

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

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

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

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

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

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

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

(40 ILCS 5/24-105.2 new)

Sec. 24-105.2. Automatic enrollment for certain members. The Department of Central Management Services shall automatically enroll in the State Employees Deferred Compensation Plan any employee who, on or after 6 months after the effective date of this amendatory Act of the 101st General Assembly, first becomes a member or participant of a retirement system created under Article 2, 14, or 18. An employee automatically enrolled under this Section shall have 3% of his or her pre-tax gross compensation for each compensation period deferred into his or her deferred compensation account.

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

Public Act 101-0277

HB3082 Enrolled

LRB101 10487 RPS 55593 b

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