SB3683

LRB103 39183 RPS 69329 b

103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3683

Introduced 2/9/2024, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/9-242 new
40 ILCS 5/10-110 new
40 ILCS 5/13-314.5 new
30 ILCS 805/8.48 new

Amends the Cook County, Cook County Forest Preserve District, and Metropolitan Water Reclamation District (MWRD) Articles of the Illinois Pension Code. Provides that the employer shall provide a federal tax qualified pre-tax retirement plan otherwise allowed by State and federal law for each employee. Provides that the employer shall automatically enroll employees who become employees or after January 1, 2025 into a federal tax qualified pre-tax retirement plan. Provides for a default contribution amount; collective bargaining; a retirement savings committee; plan document; review of the plan document by the Public Pension Division of the Department of Insurance; and fees charged by the Public Pension Division of the Department of Insurance to the municipality. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

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A BILL FOR

AN ACT concerning public employee benefits.

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

Section 5. The Illinois Pension Code is amended by adding Sections 9-242, 10-110, and 13-314.5 as follows:

(40 ILCS 5/9-242 new)

Sec. 9-242. Automatic enrollment in optional savings plan.

(a) On and after January 1, 2025, the county must provide a federal tax qualified pre-tax retirement plan otherwise allowed by State and federal law for each employee. Any employee who becomes an employee on or after January 1, 2025 must be automatically enrolled in the federal tax qualified pre-tax retirement plan established under this Section; however, an employee may opt out of the federal tax qualified pre-tax retirement plan, as provided in this Section.

(b) If another option is not chosen by the employee, collective bargaining unit, or a retirement savings committee, the default employee contribution to this account shall be 2% of salary. Any employee may terminate participation in the benefit at any time, subject to any restrictions posted within the plan document. The plan shall be designed to receive employee contributions, but may also receive employer contributions based on the decision of the county. The administration of this benefit shall be a permissive subject of collective bargaining; however, if the county offers the same benefit to employees under multiple collective bargaining units, then the county may create a retirement savings committee that shall include one representative appointed by each collective bargaining unit and one representative appointed by the president of the county. If there is a retirement savings committee, the committee shall approve of the administration of this benefit by affirmative vote prior to the creation or change of the benefit. The county may contract with outside parties to administer or offer this benefit. The cost of offering this benefit shall be borne by the participants in the benefit; however, the county may absorb incidental and normal costs, including, but not limited to, staff time, information technology, meeting space, or minor administrative costs.

(c) The county shall create or cause to be created a benefit plan document, which shall have, at a minimum, an overview of the costs for participants under the plan, the name of the administrator of the plan, an overview of the benefits of the plan, and all options allowed under the plan.

(d) The county shall distribute the plan document to participants or possible participants as well as to the Public Pension Division of the Department of Insurance by February 1 of each year. The Public Pension Division of the Department of Insurance shall review the plan document to determine whether the plan document represents best practices. If the Public Pension Division of the Department of Insurance determines that an aspect of the plan document does not represent best practices, the Public Pension Division of the Department of Insurance shall inform the county and the employees of the county covered under this Section. The Public Pension Division of the Department of Insurance shall create an annual report of any plan that does not use best practices. The Department of Insurance shall adopt rules to implement and administer this Section. The Public Pension Division of the Department of Insurance may charge fees to the county to administer this Section. The Public Pension Division of the Department of Insurance may charge the extra costs associated with the county's failure to use best practices directly to the county.

(40 ILCS 5/10-110 new)

Sec. 10-110. Automatic enrollment in optional savings plan.

(a) On and after January 1, 2025, the District must provide a federal tax qualified pre-tax retirement plan otherwise allowed by State and federal law for each employee. Any employee who becomes an employee on or after January 1, 2025 must be automatically enrolled in the federal tax qualified pre-tax retirement plan established under this Section; however, an employee may opt out of the federal tax qualified pre-tax retirement plan, as provided in this

Section.

