



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1644

Introduced 2/8/2023, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/24-105.2
40 ILCS 5/24-105.3 new

Amends the Deferred Compensation Article of the Illinois Pension Code. Provides that as soon as practicable, but no later than January 1, 2025, the Department of Central Management Services shall automatically enroll into the State Employees Deferred Compensation Plan all current State employees who are active members of a retirement system created under the General Assembly, State Employees, or Judges Article and who are not contributing to the Plan on the date of automatic enrollment. 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. Provides that an employee who is automatically enrolled shall have 3% of his or her pretax gross compensation, or any other percentage determined by the Illinois State Board of Investment, for each compensation period deferred into his or her deferred compensation account. Provides that the Illinois State Board of Investment may increase the default percentage amount of compensation deferred into employee accounts. Contains provisions concerning opting out of automatic enrollment; increasing or reducing contributions; and withdrawing from the Plan. Makes other changes. Effective July 1, 2023.

LRB103 27809 RPS 54187 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
5 changing Section 24-105.2 and adding Section 24-105.3 as
6 follows:

7 (40 ILCS 5/24-105.2)

8 Sec. 24-105.2. Automatic enrollment for certain employees.

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

22 An employee shall have 30 days from the start date of
23 employment to elect to not participate in the deferred

1 compensation plan or to elect to increase or reduce the amount
2 of pre-tax gross compensation deferred. An employee shall be
3 automatically enrolled in the Plan beginning the first day of
4 the pay period following the employee's thirtieth day of
5 employment. An employee who has been automatically enrolled in
6 the Plan may elect, within 90 days of enrollment, to withdraw
7 from the Plan and receive a refund of amounts deferred, plus or
8 minus any applicable earnings, investment fees, and
9 administrative fees. An employee making such an election shall
10 forfeit all employer matching contributions, if any, made
11 prior to the election. Any refunded amount shall be included
12 in the employee's gross income for the taxable year in which
13 the refund is issued.

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

21 (Source: P.A. 101-277, eff. 1-1-20; 102-219, eff. 7-30-21.)

22 (40 ILCS 5/24-105.3 new)

23 Sec. 24-105.3. One-time automatic enrollment for certain
24 employees. As soon as practicable, but no later than January
25 1, 2025, the Department of Central Management Services shall

1 automatically enroll into the State Employees Deferred
2 Compensation Plan all current State employees who are active
3 members of a retirement system created under Article 2, 14, or
4 18 and who are not contributing to the Plan on the date of
5 automatic enrollment under this Section. Any agency with
6 employees subject to automatic enrollment must systematically
7 provide the employee data necessary for enrollment to the
8 Department of Central Management Services or its designee. An
9 employee automatically enrolled under this Section shall have
10 3%, or any other percentage determined by the Board pursuant
11 to Section 24-105.2, of his or her pretax gross compensation
12 for each compensation period deferred into his or her deferred
13 compensation account.

14 An employee shall have a one-calendar-month opt-out period
15 prior to being automatically enrolled in the Plan, during
16 which the employee may elect to not participate in the Plan or
17 elect to increase or reduce the amount of pretax gross
18 compensation deferred. An employee who does not opt out during
19 the one-calendar-month period shall be automatically enrolled
20 in the Plan beginning the first day of the pay period of the
21 month following the end of the opt-out period. An employee who
22 has been automatically enrolled in the Plan may elect, within
23 90 days after enrollment, to withdraw from the Plan and
24 receive a refund of the amounts deferred, plus or minus any
25 applicable earnings, investment fees, and administrative fees.
26 An employee making such an election shall forfeit all employer

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

4 Beginning one year after the date of automatic enrollment
5 under this Section, or as soon as practicable thereafter, the
6 Board shall establish a plan for automatic increases to
7 employee contribution rates for employees who are
8 automatically enrolled in the Plan pursuant to this Section.
9 The amount of automatic increases in any 12-month period shall
10 not exceed 1% of compensation. Employees may elect to not
11 receive automatic increases in a manner described by the
12 Board.

13 Section 99. Effective date. This Act takes effect July 1,
14 2023.