

SB1233



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1233

Introduced 2/2/2023, by Sen. Michael W. Halpin

SYNOPSIS AS INTRODUCED:

105 ILCS 5/22-95 new

Amends the School Code. Provides that a financial institution or investment provider, by entering into a written agreement, may offer or provide services to a plan established or maintained by a school district with an enrollment of at least 1,000 students under Section 457 of the Internal Revenue Code of 1986 if the written agreement is not combined with any other written agreement for the administration of a school district's 457 plan. Provides that each school district that provides a 457 plan shall make available to participants at least 4 financial institutions or investment providers that have not entered into a written agreement and that provide services to the school district's 457 plan. Sets forth requirements for a financial institution or investment provider providing services for a 457 plan.

LRB103 25480 RJT 51829 b

A BILL FOR

1 AN ACT concerning education.

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

4 Section 5. The School Code is amended by adding Section
5 22-95 as follows:

6 (105 ILCS 5/22-95 new)

7 Sec. 22-95. Retirement and deferred compensation plans.

8 (a) This Section applies only to school districts with an
9 enrollment of at least 1,000 students.

10 (b) A financial institution or investment provider, by
11 entering into a written agreement, may offer or provide
12 services to a plan established or maintained by a school
13 district under Section 457 of the Internal Revenue Code of
14 1986 if the written agreement is not combined with any other
15 written agreement for the administration of a school
16 district's 457 plan.

17 Each school district that provides a 457 plan shall make
18 available to participants, in the manner provided in
19 subsection (d), a minimum of 4 financial institutions or
20 investment providers that have not entered into a written
21 agreement under this subsection (b) and that provide services
22 to the school district's 457 plan.

23 (c) A financial institution or investment provider

1 providing services for any plan established or maintained by a
2 school district under Section 457 of the Internal Revenue Code
3 of 1986 shall:

4 (1) enter into an agreement with the school district
5 or the school district's independent compliance
6 administrator that requires the financial institution or
7 investment provider to provide, in an electronic format,
8 all data necessary for the administration of the 457 plan,
9 as determined by the school district or the school
10 district's compliance administrator;

11 (2) provide all data required by the school district
12 or the school district's compliance administrator to
13 facilitate disclosure of all fees, charges, expenses,
14 commissions, compensation, and payments to third parties
15 related to investments offered under the 457 plan; and

16 (3) cover all plan administration costs agreed to by
17 the school district relating to the 457 plan.

18 (d) A school district that establishes or maintains a plan
19 under Section 457 of the Internal Revenue Code of 1986 shall
20 select a minimum of 4 financial institutions or investment
21 providers, in addition to the financial institution or
22 investment provider that has entered into a written agreement
23 under subsection (b), to provide services to the 457 plan. If
24 fewer than 4 such additional financial institutions or
25 investment providers are determined to be available or able to
26 meet the requirements established in this Section, then the

1 school district shall select the number of available financial
2 institutions or investment providers able to meet the school
3 district's requirements. A financial institution or investment
4 provider shall be designated a 457 plan provider if the
5 financial institution or investment provider enters into an
6 agreement in accordance with subsection (c).