



## MINUTES

**Meeting of the Board of Trustees of the  
State Universities Retirement System  
Thursday, April 19, 2018, 3:00 p.m.  
Northern Trust  
50 S. LaSalle St.  
Global Conference Center – 1<sup>st</sup> Floor  
Chicago, Illinois**

The following trustees were present: Mr. Tom Cross, Chair; Mr. Aaron Ammons, Mr. Mark Cozzi, Mr. Dennis Cullen (via conference call), Dr. John Engstrom, Dr. Fred Giertz, Mr. Paul R.T. Johnson Jr, Mr. Craig McCrohon, Dr. Steven Rock and Mr. Antonio Vasquez (via conference call).

Others present: Mr. Martin Noven, Executive Director; Mr. Doug Wesley, Chief Investment Officer; Ms. Bianca Green, General Counsel; Ms. Kristen Houch, Legislative Liaison; Ms. Ellen Hung, Deputy CIO; Mr. Steve Hayward, Director of Internal Audit; Ms. Kelly Carson and Ms. Annette Ackerman, Executive Assistants; Ms. Mary Pat Burns of Burke, Burns & Pinelli, and Ms. Linda Brookhart of SUAA.

Board of trustees roll call attendance was taken. Trustee Ammons, present; Trustee Cozzi, absent; Trustee Cross, present; Trustee Cullen, present via conference call; Trustee Engstrom, present; Trustee Giertz, present; Trustee Johnson, present; Trustee McCrohon, present; Trustee Rock, present and Trustee Vasquez, present via conference call.

Trustee Mark Cozzi physically joined the meeting at 3:03 p.m.

Trustee Steven Rock physically left the meeting at 3:15 p.m.

## APPROVAL OF MINUTES

Chairman Tom Cross presented the minutes from the board meeting of March 9, 2018.

Trustee Rock made the following motion:

- That the minutes from the March 9, 2018 board of trustees meeting be approved as presented.

Trustee Paul Johnson seconded and the motion carried with all trustees present voting in favor.

Trustee Aaron Ammons made the following motion:

- That the closed session minutes from the March 9, 2018 board of trustees meeting be approved as presented and remain closed.

Trustee Rock seconded and the motion carried with all trustees present voting in favor.

### **CHAIRPERSON'S REPORT**

Chairman Cross did not have a chairperson report.

### **EXECUTIVE DIRECTOR'S REPORT**

Mr. Martin Noven noted his appreciation of the discussion that was held during the Funston education in the Investment Committee meeting. Mr. Noven believes that SURS can improve on board governance, as there are some governance challenges, but he did not intend to suggest that there are any ethical concerns. He feels that everyone is trying to do the right thing for the System and would like to make sure everyone is on the same page. Mr. Noven concluded that he would like to have a clearer picture of what is expected from staff.

### **BOARD TRAVEL**

Mr. Noven presented the board with travel and conference opportunities suggested by members of the board. Mr. Noven encouraged trustees to continue to make suggestions for future educational opportunities.

Trustee Paul Johnson made the following motions:

- That the board of trustees travel to attend conferences or trainings listed on the April 2018 list of upcoming training opportunities be approved and that all resulting allowable expenses consistent with the SURS travel policy be reimbursed.
- That the board of trustees travel to NEPC client and education conferences be approved and that all resulting allowable expenses consistent with SURS travel policy be reimbursed.

Trustee John Engstrom seconded and the motions carried with all trustees present voting in favor.

A copy of the staff memorandum titled "Board Training Requirements and Travel Approval" with the list of upcoming training opportunities as of April 2018 is incorporated as part of these minutes as [Exhibit 1](#) and [Exhibit 2](#).

### **REVIEW OF COMMITTEE ACTION**

#### **Investment Committee:**

On behalf of the Investment Committee, Trustee Cozzi presented the following committee actions.

The Investment Committee recommends to the board:

- That based on the recommendation of SURS staff and investment consultant, that the Channing Mid Value account be terminated.
- That based on the recommendation of SURS Staff and investment consultant, that the assets from Channing Mid Value be transferred to the RhumbLine passive equity strategy.
- That based on the recommendation of SURS Staff, that a search be conducted to identify a qualified specialty real estate investment consultant.

Trustee Rock seconded and the motions carried with all trustees present voting in favor.

### **EFFICIENCY STUDY INFORMATION**

Mr. Noven provided the efficiency study update. Mr. Noven reported that he contacted two firms, McKinsey and Bain & Co., to gather information for purposes of preparing an RFP for the requested efficiency study. After speaking to both firms, it was clear that they were too large to perform a study for an organization the size of SURS. Mr. Noven requested additional guidance from the trustees to determine whether he should do more research on mid-sized firms that would be better suited to SURS' needs. Trustee Craig McCrohon provided information regarding smaller firms that do this type of study. Trustee Cozzi agreed with Trustee McCrohon and suggested that Mr. Noven also reach out to some of the Big Four accounting firms and that Trustee Cozzi would provide Mr. Noven with some names to contact. Trustee John Engstrom stated that he is not convinced that an efficiency study is needed and expressed that he is not comfortable with the title "efficiency study." Trustee Cozzi recognized Trustee Engstrom and indicated that an "operational review" would be a more accurate description of the study. After further discussion regarding space, efficiency and timeliness of the study were considered, it was decided that an RFP would be issued for an operational review.

Trustee Cozzi made the following motion:

- The board authorizes staff to issue an RFP within two weeks for an operational review of SURS internal organization including without limitation a review of: information technology, claims processing, space utilization and member services.

Trustee Johnson seconded and the motion carried with majority of trustees present, voting in favor. Trustee Engstrom and Trustee Ammons opposed.

### **CLOSED SESSION**

Trustee Fred Giertz moved that the board of trustees go into closed session pursuant to §2(c)(5) and §2(c)(11) of the Open Meetings Act. Trustee Tom Cross seconded and the motion carried in a roll call vote:

|                |     |
|----------------|-----|
| Trustee Ammons | aye |
| Trustee Cozzi  | aye |
| Trustee Cross  | aye |
| Trustee Cullen | aye |

|                  |        |
|------------------|--------|
| Trustee Engstrom | aye    |
| Trustee Giertz   | aye    |
| Trustee Johnson  | aye    |
| Trustee McCrohon | aye    |
| Trustee Rock     | absent |
| Trustee Vasquez  | absent |

### **RETURN TO OPEN SESSION**

Upon motion by Trustee Johnson that was seconded by Trustee Giertz and carried, the board of trustees resumed the meeting in open session.

### **LEGISLATIVE UPDATE AND GENERAL COUNSEL REPORT**

Legislative Liaison Ms. Kristen Houch provided the legislative update. Ms. Houch summarized current bills and updated the board with legislative activities in Springfield to-date. Ms. Houch discussed the following bills:

Senate Bill 779 – This bill requires the disclosure of certain information related to the investments of public pension funds, retirement systems and investment boards in alternative investment funds. Ms. Houch also discussed House Amendment #2 to Senate Bill 779 which deleted certain provisions of the original legislation that passed in the Senate and contains technical and administrative changes necessary for the state-funded retirement systems to implement the provisions of Senate Bill 42/Public Act 100-0023.

House Bill 4684 – This bill enhances SURS’ ability to obtain delinquent employer payments that are owed under the law by intercepting them through the state comptroller and/or the county treasurer for the county in which the employer is located.

House Bill 4411 – This bill prohibits the State Employees’ Retirement System, State Universities Retirement System, Teachers’ Retirement System, Chicago Teachers’ Pension Fund and Illinois State Board of Investments from entering into a contract for lobbying services with a lobbyist who represents one of the other aforementioned retirement systems or investment boards.

House Bill 4412 – This bill requires the SURS Board of Trustees to make its best efforts to ensure that the racial and ethnic makeup of the System’s senior administrative staff represents the racial and ethnic makeup of the System’s overall membership. Trustee Cross informed the board that he testified during the hearing on this bill in Springfield and he provided his observations regarding the same.

Senate Bill 3046 – This bill amends the State Employees Group Insurance Act of 1971. It authorizes eligible benefit recipients and dependent beneficiaries to elect not to participate in the Teachers’ Retiree Health Insurance Program and the College Insurance Program, as applicable.

House Bill 4414 – This bill amends the State Employees’ Retirement System, State Universities Retirement System, Teachers’ Retirement System, and Chicago Teachers’ Pension Fund articles of the Illinois Pension Code. It requires Senate confirmation for the executive director and chief investment officer positions of each system.

Senate Bill 3545 – This bill prohibits the state-funded retirement systems from investing in major opioid manufacturers.

Ms. Houch sought advice from trustees regarding the draft language for an amendment striking the minimum number of providers required for the Self-Managed Plan as outlined in section 15-158.2. This draft would allow SURS to hire as few or many firms as needed to provide investment options for members enrolled in the Self-Managed Plan. The board directed Ms. Houch not to proceed with the proposed amendment to section 15-158.2 at this time.

Ms. Houch discussed Public Act 100-21 which repeals the Uniformed Distribution of Unclaimed Property Act and replaces it with the Revised Uniformed Unclaimed Property Act (RUUPA). RUUPA requires shareholders of unclaimed property to turn over any unclaimed property to the state treasurer's office. SURS was exempt from the original Uniformed Distribution of Unclaimed Property Act. The current language contained in the RUUPA appears to require SURS to turn over retirement system assets that have not been claimed. Ms. Houch and Mr. Noven have been in contact with staff members of the state treasurer's office, who indicated they were unaware as to whether SURS would be impacted by the statutory change. The staff members suggested that SURS report the unclaimed property to their office but not actually remit the pension assets. Ms. Houch asked how the board would like her to report back to the treasurer's office regarding this issue. After further discussion amongst trustees it was determined that SURS wants to remain exempt, consistent with the former law.

Trustee Cozzi made the following motion:

- The board of trustees direct Ms. Kristen Houch and Mr. Steve Zahn to work with Ms. Bianca Green to obtain an exemption, if possible, regarding the Revised Uniformed Unclaimed Property Act.

Trustee Johnson seconded and the motion carried with all trustees present, voting in favor.

Ms. Houch, along with Ms. Linda Brookhart of SUAA, formally invited all trustees to the SUAA/SURS legislative event being held on May 9, 2018, in Springfield.

Ms. Bianca Green reported on a recent FOIA request received from Representative Carol Ammons requesting the RFP process for SURS and prior board and committee meeting minutes. Discussion then ensued regarding proposed House Bill 4411. Trustee Aaron Ammons asked for advice from Fiduciary Counsel, Ms. Mary Pat Burns, on the appropriate way to address the situation because the Representative proposing this bill is his wife, Representative Carol Ammons. Ms. Burns stated that his job as fiduciary to SURS is to act exclusively in the best interest of the fund and that any conflicts or potential conflicts could be eliminated if he does not participate in discussions or in votes involving bills proposed by his wife. Further discussion ensued between trustees, with the exception of Trustee Ammons, regarding the substance of the bills and Representative Ammons' allegations regarding the same. Trustee Cross stated that his main objective for proceeding is to maintain the integrity of the board and SURS staff. Ms. Burns stated that when the board is ready, a letter has been drafted stating that the board does not agree with allegations raised by Representative Ammons and that her accusations are false. Ms.

