

# HB0437



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

HB0437

by Rep. Jeanne M Ives

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/16-152.1

from Ch. 108 1/2, par. 16-152.1

Amends the Downstate Teachers Article of the Illinois Pension Code. Prohibits an employer from making employee contributions on behalf of an employee, except for the sole purpose of allowing an employee to make pre-tax contributions. Provides that employment contracts or collective bargaining agreements in effect on the effective date of the amendatory Act are not subject to the prohibition, but any such contract or collective bargaining agreement that is subsequently modified, amended, or renewed or that is in effect 3 or more years after the effective date of the amendatory Act shall be subject to the prohibition. Effective immediately.

LRB100 03640 RPS 13645 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

A BILL FOR

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 Pension Code is amended by changing  
5 Section 16-152.1 as follows:

6 (40 ILCS 5/16-152.1) (from Ch. 108 1/2, par. 16-152.1)

7 Sec. 16-152.1. Pickup of contributions.

8 (a) Each employer may pick up the member contributions  
9 required under Section 16-152 for all salary earned after  
10 December 31, 1981. If an employer decides not to pick up the  
11 member contributions, the amount that would have been picked up  
12 shall continue to be deducted from salary. If contributions are  
13 picked up, they shall be treated as employer contributions in  
14 determining tax treatment under the United States Internal  
15 Revenue Code. The employer shall pay these member contributions  
16 from the same source of funds which is used in paying salary to  
17 the member. The employer may pick up these contributions by a  
18 reduction in the cash salary of the member or by an offset  
19 against a future salary increase or by a combination of a  
20 reduction in salary and offset against a future salary  
21 increase. If member contributions are picked up, they shall be  
22 treated for all purposes of this Article 16 in the same manner  
23 as member contributions made prior to the date the pick up

1 began.

2 (b) The State Board of Education shall pick up the  
3 contributions of regional superintendents required under  
4 Section 16-152 for all salary earned for the 1982 calendar year  
5 and thereafter.

6 (c) Effective July 1, 1983, each employer shall pick up the  
7 member contributions required under Section 16-152 for all  
8 salary earned after such date. Contributions so picked up shall  
9 be treated as employer contributions in determining tax  
10 treatment under the United States Internal Revenue Code. The  
11 employer shall pay these member contributions from the same  
12 source of funds which is used in paying salary to the member.  
13 The employer may pick up these contributions by a reduction in  
14 the cash salary of the member or by an offset against a future  
15 salary increase or by a combination of a reduction in salary  
16 and offset against a future salary increase. Member  
17 contributions so picked up shall be treated for all purposes of  
18 this Article 16 in the same manner as member contributions made  
19 prior to the date the pick up began.

20 (d) Subject to the requirements of federal law and the  
21 rules of the board, beginning July 1, 1998 a member who is  
22 employed on a full-time basis may elect to have the employer  
23 pick up optional contributions that the member has elected to  
24 pay to the System, and the contributions so picked up shall be  
25 treated as employer contributions for the purposes of  
26 determining federal tax treatment. The election to have

1 optional contributions picked up is irrevocable. At the time of  
2 making the election, the member shall execute a binding,  
3 irrevocable payroll deduction authorization. Upon receiving  
4 notice of the election, the employer shall pick up the  
5 contributions by a reduction in the cash salary of the member  
6 and shall pay the contributions from the same source of funds  
7 that is used to pay earnings to the member.

8 (e) Beginning on the effective date of this amendatory Act  
9 of the 100th General Assembly, no employer shall pay employee  
10 contributions on behalf of an employee, except for the sole  
11 purpose of allowing the employee to make pre-tax contributions  
12 as provided in this Section. The provisions of this subsection  
13 (e) do not apply to an employment contract or collective  
14 bargaining agreement that is in effect on the effective date of  
15 this amendatory Act of the 100th General Assembly. However, any  
16 such contract or agreement that is subsequently modified,  
17 amended, or renewed or that is in effect 3 or more years after  
18 the effective date of this amendatory Act of the 100th General  
19 Assembly shall be subject to the provisions of this subsection  
20 (e).

21 (Source: P.A. 90-448, eff. 8-16-97.)

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