



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

HB5137

by Rep. Robert Martwick

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/16-203  
40 ILCS 5/16-204 new

Amends the Downstate Teacher Article of the Illinois Pension Code. Provides that the System shall offer a defined contribution benefit to active members of the System. Provides that the defined contribution benefit shall collect optional employee and optional employer contributions into an account and shall offer investment options to the participant. Provides that the defined contribution benefit shall be operated in full compliance with any applicable State and federal laws, and the System shall utilize generally accepted practices in creating and maintaining the benefit for the best interest of the participants. Authorizes the System to use funds from the employee and employer contributions to defray any and all costs of creating and maintaining the benefit. Requires the System to produce an annual report on the participation in the benefit and to make that report public. Excludes any benefit increase resulting from the change made by the amendatory Act from the definition of "new benefit increase". Effective immediately.

LRB100 20023 RPS 35305 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

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 16-203 and by adding Section 16-204 as follows:

6 (40 ILCS 5/16-203)

7 Sec. 16-203. Application and expiration of new benefit  
8 increases.

9 (a) As used in this Section, "new benefit increase" means  
10 an increase in the amount of any benefit provided under this  
11 Article, or an expansion of the conditions of eligibility for  
12 any benefit under this Article, that results from an amendment  
13 to this Code that takes effect after June 1, 2005 (the  
14 effective date of Public Act 94-4). "New benefit increase",  
15 however, does not include any benefit increase resulting from  
16 the changes made to Article 1 or this Article by Public Act  
17 95-910, Public Act 100-23, or this amendatory Act of the 100th  
18 General Assembly ~~or this amendatory Act of the 100th General~~  
19 ~~Assembly.~~

20 (b) Notwithstanding any other provision of this Code or any  
21 subsequent amendment to this Code, every new benefit increase  
22 is subject to this Section and shall be deemed to be granted  
23 only in conformance with and contingent upon compliance with

1 the provisions of this Section.

2 (c) The Public Act enacting a new benefit increase must  
3 identify and provide for payment to the System of additional  
4 funding at least sufficient to fund the resulting annual  
5 increase in cost to the System as it accrues.

6 Every new benefit increase is contingent upon the General  
7 Assembly providing the additional funding required under this  
8 subsection. The Commission on Government Forecasting and  
9 Accountability shall analyze whether adequate additional  
10 funding has been provided for the new benefit increase and  
11 shall report its analysis to the Public Pension Division of the  
12 Department of Insurance. A new benefit increase created by a  
13 Public Act that does not include the additional funding  
14 required under this subsection is null and void. If the Public  
15 Pension Division determines that the additional funding  
16 provided for a new benefit increase under this subsection is or  
17 has become inadequate, it may so certify to the Governor and  
18 the State Comptroller and, in the absence of corrective action  
19 by the General Assembly, the new benefit increase shall expire  
20 at the end of the fiscal year in which the certification is  
21 made.

22 (d) Every new benefit increase shall expire 5 years after  
23 its effective date or on such earlier date as may be specified  
24 in the language enacting the new benefit increase or provided  
25 under subsection (c). This does not prevent the General  
26 Assembly from extending or re-creating a new benefit increase

1 by law.

2 (e) Except as otherwise provided in the language creating  
3 the new benefit increase, a new benefit increase that expires  
4 under this Section continues to apply to persons who applied  
5 and qualified for the affected benefit while the new benefit  
6 increase was in effect and to the affected beneficiaries and  
7 alternate payees of such persons, but does not apply to any  
8 other person, including without limitation a person who  
9 continues in service after the expiration date and did not  
10 apply and qualify for the affected benefit while the new  
11 benefit increase was in effect.

12 (Source: P.A. 100-23, eff. 7-6-17.)

13 (40 ILCS 5/16-204 new)

14 Sec. 16-204. Optional defined contribution benefit. As  
15 soon as practicable after the effective date of this amendatory  
16 Act of the 100th General Assembly, the System shall offer a  
17 defined contribution benefit to active members of the System.  
18 The defined contribution benefit shall be an optional benefit  
19 to any member who chooses to participate. The defined  
20 contribution benefit shall collect optional employee and  
21 optional employer contributions into an account and shall offer  
22 investment options to the participant. The benefit under this  
23 Section shall be operated in full compliance with any  
24 applicable State and federal laws, and the System shall utilize  
25 generally accepted practices in creating and maintaining the

1 benefit for the best interest of the participants. The System  
2 may use funds from the employee and employer contributions to  
3 defray any and all costs of creating and maintaining the  
4 benefit. The System shall produce an annual report on the  
5 participation in the benefit and shall make the report public.

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