Burns stated she will make sure all board members are fully informed as these bills move forward.

Ms. Green provided an update regarding proposed rulemaking changes that relate to the 6% rule and to the Governor's Salary rule for Tier II employees.

Trustee Johnson made the following motion:

- That based on the recommendation of SURS Staff, that the board approve the filing of the proposed rulemakings with JCAR substantially in the form presented.

Trustee Craig McCrohon seconded and the motion carried with all trustees present voting in favor.

Ms. Green also provided an update regarding trustee election issues. At a prior meeting Ms. Green discussed an inconsistency in the current statute regarding the composition of the SURS board. Ms. Green provided options for the board to decide how they would like to proceed. Trustee Engstrom asked to postpone this topic until the June 2018 meeting. After further discussion, all trustees agreed to postpone this agenda item until the June meeting.

Ms. Green asked the elected trustees if there was any interest in bringing in a newly elected trustee earlier than the July 15 effective date of their term via an appointment to fill the vacant seat created by Dorinda Miller's resignation.. After deliberation, it was the consensus of the elected trustees to wait to install the new trustee until their official term begins on July 15, 2018.

Copies of the staff memorandums titled "Proposed Rulemaking" and "Legislative Proposals Concerning Change in Trustee Status" have been incorporated as part of these minutes as [Exhibit 3](#) and [Exhibit 4](#). A copy of the reports titled "April 2018 Bill Summaries" and "Master Board Bill Summaries" are incorporated as part of these minutes as [Exhibit 5](#) and [Exhibit 6](#). A copy of the amendment titled "SMP Amendment" is incorporated as part of these minutes as [Exhibit 7](#).

### **CLOSED SESSION**

Trustee Cozzi moved that the board of trustees go into closed session pursuant to §2(c)(1) of the Open Meetings Act. Trustee McCrohon seconded and the motion carried in a roll call vote:

|                  |        |
|------------------|--------|
| Trustee Ammons   | aye    |
| Trustee Cozzi    | aye    |
| Trustee Cross    | aye    |
| Trustee Cullen   | absent |
| Trustee Engstrom | aye    |
| Trustee Giertz   | aye    |
| Trustee Johnson  | aye    |
| Trustee McCrohon | aye    |
| Trustee Rock     | absent |
| Trustee Vasquez  | Aye    |

**RETURN TO OPEN SESSION**

Upon motion by Trustee Cozzi that was seconded by Trustee Giertz and carried, the board of trustees resumed the meeting in open session.

**PUBLIC COMMENT**

There was no further business before the board and Trustee Cozzi moved that the meeting be adjourned. The motion was seconded by Trustee Cross and carried with all trustees present voting in favor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. Noven", with a long horizontal flourish extending to the right.

Mr. Martin Noven  
Secretary, Board of Trustees

MMN:kc



## MEMORANDUM

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TO: Board of Trustees

FROM: Mr. Martin Noven  
Executive Director

RE: Board Training Requirements and Travel Approval

DATE: April 3, 2018

In order to assist Trustees in obtaining the 8 hours of annual training required by Public Act 96-0006, staff has developed the attached list of upcoming training opportunities. This list will be updated and provided to the Trustees with the regular meeting materials.

Public Act 96-0006 also requires that all Board travel be approved by a majority of Trustees in order to qualify for reimbursement of expenses in accordance with the Board's Travel Approval and Expense Reimbursement Policy. Each Trustee is eligible to be reimbursed for two out-of-state trips, each fiscal year, for educational purposes. SURS is a voting member of the Council of Institutional Investors ("CII"). In March of 2013, the SURS travel policy was amended, to provide that attendance at the semi-annual meetings of CII not be included in the two-per-year limit for board member attendance at educational conferences, since such conferences are not educational meetings, rather, are working meetings of an organization of which SURS is a member.

### **Staff Recommends that the following motions be approved at this time:**

- **That the Board of Trustees travel to attend conferences or trainings listed on the April 2018 list of Upcoming Training Opportunities be approved and that all resulting allowable expenses consistent with SURS travel policy be reimbursed.**
- **That the Board of Trustees travel to NEPC client and educational conferences be approved and that all resulting allowable expenses consistent with SURS travel policy be reimbursed.**



State Universities Retirement System  
Schedule of  
**Upcoming Training Opportunities**  
As of April 2018

**SURS Board/Committee Meetings for 2018**

|                                   |                       |
|-----------------------------------|-----------------------|
| SURS Board and Committee Meetings | June 7-8, 2018        |
| SURS Board and Committee Meetings | September 13-14, 2018 |
| SURS Board and Committee Meetings | October 18, 2018      |
| SURS Board and Committee Meetings | December 6-7, 2018    |

**Council of Institutional Investors**

|   |                   |                                    |
|---|-------------------|------------------------------------|
| * | Title:            | 2018 Fall Conference               |
|   | Subject Matter:   | Corporate Governance Issues        |
|   | Sponsor:          | Council of Institutional Investors |
|   | Date:             | October 24-26, 2018                |
|   | Location:         | Boston, MA                         |
|   | Registration Fee: | Complimentary for members          |

\* **Training Opportunities**  
New Opportunity

|                   |                                      |
|-------------------|--------------------------------------|
| Title:            | Institutional Investors Public Funds |
| Subject Matter:   | Various Investment Topics            |
| Sponsor:          | Institutional Investors              |
| Date:             | April 25-27, 2018                    |
| Location:         | Los Angeles, CA                      |
| Registration Fee: | TBD                                  |

|                   |  |
|-------------------|--|
| Title:            | GFOA 112 <sup>th</sup> Annual Conference                           |
| Subject Matter:   | Debt Management, Pension Administration, Technology and Leadership |
| Sponsor:          | Government Finance Officers Association                            |
| Date:             | May 6-9, 2018  |
| Location:         | St. Louis, MO  |
| Registration Fee: | \$425 before 3/23/18<br>\$475 after 3/23/18                        |

|   |                   |  |
|---|-------------------|--|
| * | Title:            | 10 <sup>th</sup> Annual Legislative Reception      |
|   | Subject Matter:   | Legislative Event                                  |
|   | Sponsor:          | SURS and State Universities Annuitants Association |
|   | Date:             | May 9, 2018  |
|   | Location:         | Springfield, IL                                    |
|   | Registration Fee: | TBD  |

|                   |   |
|-------------------|---|
| Title:            | NCPERS Accredited Fiduciary Program (NAF) |
| Subject Matter:   | Various Investment Topics                 |
| Sponsor:          | NCPERS                                    |
| Date:             | May 12-13, 2018                           |
| Location:         | New York, NY                              |
| Registration Fee: | TBD                                       |



|                   |   |
|-------------------|---|
| Title:            | NCPERS Trustee Educational Seminar (TEDS) |
| Subject Matter:   | Various Investment Topics                 |
| Sponsor:          | NCPERS                                    |
| Date:             | May 12-13, 2018                           |
| Location:         | New York, NY                              |
| Registration Fee: | TBD                                       |

|                   |   |
|-------------------|---|
| Title:            | NEPC's 23 <sup>rd</sup> Annual Investment Conference - Disruption |
| Subject Matter:   | Various Investment Topics   |
| Sponsor:          | NEPC  |
| Date:             | May 14-15, 2018   |
| Location:         | Boston, MA  |
| Registration Fee: | TBD   |

|                   |                           |
|-------------------|---------------------------|
| Title:            | Global EQD 2018           |
| Subject Matter:   | Various Investment Topics |
| Sponsor:          | Opal Group                |
| Date:             | May 23-24, 2018           |
| Location:         | Las Vegas, NV             |
| Registration Fee: | TBD                       |

|                   |  |
|-------------------|--|
| Title:            | 2018 PIMCO Institute   |
| Subject Matter:   | Various Investment Topics                                      |
| Sponsor:          | PIMCO  |
| Date:             | June 11-14, 2018   |
| Location:         | Newport Beach, CA  |
| Registration Fee: | TBD *** By Invitation Only – please see Kelly if interested*** |

|                   |   |
|-------------------|---|
| Title:            | 5 <sup>th</sup> Annual Midwest Institutional Investor Forum |
| Subject Matter:   | Various Investment Topics                                   |
| Sponsor:          | CBOE  |
| Date:             | June 12, 2018   |
| Location:         | Chicago, IL   |
| Registration Fee: | TBD   |

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|-------------------|-----------------------------------|
| Title:            | The 2018 Private Equity Exclusive |
| Subject Matter:   | Various Investment Topics         |
| Sponsor:          | The Pension Bridge                |
| Date:             | July 23-24, 2018                  |
| Location:         | Chicago, IL                       |
| Registration Fee: | TBD                               |

|                   |                           |
|-------------------|---------------------------|
| Title:            | 2018 Public Funds Forum   |
| Subject Matter:   | Various Investment Topics |
| Sponsor:          | Value Edge Advisors       |
| Date:             | September 4-6, 2018       |
| Location:         | Laguna Beach, CA          |
| Registration Fee: | TBD                       |



|                   |   |
|-------------------|---|
| Title:            | Defined Contribution Forum                                |
| Subject Matter:   | Fiduciary Role and Retirement Solutions                   |
| Sponsor:          | Institutional Investor Institute for Defined Contribution |
| Date:             | September 13-14, 2018                                     |
| Location:         | Half Moon Bay, CA (San Francisco)                         |
| Registration Fee: | TBD   |

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|-------------------|------------------------------|
| Title:            | Public Pension Funding Forum |
| Subject Matter:   | Various Investment Topics    |
| Sponsor:          | NCPERS                       |
| Date:             | September 16-18, 2018        |
| Location:         | Boston, MA                   |
| Registration Fee: | TBD                          |

|                   |  |
|-------------------|--|
| Title:            | 2018 PIMCO Institute   |
| Subject Matter:   | Various Investment Topics                                      |
| Sponsor:          | PIMCO  |
| Date:             | October 22-25, 2018  |
| Location:         | Newport Beach, CA  |
| Registration Fee: | TBD *** By Invitation Only – please see Kelly if interested*** |

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|                   |   |
|-------------------|---|
| Title:            | NCPERS Accredited Fiduciary Program (NAF) |
| Subject Matter:   | Various Investment Topics                 |
| Sponsor:          | NCPERS                                    |
| Date:             | October 27-28, 2018                       |
| Location:         | Las Vegas, NV                             |
| Registration Fee: | TBD                                       |



## MEMORANDUM

**To: Legal & Legislative Committee**

**From: Bianca T. Green, General Counsel  
Albert J. Lee, Associate General Counsel**

**Date: April 17, 2018**

**Re: Proposed Rulemaking – New Title 80, Section 1600.272 – Application of Earnings Limits to the 6% Rule and Governor’s Salary Rule**

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In proposed new Title 80, Section 1600.272 of the Illinois Administrative Code, SURS Staff seeks to clarify the application of certain earnings limits when applied to the full-time equivalent earnings used under the 6% Rule (40 ILCS 5/15-155(g)) and the Governor's Salary Rule (40 ILC 5/15-155(j-5)).

