

1 AN ACT concerning local government.

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

4 Section 5. The State Mandates Act is amended by adding
5 Section 8.36 as follows:

6 (30 ILCS 805/8.36 new)

7 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
8 of this Act, no reimbursement by the State is required for the
9 implementation of any mandate created by this amendatory Act of
10 the 97th General Assembly. Nothing in this amendatory Act of
11 the 97th General Assembly shall override the process
12 established under Section 22-60 of the School Code.

13 Section 10. The Counties Code is amended by adding the
14 heading of Div. 6-35 and Section 6-35000 as follows:

15 (55 ILCS 5/Div. 6-35 heading new)

16 Division 6-35. Application of the Prudent Investor Rule
17 to Eligible Deferred Compensation Plans

18 (55 ILCS 5/6-35000 new)

19 Sec. 6-35000. Application of the prudent investor rule to
20 457(b) plans.

1 (a) Beginning January 1, 2015, if a county offers a 457(b)
2 plan to its officers, employees, or both, or makes
3 contributions to such a plan on behalf of its officers,
4 employees, or both, then the plan sponsor must act in
5 accordance with the prudent investor rule when making
6 plan-related decisions.

7 (b) For the purposes of this Section, a plan sponsor acts
8 in accordance with the prudent investor rule if he or she acts
9 in good faith and with the care, skill, prudence, diligence,
10 and degree of judgment that an investor of prudence,
11 discretion, and good judgment would exercise in the management
12 of his or her own affairs, taking into account all aspects of
13 plan design, including, but not limited to, total delivered
14 fees and surrender charges. The intent of this legislation is
15 for the plan sponsor to consolidate to a single provider.

16 (c) A home rule unit may not regulate a county board's or
17 its agents' plan-related fiduciary obligations in a manner that
18 is less restrictive than the regulation by the State of those
19 obligations under subsection (a). This subsection (c) is a
20 limitation under subsection (i) of Section 6 of Article VII of
21 the Illinois Constitution on the concurrent exercise by home
22 rule units of powers and functions exercised by the State.

23 (d) This Section does not apply to any plan authorized or
24 created under the Illinois Pension Code.

25 Section 15. The Illinois Municipal Code is amended by

1 adding Section 8-1-20 as follows:

2 (65 ILCS 5/8-1-20 new)

3 Sec. 8-1-20. Application of the prudent investor rule to
4 457(b) plans.

5 (a) Beginning January 1, 2015, if a municipality offers a
6 457(b) plan to its officers, employees, or both, or makes
7 contributions to such a plan on behalf of its officers,
8 employees, or both, then the plan sponsor must act in
9 accordance with the prudent investor rule when making
10 plan-related decisions.

11 (b) For the purposes of this Section, a plan sponsor acts
12 in accordance with the prudent investor rule if he or she acts
13 in good faith and with the care, skill, prudence, diligence,
14 and degree of judgment that an investor of prudence,
15 discretion, and sound judgment would exercise in the management
16 of his or her own affairs, taking into account all aspects of
17 plan design, including, but not limited to, total delivered
18 fees and surrender charges. The intent of this legislation is
19 for the plan sponsor to consolidate to a single provider.

20 (c) A home rule unit may not regulate a municipal corporate
21 authority's or its agents' plan-related fiduciary obligations
22 in a manner that is less restrictive than the regulation by the
23 State of those obligations under subsection (a). This
24 subsection (c) is a limitation under subsection (i) of Section
25 6 of Article VII of the Illinois Constitution on the concurrent

1 exercise by home rule units of powers and functions exercised
2 by the State.

3 (d) This Section does not apply to any plan authorized or
4 created under the Illinois Pension Code.

5 Section 20. The School Code is amended by adding Section
6 10-20.55 as follows:

7 (105 ILCS 5/10-20.55 new)

8 Sec. 10-20.55. Application of the prudent investor rule to
9 403(b) and 457(b) plans.

10 (a) Beginning January 1, 2015, if a school board other than
11 the Chicago Board of Schools offers a 403(b) or 457(b) plan to
12 its officers, employees, or both, or makes contributions to
13 such a plan on behalf of its officers, employees, or both, then
14 the plan sponsor must act in accordance with the prudent
15 investor rule when making plan-related decisions.

16 (b) For the purposes of this Section, a plan sponsor acts
17 in accordance with the prudent investor rule if he or she acts
18 in good faith and with the care, skill, prudence, diligence,
19 and degree of judgment that an investor of prudence,
20 discretion, and sound judgment would exercise in the management
21 of his or her own affairs, taking into account all aspects of
22 plan design, including, but not limited to, total delivered
23 fees, surrender charges, and third-party administrator fees.
24 The intent of this legislation is for the plan sponsor to

1 consolidate to a single provider.

2 (c) The plan sponsor may comply with the requirements of
3 this Section by joining a multiple employer plan that already
4 complies with the prudent investor rule.

5 (d) This Section does not apply to any plan authorized or
6 created under the Illinois Pension Code.