

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 2760**

February 28, 2017

SPONSOR (S): Sosnowski

SYSTEM(S): State Universities Retirement System (SURS)

FISCAL IMPACT: According to SURS, an SMP participant currently could terminate service, take a lump-sum distribution of his or her account balance, and rollover his or her distribution into a Roth IRA or a 401 (k), 403 (b), or 457(b) plan with a Roth account.

SUBJECT MATTER: HB 2760 amends the State Universities Article of the Illinois Pension Code by requiring the Self-Managed Plan (SMP) to create in-plan Roth accounts.

COMMENTS: As of current law, in-plan Roth accounts are not available to SURS-covered employees who participate in the SMP. However, according to SURS, an SMP participant currently could terminate service, take a lump-sum distribution of his or her account balance, and rollover his or her distribution into a Roth IRA or a 401 (k), 403 (b), or 457(b) plan with a Roth account.

HB 2760 aims to create in-plan Roth accounts in SMP so that an SMP participant can establish, contribute to, and transfer any portion of their account into qualified in-plan Roth accounts, without distribution. However, according to SURS, it would not be permitted for the SMP to have in-plan Roth accounts under federal tax law. (Only 401(k), 403(b), or 457(b) plans are permitted to have in-plan Roth accounts under federal tax law.)

JB:dkb

LRB100 05865 RPS 15890 b