SB1747

LRB10409278RPS19336b

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1747

Introduced 2/5/2025, by Sen. Cristina Castro

SYNOPSIS AS INTRODUCED:

40 ILCS 5/16-207 new

Amends the Downstate Teacher Article of the Illinois Pension Code. Provides that school districts that offer a 457(b) plan through a single vendor may use their single-vendor plan to satisfy the requirements of Public Act 102-540. Limits the number of school districts that may use their single-vendor plan to 10% of school districts statewide. Sets forth requirements for a single-vendor plan. Provides that when choosing a single vendor for the pilot program, the overriding consideration with respect to all decisions made by the plan sponsor concerning the plan is that the decisions be made solely in the best interests of the plan's participants and beneficiaries. Sets forth other requirements for the single-vendor plan. Provides that no vendor may offer a plan under the provisions if an individual employed by, compensated by, or working for that vendor offers or gives anything of value to any employee who participates in the selection of the 457(b) plan vendor in the school district. Provides that an employee who participates in the selection of the single vendor must avoid outside business interests with any vendor chosen or under consideration for being chosen for the school district; disclose all outside business interests with a vendor chosen or under consideration for being chosen for the school district; not accept any gifts, preferential treatment, or benefits that might affect or appear to affect his or her ability to make sound judgments on selection of a vendor; act honestly and ethically in the best interests of the plan participants in all dealings with chosen vendor; and not obtain employment with any vendor chosen or in consideration for being chosen to offer a plan at the school district for the duration of an interested party's employment or involvement with the school district for a period of one year thereafter. Specifies that the provisions are inoperable on and after January 1, 2031.

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A BILL FOR

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 Pension Code is amended by adding Section 16-207 as follows:

(40 ILCS 5/16-207 new)

Sec. 16-207. 457(b) plans offered through a single vendor.

(a) In this Section:

"457(b) plan" means a deferred compensation plan that is eligible under Section 457(b) of the Internal Revenue Code.

"Interested party" means an employee of the school district, an elected representative of the school board associated with the school district, and any spouse or immediate family member living with one of those individuals.

(b) School districts that offer a 457(b) plan through a single vendor may use their local single-vendor plan to satisfy the requirements of Public Act 102-540. The local single-vendor plan:

(1) may not have surrender charges;

(2) may not have any annuities;

(3) must permit participants to transfer or roll over funds to the supplemental savings plan offered by the System without cost to the employee and at the time

instructed by the employee.

(c) When choosing a single vendor for this pilot program, the overriding consideration with respect to all decisions made by the plan sponsor concerning the 457(b) plan is that the decisions must be made solely in the best interests of the plan's participants and beneficiaries.

This pilot program is available to no more than 10% of school districts across the State. An interested party may not have any financial interest in any plan offered under this Section, other than as a participant of the plan subject to the same terms and conditions as any other plan participant.

(d) No vendor may offer a plan under this Section if an individual employed by, compensated by, or working for that vendor offers or gives anything of value to any employee who participates in the selection of the 457(b) plan vendor in the school district.

(e) Any employee who participates in the selection of the single vendor for the single-vendor plan must:

(1) avoid outside business interests with any vendor chosen or under consideration for being chosen for the school district;

(2) disclose to the school board and the selected bargaining representatives all outside business interests with any vendor chosen or under consideration for being chosen to offer a plan at the school district;

(3) not accept any gifts, preferential treatment, or

benefits that might affect or appear to affect his or her ability to make sound judgments on selection of a vendor;

(4) act honestly and ethically in the best interests of the plan participants in all dealings with chosen vendor; and

(5) not obtain employment with any vendor chosen or in consideration for being chosen to offer a plan at the school district for the duration of the interested party's employment or involvement with the school district for a period of one year thereafter.

(f) The Section is inoperative on and after January 1, 2031.