



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: SB 1455, as amended by SA 001

April 3rd, 2025

SPONSOR: Martwick

SYSTEM: Deferred Compensation Article

FISCAL IMPACT

According to the Illinois State Board of Investment, the State's 457(b) Deferred Compensation Plan had a total administrative cost of \$1.4 million in FY 25. The Deferred Compensation Plan had 74,569 participants as of Sep. 2024, according to ISBI. If this bill were to become law, the State would assume responsibility for paying this annual fee rather than the plan participants, and CMS would be charged with paying this administrative fee.

Impact of SA 001

SA 001 makes largely technical changes to the original bill. The only substantial change is that the Department of Central Management Services (CMS) is tasked with collecting administrative fees instead of the State Board of Investment, the administrator of the State Deferred Compensation plan.

SUBJECT MATTER: SB 1455, as amended by SA 001, amends the Deferred Compensation Article of the Pension Code to allow for the plan's administrative expenses to be covered by charging administrative fees to the State of Illinois, rather than to participating employees, effective January 1, 2026. SA 001 provides that CMS shall manage the collection of these administrative fees.

COMMENT: Under current law, the administrative expenses of the State Employees' 457(b) Deferred Compensation Plan can be covered by either earnings from investments, or a fee charged equitably to all plan participants. According to the State Board of Investment, administrative costs are currently covered by a 1% fee (capped at \$67) charged against an

employee's average annual contribution. This fee is charged to the plan's participants (74,569 as of September 2024). SB 1455, as amended by SA 001, shifts the responsibility of administrative expenses to the State of Illinois starting on January 1, 2026. Thus, beginning on that date, the State would begin paying the \$1.4 million in annual administrative fees.

In the underlying bill, these administrative fees would be collected by the State Board of Investment. SA 001 shifts this responsibility to CMS.

RF:bs

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