

AN ACT concerning public employee benefits.

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

Section 5. The Illinois Municipal Code is amended by adding Section 10-4-3.5 as follows:

(65 ILCS 5/10-4-3.5 new)

Sec. 10-4-3.5. Automatic enrollment in deferred compensation plan required.

(a) As used in this Section, "eligible deferred compensation plan" has the meaning given in subsection (b) of Section 457 of the federal Internal Revenue Code.

(b) Beginning January 1, 2027, a municipality with a population of 500,000 or more shall automatically enroll all employees of the municipality who first become employees of the municipality on or after January 1, 2027 and who are participants in a pension fund established under Article 5, 6, or 8 of the Illinois Pension Code into an eligible deferred compensation plan that the municipality has established for its employees. If a municipality has not established an eligible deferred compensation plan for its employees, then the municipality shall establish an eligible deferred compensation plan for its employees on or before January 1, 2027.

(c) An employee subject to automatic enrollment under this Section shall have the option to opt out of the plan and shall be informed of that option within 30 days after being hired.

(d) If another option is not chosen by the employee, then the default employee contribution to the account shall be 3% of the employee's salary. The plan administrator may automatically increase employees' contributions by no more than 1% per year, and an employee may choose to opt out of the automatic increases.

(e) Municipalities, including home rule municipalities, may not regulate deferred compensation programs in a manner inconsistent with this Section. This Section is a denial and limitation of home rule powers and functions under subsection (i) of Section 6 of Article VII of the Illinois Constitution.

Section 90. The State Mandates Act is amended by adding Section 8.50 as follows:

(30 ILCS 805/8.50 new)

Sec. 8.50. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 104th General Assembly.

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