



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB1401

by Rep. Elaine Nekritz

#### SYNOPSIS AS INTRODUCED:

30 ILCS 805/8.37 new  
105 ILCS 5/10-20.55 new

Amends the State Mandates Act. Provides that no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act and that nothing in this amendatory Act overrides the process established under the School Code. Amends the School Code. Provides that if a school board other than the Chicago Board of Schools offers a 403(b) plan to its officers, employees, or both, or makes contributions to such a plan on behalf of its officers, employees, or both, then the plan sponsor must act in accordance with the prudent investor rule when making plan-related decisions. Sets forth the prudent investor rule and provides that this amendatory Act does not apply to any plan under the Illinois Pension Code. Effective immediately.

LRB098 07619 OMW 37691 b

1 AN ACT concerning finance.

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 8.37 as follows:

6 (30 ILCS 805/8.37 new)

7 Sec. 8.37. 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 98th General Assembly. Nothing in this amendatory Act of  
11 the 98th General Assembly shall override the process  
12 established under Section 22-60 of the School Code.

13 Section 10. The School Code is amended by adding Section  
14 10-20.55 as follows:

15 (105 ILCS 5/10-20.55 new)

16 Sec. 10-20.55. Application of the prudent investor rule to  
17 403(b) plans.

18 (a) Beginning January 1, 2015, if a school board other than  
19 the Chicago Board of Schools offers a 403(b) plan to its  
20 officers, employees, or both, or makes contributions to such a  
21 plan on behalf of its officers, employees, or both, then the

1 plan sponsor must act in accordance with the prudent investor  
2 rule when making plan-related decisions.

3 (b) For the purposes of this Section, a plan sponsor acts  
4 in accordance with the prudent investor rule if he or she acts  
5 in good faith and with the care, skill, prudence, diligence,  
6 and degree of judgment that an investor of prudence,  
7 discretion, and sound judgment would exercise in the management  
8 of his or her own affairs, taking into account all aspects of  
9 plan design, including, but not limited to, total delivered  
10 fees, surrender charges, and third-party administrator fees.

11 (c) This Section does not apply to any plan authorized or  
12 created under the Illinois Pension Code.

13 Section 99. Effective date. This Act takes effect upon  
14 becoming law.