Pensionable "earnings" are defined under Sections 15-111 and 15-111.5 of the Illinois Pension Code (40 ILCS 5/15-111, 15-111.5) to capture various forms of compensation paid to SURS-covered employees that count towards contribution and benefit calculations. Section 15-111(b) of the Illinois Pension Code (40 ILC 5/15-111(b)) originally required SURS to limit pensionable earnings for Tier 2 members to \$106,800, to be annually adjusted by the Public Pension Division of the Department of Insurance (\$113,644.91 for FY 2019). Tier 1 and Self-Managed Plan member pensionable earnings are limited under Section 1-117 of the Illinois Pension Code (40 ILC 5/1-117), which requires SURS to limit earnings used for any benefit or contribution purposes to maximum dollar limits annually prescribed by the Internal Revenue Service under Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (\$275,000 for FY 2019).

The 6% Rule and Governor's Salary Rules are employer contribution provisions that both utilize earnings as "determined on a full-time equivalent basis" (FTE earnings) and should be applied consistently. The proposed rulemaking clarifies SURS' intent to apply these pensionable earnings limitations when calculating the FTE basis under these provisions. For example, a Tier 2 employee with annual earnings of \$100,000 under 50% time employment would have FTE annual earnings equal to \$200,000. The Tier 2 pensionable earnings limit of \$113,644.91 would be applied to the FTE calculation, limiting the FTE utilized in the 6% Rule and Governor’s Salary Rule calculations to \$113,644.91. The practical effect of this limitation is that employers will not be billed under the Governor's Salary Rule for Tier 2 members until the Tier 2 statutory limit exceeds the Governor's salary set by law (currently \$177,500).

**Staff Recommendation: That the Legal & Legislative Committee approve the filing of the proposed rulemaking with JCAR substantially in the form presented.**

## **PROPOSED RULEMAKING**

### **(New) Section 1600.272 Application of Earnings Limits to the 6% Rule and Governor's Salary Rule**

For purposes of Section 15-155(g) of the Code (concerning the 6% Rule) and Section 15-155(j-5) of the Code (concerning the Governor's Salary Rule), earnings determined on a full-time equivalent basis shall not exceed the applicable annual earnings limitation under Section 1-117 of the Code (concerning the IRC 401(a)(17) earnings limit) or Section 15-111(b) of the Code (concerning the Tier 2 earnings limit).



## MEMORANDUM

**To:** Legal & Legislative Committee  
**From:** Albert J. Lee, Associate General Counsel  
**Date:** April 18, 2018 -updated  
**Re:** Legislative Proposals Concerning Change in Trustee Status

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Section 15-159(g) relates to the issue of what happens when the status of a SURS trustee changes during their term. This statute is ambiguous because it only refers to a change in status for an “appointed” trustee.

After receiving an inquiry on the proper construction of Section 15-159(g), SURS sought guidance from the Office of the Attorney General, who issued an informal opinion dated November 9, 2017. The AG’s office concluded that “section 15-159 of the Illinois Pension Code is ambiguous” and recommended that “SURS pursue legislation to clarify the General Assembly's intent with regard to whether active participant members should be permitted to continue to serve on the System's board of trustees after a mid-term change in status.”

Attached are two legislative proposals for consideration by the Board:

- **Option 1** resolves the ambiguity in favor of disqualifying elected trustees who incur a change in status during their 6-year term
- **Option 2** resolves the ambiguity in favor of permitting elected trustees to continue serving for the remainder of their 6-year terms despite incurring a change in status.

Also provided are proposed administrative rules that could arguably be used to address the issue if approved by JCAR. However, staff is recommending a specific statutory change to fully address the issue moving forward.

**OPTION 1**  
**PROPOSED LEGISLATION**  
**DISQUALIFICATION OF ELECTED TRUSTEES UPON CHANGE IN STATUS**

(40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

Sec. 15-159. Board created.

(a) A board of trustees constituted as provided in this Section shall administer this System. The board shall be known as the Board of Trustees of the State Universities Retirement System.

(b) (Blank).

(c) (Blank).

(d) Beginning on the 90th day after April 3, 2009 (the effective date of Public Act 96-6), the Board of Trustees shall be constituted as follows:

(1) The Chairperson of the Board of Higher Education, who shall act as chairperson of this Board.

(2) Four trustees appointed by the Governor with the advice and consent of the Senate who may not be members of the system or hold an elective State office and who shall serve for a term of 6 years, except that the terms of the initial appointees under this subsection (d) shall be as follows: 2 for a term of 3 years and 2 for a term of 6 years.

(3) Four active participants of the system to be elected from the contributing membership of the system by the contributing members, no more than 2 of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be as follows: 2 for a term of 3 years and 2 for a term of 6 years.

(4) Two annuitants of the system who have been annuitants for at least one full year, to be elected from and by the annuitants of the system, no more than one of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be as follows: one for a term of 3 years and one for a term of 6 years.

For the purposes of this Section, the Governor may make a nomination and the Senate may confirm the nominee in advance of the commencement of the nominee's term of office.

(e) The 6 elected trustees shall be elected within 90 days after April 3, 2009 (the effective date of Public Act 96-6) for a term beginning on the 90th day after that effective date. Trustees shall be elected thereafter as terms expire for a 6-year term beginning July 15 next following their election, and such election shall be held on May 1, or on May 2 when May 1 falls on a Sunday. The board may establish rules for the election of trustees to implement the provisions of Public Act 96-6 and for future elections. Candidates for the participating trustee shall be nominated by petitions in writing, signed by not less than 400 participants with their addresses shown opposite their names. Candidates for the annuitant trustee shall be nominated by petitions in writing, signed by not less than 100 annuitants with their addresses shown opposite their names. If there is more than one qualified nominee for each elected trustee, then the board shall conduct a secret ballot election by mail for that trustee, in accordance with rules as established by the board. If there is only one qualified person nominated by petition for each elected trustee, then the election as required by

this Section shall not be conducted for that trustee and the board shall declare such nominee duly elected. A vacancy occurring in the elective membership of the board shall be filled for the unexpired term by the elected trustees serving on the board for the remainder of the term. Nothing in this subsection shall preclude the adoption of rules providing for internet or phone balloting in addition, or as an alternative, to election by mail.

(f) A vacancy in the appointed membership on the board of trustees caused by resignation, death, expiration of term of office, or other reason shall be filled by a qualified person appointed by the Governor for the remainder of the unexpired term.

(g) Trustees (other than the trustees incumbent on June 30, 1995 or as provided in subsection (c) of this Section) shall continue in office until their respective successors are appointed and have qualified, except that a trustee ~~appointed~~ elected to one of the participant positions shall be disqualified immediately upon the termination of his or her status as a participant and a trustee ~~appointed~~ elected to one of the annuitant positions shall be disqualified immediately upon the termination of his or her status as an annuitant receiving a retirement annuity.

(h) Each trustee must take an oath of office before a notary public of this State and shall qualify as a trustee upon the presentation to the board of a certified copy of the oath. The oath must state that the person will diligently and honestly administer the affairs of the retirement system, and will not knowingly violate or willfully permit to be violated any provisions of this Article.

Each trustee shall serve without compensation but shall be reimbursed for expenses necessarily incurred in attending board meetings and carrying out his or her duties as a trustee or officer of the system.

(Source: P.A. 98-92, eff. 7-16-13.)

**OPTION 2**  
**PROPOSED LEGISLATION**  
**CONTINUATION OF ELECTED TRUSTEES DESPITE CHANGE IN STATUS**

(40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

Sec. 15-159. Board created.

(a) A board of trustees constituted as provided in this Section shall administer this System. The board shall be known as the Board of Trustees of the State Universities Retirement System.

(b) (Blank).

(c) (Blank).

(d) Beginning on the 90th day after April 3, 2009 (the effective date of Public Act 96-6), the Board of Trustees shall be constituted as follows:

(1) The Chairperson of the Board of Higher Education, who shall act as chairperson of this Board.

(2) Four trustees appointed by the Governor with the advice and consent of the Senate who may not be members of the system or hold an elective State office and who shall serve for a term of 6 years, except that the terms of the initial appointees under this subsection (d) shall be as follows: 2 for a term of 3 years and 2 for a term of 6 years.

(3) Four active participants of the system to be elected from the contributing membership of the system by the contributing members, no more than 2 of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be as follows: 2 for a term of 3 years and 2 for a term of 6 years.

(4) Two annuitants of the system who have been annuitants for at least one full year, to be elected from and by the annuitants of the system, no more than one of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be as follows: one for a term of 3 years and one for a term of 6 years.

For the purposes of this Section, the Governor may make a nomination and the Senate may confirm the nominee in advance of the commencement of the nominee's term of office.

(e) The 6 elected trustees shall be elected within 90 days after April 3, 2009 (the effective date of Public Act 96-6) for a term beginning on the 90th day after that effective date. Trustees shall be elected thereafter as terms expire for a 6-year term beginning July 15 next following their election, and such election shall be held on May 1, or on May 2 when May 1 falls on a Sunday. The board may establish rules for the election of trustees to implement the provisions of Public Act 96-6 and for future elections. Candidates for the participating trustee shall be nominated by petitions in writing, signed by not less than 400 participants with their addresses shown opposite their names. Candidates for the annuitant trustee shall be nominated by petitions in writing, signed by not less than 100 annuitants with their addresses shown opposite their names. If there is more than one qualified nominee for each elected trustee, then the board shall conduct a secret ballot election by mail for that trustee, in accordance with rules as established by the board. If there is only one qualified person nominated by petition for each elected trustee, then the election as required by

this Section shall not be conducted for that trustee and the board shall declare such nominee duly elected. A vacancy occurring in the elective membership of the board shall be filled for the unexpired term by the elected trustees serving on the board for the remainder of the term. Nothing in this subsection shall preclude the adoption of rules providing for internet or phone balloting in addition, or as an alternative, to election by mail.

(f) A vacancy in the appointed membership on the board of trustees caused by resignation, death, expiration of term of office, or other reason shall be filled by a qualified person appointed by the Governor for the remainder of the unexpired term.

(g) Trustees (other than the trustees incumbent on June 30, 1995 or as provided in subsection (c) of this Section) shall continue in office until their respective successors are appointed or elected and have qualified to serve as trustees. ~~except that a A qualifying trustee who has been appointed elected to one of the participant positions shall be disqualified immediately upon the termination of his or her status as a participant and a trustee appointed or~~ to one of the annuitant positions shall not be disqualified ~~immediately~~ upon the termination of his or her status as an active participant or an annuitant receiving a retirement annuity and may continue to serve on the board for the remainder of the term to which he or she was elected.

