

HB3361



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3361

Introduced 2/24/2011, by Rep. Kevin A. McCarthy

SYNOPSIS AS INTRODUCED:

15 ILCS 405/26 new

Amends the State Comptroller Act. Authorizes the State Comptroller to create, administer, manage, and operate a supplemental employee deferral plan to supplement and enhance the retirement income of employees of public school districts and community colleges. Sets forth the requirements for a supplemental employee deferral plan.

LRB097 08382 RLJ 48509 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Comptroller Act is amended by adding
5 Section 26 as follows:

6 (15 ILCS 405/26 new)

7 Sec. 26. Supplemental Employee Deferral Plan. The
8 Comptroller may establish, administer, manage, and operate a
9 supplemental employee deferral plan to supplement and enhance
10 the retirement income of employees of public school districts
11 and community colleges. As used in this Section, "supplemental
12 employee deferral plan" means a tax deferred annuity described
13 in Section 403(b) of the Internal Revenue Code, including a
14 custodial account described in 403(b)(7) of the Internal
15 Revenue Code. The supplemental employee deferral plan shall
16 comply with all applicable provisions of Section 403(b) of the
17 Internal Revenue Code. If a school district or community
18 college elects to participate in the supplemental employee
19 deferral plan, any employee of the school district or community
20 college who meets the eligibility requirements prescribed by
21 the Comptroller may participate in the plan.

22 Notwithstanding any law to the contrary, participation in
23 the supplemental employee deferral plan authorizes the

1 participant's employer to make salary reductions from the
2 participant's compensation and contribute the salary
3 reductions to the plan. An employer may make employer
4 contributions to the supplemental employee deferral plan if the
5 plan permits. Any compensation deferred under a supplemental
6 employee deferral plan shall continue to be included as regular
7 compensation for the purpose of computing the retirement and
8 pension benefits earned by an employee. As used in this
9 Section, "compensation" includes compensation received in a
10 lump sum for accumulated unused vacation time, personal leave,
11 or sick leave. Employee contributions and earnings on employee
12 contributions are immediately vested. Employer contributions,
13 if any, and the earnings on employer contributions shall vest
14 according to the schedule established in the plan.

15 The supplemental employee deferral plan shall provide for
16 the recovery of any administrative expenses against the
17 earnings from investments or by charging fees equitably
18 prorated among the participants or by any other appropriate and
19 equitable method as the Comptroller shall determine. Different
20 methods for recovery of administrative expenses may be provided
21 in relation to the different types of investment programs and
22 the Comptroller may provide for the allocation of
23 administration expenses among varying types of programs for
24 this purpose.

25 The Comptroller may employ services that he or she deems
26 necessary for the operation and administration of the plan and

1 may administer the plan thorough a third party vendor. The
2 Supplemental Employee Deferral Plan may be invested in any
3 investments as are deemed acceptable by the Comptroller
4 including, but not limited to, life insurance or annuity
5 contracts or mutual funds. All insurance, annuities, mutual
6 funds, or other investments used under this Plan must be
7 reviewed and selected by the Comptroller based on a competitive
8 bidding process as established by such specifications and
9 considerations as are deemed appropriate by the Comptroller.

10 Upon creating the Supplemental Employee Deferral Plan, the
11 Comptroller shall give bond with 2 or more sufficient sureties,
12 payable to and for the benefit of the participants in the
13 Supplemental Employee Deferral Plan, in the penal sum of
14 \$1,000,000, conditioned upon the faithful discharge of his or
15 her duties in relation to the Supplemental Employee Deferral
16 Plan.