



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

SB2103

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

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. In the State Universities Article, provides that the optional defined contribution plan shall provide for one or more automatic contribution arrangements, at least one of which shall be an eligible automatic contribution arrangement that permits a withdrawal of default elective contributions in accordance with a specified provision of the Internal Revenue Code of 1986. In the Illinois Municipal Retirement Fund (IMRF) Article, provides that the amount of the separation benefit shall include interest credited to the end of the preceding calendar year for contributions made under provisions authorizing employees to make additional contributions for retirement annuity purposes. Provides that employees who first participate in the Fund on or after 6 months after the effective date of the amendatory Act shall automatically contribute 3% of each payment of earnings as additional contributions for retirement annuity purposes. Provides that employees may change such contributions to an amount not to exceed 10% of each payment of earnings at any time. Provides that the Board may limit the number of withdrawals of those additional contributions to an amount not less than once per calendar year and may charge an administrative fee. In the Deferred Compensation Article, provides for automatic enrollment of any employee who is a member under the State Employee, Downstate Teacher, or Chicago Teacher Article, regardless of when the employee first became a member under that Article. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately, except that the changes to the IMRF and Deferred Compensation Articles of the Illinois Pension Code and to the State Mandates Act take effect January 1, 2022.

LRB102 12567 RPS 17905 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 15-202 as follows:

6 (40 ILCS 5/15-202)

7 Sec. 15-202. Optional defined contribution plan ~~benefit~~.

8 As soon as practicable after the effective date of this  
9 amendatory Act of the 100th General Assembly, the System shall  
10 offer a defined contribution plan ~~benefit~~ to active members of  
11 the System. The defined contribution plan ~~benefit~~ shall be an  
12 optional benefit to any member who chooses to participate. As  
13 soon as practicable after the effective date of this  
14 amendatory Act of the 102nd General Assembly, the defined  
15 contribution plan shall provide for one or more automatic  
16 contribution arrangements, at least one of which shall be an  
17 eligible automatic contribution arrangement that permits a  
18 withdrawal of default elective contributions in accordance  
19 with Section 414(w) of the Internal Revenue Code of 1986, as  
20 amended, and United States Department of Treasury regulations  
21 promulgated thereunder. The defined contribution plan ~~benefit~~  
22 shall collect optional employee and optional employer  
23 contributions into an account and shall offer investment

1 options to the participant. The plan benefit under this  
2 Section shall be operated in full compliance with any  
3 applicable State and federal laws, and the System shall  
4 utilize generally accepted practices in creating and  
5 maintaining the plan benefit for the best interest of the  
6 participants. The System may use funds from the employee and  
7 employer contributions to defray any and all costs of creating  
8 and maintaining the plan benefit. The System shall produce an  
9 annual report on the participation in the plan benefit and  
10 shall make the report public.

11 (Source: P.A. 100-769, eff. 8-10-18.)

12 Section 10. The Illinois Pension Code is amended by  
13 changing Sections 7-168, 7-173, and 24-105.2 as follows:

14 (40 ILCS 5/7-168) (from Ch. 108 1/2, par. 7-168)

15 Sec. 7-168. Separation benefits - Amount. The amount of  
16 the separation benefits shall be the sum of the employee's  
17 accumulated normal, survivor and additional contributions,  
18 plus interest credited to the end of the preceding calendar  
19 year for contributions made under paragraph (2) of subsection  
20 (a) of Section 7-173, to the extent permitted by the federal  
21 Internal Revenue Code of 1986, as now or hereafter amended.

22 (Source: P.A. 87-740.)

23 (40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)

1           Sec. 7-173. Contributions by employees.

2           (a) Each participating employee shall make contributions  
3 to the fund as follows:

4           1. For retirement annuity purposes, normal  
5 contributions of 3 3/4% of earnings.

6           2. Additional contributions of such percentages of  
7 each payment of earnings, as shall be elected by the  
8 employee for retirement annuity purposes, but not in  
9 excess of 10%. The selected rate shall be applicable to  
10 all earnings paid following receipt by the Board of  
11 written notice of election to make such contributions.  
12 Additional contributions at the selected rate shall be  
13 made concurrently with normal contributions.

14           Employees who first participate in the Fund on or  
15 after 6 months after the effective date of this amendatory  
16 Act of the 102nd General Assembly shall automatically  
17 contribute 3% of each payment of earnings as additional  
18 contributions for retirement annuity purposes beginning  
19 immediately upon enrollment in the Fund as a participating  
20 employee. Employees may change such contributions to an  
21 amount not to exceed 10% of each payment of earnings at any  
22 time by written notice to the Board.

23           3. Survivor contributions, by each participating  
24 employee, of 3/4% of each payment of earnings.

