



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: SB 1455

February 13, 2025

SPONSOR: Martwick

SYSTEM: Illinois State Board of Investments (Deferred Compensation plan)

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 the State Board of Investments. If this bill were to become law, the State would assume the responsibility for paying this annual fee rather than the plan participants.

SUBJECT MATTER: SB 1455 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.

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 Investments, administrative costs are currently covered by a 1% fee (capped at \$67) charged from an employee's average annual contribution. This fee is charged to the plan's 74,569 participants as of September 2024. SB 1455 shifts the responsibility of administrative expenses onto 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.

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