(h) Each trustee must take an oath of office before a notary public of this State and shall qualify as a trustee upon the presentation to the board of a certified copy of the oath. The oath must state that the person will diligently and honestly administer the affairs of the retirement system, and will not knowingly violate or willfully permit to be violated any provisions of this Article.

Each trustee shall serve without compensation but shall be reimbursed for expenses necessarily incurred in attending board meetings and carrying out his or her duties as a trustee or officer of the system.

(Source: P.A. 98-92, eff. 7-16-13.)

**OPTION 3**  
**PROPOSED LEGISLATION**  
**DISQUALIFICATION OF ELECTED TRUSTEES UPON CHANGE IN STATUS**

**(New) Section 1600.7XX Disqualification of Elected Trustees**

Section 15-159(g) of the Code provides that a trustee appointed to one of the participant positions shall be disqualified immediately upon the termination of his or her status as a participant and a trustee appointed to one of the annuitant positions shall be disqualified immediately upon the termination of his or her status as an annuitant receiving a retirement annuity. [40 ILCS 5/15-159(g)]. The foregoing clause under Section 15-159(g) of the Code shall apply to trustees who have been elected to Board membership under paragraphs (3) and (4) of Section 15-159(d) of the Code, and who shall immediately vacate his or her position upon such disqualification. The remaining elected trustees shall fill the vacancy for the unexpired term pursuant to Section 15-159(e) of the Code and Section 1600.750.

**OPTION 4**  
**PROPOSED RULEMAKING**  
**CONTINUATION OF ELECTED TRUSTEES DESPITE CHANGE IN STATUS**

**(New) Section 1600.7XX Continuation of Elected Trustees Despite Change in Status**

Section 15-159(g) of the Code provides that a trustee appointed to one of the participant positions shall be disqualified immediately upon the termination of his or her status as a participant and a trustee appointed to one of the annuitant positions shall be disqualified immediately upon the termination of his or her status as an annuitant receiving a retirement annuity. [40 ILCS 5/15-159(g)]. The foregoing clause under Section 15-159(g) of the Code shall not apply to trustees who have been elected to Board membership under paragraphs (3) and (4) of Section 15-159(d) of the Code. Any elected trustee whose status changes during their six-year term shall be allowed to complete said term.

## Spring Session 2018

### Bills Passed Committee

#### Senate Bill 2954 – SURS Comptroller Intercept

##### **Sponsors – Senator Omar Aquino**

SB 2954 amends the State Universities Retirement System’s Article of the Illinois Pension Code. It enhances SURS’ ability to obtain delinquent employer payments that are owed under the law by intercepting them through the State Comptroller and/or the county treasurer for the county in which the employer is located.

Under current law, SURS has the ability to obtain delinquent employer payments through the State Comptroller under the return to work law for affected annuitants (Section 15-139.5) and under legal requirements that employers provide information necessary for the administration of the System and employer audits (Sections 15-168 and 15-168.2). SB 2954 permits SURS to obtain delinquent employer payments under these laws from the county treasurer for the county in which the employer is located. SB 2954 also permits SURS to obtain delinquent employer payments through the State Comptroller and/or the county treasurer for amounts owed under other employer contribution laws, such as those pertaining to the 6% Rule (Section 15-155(g)), the Governor’s Salary Rule (Section 15-155(j-5)), employer normal cost contributions from certain employers (Section 15-155(b)), employee contributions that are “picked-up” by the employer (Sections 15-181 and 15-157.1), and employer contributions under the Self-Managed Plan (Section 15-158.2).

SB 2954 takes effect immediately upon becoming law.

SB 2954 is identical to HB 4684 of the 100<sup>th</sup> General Assembly.

**Status: Senate Placed on Calendar Order of 2<sup>nd</sup> Reading on March 1, 2018.**

#### Senate Bill 3046 – College Insurance Program – Opt-Out/In

##### **Sponsors – Senator Andy Manar**

SB 3046 amends the State Employees Group Insurance Act of 1971. It authorizes eligible benefit recipients and dependent beneficiaries to elect not to participate in the Teachers’ Retiree Health Insurance Program and the College Insurance Program, as applicable. (The Teachers’ Retiree Health Insurance Program provides health insurance to K-12 retirees. The College Insurance Program provides health insurance to community college retirees.)

To be eligible for the election not to participate under SB 3046, the benefit recipient or dependent beneficiary must be or have been enrolled in the applicable program of retiree health insurance benefits before the effective date of the legislation.

For benefit recipients and dependent beneficiaries of CIP, SB 3046 requires the election not to participate to be made during the community college benefit recipient's annual open enrollment period. Community college benefit recipients must furnish proof of health benefit coverage, either comprehensive major medical coverage or comprehensive managed care plan, from a source other than the Department of Central Management Services in order to elect not to participate in CIP. If a community college benefit recipient or a community college dependent beneficiary has elected not to participate in CIP at any time, the community college benefit recipient and the community college dependent beneficiary may re-enroll in CIP during any annual open enrollment period, without evidence of insurability. Community college benefit recipients who elect not to participate in CIP must be furnished with a written explanation of the requirements and limitations for the election not to participate in CIP and for re-enrolling in CIP.

Currently, a community college benefit recipient or a community college dependent beneficiary can opt-out of CIP at any time. Once a community college benefit recipient or a community college dependent beneficiary elects not to participate in CIP, he or she cannot re-enroll in CIP, unless: (1) he or she experiences involuntary termination of his or her health insurance coverage; or (2) he or she turns 65 years of age.

SB 3046 takes effect immediately upon becoming law.

**Status: Senate Placed on Calendar Order of 2<sup>nd</sup> Reading on March 1, 2018.**

### **House Bill 4684 – SURS Comptroller Intercept**

#### **Sponsors – Representative Robert Martwick and Senator Omar Aquino**

HB 4684 amends the State Universities Retirement System's Article of the Illinois Pension Code. It enhances SURS' ability to obtain delinquent employer payments that are owed under the law by intercepting them through the State Comptroller and/or the county treasurer for the county in which the employer is located.

Under current law, SURS has the ability to obtain delinquent employer payments through the State Comptroller under the return to work law for affected annuitants (Section 15-139.5) and under legal requirements that employers provide information necessary for the administration of the System and employer audits (Sections 15-168 and 15-168.2). HB 4684 permits SURS to obtain delinquent employer payments under these laws from the county treasurer of the county in which the employer is located. HB 4684 also permits SURS to obtain delinquent employer payments through the State Comptroller and/or the

county treasurer for amounts owed under other employer contribution laws, such as those pertaining to the 6% Rule (Section 15-155(g)), the Governor's Salary Rule (Section 15-155(j-5)), employer normal cost contributions from certain employers (Section 15-155(b)), employee contributions that are "picked-up" by the employer (Sections 15-181 and 15-157.1), and employer contributions under the Self-Managed Plan (Section 15-158.2).

HB 4684 takes effect immediately upon becoming law.

HB 4684 is identical to SB 2954 of the 100<sup>th</sup> General Assembly.

**Status: Senate Referred to Assignments Committee on March 9, 2018 (Passed the House 106-0-1 on March 7, 2018).**

## **Bills Posted to Committee**

### **Senate Bill 404 - Merge Illinois Educational Labor Relations Board into Illinois Public Labor Relations Board**

**Sponsors - Senator Heather Steans**

SA #1 to SB 404 transfers all powers, duties, rights, responsibilities, and personnel of the Illinois Educational Labor Relations Board to the Illinois Public Labor Relations Board.

As it relates to SURS, SA #1 provides that remuneration received for serving as a member of the former Illinois Educational Labor Relations Board must be excluded from certain post-retirement earnings limitations and serving as a member of the former Illinois Educational Labor Relations Board is not deemed to be a return to employment for certain post-retirement employment limitations. (Currently, remuneration received for serving as a member of the Illinois Educational Labor Relations Board must be excluded from certain post-retirement earnings limitations and serving as a member of the Illinois Labor Relations Board is not deemed to be a return to employment for certain post-retirement employment limitations.) By making this exemption apply to former members of the Illinois Educational Labor Relations Board, the change contained SA #1 reflects the merger of the Illinois Educational Labor Relations Board into the Illinois Public Labor Relations Board.

SB 404 takes effect in accordance with the Effective Date of Laws Act.

**Status: SA #1 referred to Assignments Committee on April 5, 2018; Senate Placed on Calendar Order of 2<sup>nd</sup> Reading on February 27, 2018.**

## **Senate Bill 3073 – Accelerated Pension Benefit Payment Option**

### **Sponsors – Senator Paul Schimpf**

SA #1 to SB 3073 re-inserts the original legislation with the following change: it requires the accelerated pension benefit payment to be equal to 75 percent (instead of 70 percent) of the net present value of the eligible member's pension benefits.

SB 3073 amends the State Employees Retirement System, State Universities Retirement System, and Teachers Retirement System articles of the Illinois Pension Code.

SB 3073 creates an accelerated pension benefit payment option for the first 10% of eligible SURS members each year. An eligible SURS member is a person who has terminated service; has accrued the necessary service credit for retirement; has not received a retirement annuity from SURS; does not have a QILDRO in effect against him or her under SURS; and is not a participant in the Self-Managed Plan. By January 1, 2019, and annually thereafter, SURS must calculate the net present value of pension benefits for each eligible person. SURS must offer each eligible person the opportunity to irrevocably elect to receive an accelerated pension benefit payment equal to 70 percent of the net present value of his or her pension benefits in lieu of receiving any pension benefit from SURS. The accelerated pension benefit payment must be rolled into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended. Upon receipt of an accelerated pension benefit payment, credits and creditable service under SURS are terminated. If the member subsequently returns to active service under SURS, then any subsequent pension benefits are based on the credits and creditable service accrued after the return to active service. The accelerated pension benefit payment cannot be repaid to SURS and previously terminated credits and creditable service cannot be reinstated under SURS. A SURS member who receives an accelerated pension benefit payment will still receive any applicable retiree health insurance benefits.

SB 3073 takes effect immediately upon becoming law.

**Status: Senate Assigned to Licensed Activities and Pensions Committee on February 21, 2018.**

## **Senate Bill 3545 – No Investments in Major Opioid Manufacturers**

### **Sponsors – Senator Andy Manar**

SB 3545 amends the General Provisions article of the Illinois Pension Code.

SB 3545 prohibits the State-funded retirement systems from investing in major opioid manufacturers. By July 1, 2019, the Illinois Investment Policy Board must make its best efforts to identify all major opioid manufacturers and include those companies in the list of restricted companies distributed to each retirement system for this purpose.

SB 3545 takes effect in accordance with the Effective Date of Laws Act.

