the Administrative Fund.

1 Subject to appropriation, the State Treasurer may pay  
2 administrative costs associated with the creation and  
3 management of the plan until sufficient assets are available  
4 in the Administrative Fund for that purpose.

5 (g-5) Illinois ABLE Matching Contribution Fund. The  
6 Illinois ABLE Matching Contribution Fund is hereby established  
7 as a special fund in the State treasury. The Fund shall be the  
8 official repository of all contributions, appropriated funds,  
9 interest, and dividend payments, gifts, or other financial  
10 assets received by the State Treasurer in connection with the  
11 matching contributions authorized under subsection (c-5). All  
12 moneys received under this subsection (g-5) shall be deposited  
13 into the Fund and held by the State Treasurer as custodian. The  
14 State Treasurer may accept gifts, grants, awards, matching  
15 contributions, interest income, and appropriated funds from  
16 individuals, businesses, governments, and other third-party  
17 sources to implement the matching contributions on terms that  
18 the Treasurer deems advisable. All interest or other earnings  
19 accruing or received on amounts in the Illinois ABLE Matching  
20 Contribution Fund shall be credited to and retained by the  
21 Fund and used for the benefit of the matching contributions.  
22 Assets of the Fund must at all times be preserved, invested,  
23 and expended only for the purposes of the matching  
24 contributions and must be held for the benefit of the  
25 beneficiaries. Assets may not be transferred or used by the  
26 State or the State Treasurer for any purposes other than the

1 purposes of the matching contributions. In addition, no  
2 moneys, interest, or other earnings paid into the Fund shall  
3 be used, temporarily or otherwise, for interfund borrowing or  
4 shall be otherwise used or appropriated except as expressly  
5 authorized by this Act.

6 (h) Privacy. Applications for accounts and other records  
7 obtained or compiled by the Treasurer or the Treasurer's  
8 agents reflecting designated beneficiary information, account  
9 information, or designated representative information are  
10 confidential and exempt from disclosure under the Freedom of  
11 Information Act.

12 (i) Investment Policy. The Treasurer shall prepare and  
13 adopt a written statement of investment policy that includes a  
14 risk management and oversight program which shall be reviewed  
15 annually and posted on the Treasurer's website prior to  
16 implementation. The risk management and oversight program  
17 shall be designed to ensure that an effective risk management  
18 system is in place to monitor the risk levels of the ABLE plan,  
19 to ensure that the risks taken are prudent and properly  
20 managed, to provide an integrated process for overall risk  
21 management, and to assess investment returns as well as risk  
22 to determine if the risks taken are adequately compensated  
23 compared to applicable performance benchmarks and standards.  
24 To enhance the safety and liquidity of ABLE accounts, to  
25 ensure the diversification of the investment portfolio of  
26 accounts, and in an effort to keep investment dollars in the

1 State, the State Treasurer may make a percentage of each  
2 account available for investment in participating financial  
3 institutions doing business in the State, except that the  
4 accounts may be invested without limit in investment options  
5 from open-ended investment companies registered under Section  
6 80a of the federal Investment Company Act of 1940. The State  
7 Treasurer may contract with one or more third parties for  
8 investment management, recordkeeping, or other services in  
9 connection with investing the accounts.

10 (j) Investment restrictions. The State Treasurer shall  
11 ensure that the plan meets the requirements for an ABLE  
12 account under Section 529A of the Internal Revenue Code. The  
13 State Treasurer may request a private letter ruling or rulings  
14 from the Internal Revenue Service and must take any necessary  
15 steps to ensure that the plan qualifies under relevant  
16 provisions of federal law. Notwithstanding the foregoing, any  
17 determination by the Secretary of the Treasury of the United  
18 States that an account was utilized to make non-qualified  
19 distributions shall not result in an ABLE account being  
20 disregarded as a resource.

21 (k) Contributions. A person or entity may make  
22 contributions to an ABLE account on behalf of a beneficiary.  
23 Contributions to an account made by persons or entities other  
24 than the designated beneficiary become the property of the  
25 designated beneficiary. Contributions to an account shall be  
26 considered as a transfer of assets for fair market value. A

1 person or entity does not acquire an interest in an ABLE  
2 account by making contributions to an account. A contribution  
3 to any account for a beneficiary must be rejected if the  
4 contribution would cause either the aggregate or annual  
5 account balance of the account to exceed the limits imposed by  
6 Section 529A of the Internal Revenue Code.

7 Any change in designated beneficiary must be done in a  
8 manner consistent with Section 529A of the Internal Revenue  
9 Code.

