



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: SB 1646, as amended by SA 001

March 10, 2023

SPONSOR (S): Martwick

SYSTEM: SURS & TRS

FISCAL IMPACT

SB 1646, as amended by SA 001, would have no fiscal impact as the bill only sets forth prohibitions on outside recordkeepers for the optional DC plans in TRS and SURS. Such recordkeepers will be prohibited from using participating member information for the purposes of soliciting and marketing ancillary financial instruments to pension fund members.

SUBJECT MATTER: SB 1646, as amended by SA 001, amends the State Universities, Downstate Teacher, and Deferred Compensation Articles of the Illinois Pension Code to restrict the actions of the recordkeeper of deferred compensation plans for funds within the pertinent articles of the Pension Code. The restrictions are meant to keep recordkeepers from soliciting members of the pension fund as explained below.

COMMENTS: Public Act 100-0769, which became effective on August 10th, 2018, established an optional deferred compensation benefit for both the SURS and TRS articles of the Pension Code. SURS and TRS are empowered to automatically enroll any employee who first becomes a participating employee of each respective system in the optional deferred comp plan on or after July 1, 2023. SB 1646, as amended by SA 001, prohibits deferred comp plan recordkeepers, which are essentially outside vendors charged with administering the plans for TRS, SURS, and the State of Illinois Deferred Compensation Plan, from using pension fund member information to solicit ancillary investment products or services.

IMPACT OF SA 001: SA 001 amends SB 1646 by providing that if links to certain parts of a recordkeeper's website contain information about commercial products and may be encountered by a plan participant via routine use of the recordkeeper's website, this shall not constitute endorsement or solicitation of participants in the deferred compensation plan.

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