



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4842

by Rep. Jeanne M Ives

SYNOPSIS AS INTRODUCED:

40 ILCS 5/16-152.1

from Ch. 108 1/2, par. 16-152.1

Amends the Downstate Teachers Article of the Illinois Pension Code. Prohibits an employer from making employee contributions on behalf of an employee, except for the sole purpose of allowing an employee to make pre-tax contributions. Provides that employment contracts or collective bargaining agreements in effect on the effective date of the amendatory Act are not subject to the prohibition, but any such contract or collective bargaining agreement that is subsequently modified, amended, or renewed or that is in effect 3 or more years after the effective date of the amendatory Act shall be subject to the prohibition. Effective immediately.

LRB100 16369 RPS 31497 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 16-152.1 as follows:

6 (40 ILCS 5/16-152.1) (from Ch. 108 1/2, par. 16-152.1)

7 Sec. 16-152.1. Pickup of contributions.

8 (a) Each employer may pick up the member contributions
9 required under Section 16-152 for all salary earned after
10 December 31, 1981. If an employer decides not to pick up the
11 member contributions, the amount that would have been picked up
12 shall continue to be deducted from salary. If contributions are
13 picked up, they shall be treated as employer contributions in
14 determining tax treatment under the United States Internal
15 Revenue Code. The employer shall pay these member contributions
16 from the same source of funds which is used in paying salary to
17 the member. The employer may pick up these contributions by a
18 reduction in the cash salary of the member or by an offset
19 against a future salary increase or by a combination of a
20 reduction in salary and offset against a future salary
21 increase. If member contributions are picked up, they shall be
22 treated for all purposes of this Article 16 in the same manner
23 as member contributions made prior to the date the pick up

1 began.

2 (b) The State Board of Education shall pick up the
3 contributions of regional superintendents required under
4 Section 16-152 for all salary earned for the 1982 calendar year
5 and thereafter.

6 (c) Effective July 1, 1983, each employer shall pick up the
7 member contributions required under Section 16-152 for all
8 salary earned after such date. Contributions so picked up shall
9 be treated as employer contributions in determining tax
10 treatment under the United States Internal Revenue Code. The
11 employer shall pay these member contributions from the same
12 source of funds which is used in paying salary to the member.
13 The employer may pick up these contributions by a reduction in
14 the cash salary of the member or by an offset against a future
15 salary increase or by a combination of a reduction in salary
16 and offset against a future salary increase. Member
17 contributions so picked up shall be treated for all purposes of
18 this Article 16 in the same manner as member contributions made
19 prior to the date the pick up began.

20 (d) Subject to the requirements of federal law and the
21 rules of the board, beginning July 1, 1998 a member who is
22 employed on a full-time basis may elect to have the employer
23 pick up optional contributions that the member has elected to
24 pay to the System, and the contributions so picked up shall be
25 treated as employer contributions for the purposes of
26 determining federal tax treatment. The election to have

1 optional contributions picked up is irrevocable. At the time of
2 making the election, the member shall execute a binding,
3 irrevocable payroll deduction authorization. Upon receiving
4 notice of the election, the employer shall pick up the
5 contributions by a reduction in the cash salary of the member
6 and shall pay the contributions from the same source of funds
7 that is used to pay earnings to the member.

8 (e) Beginning on the effective date of this amendatory Act
9 of the 100th General Assembly, no employer shall pay employee
10 contributions on behalf of an employee, except for the sole
11 purpose of allowing the employee to make pre-tax contributions
12 as provided in this Section. The provisions of this subsection
13 (e) do not apply to an employment contract or collective
14 bargaining agreement that is in effect on the effective date of
15 this amendatory Act of the 100th General Assembly. However, any
16 such contract or agreement that is subsequently modified,
17 amended, or renewed or that is in effect 3 or more years after
18 the effective date of this amendatory Act of the 100th General
19 Assembly shall be subject to the provisions of this subsection
20 (e).

21 (Source: P.A. 90-448, eff. 8-16-97.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.