



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

SB2100

Introduced 2/9/2023, 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 into the deferred compensation plan for certain employees, provides that an employee hired on or after January 1, 2024 shall be automatically enrolled in the Plan beginning the first day of the pay period following the close of the notice period, unless the employee elects otherwise within the notice period. Provides that during the notice period, an employee may elect to not participate in the Plan or to increase or reduce the amount of pre-tax gross compensation deferred. Defines "notice period" as a reasonable period of time after the employee receives an automatic enrollment notice. Sets forth provisions concerning withdrawal from the Plan and refunds.

LRB103 28494 RPS 54875 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 as follows:

6 (40 ILCS 5/24-105.2)

7 Sec. 24-105.2. Automatic enrollment for certain employees.  
8 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,  
11 becomes an active member or participant of a retirement system  
12 created under Article 2, 14, or 18. Any agency with employees  
13 subject to automatic enrollment must systematically provide  
14 the employee data necessary for enrollment to the Department  
15 of Central Management Services or its designee. An employee  
16 automatically enrolled under this Section shall have 3% of his  
17 or her pre-tax gross compensation for each compensation period  
18 deferred into his or her deferred compensation account. The  
19 Board may increase the default percentage amount of  
20 compensation deferred into employee accounts.

21 An employee hired on or after January 1, 2024 shall be  
22 automatically enrolled in the Plan beginning the first day of  
23 the pay period following the close of the notice period,

1 unless the employee elects otherwise within the notice period.  
2 During the notice period, an employee may elect to not  
3 participate in the Plan or to increase or reduce the amount of  
4 pre-tax gross compensation deferred. For the purposes of this  
5 Section, "notice period" means a reasonable period of time  
6 after the employee receives an automatic enrollment notice as  
7 required under Section 414(w) of the Internal Revenue Code of  
8 1986, as amended. An employee who has been automatically  
9 enrolled in the Plan may elect, within 90 days after  
10 enrollment, to withdraw from the Plan and receive a refund of  
11 amounts deferred, plus or minus any applicable earnings,  
12 investment fees, and administrative fees. An employee making  
13 such an election shall forfeit all employer matching  
14 contributions, if any, made prior to the election. Any  
15 refunded amount shall be included in the employee's gross  
16 income for the taxable year in which the refund is issued.

17 An employee hired on or after July 1, 2020 and before  
18 January 1, 2024 shall have 30 days from the start date of  
19 employment to elect to not participate in the deferred  
20 compensation plan or to elect to increase or reduce the amount  
21 of pre-tax gross compensation deferred. An employee shall be  
22 automatically enrolled in the Plan beginning the first day of  
23 the pay period following the employee's thirtieth day of  
24 employment. An employee who has been automatically enrolled in  
25 the Plan may elect, within 90 days of enrollment, to withdraw  
26 from the Plan and receive a refund of amounts deferred, plus or

1 minus any applicable earnings, investment fees, and  
2 administrative fees. An employee making such an election shall  
3 forfeit all employer matching contributions, if any, made  
4 prior to the election. Any refunded amount shall be included  
5 in the employee's gross income for the taxable year in which  
6 the refund is issued.

7 As soon as practicable, the Board shall establish annual,  
8 automatic increases to employee contribution rates for  
9 employees who are automatically enrolled in the Plan pursuant  
10 to this Section. The amount of automatic annual increases in  
11 any 12-month period shall not exceed 1% of compensation.  
12 Employees may elect to not receive automatic annual increases  
13 in a manner described by the Board.

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