



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB2016

Introduced 2/6/2025, by Sen. Karina Villa

#### SYNOPSIS AS INTRODUCED:

105 ILCS 5/22-101 new

Amends the School Code. Provides that, by July 1, 2027, the school board of each school district in the State that offers its employees a retirement savings plan established under Section 403(b) of the Internal Revenue Code of 1986 may enter into a contract with one or more vendors to provide participants with plan investments options. Provides that a vendor selected under after the effective date of the Act must be mutually agreed upon by the affected collective bargaining unit or units and the school board must ensure that the vendor follows the specified investment guidelines. Permits a specified vendor offering a plan to charge an investment advisory representative fee not to exceed 0.50% annually. Provides that, if a new vendor is chosen to administer a retirement saving plan that is offered by the specified school board of a school district, an employee of the school district may opt out of having the employee's individual 403(b) assets transferred to that new vendor. Limits applicability of the provisions to contracts entered into, extended, or renewed on or after the effective date of the Act.

LRB104 09468 LNS 19529 b

1 AN ACT concerning education.

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

4 Section 5. The School Code is amended by adding Sections  
5 22-101 and 22-102 as follows:

6 (105 ILCS 5/22-101 new)

7 Sec. 22-101. Retirement savings plans; requirements.

8 (a) This Section applies to contracts entered into,  
9 extended, or renewed on or after the effective date of this  
10 amendatory Act of the 104th General Assembly.

11 (b) By July 1, 2027, the school board of each school  
12 district in the State that offers its employees a retirement  
13 savings plan established under Section 403(b) of the Internal  
14 Revenue Code of 1986 may enter into a contract with one or more  
15 vendors to provide participants with plan investments options.

16 A vendor selected under this Section after the effective  
17 date of this amendatory Act of the 104th General Assembly must  
18 be mutually agreed upon by the affected collective bargaining  
19 unit or units and the school board and must ensure that:

20 (1) neither it nor the plan investment options it  
21 provides impose an administrative asset-based fee in  
22 excess of 0.50%;

23 (2) neither it nor the plan investment options it

1 provides impose front-end sales or advisory charges;

2 (3) neither it nor the plan investment options it  
3 provides impose surrender charges;

4 (4) the provided plan investment options offer access  
5 to all of the following types of funds:

6 (A) a target-date index fund with an expense ratio  
7 that is less than or equal to 0.25%;

8 (B) a broad-based domestic index fund with an  
9 expense ratio that is less than or equal to 0.10%;

10 (C) a broad-based bond index fund with an expense  
11 ratio that is less than or equal to 0.10%; and

12 (D) an international index fund with an expense  
13 ratio that is less than or equal to 0.10%.

14 (c) A vendor offering a plan under this Section may charge  
15 an investment advisory representative fee not to exceed 0.50%  
16 annually.

17 (d) If a new vendor is chosen to administer a retirement  
18 saving plan that is offered by the school board of a school  
19 district under this Section, an employee of the school  
20 district may opt out of having the employee's individual  
21 403(b) assets transferred to that new vendor.