



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

SB1675

Introduced 2/26/2021, by Sen. Robert F. Martwick

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/24-105.2

Amends the Deferred Compensation Article of the Illinois Pension Code. In a provision concerning automatic enrollment in the deferred compensation plan for employees under the General Assembly, State Employee, or Judges Article, provides that the Illinois State Board of Investment may increase the default percentage amount of compensation deferred into employee accounts. Provides that any agency with employees subject to automatic enrollment must systematically provide the employee data necessary for enrollment to the Department of Central Management Services or its designee. Includes any applicable earnings, investment fees, and administrative fees in the refund of amounts deferred for an employee who elects to withdraw from the plan within 90 days of enrollment. Provides that the Board shall establish annual, automatic increases to employee contribution rates for employees who are automatically enrolled in the deferred compensation plan. Provides that the amount of automatic annual increases to employee contribution rates in any 12-month period shall not exceed 1% of compensation. Provides that employees may elect to not receive automatic annual increases in a manner described by the Board. Makes other changes. Effective July 1, 2021.

LRB102 14094 RPS 19446 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

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 24-105.2 as follows:

6 (40 ILCS 5/24-105.2)

7 Sec. 24-105.2. Automatic enrollment for certain employees  
8 ~~members~~. The Department of Central Management Services shall  
9 automatically enroll in the State Employees Deferred  
10 Compensation Plan any employee who, on or after July 1, 2020, ~~6~~  
11 ~~months after the effective date of this amendatory Act of the~~  
12 ~~101st General Assembly, first~~ becomes an active ~~a~~ member or  
13 participant of a retirement system created under Article 2,  
14 14, or 18. Any agency with employees subject to automatic  
15 enrollment must systematically provide the employee data  
16 necessary for enrollment to the Department of Central  
17 Management Services or its designee. An employee automatically  
18 enrolled under this Section shall have 3% of his or her pre-tax  
19 gross compensation for each compensation period deferred into  
20 his or her deferred compensation account. The Board may  
21 increase the default percentage amount of compensation  
22 deferred into employee accounts.

23 An employee shall have 30 days from the start date of

1 employment to elect to not participate in the deferred  
2 compensation plan or to elect to increase or reduce the amount  
3 of pre-tax gross compensation deferred. An employee shall be  
4 automatically enrolled in the Plan beginning the first day of  
5 the pay period following the employee's thirtieth day of  
6 employment. An employee who has been automatically enrolled in  
7 the Plan may elect, within 90 days of enrollment, to withdraw  
8 from the Plan and receive a refund of amounts deferred, plus or  
9 minus any applicable earnings, investment fees, and  
10 administrative fees. An employee making such an election shall  
11 forfeit all employer matching contributions, if any, made  
12 prior to the election. Any refunded amount shall be included  
13 in the employee's gross income for the taxable year in which  
14 the refund is issued.

15 As soon as practicable, the Board shall establish annual,  
16 automatic increases to employee contribution rates for  
17 employees who are automatically enrolled in the Plan pursuant  
18 to this Section. The amount of automatic annual increases in  
19 any 12-month period shall not exceed 1% of compensation.  
20 Employees may elect to not receive automatic annual increases  
21 in a manner described by the Board.

22 (Source: P.A. 101-277, eff. 1-1-20.)

23 Section 99. Effective date. This Act takes effect July 1,  
24 2021.