



Sen. Iris Y. Martinez

Filed: 3/2/2012

09700SB1844sam001

LRB097 06692 JLS 66736 a

1 AMENDMENT TO SENATE BILL 1844

2 AMENDMENT NO. _____. Amend Senate Bill 1844 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Illinois Automatic IRA Program Act.

6 Section 5. Definitions. As used in this Act, unless the
7 context requires a different meaning:

8 "Compensation" means remuneration paid to a participant
9 for services rendered to his or her employer.

10 "Employee" means any individual who performs or performed
11 any service on behalf of a business operating in the State of
12 Illinois.

13 "Employer" means any business operating in the State of
14 Illinois for whom an individual performs or performed any
15 service as an employee.

16 "Enrollee" means any employee who is enrolled in the

1 Program.

2 "Fund" means the Illinois Automatic IRA Program Fund.

3 "IRA" means an individual retirement account under Section
4 408 of the Internal Revenue Code.

5 "Participating employer" means any qualified small
6 employer with employees that are enrolled in the Program.

7 "Program" means the Illinois Automatic IRA Program.

8 "Qualified small employer" means an employer located in the
9 State of Illinois that (i) employed at least 10, but fewer than
10 100, employees during the previous calendar year, (ii) has been
11 in business for a period of at least 2 years after the
12 enactment of this Act, (iii) did not offer a qualified
13 retirement plan, including, but not limited to, a plan
14 qualified under Section 401(a), Section 401(k), Section
15 403(a), Section 403(b), Section 408(k), Section 408(p), or
16 Section 457(b) of the Internal Revenue Code for the 2 years
17 prior to the effective date of this Act.

18 Section 10. Establishment of Illinois Automatic IRA
19 Program. There is hereby established a retirement savings
20 program known as the Illinois Automatic IRA Program to be
21 administered by the State Treasurer with the intent of
22 promoting greater retirement savings for private sector
23 employees in a convenient, low-cost, and portable manner.

24 Section 15. Illinois Automatic IRA Program Fund.

1 (a) There is established the Illinois Automatic IRA Program
2 Fund to finance the program created by this Act. The assets of
3 the Fund shall be administered by the State Treasurer's office
4 as trust funds and shall be used exclusively for the purposes
5 of administering the Program, including the design and
6 qualification of the Program, supporting the administrative
7 cost of establishing the Program and providing information
8 about the Program.

9 (b) The Fund shall include the individual accounts of
10 enrollees, which shall be accounted for as individual accounts.

11 (c) Moneys in the Fund shall consist of moneys received
12 from enrollees and participating employers pursuant to
13 automatic payroll deductions and contributions to savings made
14 under this Act, grants from the United States government and
15 its agencies and instrumentalities, and any other available
16 sources of funds, public or private. Interest and income earned
17 from the investment of such funds shall remain in the Fund and
18 be credited to it.

19 Section 20. Operation of Program.

20 (a) The Program shall be administered by the State
21 Treasurer, or his or her designee, and prior to accepting any
22 enrollees or funds the State Treasurer shall design a plan of
23 operation for the Program, which plan of operation shall be
24 approved by the Internal Revenue Service to offer the Program
25 to enrollees on a tax-qualified basis. The Program shall

1 include an option for enrollees to roll pre-tax contributions
2 into an individual retirement account or other eligible
3 retirement plan after ceasing participation in the Program.

4 (b) In designing the plan of operation for the Program, the
5 State Treasurer shall consult with employers, workers, private
6 sector retirement plan administrators and providers, and any
7 other persons that the State Treasurer determines relevant to
8 the development of an effective and efficient method of
9 operating the Program.