**Status: Senate Assigned to Licensed Activities and Pensions Committee on February 27, 2018.**

**House Bill 669 – Alternative Retirement Plan – Local Control of Benefits  
Sponsors – Representative Thomas Morrison**

HB 669 amends the Downstate Policemen’s Pension Fund, Downstate Firefighters’ Pension Fund, Chicago Policemen’s Pension Fund, Chicago Firefighters’ Pension Fund, Illinois Municipal Retirement Fund, Chicago Municipal Pension Fund, Cook County Pension Fund, Cook County Forest Preserve District Pension Fund, Chicago Laborers’ Pension Fund, Chicago Park District Pension Fund, Metropolitan Water Reclamation District Pension Fund, State Universities Retirement System, Teachers Retirement System, and Chicago Teachers Retirement System articles of the Illinois Pension Code.

HB 669 authorizes the board of trustees of a community college district that is an employer covered under SURS to provide an alternative retirement plan, either in addition to or in lieu of the existing retirement plans under SURS, for its eligible new employees. The alternative retirement plan applies only to persons who have not participated in the existing plans under SURS. Participants in an alternative retirement plan are deemed to be participants in SURS.

The alternative retirement plan may include a defined benefit component, defined contribution component, or both, and may include disability or survivor benefits and any other benefits that are permitted under federal law. The alternative retirement plan is not required to provide any minimum level of benefits and does not need to provide any benefits at all, other than mandatory Social Security coverage if applicable. Service credit under the alternative retirement plan cannot be transferred to any other pension fund or retirement system and cannot be used under the Retirement Systems Reciprocal Act. The alternative retirement plan does not need to comply with any mandatory provisions of the existing retirement plans.

Providing an alternative retirement plan does not release the community college district from the obligation of continuing to participate in SURS with regard to participants in the existing retirement plans. The alternative retirement plan provided by the community college district must be funded with contributions from that community college district and its employees who participate in the alternate retirement plan. In no event may the community college district in any way diminish or impair the rights or benefits of participants in the existing retirement plan.

HB 669 is identical to House Bill 3069 of the 100<sup>th</sup> General Assembly.

HB 669 takes effect in accordance with the Effective Date of Laws Act.

**Status: House Assigned to Personnel and Pensions Committee on March 21, 2018.**

### **House Bill 4411 – No Lobbyists for Multiple Pension Systems**

#### **Sponsors – Representative Carol Ammons**

HB 4411 amends the General Provisions Article of the Illinois Pension Code. It prohibits the State Employees' Retirement System, State Universities Retirement System, Teachers' Retirement System, Chicago Teachers' Pension Fund, and Illinois State Board of Investment from entering into a contract for lobbying services with a lobbyist who represents one of the other aforementioned retirement systems or investment boards.

HB 4411 takes effect immediately upon becoming law.

**Status: House Assigned to Personnel and Pensions Committee on February 26, 2018.**

### **House Bill 4412 – SURS Senior Administrative Staff Composition**

#### **Sponsors – Representative Carol Ammons**

HB 4412 amends the SURS Article of the Illinois Pension Code. It requires the SURS Board of Trustees to make its best efforts to ensure that the racial and ethnic makeup of the System's senior administrative staff represents the racial and ethnic makeup of the System's membership. It defines senior administrative staff as including, but not limited to, the Executive Director, Chief Investment Officer, General Counsel and Freedom of Information Officer, Chief Financial Officer, Director of Member Services, Director of Outreach, Director of Human Resources, Director of Internal Audit, Director of Operations, and Director of Application Development and Research.

HB 4412 takes effect immediately upon becoming law.

**Status: House Assigned to Personnel and Pensions Committee on February 26, 2018.**

### **House Bill 4413 – Public Broadcast of Pension System Board Meetings**

#### **Sponsors – Representative Carol Ammons**

House Amendment #1 to HB 4413 adds that a retirement system or pension fund must make audio and video available for a meeting that is broadcast and maintained in real-time

on the retirement system or pension fund's website using a high-speed Internet connection. HA #1 also changes the effective date of the legislation to January 31, 2019.

HB 4413 amends the General Provisions Article of the Illinois Pension Code. It requires any open meeting of the board of trustees of a retirement system or pension fund or any committee established by a retirement system or pension fund to be broadcast to the public and maintained in real-time on the retirement system or pension fund's website using a high-speed Internet connection.

HB 4413 takes effect immediately upon becoming law.

**Status: House Assigned to Personnel and Pensions Committee on February 26, 2018.**

**House Bill 4414 – Pension System Executive Director and CIO Senate Confirmation**  
**Sponsors – Representative Carol Ammons**

HB 4414 amends the State Employees' Retirement System, State Universities Retirement System, Teachers' Retirement System, and Chicago Teachers' Pension Fund articles of the Illinois Pension Code. It requires appointments to the position of executive director or chief investment officer to be made with the advice and consent of the Senate. For the Chicago Teachers' Pension Fund, the position of chief legal officer must also be made with the advice and consent of the Senate.

HB 4414 takes effect immediately upon becoming law.

**Status: House Assigned to Personnel and Pensions Committee on March 21, 2018.**

**House Bill 4839 – Pension Reform**  
**Sponsors – Representative Jeanne M. Ives**

HB 4839 amends the General Provisions, General Assembly Retirement System, Illinois Municipal Retirement Fund, State Employees Retirement System, State Universities Retirement System, Teachers Retirement System, Judges Retirement System, and Reciprocal Retirement System articles of the Illinois Pension Code.

**Restrictions on Pensionable Earnings and Service Credit**

HB 4839 prohibits payments for unused sick or vacation time from counting towards the final rate of earnings of individuals who first become participants in SURS on or after the effective date of the legislation. HB 4839 also prohibits individuals who first become

participants in SURS on or after the effective date of the legislation from receiving service credit for unused sick leave.

### Employee Non-Participation in SURS

HB 4839 establishes that a person is not required to participate in SURS. An active employee may terminate his or her participation in SURS (including active participation in the Tier III Plan, if applicable) by notifying SURS in writing. An active employee terminating participation in SURS is entitled to a refund of his or her contributions (other than contributions to the Self-Managed Plan or the Tier III Plan) minus the benefits received prior to the termination of participation.

### Tier III Defined Contribution Plan

HB 4839 requires SURS to prepare and implement a Tier III defined contribution plan by July 1, 2019. SURS must utilize the framework of the Self-Managed Plan and must endeavor to adapt the benefits and structure of the Self-Managed Plan to the Tier III plan. Tier I participants and Tier II participants may make a voluntary, irrevocable election to stop accruing benefits in the defined benefit plan and start accruing benefits for future service in the Tier III defined contribution plan. Additionally, all persons who first become participants in SURS on or after July 1, 2019 must participate in the Tier III defined contribution plan. Participants in the Tier III defined contribution plan will receive any applicable retiree health insurance benefits.

A Tier I or Tier II member who elects to participate in the Tier III defined contribution plan may irrevocably elect to terminate all participation in the defined benefit plan. Upon such election, SURS must transfer an amount equal to the amount of the contribution refund that the member would be eligible to receive, including interest at the effective rate for the respective years, to the member's individual account in the defined contribution plan.

Participant contributions to the Tier III defined contribution plan are at the rate of 8 percent of earnings. State contributions to the Tier III defined contribution plan are at the rate of 7.6 percent of earnings (minus an amount to cover the cost of any defined disability benefits offered under the defined contribution plan). Tier III participants must have one year of service credit in the defined contribution plan to vest in state contributions. Failure to vest results in the forfeiture of State contributions and any earnings thereon.

The Tier III defined contribution plan must offer a variety of options for investments, including investments handled by SURS as well as private sector investment options; provide a variety of options for payouts to inactive participants and their survivors; and, to the extent authorized under federal law and as authorized by SURS, allow former participants to transfer or roll over employee and vested state contributions, and the earnings thereon, from the Tier III defined contribution plan into other qualified retirement plans.

### Accelerated Pension Benefit Payment Option

HB 4839 creates an accelerated pension benefit payment option. Eligible SURS members may elect the accelerated pension benefit payment option between January 1, 2019 and July 1, 2019. An eligible SURS member is a person who has terminated service; has accrued the necessary service credit for retirement; has not received a retirement annuity from SURS; does not have a QILDRO in effect against him or her under SURS; and is not a participant in the Self-Managed Plan. By January 1, 2019, SURS must calculate the net present value of pension benefits for each eligible person. SURS must offer each eligible person the opportunity to irrevocably elect to receive an accelerated pension benefit payment equal to 70 percent of the net present value of his or her pension benefits in lieu of receiving any pension benefit from SURS. The accelerated pension benefit payment must be rolled into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended. Upon receipt of an accelerated pension benefit payment, credits and creditable service under SURS are terminated. If the member subsequently returns to active service under SURS, then any subsequent pension benefits are based on the credits and creditable service accrued after the return to active service. The accelerated pension benefit payment cannot be repaid to SURS and previously terminated credits and creditable service cannot be reinstated under SURS. A SURS member who receives an accelerated pension benefit payment will still receive any applicable retiree health insurance benefits.

#### Employer Funding Changes

HB 4839 ends the requirement that the employer pay the present value of the increase in benefits resulting from earnings increases above 6% during the final rate of earnings period to SURS. Instead, HB 4839 provides that, beginning in fiscal year 2020, if a contract or collective bargaining agreement entered into, amended, or renewed on or after the effective date of the legislation provides for earnings to exceed the salaries provided under the preceding contract or collective bargaining agreement, then the employer must pay the current value of the projected amount of the resulting increase in benefits, reflecting whether the participants are Tier 1 or Tier 2 members, to SURS.

#### Repeal of Public Act 100-0023

HB 4839 repeals many of the provisions of Public Act 100-0023, which created the Optional Hybrid Plan. It does not repeal the provisions that became effective on July 6, 2017, which were: the Governor's salary rule, the smoothing of the costs of any changes in actuarial assumptions, and the recertification of the FY 2018 State contribution.

#### Effective Date

HB 4839 takes effect immediately upon becoming law.

**Status: House Assigned to Personnel and Pensions Committee on March 31, 2018.**

## **House Bill 5013 – Downstate Police and Firefighters Investment Consolidation**

### **Sponsors – Representative Ryan Spain**

HB 5013 amends the General Provisions, Regulation of Public Pension Fund, Downstate Policemen’s Pension Fund, and Downstate Firefighters’ Pension Fund articles of the Illinois Pension Code. It also adds two new articles to the Illinois Pension Code: the Downstate Police Pension Investment Board article and the Downstate Firefighter Pension Investment Board article.

HB 5013 increases the amount of the annual compliance fee paid by public pension funds and retirement systems (except for Downstate Police and Firefighters Pension Funds) to the Department of Insurance from \$8,000 to \$16,000. (For Downstate Police and Firefighters Pension Funds, the amount of the annual compliance fee is increased from 2 basis points to 4 basis points of the total assets of the pension fund, but not more than \$16,000).

