



member is under age 67). HB 4926, as amended by SA 2, would mandate participation in the alternative formula for Tier 2 Attorney General investigators after the effective date of the act, meaning that they would be required to contribute 12.5% of salary, and would be eligible to retire at age 60 with 20 years of service. These members would accrue service credit at the rate of 3% of final average salary for each year worked.

In addition, the bill, as amended, allows these members to convert up to 8 years of regular formula service to alternative formula service by contributing to SERS the difference between the regular formula employee contributions paid and the amounts that would have been required of the employee had the service been rendered under the alternative formula, plus interest at the "effective rate" for optional service of 6.5%, compounded annually, from the date of service to the date of payment.

*Auto-Enrollment in Deferred Comp for All Active Employees in SERS, JRS, and GRS*

Senate Amendment 2 to HB 4926 incorporates the language of SB 3462 from the current General Assembly. SA 2 provides that the Department of Central Management Services shall automatically enroll all then-active members of the General Assembly Retirement System, the State Employees Retirement System, and the Judges' Retirement System into the State Employees Deferred Compensation Plan who are not already contributing to the plan. (P.A. 102-0277 provided for auto-enrollment of employees in the aforementioned systems hired on or after July 1, 2020). The new round of auto-enrollment will commence no later than January 1, 2024. Active members who are automatically enrolled shall have 3% of pretax gross compensation deferred into their deferred compensation accounts. All employees impacted by this change will have a one-calendar-month opt-out period prior to being auto-enrolled in the plan. Impacted employees may also elect to opt out of auto-enrollment within 90 days after enrollment, and receive a refund of amounts deferred, plus or minus any applicable earnings, investment fees, and administrative fees.

Beginning one year after the date of auto-enrollment, the State Board of Investment shall establish a plan for automatic increases to employee contribution rates for employees who are auto-enrolled in the Deferred Compensation Plan. The amendment specifies that the Board may not increase employee contribution rates by more than 1% of compensation in any 12-month period.

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