



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB5411

Introduced 1/31/2022, by Rep. Stephanie A. Kifowit

SYNOPSIS AS INTRODUCED:

40 ILCS 5/16-204
40 ILCS 5/16-207 new
30 ILCS 805/8.46 new

Amends the Downstate Teacher Article of the Illinois Pension Code. Provides that a person who first becomes a member on or after January 1, 2023 shall have 3% of his or her pre-tax compensation contributed to a plan that is eligible under Section 457(b) of the Internal Revenue Code of 1986 offered by a vendor approved by his or her employer. Provides that to satisfy this requirement, the defined contribution benefit offered by the System may be adopted by the employer at the discretion of the employer. Makes a conforming change. Amends the State Mandates Act to require implementation without reimbursement by the State. Effective immediately.

LRB102 25043 RPS 34302 b

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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
5 changing Section 16-204 and by adding Section 16-207 as
6 follows:

7 (40 ILCS 5/16-204)

8 Sec. 16-204. Optional defined contribution benefit. As
9 soon as practicable after the effective date of this
10 amendatory Act of the 100th General Assembly, the System shall
11 offer a defined contribution benefit to active members of the
12 System. The defined contribution benefit shall be an optional
13 benefit to any member who chooses to participate. The defined
14 contribution benefit shall collect optional employee and
15 optional employer contributions into an account and shall
16 offer investment options to the participant. The benefit under
17 this Section shall be operated in full compliance with any
18 applicable State and federal laws, and the System shall
19 utilize generally accepted practices in creating and
20 maintaining the benefit for the best interest of the
21 participants. The System may use funds from the employee and
22 employer contributions to defray any and all costs of creating
23 and maintaining the benefit. In addition, the System may use

1 funds provided under Section 16-158 of this Code to defray any
2 and all costs of creating and maintaining the benefit and then
3 shall reimburse those costs from funds received from the
4 employee and employer contributions under this Section. All
5 employers must comply with the reporting and administrative
6 functions established by the System and are required to
7 implement the benefits established under this Section. The
8 System shall produce an annual report on the participation in
9 the benefit and shall make the report public.

10 Except as otherwise provided in Section 16-207, as ~~As~~ soon
11 as is practicable on or after January 1, 2022, the System shall
12 automatically enroll any employee who first becomes an active
13 member or participant in the System. A member automatically
14 enrolled under this Section shall have 3% of his or her pre-tax
15 gross compensation for each compensation period deferred into
16 his or her deferred compensation account, unless the member
17 otherwise instructs the System on forms approved by the
18 System. A member may elect, in a manner provided for by the
19 System, to not participate in the defined contribution benefit
20 or to increase or reduce the amount of pre-tax gross
21 compensation contributed, consistent with State or federal
22 law. A member shall be automatically enrolled in the benefit
23 beginning the first day of the pay period following the
24 member's 30th day of employment. A member who has been
25 automatically enrolled in the benefit may elect, within 90
26 days of enrollment, to withdraw from the benefit and receive a

1 refund of amounts deferred, plus or minus any applicable
2 earnings, investment fees, and administrative fees. Any
3 refunded amount shall be included in the member's gross income
4 for the taxable year in which the refund is issued.

5 On or after January 1, 2023, the System may elect to
6 increase the automatic annual contributions under this
7 Section. The increase in the rate of contribution, however,
8 shall not exceed 2% of a member's pre-tax gross compensation
9 per year, and at no time shall any total contribution exceed
10 any contribution limits established by State or federal law.

11 (Source: P.A. 102-540, eff. 8-20-21.)

12 (40 ILCS 5/16-207 new)

13 Sec. 16-207. Contributions to other defined contribution
14 plans. A person who first becomes a member on or after January
15 1, 2023 shall have 3% of his or her pre-tax compensation
16 contributed to a plan that is eligible under Section 457(b) of
17 the Internal Revenue Code of 1986, as amended, offered by a
18 vendor approved by his or her employer. To satisfy the
19 requirement under this Section, the defined contribution
20 benefit under Section 16-204 may be adopted by the employer at
21 the discretion of the employer.

22 Section 90. The State Mandates Act is amended by adding
23 Section 8.46 as follows:

1 (30 ILCS 805/8.46 new)

2 Sec. 8.46. Exempt mandate. Notwithstanding Sections 6 and
3 8 of this Act, no reimbursement by the State is required for
4 the implementation of any mandate created by this amendatory
5 Act of the 102nd General Assembly.

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