



Sen. Susan Garrett

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LRB097 14296 JDS 68989 a

1 AMENDMENT TO HOUSE BILL 3865

2 AMENDMENT NO. _____. Amend House Bill 3865 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Section 24-107 as follows:

6 (40 ILCS 5/24-107) (from Ch. 108 1/2, par. 24-107)

7 Sec. 24-107. Local government plans.

8 (a) Any unit of local government or school district may
9 establish for its employees a deferred compensation or tax
10 sheltered annuity plan ~~program~~. Participation shall be by
11 written agreement between each employee and the legislative
12 authority of the unit of local government or school district
13 providing for the deferral of such compensation and the
14 subsequent investment and administration of such funds.

15 (a-5) Beginning January 1, 2013, any investment provider to
16 a deferred compensation or tax sheltered annuity plan offered

1 by a unit of local government or school district to its
2 employees shall disclose information in a summary form to plan
3 participants for each investment product that the provider
4 makes available to plan participants. The summary form shall:

5 (1) be in a format developed in conjunction with
6 organizations representing employees of units of local
7 government and employees of school districts;

8 (2) identify all services, including how those
9 services will be provided and whether they will be provided
10 by a licensed advisor or licensed agent;

11 (3) identify all fees that may be paid by a plan
12 participant;

13 (4) provide the investment-related information that
14 the U.S. Department of Labor requires to be disclosed in
15 its model comparative chart for plans that are subject to
16 the Employee Retirement Income Security Act of 1974
17 (ERISA), in the format specified by the U.S. Department of
18 Labor for the disclosure of that information; and

19 (5) identify (i) all payments that are made to third
20 parties, including all recipients of commissions, other
21 payments, or both, and that are related to the purchase or
22 deposit of the product, (ii) the types of payments those
23 parties are eligible to receive, and (iii) all payments
24 that have been promised to those parties for endorsements,
25 marketing, or promoting the product and that have not been
26 disclosed.

1 (b) Any unit of local government may establish an
2 employer-funded money purchase retirement plan for those of its
3 full time employees who are not eligible to participate in any
4 pension fund or retirement system established under Articles 2
5 through 18 of this Code. Contributions to the plan shall be
6 made by the unit of local government only from general purpose
7 funds not derived from real property taxes imposed by the unit,
8 at a rate to be determined from time to time by the unit of
9 local government. However, the rate of employer contribution
10 shall be (i) the same for all employees participating in the
11 plan, and (ii) not more than 10% of the employee's salary.

12 Any benefits accruing to the participants in a retirement
13 plan established under this subsection shall be protected from
14 impairment in accordance with Article XIII, Section 5 of the
15 Illinois Constitution. However, the unit of local government
16 establishing such a plan may terminate it at any time, unless
17 it has otherwise contractually agreed with its participating
18 employees.

19 (c) The agency or department designated by the unit of
20 local government or school district to establish and administer
21 a plan or program authorized under subsection (a) or (b) of
22 this Section may invest the assets of the plan in investments
23 deemed appropriate by the agency or department, including but
24 not limited to life insurance or annuity contracts, and share
25 or share certificate accounts of State or federal credit
26 unions, the accounts of which are insured as required by the

1 Illinois Credit Union Act or the Federal Credit Union Act,
2 whichever is applicable. The payment of employer contributions
3 to a retirement plan established under subsection (b), and
4 investment and payment to a participant of deferred
5 compensation and income or gain thereon, if any, shall not be
6 construed to be prohibited uses of the general assets of the
7 unit of local government or school district.

8 This Section does not limit the power or authority of any
9 unit of local government, school district or any institution
10 supported in whole or in part by public funds to establish and
11 administer any other deferred compensation plans that may be
12 authorized by law and deemed appropriate by the officials of
13 such subdivisions or institutions.

14 (Source: P.A. 87-794.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law."