



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB4925

Introduced 1/27/2022, by Rep. Jay Hoffman

SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-160 new

Amends the State Employee Article of the Illinois Pension Code. Creates a deferred retirement option plan (DROP) for a member who is otherwise eligible to retire under the Article; is a State policeman; holds the rank of trooper, special agent, or sergeant; and makes an election to participate in the DROP on or before January 1, 2027. Provides that a participant in the DROP may elect to participate for a period of time not to exceed 5 years. Provides that the System shall process the election and shall begin to make payments into an account on behalf of the member equal to the monthly amount of retirement annuity the member would otherwise be eligible to receive had the member retired on the date of the election to participate in the DROP. Provides that any automatic annual increases that would have otherwise been applied to the member's benefit had the member elected to retire instead of participate in the DROP shall accrue to the member's monthly payment placed into the account prior to the expiration of the DROP and shall otherwise apply to the member's annuity upon expiration of the DROP. Provides that after expiration of the DROP, control of the account shall transfer to the member. Provides that an expiration of a DROP may not occur after January 1, 2032. Contains provisions concerning financial service providers; selections governing the interest or investments; management of the account; and transfer of the account.

LRB102 24937 RPS 34192 b

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 adding
5 Section 14-160 as follows:

6 (40 ILCS 5/14-160 new)

7 Sec. 14-160. Deferred retirement option plan.

8 (a) In this Section, "deferred retirement option plan" or
9 "DROP" means the deferred retirement option plan created under
10 this Section.

11 (b) There is created a deferred retirement option plan. A
12 member who (1) is otherwise eligible to retire under this
13 Article; (2) is a State policeman; (3) holds the rank of
14 trooper, special agent, or sergeant; and (4) makes an election
15 to participate in the DROP on or before January 1, 2027 may
16 participate in the DROP. A participant in the DROP shall make
17 an election with the System on forms provided by the System. A
18 participant may elect to participate for a period of time not
19 to exceed 5 years from the date of election. As soon as is
20 practicable, the System shall process the election and shall
21 begin to make payments into an account on behalf of the member
22 equal to the monthly amount of retirement annuity the member
23 would otherwise be eligible to receive had the member retired

1 on the date of the election under this Section. The account
2 shall be held on behalf of the member. The System may contract
3 with a financial service provider or other entity capable of
4 holding an account for the member and consistent with any
5 fiduciary requirements. The account shall be an interest
6 bearing or investment account and any interest or return on
7 investment shall accrue to the account. The System may
8 authorize the member to make selections governing the interest
9 or investment of the member's account balance and shall
10 establish the processes for making such selections. Any direct
11 costs associated with managing the account or the costs of
12 investments shall be paid from the account. Employee
13 contributions that would otherwise be required if the member
14 were an active participant of the System shall be placed into
15 the account. If otherwise allowable, the account may be held
16 or managed by the Illinois State Board of Investment pursuant
17 to the deferred compensation plan. Any automatic annual
18 increases that would have otherwise been applied to the
19 member's benefit had the member elected to retire instead of
20 participate in the DROP shall accrue to the member's monthly
21 payment placed into the account prior to the expiration of the
22 DROP and shall otherwise apply to the member's annuity upon
23 expiration of the DROP. Upon expiration of the DROP, control
24 of the account shall transfer to the member. The System shall
25 provide options for the transfer of the account consistent
26 with its fiduciary duty and any applicable State or federal

1 law. An expiration of a DROP may not occur after January 1,
2 2032. For any purpose not directly covered under this Section,
3 the member shall be considered in active service as a trooper,
4 special agent, or sergeant for all other purposes under State
5 law.