HB 5013 also extends laws governing penalties for non-compliance with the Illinois Pension Code to apply to any pension fund (currently, such laws only apply to any governmental unit) that is subject to any law establishing a pension fund or retirement system for the benefit of employees of the governmental unit. Specifically, HB 5013 provides that whenever the Public Pension Division of the Illinois Department of Insurance determines that the governing body or any elected or appointed official or official of a governmental unit has failed to comply with any provision of the Illinois Pension Code, then the Director of the Illinois Department of Insurance must notify the governing body, officer, or official of the specific provisions of the law with which the person has failed to comply. Upon receiving such notice, the person must take immediate steps to comply with the provisions of law specified in the notice. If the person fails to comply within a reasonable time after receiving the notice, then the Director may hold a hearing at which the person may show cause for noncompliance with the law. If upon hearing the Director determines that good and sufficient cause for noncompliance has not been shown, the Director may order the person to submit evidence of compliance within a specified period of not less than 30 days. If evidence of compliance has not been submitted to the Director within the period of time prescribed in the order and no administrative appeal from the order has been initiated, then the Director may assess a civil penalty of up to \$2,000 against the governing body, officer, or official for each noncompliance with an order of the Director. If a penalty is not paid within 30 days of the date of assessment, then the Director must report the act of noncompliance to the Illinois Attorney General, who is responsible for ensuring application is made to the circuit court of the county in which the governmental unit is located for enforcement of the penalty or for such additional relief as may be required.

HB 5013 takes effect immediately upon becoming law.

**Status: House Assigned to Personnel and Pensions Committee on March 5, 2018.**

**House Bill 5028 – 50% of Hydraulic Fracturing Revenues to Fund Pensions**  
**Sponsors – Representative Charles Meier**

HB 5028 amends the Illinois Hydraulic Fracturing Tax Act.

HB 5028 provides that 50 percent of the moneys received from hydraulic fracturing must be paid into the Pension Relief Fund and must be used to make required employer contributions required to the State Employees Retirement System, State Universities Retirement System, and Teachers Retirement System. The remaining 50 percent of moneys received from hydraulic fracturing must be paid into the General Revenue Fund. (Currently, 100 percent of the moneys received from hydraulic fracturing must be paid into the General Revenue Fund.)

HB 5028 takes effect in accordance with the Effective Date of Laws Act.

**Status: House Assigned to Revenue and Finance Committee on March 7, 2018.**

**House Bill 5611 – Department of Innovation and Technology Act**  
**Sponsors – Representative Jaime M. Andrade, Jr.**

As it relates to SURS, HA #2 to HB 5611 is identical to the underlying legislation.

HB 5611 creates the Department of Innovation and Technology Act.

As it relates to SURS, HB 5611 provides that persons who were employed by the State Board of Higher Education in positions with the Illinois Century Network as of June 30, 2004 who remain continuously employed after that date by the Department of Central Management Services in positions with the Illinois Century Network, the Bureau of Communication and Computer Services, any successor bureau, or the Department of Innovation and Technology will continue to participate in SURS. This change reflects the statutory codification of the Department of Innovation and Technology under HB 5611.

HB 5611 takes effect immediately upon becoming law.

**Status: HA #2 Referred to Cybersecurity, Data Analytics, and IT Committee on April 9, 2018; House Assigned to Cybersecurity, Data Analytics, and IT Committee on March 21, 2018.**

## **Resolutions**

### **Senate Resolution 1413 – Oppose Pension Cost Shift to Local Employers**

#### **Sponsors – Senator Thomas Cullerton**

Senate Amendment #1 to SR 1413 resolves that the Illinois Senate urges the General Assembly not to impose an educational pension cost shift as it would only serve to shift pension burdens from the State to the status of an unfunded mandate.

SR 1413 resolves that the Illinois Senate believes that an educational pension cost shift is financially wrong and would only serve to shift pension burdens from the State to the status of an unfunded mandate.

**Status: Senate Placed on Calendar Order of Secretary's Desk Resolutions on March 14, 2018.**

### **House Joint Resolution 106 – Oppose Tax on Retirement Income**

#### **Sponsors – Representative David McSweeney**

HR 106 resolves that the House of Representatives and Senate of the State of Illinois believe that the Illinois Income Tax Act should not be amended to permit taxing retirement income.

**Status: House Assigned to Revenue and Finance Committee on April 3, 2018.**

| 100th General Assembly                    |                              |   |   |   |  |
|---|------------------------------|---|---|---|--|
| Bill Number                               | Sponsor                      | Short Title                                 | Short Summary   | Notes                                     | Status   |
| <b>NOTE: Statuses Last Updated 4/9/18</b> |                              |   |   |   |  |
| SA #1 to SB 4                             | Sen. Trotter                 | State Pension Obligation Acceleration Bonds | Adds language authorizing the Illinois Finance Authority to issue up to \$250 million in State Pension Obligation Acceleration Bonds if the amount appropriated for accelerated pension benefit payments is less than the amount required for those payments. Creates a continuing appropriation for the payment of principal and interest due on State Pension Obligation Acceleration Bonds.  |   | Amendment Tabled on 5/17/17  |
| SA #2 to SB 4                             | Sen. Trotter                 | State Pension Obligation Acceleration Bonds | Adds language authorizing the Illinois Finance Authority to issue up to \$250 million in State Pension Obligation Acceleration Bonds if the amount appropriated for accelerated pension benefit payments is less than the amount required for those payments. Creates a continuing appropriation for the payment of principal and interest due on State Pension Obligation Acceleration Bonds.  | Identical to SA #1 to SB 4 (Sen. Trotter) | Amendment Tabled on 5/17/17  |
| SB 6 (ENRL)                               | Sen. Steans (Rep. G. Harris) | FY 2018 Budget                              | Appropriates \$1,587,985,000 to SURS for the State contribution for FY 2018 (\$1,372,985,000 from the General Revenue Fund and \$215,000,000 from the State Pensions Fund). The FY 2018 certified State contribution to SURS is \$1,753,685,000. Appropriates \$4,133,336 from the Education Assistance Fund to the College Insurance Program ("CIP") for FY 2018. This amount is equal to the certified State contribution to CIP for FY 2018.   |   | Became Public Act 100-0021 on 7/6/17 (Senate Override: 39-15-0; House Override: 74-37-0) |
| SB 11                                     | Sen. J. Cullerton            | Pension Reform                              | Requires Tier I employees to choose between: (1) accepting a reduced and delayed COLA; or (2) keeping the Tier I COLA. Tier I employees who choose to accept the reduced and delayed COLA will have future earnings increases count towards their pensions, pay reduced employee contributions moving forward, and receive a payment equal to 10% of their employee contributions prior to the date of the election. Tier I employees who choose to keep the Tier I COLA will not have future earnings increases count towards their pensions. Creates an accelerated pension benefit payment option for up to 10% of eligible SURS members each year. Creates a voluntary defined contribution plan for up to 5% of Tier I employees. Requires the State contribution to be based on total payroll (including payroll that is not pensionable). Phases-in changes in actuarial and investment assumptions over a 5-year period. Requires the FY 2018 and FY 2019 State contributions to be recertified based on the changes in the legislation. Requires employers to pay the present value of any benefit increases attributable to earnings increases above CPI-U during the final rate of earnings period. Requires employers to pay a contribution to SURS for the portion of earnings in excess of \$140,000. | \$250 million worth of bonds for buyout   | Lost on 3rd Reading in the Senate (18-29-10) on 2/8/17                                   |

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| SB 16<br>(ENGR)                           | Sen. J. Cullerton<br>(Rep. Durkin) | Pension Reform                     | Creates an optional hybrid plan for new members. Allows new members to elect to participate in Tier II. Requires Tier I employees to choose between: (1) accepting a reduced and delayed COLA; or (2) keeping the Tier I COLA. Tier I employees who choose to accept the reduced and delayed COLA will have future earnings increases count towards their pensions, pay reduced employee contributions moving forward, and receive a payment equal to 10% of their employee contributions prior to the date of the election. Tier I employees who choose to keep the Tier I COLA will not have future earnings increases count towards their pensions. Creates an accelerated pension benefit payment option for up to 10% of eligible SURS members each year. Creates a voluntary defined contribution plan for up to 5% of Tier I employees. Requires the State contribution to be based on total payroll (including payroll that is not pensionable). Phases-in changes in actuarial and investment assumptions over a 5-year period. Requires the FY 2018 and FY 2019 State contributions to be recertified based on the changes in the legislation. Requires employers to pay the present value of any benefit increases attributable to earnings increases above CPI-U during the final rate of earnings period. Requires employers to pay a contribution to SURS for the portion of earnings in excess of \$140,000.  | \$250 million worth of bonds for buyout | House Re-Referred to Rules Committee on 5/31/17; Passed the Senate 31-21-0 on 5/17/17    |
| SB 42<br>(ENRL)                           | Sen. Trotter<br>(Rep. G. Harris)   | FY 2018 Budget Implementation Act  | Authorizes the use of money in the State Pensions Fund as part of the FY 2018 State contribution to SURS. Creates an optional hybrid plan for: new participants of SURS on or after the implementation date of the optional hybrid plan; and current Tier II participants who irrevocably elect to participate in the optional hybrid plan. Requires the State to make additional contributions in FY 2018, FY 2019, and FY 2020 equal to 2% of the total payroll for each employee who participates in the optional hybrid plan or who participates in the Tier II plan in lieu of the optional hybrid plan. Requires prospective and retroactive smoothing of any changes in actuarial assumptions made to the State contribution since FY 2014. Requires recertification of the FY 2018 State contribution. Requires the employer to contribute the employer normal cost of the defined benefits of optional hybrid plan participants and participants who would have been in the optional hybrid plan but elected to participate in the Tier II plan, beginning in FY 2018. Requires the employer to pay the unfunded liability of the defined benefits of optional hybrid plan participants, participants who would have been in the optional hybrid plan but elected to participate in the Tier II plan, and participants who currently participate in the Tier II plan but elect to participate in the optional hybrid plan, beginning in FY 2018. Requires the employer to pay a 2% surcharge for optional hybrid plan participants and participants who would have been in the optional hybrid plan but elected to participate in the Tier II plan, beginning in FY 2021. Requires the employer to pay the employer normal cost of the portion of an employee's earnings that exceeds the amount of salary set for the Governor, for academic years beginning on or after July 1, 2017. |   | Became Public Act 100-0023 on 7/6/17 (Senate Override: 36-18-0; House Override: 71-41-0) |
| SA #1 to SB 363                           | Sen. Morrison                      | No Pensions for Private Employment | Prospectively prohibits a person from becoming a member or participant in any pension fund or retirement system with respect to private employment. Prohibits a person who first becomes a participant or member of a public pension fund or retirement system on or after the effective date of the legislation from establishing service credit under that fund or system with respect to private employment.  |   | Senate Re-Referred to Assignments Committee on 8/4/17                                    |

