

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 24-105 and by adding Section 24-105.2 as follows:

6 (40 ILCS 5/24-105) (from Ch. 108 1/2, par. 24-105)

7 Sec. 24-105. The State Employees Deferred Compensation
8 Plan shall be administered by the Department of Central
9 Management Services subject to the general supervision of the
10 Illinois State Board of Investment. Participation in such plan
11 shall be by a specific written agreement between each such
12 employee and the State which agreement shall provide for the
13 deferral of such amount of compensation as requested by the
14 employee. With each distribution of compensation to a
15 participating employee, the employee shall receive a
16 memorandum of the amount by which his gross compensation for
17 the period involved is reduced by reason of the deferment of
18 compensation, which amount shall not be included as a part of
19 his gross compensation as to that period.

20 Funds retained by the State as deferred compensation
21 pursuant to a written deferred compensation agreement between
22 the State and participating employees, may be invested in such
23 investments as are deemed acceptable by the Illinois State

1 Board of Investment including, but not limited to, life
2 insurance or annuity contracts or mutual funds. All such
3 insurance, annuities, mutual funds, or other such investments
4 utilized under this Plan shall have been reviewed and selected
5 by the Board based on a competitive bidding process as
6 established by such specifications and considerations as are
7 deemed appropriate by the Board. Nothing in this Section should
8 be construed as requiring a limitation on the number and
9 variety of insurance, annuity or mutual fund contracts which
10 may be selected as a result of this bidding process. The State
11 Board of Investment may also invest any funds retained by the
12 State pursuant to a written deferred compensation agreement
13 between the State and participating employees in share accounts
14 or share certificate accounts of State or federal credit
15 unions, the accounts of which are insured as required by The
16 Illinois Credit Union Act or the Federal Credit Union Act, as
17 applicable. If a participating employee fails to direct the
18 investment of amounts deferred into the various investment
19 options offered to the participant, the amounts deferred shall
20 be invested in the Plan's default investment fund and the
21 investment shall be deemed to have been made at the
22 participant's investment direction. Any income and gain
23 resulting from the investment of a deferred compensation
24 account may be paid to the participant as additional
25 compensation for continued service during the period of
26 participation or be used in part for administrative expenses,

1 all in accordance with the plan. Such investments and payments
2 shall not be construed to be prohibited uses of the general
3 assets of the State.

4 (Source: P.A. 82-789.)

5 (40 ILCS 5/24-105.2 new)

6 Sec. 24-105.2. Automatic enrollment for certain members.

7 The Department of Central Management Services shall
8 automatically enroll in the State Employees Deferred
9 Compensation Plan any employee who, on or after 6 months after
10 the effective date of this amendatory Act of the 101st General
11 Assembly, first becomes a member or participant of a retirement
12 system created under Article 2, 14, or 18. An employee
13 automatically enrolled under this Section shall have 3% of his
14 or her pre-tax gross compensation for each compensation period
15 deferred into his or her deferred compensation account.

16 An employee shall have 30 days from the start date of
17 employment to elect to not participate in the deferred
18 compensation plan or to elect to increase or reduce the amount
19 of pre-tax gross compensation deferred. An employee shall be
20 automatically enrolled in the Plan beginning the first day of
21 the pay period following the employee's thirtieth day of
22 employment. An employee who has been automatically enrolled in
23 the Plan may elect, within 90 days of enrollment, to withdraw
24 from the Plan and receive a refund of amounts deferred. An
25 employee making such an election shall forfeit all employer

1 matching contributions, if any, made prior to the election. Any
2 refunded amount shall be included in the employee's gross
3 income for the taxable year in which the refund is issued.