25           (b) (Blank).

26           (c) Contributions shall be deducted from each

1 corresponding payment of earnings paid to each employee and  
2 shall be remitted to the board by the participating  
3 municipality or participating instrumentality making such  
4 payment. The remittance, together with a report of the  
5 earnings and contributions shall be made as directed by the  
6 board. For township treasurers and employees of township  
7 treasurers qualifying as employees hereunder, the  
8 contributions herein required as deductions from salary shall  
9 be withheld by the school township trustees from funds  
10 available for the payment of the compensation of such  
11 treasurers and employees as provided in the School Code and  
12 remitted to the board.

13 (d) An employee who has made additional contributions  
14 under paragraph (a)2 of this Section may upon retirement or at  
15 any time prior thereto, elect to withdraw the total of such  
16 additional contributions including interest credited thereon  
17 to the end of the preceding calendar year, to the extent  
18 permitted by the federal Internal Revenue Code of 1986, as now  
19 or hereafter amended. The Board has the ability to limit the  
20 number of such withdrawals permitted to an amount not less  
21 than once per calendar year and to charge an administrative  
22 fee to cover the costs of processing such withdrawals.

23 (e) Failure to make the deductions for employee  
24 contributions provided in paragraph (c) of this Section shall  
25 not relieve the employee from liability for such  
26 contributions. The amount of such liability may be deducted,

1 with interest charged under Section 7-209, from any annuities  
2 or benefits payable hereunder to the employee or any other  
3 person receiving an annuity or benefit by reason of such  
4 employee's participation.

5 (f) A participating employee who has at least 40 years of  
6 creditable service in the Fund may elect to cease making the  
7 contributions required under this Section. The status of the  
8 employee under this Article shall be unaffected by this  
9 election, except that the employee shall not receive any  
10 additional creditable service for the periods of employment  
11 following the election. An election under this subsection  
12 relieves the employer from making additional employer  
13 contributions in relation to that employee.

14 (Source: P.A. 97-333, eff. 8-12-11; 97-933, eff. 8-10-12;  
15 98-218, eff. 8-9-13.)

16 (40 ILCS 5/24-105.2)

17 Sec. 24-105.2. Automatic enrollment for certain members.  
18 The Department of Central Management Services shall  
19 automatically enroll in the State Employees Deferred  
20 Compensation Plan any employee who, on or after July 1, 2020 (6  
21 months after the effective date of Public Act 101-277) ~~this~~  
22 ~~amendatory Act of the 101st General Assembly~~, first becomes a  
23 member or participant of a retirement system created under  
24 Article 2, 14, or 18 and shall automatically enroll in the  
25 State Employees Deferred Compensation Plan any employee who is

1 a member under a retirement system or pension fund created  
2 under Article 14, 16, or 17, regardless of when the employee  
3 first became a member under that Article. An employee  
4 automatically enrolled under this Section shall have 3% of his  
5 or her pre-tax gross compensation for each compensation period  
6 deferred into his or her deferred compensation account.

7 An employee shall have 30 days from the start date of  
8 employment to elect to not participate in the deferred  
9 compensation plan or to elect to increase or reduce the amount  
10 of pre-tax gross compensation deferred. An employee shall be  
11 automatically enrolled in the Plan beginning the first day of  
12 the pay period following the employee's thirtieth day of  
13 employment or the pay period following the effective date of  
14 this amendatory Act of the 102nd General Assembly if the  
15 employee is a member under Article 14, 16, or 17 on the  
16 effective date of this amendatory Act of the 102nd General  
17 Assembly. An employee who has been automatically enrolled in  
18 the Plan may elect, within 90 days of enrollment, to withdraw  
19 from the Plan and receive a refund of amounts deferred. An  
20 employee making such an election shall forfeit all employer  
21 matching contributions, if any, made prior to the election.  
22 Any refunded amount shall be included in the employee's gross  
23 income for the taxable year in which the refund is issued.

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

25 Section 90. The State Mandates Act is amended by adding

1 Section 8.45 as follows:

2 (30 ILCS 805/8.45 new)

3 Sec. 8.45. Exempt mandate. Notwithstanding Sections 6 and  
4 8 of this Act, no reimbursement by the State is required for  
5 the implementation of any mandate created by this amendatory  
6 Act of the 102nd General Assembly.

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law, except that Sections 10 and 90 take effect  
9 January 1, 2022.



1 INDEX

2 Statutes amended in order of appearance

3 40 ILCS 5/15-202

4 40 ILCS 5/7-168 from Ch. 108 1/2, par. 7-168

5 40 ILCS 5/7-173 from Ch. 108 1/2, par. 7-173

6 40 ILCS 5/24-105.2

7 30 ILCS 805/8.45 new