

1 AN ACT concerning public employee benefits.

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

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

6 (65 ILCS 5/10-4-3.5 new)

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

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

12 (b) Beginning January 1, 2027, a municipality with a
13 population of 500,000 or more shall automatically enroll all
14 employees of the municipality who first become employees of
15 the municipality on or after January 1, 2027 and who are
16 participants in a pension fund established under Article 5, 6,
17 or 8 of the Illinois Pension Code into an eligible deferred
18 compensation plan that the municipality has established for
19 its employees. If a municipality has not established an
20 eligible deferred compensation plan for its employees, then
21 the municipality shall establish an eligible deferred
22 compensation plan for its employees on or before January 1,
23 2027.

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

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

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

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

17 (30 ILCS 805/8.50 new)

18 Sec. 8.50. Exempt mandate. Notwithstanding Sections 6 and
19 8 of this Act, no reimbursement by the State is required for
20 the implementation of any mandate created by this amendatory
21 Act of the 104th General Assembly.

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