



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: SB 3683

February 20, 2024

SPONSOR (S): Martwick

SYSTEM: Cook County, Cook County Forest Preserve District, MWRD

FISCAL IMPACT

There would be no impact on State contributions to Cook County, Cook County Forest Preserve District, and MWRD as a result of SB 3683 as the bill creates a supplemental, optional defined contribution plan which would not affect the existing defined benefit plans. The individual employers may make contributions to the respective plans, but the bill does not require such contributions. These optional DC plans would be modeled after those created in TRS and SURS pursuant to Public Act 100-769.

SUBJECT MATTER: SB 3683 amends the Cook County, Cook County Forest Preserve District, and Metropolitan Water Reclamation District (MWRD) Articles of the Pension Code. This bill provides that the employers of these systems shall provide a federal tax qualified pre-tax retirement plan. Individuals who become employees on or after January 1, 2025 must be automatically enrolled in the pre-tax retirement plan, although they would have the ability to opt out at any time. The default employee contribution to this account shall be 2% if the employee does not choose another option. The plan is designed for employee contributions but may also receive employer contributions as decided by the pertinent employer.

COMMENT: Public Act 100-769, which took effect on August 10, 2018, mandated the Teachers Retirement System and State Universities Retirement System to offer an optional defined contribution plan. This plan did not replace existing defined benefit plan for Tier 1 or Tier 2 members. This defined contribution plan collects optional employee and optional employer contributions into an account for active TRS and SURS members, respectively. The TRS optional DC plan is called the Supplemental Savings Plan, while the SURS optional plan is called the Deferred Compensation Plan.

P.A. 102-0540, which took effect on August 20, 2021, granted TRS and SURS the power to automatically enroll new members hired on or after January 1, 2022 into the respective defined contribution plans (any employees who are auto-enrolled in the respective DC plans have 30 days to opt out). The Act also set contribution rates for mandatory enrollees at 3% of pre-tax gross compensation. There are currently 6,330 members participating in the TRS supplemental savings plan, and 8,103 members participating in the SURS deferred compensation plan.

SB 3683 creates an optional savings plan similar to the plans mentioned above, but for the Cook County, Cook County Forest Preserve District, and MWRD funds. Under this bill, employees would be automatically enrolled in this optional savings plan. The default employee contribution to the plan would be 2% of salary, but any employee may opt out of the plan at any time. The plan would be designed to receive employee contributions but may also receive employer contributions as decided by the employing county or district.

AO:bs

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