10 (l) Notice. Notice of any proposed amendments to the rules  
11 and regulations shall be provided to all designated  
12 beneficiaries or their designated representatives prior to  
13 adoption. Amendments to rules and regulations shall apply only  
14 to contributions made after the adoption of the amendment.  
15 Amendments to this Section automatically amend the  
16 participation agreement. Any amendments to the operating  
17 procedures and policies of the plan shall automatically amend  
18 the participation agreement after adoption by the State  
19 Treasurer.

20 (m) Plan assets. All assets of the plan, including any  
21 contributions to accounts, are held in trust for the exclusive  
22 benefit of the designated beneficiary and shall be considered  
23 spendthrift accounts exempt from all of the designated  
24 beneficiary's creditors. The plan shall provide separate  
25 accounting for each designated beneficiary sufficient to  
26 satisfy the requirements of paragraph (3) of subsection (b) of

1 Section 529A of the Internal Revenue Code. Assets must be held  
2 in either a state trust fund outside the State treasury, to be  
3 known as the Illinois ABLE plan trust fund, or in accounts with  
4 a third-party provider selected pursuant to this Section.  
5 Amounts contributed to ABLE accounts shall not be commingled  
6 with State funds and the State shall have no claim to or  
7 against, or interest in, such funds.

8 Plan assets are not subject to claims by creditors of the  
9 State and are not subject to appropriation by the State.  
10 Payments from the Illinois ABLE account plan shall be made  
11 under this Section.

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

14 (n) Taxation. The assets of ABLE accounts and their income  
15 and operation shall be exempt from all taxation by the State of  
16 Illinois and any of its subdivisions to the extent exempt from  
17 federal income taxation. The accrued earnings on investments  
18 in an ABLE account once disbursed on behalf of a designated  
19 beneficiary shall be similarly exempt from all taxation by the  
20 State of Illinois and its subdivisions to the extent exempt  
21 from federal income taxation, so long as they are used for  
22 qualified expenses.

23 Notwithstanding any other provision of law that requires  
24 consideration of one or more financial circumstances of an  
25 individual, for the purpose of determining eligibility to  
26 receive, or the amount of, any assistance or benefit

1 authorized by such provision to be provided to or for the  
2 benefit of such individual, any amount, including earnings  
3 thereon, in the ABLE account of such individual, any  
4 contributions to the ABLE account of the individual, and any  
5 distribution for qualified disability expenses shall be  
6 disregarded for such purpose with respect to any period during  
7 which such individual maintains, makes contributions to, or  
8 receives distributions from such ABLE account.

9 (o) Distributions. The designated beneficiary or the  
10 designated representative of the designated beneficiary may  
11 make a qualified distribution for the benefit of the  
12 designated beneficiary. Qualified distributions shall be made  
13 for qualified disability expenses allowed pursuant to Section  
14 529A of the Internal Revenue Code. Qualified distributions  
15 must be withdrawn proportionally from contributions and  
16 earnings in a designated beneficiary's account on the date of  
17 distribution as provided in Section 529A of the Internal  
18 Revenue Code. Unless prohibited by federal law, upon the death  
19 of a designated beneficiary, proceeds from an account may be  
20 transferred to the estate of a designated beneficiary, or to  
21 an account for another eligible individual specified by the  
22 designated beneficiary or the estate of the designated  
23 beneficiary, or transferred pursuant to a payable on death  
24 account agreement. A payable on death account agreement may be  
25 executed by the designated beneficiary or a designated  
26 representative who has been granted such power. Upon the death

1 of a designated beneficiary, prior to distribution of the  
2 balance to the estate, account for another eligible  
3 individual, or transfer pursuant to a payable on death account  
4 agreement, the State Treasurer may require verification that  
5 the funeral and burial expenses of the designated beneficiary  
6 have been paid. An agency or instrumentality of the State may  
7 not seek payment under subsection (f) of Section 529A of the  
8 federal Internal Revenue Code from the account or its proceeds  
9 for benefits provided to a designated beneficiary.

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

17 (q) Name. The ABLE Account Program may also be referred to  
18 as the Senator Scott Bennett ABLE Program.

19 (Source: P.A. 102-392, eff. 8-16-21; 102-1024, eff. 5-27-22;  
20 103-256, eff. 6-30-23.)

21 Section 10. The State Finance Act is amended by adding  
22 Section 5.1030 as follows:

23 (30 ILCS 105/5.1030 new)

24 Sec. 5.1030. The Illinois ABLE Matching Contribution Fund.