**Section 722.310 Investment Policy and Guidelines**

a) The investment policy is a written statement prepared by the Treasurer describing the risk management and oversight program.

b) The investment policy will be designed to:

1) ensure that an effective risk management system is in place to monitor the risk levels of the ABLE Program;

2) ensure that the risks taken are prudent and properly managed;

3) provide an integrated process for overall risk management;

4) assess investment returns; and

5) assess risks to determine if the risks taken are adequately compensated compared to applicable performance benchmarks and standards.

c) The investment policy shall be reviewed annually.

d) The investment policy will be posted on the Treasurer's website.

e) The Treasurer will utilize the following investment principles when constructing, evaluating, and selecting the investment framework, investment options, and investment funds for ABLE accounts:

1) Simplicity – The Program's investment portfolios and asset allocation model will be constructed and administered in a manner that provides a range of clear, easily understood options (defined in terms of expected risk/return) in order to maximize participation and provide opportunities for investment returns for designated beneficiaries. Furthermore, the Program will be designed and administered in a manner that promotes full transparency by delineating all accordant investment expenses.

2) Low Cost – The Program's investment options will be constructed and administered in a manner that is designed to minimize investment fees to designated beneficiaries while still providing value to designated beneficiaries and meeting the investment option's risk and return objectives. The lowest cost index-based investment funds will be viewed as the default standard in evaluating investment management fees.

3) Investment Horizons and Risk Tolerances – The Program's investment options will account for a diversity of time horizons (e.g., short-term, long-term) and risk tolerances (e.g., aggressive, moderate, conservative) among designated beneficiaries. Portfolios will also be constructed in a manner that accounts for investment time horizons and risk tolerances through the utilization of investment options including, but not limited to, those listed in subsection (f).

4) Open Architecture – The Program's investment framework will utilize an open architecture plan design, meaning it will not be required to select proprietary investment funds or investment options. The open architecture design is intended to offer appropriate authority benefits, such as access to best in class managers, increased flexibility when choosing underlying investment strategies, and the ability to minimize designated beneficiary fees on underlying investment funds and accounts.

5) Passive Versus Active Funds – The Program's investment options will consist of passively managed strategies that replicate the risk and return characteristics of its respective benchmark. In asset classes in which passively managed strategies are not prevalent or in asset classes that are deemed to be inefficient, actively managed strategies may be considered.

f) The Treasurer will establish investment options for any or all of the following categories:

1) Static Portfolio Investment Option, which shall be composed of fixed asset allocations to fit a participant's risk profile (i.e., aggressive, moderate or conservative risk profiles). These options will be invested in pooled investment vehicles, such as mutual funds, that include some or all of the following asset classes:

A) domestic and international equity;

B) domestic and international fixed income;

C) real estate investment trusts (REITs); and

D) cash and cash equivalent (i.e., money market funds).

2) Banking Option, which will be a short-term investment option in the form of a Demand Deposit Account. The banking option will be a Federal Deposit Insurance Corporation (FDIC) insured bank account whose primary objective is the preservation and safety of the principal and the provision of a stable and low-risk rate of return.

3) Pre-mixed Dynamic Portfolio Option, which shall be composed of dynamic asset allocations and rebalancing of portfolios based on a participant's age and/or a target date. These options will be invested in pooled investment vehicles, such as mutual funds, that include some or all of the following asset classes:

A) domestic and international equity;

B) domestic and international fixed income;

C) real estate investment trusts (REITs); and

D) cash and cash equivalent (i.e., money market funds).

(Source: Amended at 45 Ill. Reg. 4133, effective March 12, 2021)