10 (c) The plan of operation for the Program shall include, at
11 a minimum, the following elements:

12 (1) a payroll deduction IRA arrangement for employees
13 of qualified small employers wherein a qualified small
14 employer shall deduct a contribution amount from each
15 enrolled employee's salary and deposit it into the Fund;

16 (2) the ability for each enrolled employee to
17 periodically elect to contribute up to a set percentage of
18 his or her compensation or a dollar amount to the Fund;
19 provided, however, if an election is not made, the
20 qualified small employer shall deduct a default
21 contribution amount of 2% of an enrolled employee's salary
22 on behalf of the employee;

23 (3) the ability for each enrolled employee to direct
24 the investment of such enrollee's contribution and be
25 entitled to make investment choices within available
26 categories of investments provided through the Program;

1 provided, however, that if an enrollee does not select an
2 investment option then the Program administrator shall
3 select a default investment option on behalf of the
4 employee;

5 (4) notwithstanding any other provision of this Act,
6 the ability of each enrolled employee to, at any time and
7 from time to time, opt-out of the Program, change the
8 percentage of his or her contribution amount or investment
9 choice, or any combination thereof;

10 (5) the ability for the State Treasurer to enter into
11 an administrative service arrangement that will allow
12 participating employers to achieve economies of scale for
13 pension or retirement savings arrangements relating to
14 accounting, investment, payroll processing employee
15 communication, or investor education;

16 (6) the ability for the State Treasurer to contract,
17 after an open bid process, with a third-party administrator
18 for the management of the Fund and any other assets of the
19 Program and whose fees shall be reasonable and shall be
20 paid from the Fund and the Program's assets;

21 (7) a requirement that each retirement plan or account
22 shall pay a proportionate share of the expenses incurred to
23 implement, maintain, and administer the Program; and

24 (8) a provision that the State Treasurer, his or her
25 designee, any other employees or agents of the Program, or
26 any investment manager shall not have any liability with

1 respect to investment returns under any retirement plan.

2 Section 25. Duties and authority of State Treasurer. The
3 State Treasurer shall have the authority and responsibility to
4 carry out the following duties:

5 (1) administer the Fund and the Program, including the
6 authority to invest moneys in the Fund in any instruments,
7 obligations, securities, or property deemed appropriate by
8 the State Treasurer;

9 (2) apply for, accept, and expend gifts, grants, or
10 other donations from public or private sources to enable it
11 to carry out the objectives of the Program;

12 (3) enter into contractual agreements, including
13 contracts for legal, actuarial, financial and consulting
14 services;

15 (4) develop strategies to inform the public of the
16 availability and desirability of the Program, including
17 education about the need to accumulate financial resources
18 for retirement, available options for financing
19 retirement, and basic information about investing
20 strategies; and

21 (5) engage in such other activities are necessary to
22 implement and administer the Program.

23 Section 30. Duties of qualified small employers. Qualified
24 small employers shall automatically enroll their employees in

1 the Program and provide payroll deductions for such employees.

2 Section 35. Regulations. The State Treasurer shall adopt
3 such regulations and procedures as may be necessary to
4 implement the Program. As part of the regulation development
5 process, the State Treasurer shall consult with employers,
6 workers, private sector retirement plan administrators and
7 providers, and any other individuals or entities that it
8 determines relevant to the development of an effective and
9 efficient method for operating the Program. Regulations shall
10 be adopted, including, at a minimum, requirements of
11 enrollment, contribution and investment requirements, as
12 necessary to implement and administer the Program.

13 Section 40. Liability. Neither the State of Illinois nor
14 any State board, commission, or agency, or any officer,
15 employee, or member of the same shall be liable for any loss or
16 deficiency resulting from investment selected by an enrollee.
17 An employer shall not be liable for any loss or deficiency
18 resulting from making default payroll deductions or default
19 investment decisions on behalf of an employee.

20 Section 45. Audits and reports. The accounts and records of
21 the State Treasurer showing the receipt and disbursement of
22 funds, from whatever source derived, in connection with the
23 Program be available for audit on as frequent a basis as

1 prescribed by regulations enacted under this Act. The State
2 Treasurer shall issue an annual report on the status of the
3 Program prior to December 1 of each year.

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.".