



Rep. Kevin A. McCarthy

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09700HB3361ham002

LRB097 08382 RLJ 53052 a

1 AMENDMENT TO HOUSE BILL 3361

2 AMENDMENT NO. _____. Amend House Bill 3361 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Department of Central Management Services
5 Law of the Civil Administrative Code of Illinois is amended by
6 adding Section 405-520 as follows:

7 (20 ILCS 405/405-520 new)

8 Sec. 405-520. Supplemental employee deferral plan. The
9 Department may establish, administer, manage, and operate a
10 supplemental employee deferral plan to supplement and enhance
11 the retirement income of employees of public school districts
12 and community colleges. As used in this Section, "supplemental
13 employee deferral plan" means a tax deferred annuity described
14 in Section 403(b) of the Internal Revenue Code, including a
15 custodial account described in Section 403(b)(7) of the
16 Internal Revenue Code. The supplemental employee deferral plan

1 shall comply with all applicable provisions of Section 403(b)
2 of the Internal Revenue Code. If a school district or community
3 college district elects to participate in the supplemental
4 employee deferral plan, any employee of the school district or
5 community college district who meets the eligibility
6 requirements prescribed by the Department may participate in
7 the plan.

8 Notwithstanding any law to the contrary, participation in
9 the supplemental employee deferral plan authorizes the
10 participant's employer to make salary reductions from the
11 participant's compensation and contribute the salary
12 reductions to the plan. An employer may make employer
13 contributions to the supplemental employee deferral plan if the
14 plan permits. Any compensation deferred under a supplemental
15 employee deferral plan shall continue to be included as regular
16 compensation for the purpose of computing the retirement and
17 pension benefits earned by an employee. As used in this
18 Section, "compensation" includes compensation received in a
19 lump sum for accumulated unused vacation time, personal leave,
20 or sick leave. Employee contributions and earnings on employee
21 contributions are immediately vested. Employer contributions,
22 if any, and the earnings on employer contributions shall vest
23 according to the schedule established in the plan.

24 The supplemental employee deferral plan shall provide for
25 the recovery of any administrative expenses against the
26 earnings from investments or by charging fees equitably

1 prorated among the participants or by any other appropriate and
2 equitable method as the Department shall determine. Different
3 methods for recovery of administrative expenses may be provided
4 in relation to the different types of investment programs and
5 the Department may provide for the allocation of administration
6 expenses among varying types of programs for this purpose.

7 The Department may employ services that the Department
8 deems necessary for the operation and administration of the
9 plan and may administer the plan through a third-party vendor.
10 The supplemental employee deferral plan may be invested in any
11 investments as are deemed acceptable by the Department
12 including, but not limited to, life insurance or annuity
13 contracts or mutual funds. All insurance, annuities, mutual
14 funds, or other investments used under this plan must be
15 reviewed and selected by the Department based on a competitive
16 bidding process as established by such specifications and
17 considerations as are deemed appropriate by the Department.

18 The Director shall discharge his or her duties with respect
19 to the supplemental employee deferral plan with the care,
20 skill, prudence, and diligence under the circumstances then
21 prevailing that a prudent person acting in a like capacity and
22 familiar with such matters would use in the conduct of an
23 enterprise of a like character with like aims.

24 Upon the creation of the supplemental employee deferral
25 plan, the Director shall give bond with 2 or more sufficient
26 sureties, payable to and for the benefit of the participants in

1 the supplemental employee deferral plan, in the penal sum of
2 \$1,000,000, conditioned upon the faithful discharge of his or
3 her duties in relation to the supplemental employee deferral
4 plan."