

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 3019**

February 14, 2020

SPONSOR (S): Martwick

SYSTEM(S): SURS

FISCAL IMPACT: There is no discernible fiscal impact associated with SB 3019. Section 414(w) of the Internal Revenue Code provides rules under which certain employees are permitted to elect to make a withdrawal of default elective contributions from an eligible automatic contribution arrangement, such as the DC plan that was established in SURS under P.A. 100-0769. This bill is intended to bring the optional DC plan in SURS into compliance with this provision of federal law.

SUBJECT MATTER: SB 3019 amends the SURS article of the Pension Code. The bill makes a change in the section pertaining to the optional defined contribution (DC) plan that was implemented pursuant to P.A. 100-0769 to bring the DC plan into compliance with federal law.

COMMENT: P.A. 100-0769, which took effect on August 10, 2018, implemented an optional defined contribution plan in SURS. The defined contribution benefit collects optional employee and optional employer contributions into an account and offers a range of investment options to participants. The benefit must be operated in full compliance with any applicable state and federal laws, and SURS must utilize generally accepted practices in creating and maintaining the benefit for the best interest of the participants.

SB 3019 amends the SURS article of the Pension Code to stipulate that the optional DC plan must provide for an eligible automatic contribution arrangement that permits a withdrawal of default elective contributions in accordance with the Internal Revenue Code and all US Treasury regulations promulgated thereunder.

DH:bs

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