

**SB3713**



**97TH GENERAL ASSEMBLY**

**State of Illinois**

**2011 and 2012**

**SB3713**

Introduced 2/10/2012, by Sen. Don Harmon - Heather A. Steans -  
Suzi Schmidt and Carole Pankau

**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 19733 JDS 64993 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 of 1986, as  
14 amended, including a custodial account described in Section  
15 403(b) (7) of the Internal Revenue Code of 1986, as amended. The  
16 supplemental employee deferral plan shall comply with all  
17 applicable provisions of Section 403(b) of the Internal Revenue  
18 Code of 1986, as amended. If a school district or community  
19 college elects to participate in the supplemental employee  
20 deferral plan, any employee of the school district or community  
21 college who meets the eligibility requirements prescribed by  
22 the Comptroller may participate in the plan.

23 Notwithstanding any law to the contrary, participation in

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

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

26 The Comptroller may employ services that he or she deems

1 necessary for the operation and administration of the plan and  
2 may administer the plan thorough a third-party vendor. The  
3 supplemental employee deferral plan may be invested in any  
4 investments that are deemed acceptable by the Comptroller  
5 including, but not limited to, life insurance or annuity  
6 contracts or mutual funds. All insurance, annuities, mutual  
7 funds, or other investments used under the plan must be  
8 reviewed and selected by the Comptroller based on a competitive  
9 bidding process as established by such specifications and  
10 considerations as are deemed appropriate by the Comptroller.

11 However, the plan shall permit a school district or  
12 community college that elects to participate in the  
13 supplemental employee deferral plan to offer to its employees  
14 additional investments, as determined by the school district or  
15 community college, not selected by the Comptroller, provided  
16 that the additional investments contribute to the recovery of  
17 administrative expenses and satisfy fee disclosure  
18 requirements pursuant to terms no more onerous than those  
19 applicable to the investments selected by the Comptroller.

20 Upon creating the supplemental employee deferral plan, the  
21 Comptroller shall give bond with 2 or more sufficient sureties,  
22 payable to and for the benefit of the participants in the  
23 supplemental employee deferral plan, in the penal sum of  
24 \$1,000,000, conditioned upon the faithful discharge of his or  
25 her duties in relation to the supplemental employee deferral  
26 plan.