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| SB 402<br>(ENRL)                          | Sen. J. Cullerton<br>(Rep. Madigan) | Sexual Harassment Reforms   | Establishes that all persons have a right to work in an environment free from sexual harassment. Prohibits the sexual harassment of any person, regardless of any employment relationship or lack thereof. Requires personnel policies to include: prohibitions on sexual harassment; processes for reporting allegations of sexual harassment; prohibitions on retaliation for reporting allegations of sexual harassment; the consequences of a violation of the prohibition on sexual harassment; and the consequences of filing a false report alleging sexual harassment. Requires each officer, member, employee, and each natural person required to register as a lobbyist to complete, at least annually, a sexual harassment training program. Imposes penalties for a violation of the prohibition on sexual harassment. Creates a hotline to report sexual harassment. |   | Became Public Act 100-0554 on 11/16/17 (Senate: 55-0-0; House: 117-0-0)                                      |
| SA# 1 to SB 404                           | Sen. Steans                         | Merge Illinois Educational Labor Relations Board into the Illinois Public Labor Relations Board | Provides that remuneration received for serving as a member of the former Illinois Educational Labor Relations Board must be excluded from certain post-retirement earnings limitations and serving as a member of the former Illinois Educational Labor Relations Board is not deemed to be a return to employment for certain post-retirement employment limitations. (Currently, remuneration received for serving as a member of the Illinois Educational Labor Relations Board must be excluded from certain post-retirement earnings limitations and serving as a member of the Illinois Labor Relations Board is not deemed to be a return to employment for certain post-retirement employment limitations.)   |   | SA #1 Referred to Assignments Committee on 4/5/18; Senate Placed on Calendar Order of 3rd Reading on 2/27/18 |
| SB 654<br>(ENGR)                          | Sen. Biss<br>(Rep. Nekritz)         | SURS Administrative and Technical Corrections   | Authorizes SURS to issue subpoenas in connection with an attempt to obtain information to assist in the collection of sums due to the System, all personal identifying information necessary for the administration of benefits, and the determination of the death of a benefit recipient or a potential benefit recipient. Codifies longstanding practices related to the administration of disability benefits and disability retirement annuities.   | Identical to HB 368 (Rep. Nekritz)      | House Referred to Rules Committee on 5/9/17; Passed the Senate 47-0-0 on 5/5/17                              |
| SB 662                                    | Sen. Hastings                       | Pension Buyout Act  | Creates the Pension Buyout Act. Authorizes the Illinois Department of Central Management Services to enter into contracts with approved vendors to provide lump-sum payments to eligible SURS retirees pursuant to a pension buyout option. An eligible SURS retiree who elects a pension buyout option relinquishes all rights and benefits under the Illinois Pension Code in exchange for a lump-sum payment equal to the present value of his or her retirement annuity under SURS. Eligible SURS retirees who elect to participate in a pension buyout option will receive any applicable retiree health insurance benefits.  | \$500 million worth of bonds for buyout | Senate Re-Referred to Assignments Committee on 5/5/17  |
| SB 778                                    | Sen. Biss                           | FOIA - Alternative Investment Contracts   | Establishes that the texts of new agreements entered into by a public pension fund or retirement system after January 1, 2018 to invest in a private equity fund, hedge fund, or absolute return fund are not exempt from disclosure under the Freedom of Information Act. However, trade secrets contained in the texts of such new agreements remain exempt under the Freedom of Information Act.  |   | Senate Re-Referred to Assignments Committee on 8/4/17  |

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| SB 779 (ENGR)                             | Sen. Biss (Rep. Martwick)     | Alternative Investment Fund Contract and Fee Transparency | Requires all pension funds, retirement systems, and investment boards to disclose the following information for each alternative investment fund: (1) all management fee waiver provisions; (2) all indemnification provisions; (3) all clawback provisions; and (4) the cover page and signature block of the agreement. Requires all pension funds, retirement systems, and investment boards to require their alternative investment fund external managers and general partners to disclose the following information annually for each alternative investment fund: (1) direct fees and expenses; (2) all other fees and expenses, including carried interest; (3) the amount of all management fee waivers; and (4) the total amount of portfolio holding fees. Disclosure of fee information may be satisfied by the completion of the Institutional Limited Partners Association ("ILPA") template for the relevant category of investment for the applicable year. | Similar to HA #1 to HB 163 (Rep. Halpin)                 | House Re-Referred to Rules Committee on 11/10/17; Passed the Senate 34-19-0 on 5/29/17 |
| HA #1 to SB 779                           | Rep. Currie                   | Shell Amendment   | Deletes the provisions of the engrossed bill.   |  | Amendment Tabled on 11/7/17  |
| HA #2 to SB 779                           | Rep. Martwick                 | Public Act 100-0023 Trailer Bill – Omnibus                | Enables SURS to comply with IRS requirements when developing the defined contribution portion of the Optional Hybrid Plan created under Public Act 100-0023. Makes technical and administrative changes, codifies existing practices, and provides fiduciary protections to permit the implementation of Public Act 100-0023.   |  | Adopted in House Personnel and Pensions Committee on 11/7/17                           |
| SB 896 (ENGR)                             | Sen. Althoff (Rep. Parkhurst) | Survivors Felony Forfeiture                               | Prohibits any benefits from being paid to a person who otherwise would receive a survivor benefit but is convicted of a felony relating to, arising out of, or in connection with the service of the employee from whom the benefit results. Applies to participants who enter service after the effective date of the legislation.   | Identical to HB 350 as Introduced (Rep. McSweeney)       | House Referred to Rules Committee on 4/27/17; Passed the Senate 57-0-0 on 4/26/17      |
| SA #1 to SB 1012                          | Sen. Righter                  | Tier III Defined Contribution Plan                        | Requires SURS to prepare and implement a Tier III Defined Contribution Plan for new members on or after July 1, 2018 and for Tier I and Tier II members who elect to participate in the Tier III Defined Contribution Plan.   | Identical to the Tier III DC Plan in HB 2405 (Rep. Ives) | Senate Re-Referred to Assignments Committee on 8/4/17                                  |
| SA #2 to SB 1012                          | Sen. Righter                  | Tier III Defined Contribution Plan                        | Requires SURS to prepare and implement a Tier III Defined Contribution Plan for new members on or after July 1, 2018 and for Tier I and Tier II members who elect to participate in the Tier III Defined Contribution Plan. Requires the Tier III Defined Contribution Plan to use the framework of the existing Self-Managed Plan.   | Similar to the Tier III DC Plan in HB 4057 (Rep. Ives)   | Senate Re-Referred to Assignments Committee on 8/4/17                                  |

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| SB 1345 (ENRL)                            | Sen. Trotter (Rep. Martwick) | Public Act 100-0023 Trailer Bill – Tier Clarification        | Clarifies that individuals who first become members of SURS on or after January 1, 2011 and prior to the implementation date of the Optional Hybrid Plan will participate in SURS as Tier 2 members.  |  | Became Public Act 100-0563 on 12/08/17 (Senate: 43-5-0; House: 116-0-0)                  |
| SB 1714 (ENRL)                            | Sen. Clayborne (Rep. Turner) | Investment Consultant Disclosures                            | Requires investment consultants to make certain disclosures related to searches for investment services. Prohibits the board from awarding a contract without receiving these disclosures and requires the Board to consider these disclosures prior to the award of a contract. Requires investment consultants to disclose all compensation and economic opportunity received in the last 24 months by investment advisors retained by the Board. Requires investment consultants to disclose any compensation or economic opportunity received in the last 24 months by an investment advisor that is recommended for selection by the consultant. Prohibits a board from awarding a contract without receiving these disclosures.   |  | Became Public Act 100-0542 on 11/9/17 (Senate Override: 52-0-0; House Override: 109-0-0) |
| SB 1798                                   | Sen. Hastings                | No Investments in Expatriated Entities                       | Prohibits the state-funded retirement systems from investing in expatriated entities. Authorizes the state-funded retirement systems to use shareholder activism prior to divestment.   | Nearly Identical to HB 3419 (Rep. Andrade) | Senate Re-Referred to Assignments Committee on 8/4/17                                    |
| SB 1801                                   | Sen. Brady                   | Supplemental Defined Contribution Plan                       | Requires the SURS Board of Trustees to establish and maintain a defined contribution plan to address the retirement preparedness gap for participants in a defined benefit plan who are not on track to maintain their standard of living in retirement.  | Identical to HB 3867 (Rep. Morrison)       | Senate Referred to Assignments Committee on 2/9/17                                       |
| SB 1820                                   | Sen. McConchie               | Full and Partial Accelerated Pension Benefit Payment Options | Authorizes an eligible person to irrevocably elect to receive an accelerated pension benefit payment, beginning January 1, 2018. The accelerated pension benefit payment consists of a one-time lump sum payment equal to 70 percent of the net present value of the eligible person's pension benefits in lieu of receiving any pension benefit from SURS. The accelerated pension benefit payment must be rolled into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended. Authorizes an eligible person to make a written election to receive a partial accelerated pension benefit payment in exchange for a reduction in pension benefits, beginning January 1, 2018. In the written election, the eligible person must specify the percentage by which pension benefits are reduced. However, an eligible person may not elect a percentage reduction of his or her pension benefits that would result in a partial accelerated pension benefit payment of less than \$50,000. The partial accelerated pension benefit payment consists of a one-time lump sum payment equal to 70 percent of the elected percentage of the net present value of the eligible person's pension benefits. | \$250 million worth of bonds for buyout    | Senate Referred to Assignments Committee on 2/9/17                                       |