(b) If another option is not chosen by the employee, collective bargaining unit, or a retirement savings committee, the default employee contribution to this account shall be 2% of salary. Any employee may terminate participation in the benefit at any time, subject to any restrictions posted within the plan document. The plan shall be designed to receive employee contributions, but may also receive employer contributions based on the decision of the District. The administration of this benefit shall be a permissive subject of collective bargaining; however, if the District offers the same benefit to employees under multiple collective bargaining units, then the District may create a retirement savings committee that shall include one representative appointed by each collective bargaining unit and one representative appointed by the president of the county. If there is a retirement savings committee, the committee shall approve of the administration of this benefit by affirmative vote prior to the creation or change of the benefit. The District may contract with outside parties to administer or offer this benefit. The cost of offering this benefit shall be borne by the participants in the benefit; however, the District may absorb incidental and normal costs, including, but not limited to, staff time, information technology, meeting space, or minor administrative costs.

(c) The District shall create or cause to be created a benefit plan document, which shall have, at a minimum, an overview of the costs for participants under the plan, the name of the administrator of the plan, an overview of the benefits of the plan, and all options allowed under the plan.

(d) The District shall distribute the plan document to participants or possible participants as well as to the Public Pension Division of the Department of Insurance by February 1 of each year. The Public Pension Division of the Department of Insurance shall review the plan document to determine whether the plan document represents best practices. If the Public Pension Division of the Department of Insurance determines that an aspect of the plan document does not represent best practices, the Public Pension Division of the Department of Insurance shall inform the District and the employees of the District covered under this Section. The Public Pension Division of the Department of Insurance shall create an annual report of any plan that does not use best practices. The Department of Insurance shall adopt rules to implement and administer this Section. The Public Pension Division of the Department of Insurance may charge fees to the District to administer this Section. The Public Pension Division of the Department of Insurance may charge the extra costs associated with the District's failure to use best practices directly to the District.

(40 ILCS 5/13-314.5 new)

Sec. 13-314.5. Automatic enrollment in optional savings plan.

(a) On and after January 1, 2025, the Employer must provide a federal tax qualified pre-tax retirement plan otherwise allowed by State and federal law for each employee. Any employee who becomes an employee on or after January 1, 2025 must be automatically enrolled in the federal tax qualified pre-tax retirement plan established under this Section; however, an employee may opt out of the federal tax qualified pre-tax retirement plan, as provided in this Section.

(b) If another option is not chosen by the employee, collective bargaining unit, or a retirement savings committee, the default employee contribution to this account shall be 2% of salary. Any employee may terminate participation in the benefit at any time, subject to any restrictions posted within the plan document. The plan shall be designed to receive employee contributions, but may also receive employer contributions based on the decision of the Employer. The administration of this benefit shall be a permissive subject of collective bargaining; however, if the Employer offers the same benefit to employees under multiple collective bargaining units, then the Employer may create a retirement savings committee that shall include one representative appointed by each collective bargaining unit and one representative appointed by the President of the Metropolitan Water

Reclamation District Board of Commissioners. If there is a retirement savings committee, the committee shall approve of the administration of this benefit by affirmative vote prior to the creation or change of the benefit. The Employer may contract with outside parties to administer or offer this benefit. The cost of offering this benefit shall be borne by the participants in the benefit; however, the Employer may absorb incidental and normal costs, including, but not limited to, staff time, information technology, meeting space, or minor administrative costs.

(c) The Employer shall create or cause to be created a benefit plan document, which shall have, at a minimum, an overview of the costs for participants under the plan, the name of the administrator of the plan, an overview of the benefits of the plan, and all options allowed under the plan.

(d) The Employer shall distribute the plan document to participants or possible participants as well as to the Public Pension Division of the Department of Insurance by February 1 of each year. The Public Pension Division of the Department of Insurance shall review the plan document to determine whether the plan document represents best practices. If the Public Pension Division of the Department of Insurance determines that an aspect of the plan document does not represent best practices, the Public Pension Division of the Department of Insurance shall inform the Employer and the employees covered under this Section. The Public Pension Division of the

Department of Insurance shall create an annual report of any plan that does not use best practices. The Department of Insurance shall adopt rules to implement and administer this Section. The Public Pension Division of the Department of Insurance may charge fees to the Employer to administer this Section. The Public Pension Division of the Department of Insurance may charge the extra costs associated with the Employer's failure to use best practices directly to the Employer.

Section 90. The State Mandates Act is amended by adding Section 8.48 as follows:

(30 ILCS 805/8.48 new)

Sec. 8.48. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 103rd General Assembly.

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