

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102<sup>nd</sup> GENERAL ASSEMBLY

BILL NO: **SB 3463**

January 20, 2022

SPONSOR (S): Martwick

SYSTEM(S): TRS

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**FISCAL IMPACT:** SB 3463 will have no impact on the TRS trust fund, as the Supplemental Savings Plan is a Defined Contribution (DC) plan that does not supplant or replace members' participation in the retirement system's traditional; defined benefit plan.

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**SUBJECT MATTER:** SB 3463 amends the TRS article of the Pension Code to provide for mandatory enrollment in the supplemental Defined Contribution Plan in TRS for members who began service in a TRS-covered position prior to January 1, 2022.

**COMMENT:** P.A. 100-0769, which took effect on August 10<sup>th</sup>, 2018, mandated the creation of an optional defined contribution plan in the Teachers Retirement System. Pursuant to the Act, TRS created a DC program called the "Supplemental Savings Plan" (SSP), which began accepting enrollees on January 10, 2022, with payroll contributions to commence after March 1, 2022. The SSP does not replace existing DB benefits for Tier 1 or Tier 2 members. P.A. 102-0540, which took effect on August 20<sup>th</sup>, 2021, granted TRS the power to automatically enroll new members hired on or after January 1, 2022 into SSP. The Act also set contribution rates for mandatory SSP enrollees at 3% of pre-tax gross compensation. Members hired before January 1, 2022 can opt into SSP, with no statutorily mandated contribution rate, but TRS requires a minimum contribution of \$30 per pay period.

SB 3463 amends the TRS article of the Pension Code to mandate that TRS shall enroll in SSP all active members who began service in a TRS-covered position prior to January 1, 2022. Under current law, members who are auto-enrolled in the SSP may opt out of the plan within 90 days of enrollment; this provision will likewise apply to all persons auto-enrolled in SSP under SB 3463. Members who opt out of SSP are entitled to receive a refund of amounts deferred during the period of mandatory enrollment.

DH:bs

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