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| SB 2063                                   | Sen. Brady    | Unbalanced Budget Response Act                        | Creates the Unbalanced Budget Response Act. Authorizes the Governor to designate a contingency reserve to balance the budget. Allows the contingency reserve to consist of amounts appropriated from funds held by the State Treasurer to any agency for Fiscal Year 2017 and Fiscal Year 2018, including amounts appropriated under a statutory continuing appropriation (except for debt service, General State Aid, and early childhood education). Authorizes the Governor to delay payments under any statutory continuing appropriation, except for payments of debt service, for Fiscal Year 2017 and Fiscal Year 2018. Provides that any payment so delayed may be paid out of the next fiscal year's appropriation.  | Identical to HB 3868 (Rep. Durkin)      | Senate Re-Referred to Assignments Committee on 3/17/17 |
| SB 2091                                   | Sen. Sandoval | No Investments in Businesses that Build A Border Wall | Prohibits the state-funded retirement systems from investing in businesses that enter into a contract with the federal government for the purpose of building a wall along the border of Mexico and the United States of America.   | Similar to HB 3061 (Rep. Guzzardi)      | Senate Re-Referred to Assignments Committee on 5/5/17  |
| SB 2164                                   | Sen. Brady    | FY 2018 Governor Introduced Budget                    | Appropriates \$1,461,685,000 for the annual required State contribution to SURS for Fiscal Year 2018. Of this amount, \$1,321,685,000 comes from the General Revenue Fund, and \$140,000,000 comes from the State Pensions Fund. The certified Fiscal Year 2018 State contribution to SURS is \$1,753,685,000. Appropriates \$0 from the Education Assistance Fund for the State contribution to the College Insurance Program ("CIP") for Fiscal Year 2018. The certified Fiscal Year 2018 State contribution to CIP is \$4,133,336.   | Identical to HB 3926 (Rep. Durkin)      | Senate Referred to Assignments Committee on 2/22/17    |
| SB 2172                                   | Sen. Connelly | Pension Reform  | Creates an optional Hybrid Plan for new members. Allows new members to elect to participate in Tier II. Creates an accelerated pension benefit payment option for up to 10% of eligible SURS members each year. Creates a voluntary defined contribution plan for up to 5% of Tier I employees. Requires the State contribution to be based on total payroll (including payroll that is not pensionable). Phases-in changes in actuarial and investment assumptions over a 5-year period. Requires the FY 2018 State contribution to be recertified based on the changes in the legislation. Requires employers to pay the present value of any benefit increases attributable to earnings increases above CPI-U during the final rate of earnings period. Requires employers to pay a contribution to SURS for the portion of earnings in excess of \$140,000. | \$250 million worth of bonds for buyout | Senate Re-Referred to Assignments Committee on 4/7/17  |
| SB 2173                                   | Sen. Connelly | Pension Reform  | Requires Tier I employees to choose between: (1) accepting a reduced and delayed COLA; or (2) keeping the Tier I COLA. Tier I employees who choose to accept the reduced and delayed COLA will have future earnings increases count towards their pensions, pay reduced employee contributions moving forward, and receive a payment equal to 10% of their employee contributions prior to the date of the election. Tier I employees who choose to keep the Tier I COLA will not have future earnings increases count towards their pensions. Requires the FY 2019 State contribution to be recertified based on the changes in the legislation.   |   | Senate Re-Referred to Assignments Committee on 4/7/17  |

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| SB 2181                                   | Sen. Brady | FY 2017 and FY 2018 Budget Implementation Act | Creates the FY 2017 and FY 2018 Budget Implementation Act. Authorizes the use of money in the State Pensions Fund as part of the annual required State contribution to SURS for FY 2018. Ends the continuing appropriation for the College Insurance Program ("CIP"). Establishes a state spending limitation for FY 2018 to FY 2022 of \$36 billion annually, except for: (1) increases over amounts appropriated in FY 2018 as required by certifications of the state-funded retirement systems; (2) increases over amounts transferred in FY 2018 under the General Obligation Bond Act; or (3) increases over payments made in FY 2018 to cover state obligations of the State Employee Group Insurance Act of 1971. Provides that if the Auditor General reports that spending has exceeded the limitation and if the Governor has not been presented with a bill or bills passed by the General Assembly to reduce spending to a level that does not exceed the limitation, then the Governor may reduce spending by designating amounts to be set aside as a reserve from the amounts appropriated from the state general funds for all boards, commissions, agencies, institutions, authorities, colleges, universities, and bodies politic and corporate of the state (except for constitutional officers, the legislative and judicial branch, the Office of the Executive Inspector General, or the Executive Ethics Commission). Provides that the amounts placed in reserves cannot be transferred, obligated, encumbered, expended, or otherwise committed unless so authorized by law. |       | Senate Referred to Assignments Committee on 3/28/17   |
| SB 2182                                   | Sen. Brady | FY 2017 and FY 2018 Budget                    | Appropriates \$1,481,426,000 from the General Revenue Fund to SURS as part of the annual required State contribution for Fiscal Year 2017. Appropriates \$4,309,111 from the General Revenue Fund for the College Insurance Program ("CIP") for Fiscal Year 2017. Appropriates \$1,461,685,000 to SURS as part of the annual required State contribution for Fiscal Year 2018 (\$1,306,685,000 from the General Revenue Fund and \$155,000,000 from the State Pensions Fund). Appropriates \$3,307,000 from the General Revenue Fund for the College Insurance Program ("CIP") for Fiscal Year 2018.   |       | Senate Referred to Assignments Committee on 3/28/17   |
| SB 2194                                   | Sen. Brady | Pension Reform                                | Requires Tier I employees to choose between: (1) accepting a reduced and delayed COLA; or (2) keeping the Tier I COLA. Tier I employees who choose to accept the reduced and delayed COLA will have future earnings increases count towards their pensions, pay reduced employee contributions moving forward, and receive a payment equal to 10% of their employee contributions prior to the date of the election. Tier I employees who choose to keep the Tier I COLA will not have future earnings increases count towards their pensions. Requires the FY 2019 State contribution to be recertified based on the changes in the legislation.  |       | Senate Re-Referred to Assignments Committee on 8/4/17 |
| SB 2195                                   | Sen. Brady | Pension Reform                                | Creates an optional hybrid plan for new members. Allows new members to elect to participate in Tier II. Creates an accelerated pension benefit payment option for up to 10% of eligible SURS members each year. Creates a voluntary defined contribution plan for up to 5% of Tier I employees. Requires the State contribution to be based on total payroll (including payroll that is not pensionable). Phases-in changes in actuarial and investment assumptions over a 5-year period. Requires the FY 2018 State contribution to be recertified based on the changes in the legislation. Requires employers to pay the present value of any benefit increases attributable to earnings increases above CPI-U during the final rate of earnings period. Requires employers to pay a contribution to SURS for the portion of earnings in excess of \$140,000.  |       | Senate Re-Referred to Assignments Committee on 8/4/17 |

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| SB 2197                                   | Sen. McCarter | SURS Normal Cost Shift                               | Requires the actual employer to pay the full employer's normal cost of the benefits earned by its employees to SURS on a payroll-by-payroll basis. Sets the employer normal cost rate as a percentage of earnings determined by SURS on a system-wide basis and certified by SURS to all employers for use in the applicable fiscal year. Requires recalculation and recertification of the required State contribution for the current fiscal year based on this change.   |   | Senate Referred to Assignments Committee on 4/27/17    |
| SB 2198                                   | Sen. Oberweis | Re-Issuance of Bonds to Retire FY 2011 Pension Bonds | Authorizes the re-issuance of \$2.2 billion worth of General Obligation Bonds to retire outstanding bonds issued to finance the Fiscal Year 2011 State contribution to the State-funded retirement systems.   |   | Senate Re-Referred to Assignments Committee on 5/12/17 |
| SB 2205                                   | Sen. McCarter | State Pension Obligation Acceleration Bonds          | Authorizes the Illinois Finance Authority to issue up to \$250 million in State Pension Obligation Acceleration Bonds if the amount appropriated for accelerated pension benefit payments is less than the amount required for those payments. Creates a continuing appropriation for the payment of principal and interest due on State Pension Obligation Acceleration Bonds. Authorizes the State to issue up to \$7 billion worth of State General Obligation Restructuring Bonds for the purpose of paying vouchers (bills) incurred by the State prior to July 1, 2017. Limits state general funds spending for Fiscal Year 2018 through Fiscal Year 2025 to \$31.374 billion annually. Provides that if the Auditor General reports that spending has exceeded the limitation for the fiscal year, and if the General Assembly does not pass legislation to reduce spending to a level at or below the limitation, then the Governor may designate amounts to be set aside as a reserve from the amounts appropriated from the state general funds for all boards, commissions, agencies, institutions, authorities, colleges, universities, and bodies politic and corporate of the State (but not other constitutional officers, the legislative or judicial branch, the Office of the Executive Inspector General, or the Executive Ethics Commission). | \$250 million worth of bonds for buyout | Senate Referred to Assignments Committee on 4/27/17    |
| SB 2214                                   | Sen. Brady    | FY 2017 and FY 2018 Budget                           | Appropriates \$1,481,426,000 from the General Revenue Fund as part of the FY 2017 State contribution to SURS. Appropriates \$4,309,111 from the General Revenue Fund for the FY 2017 State contribution to CIP. Appropriates \$1,461,685,000 for the FY 2018 State contribution to SURS. (Of this amount, \$1,306,685,000 comes from the General Revenue Fund and \$155,000,000 comes from the State Pensions Fund.) Appropriates \$2,755,000 from the General Revenue Fund for the FY 2018 State contribution to CIP.  |   | Senate Referred to Assignments Committee on 6/15/17    |

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| SB 2217                                   | Sen. Brady   | FY 2017 and FY 2018 Budget Implementation Act | Creates the FY2017 and FY 2018 Budget Implementation Act. Extends the lapse period for FY 2017 until December 31, 2017. Authorizes the Governor to designate a contingency reserve from the amounts appropriated from funds held by the Treasurer for fiscal years 2018 through 2021 to any agency. Prohibits the Governor from designating a contingency reserve from amounts that have been appropriated: (1) for payment of debt service; (2) to the State Board of Education for evidence-based funding to the common schools; (3) to the State Board of Education for grants or aid for early childhood education; (4) for contributions to the State-funded retirement systems; or (5) to the Attorney General, Secretary of State, Treasurer, Comptroller, or any legislative or judicial branch agency or office. Authorizes the use of money in the State Pensions Fund as part of the FY 2018 State contribution to SURS. Ends the continuing appropriation for the College Insurance Program at the end of Fiscal Year 2017. Establishes the State spending limitation for fiscal years 2018 through 2022 as \$36 billion, except for: (1) increases over amounts as required to be paid to the State-funded retirement systems; (2) increases in amounts required to be transferred for the payment of principal and interest on bonds under the General Obligation Bond Act; or (3) increases in payments to the Health Insurance Reserve Fund necessary to cover state obligations of the State Employees Group Insurance Act of 1971. Provides that if State spending exceeds the limitation and if the Governor has not been presented with a bill or bills passed by the General Assembly to reduce State spending, the Governor may designate a reserve from the amounts appropriated from the State general funds for all boards, commissions, agencies, institutions, authorities, colleges, universities, and bodies politic and corporate of the State, but not other constitutional officers, the legislative or judicial branch, the office of the Executive Inspector General, or the Executive Ethics Commission. Prohibits amounts placed in reserves from being transferred, obligated, encumbered, expended, or otherwise committed unless so authorized by law. Establishes the FY 2018 State contribution to SURS as \$1,461,685,000. |   | Senate Referred to Assignments Committee on 6/15/17                      |
| SB 2954                                   | Sen. Aquino  | SURS Comptroller Intercept                    | Enhances SURS' ability to obtain delinquent employer payments that are owed under the law by intercepting them through the State Comptroller and/or the county treasurer for the county in which the employer is located.  | Identical to HB 4684 (Rep. Martwick)    | Senate Placed on Calendar Order of 2nd Reading on 3/1/18                 |
| SB 3046                                   | Sen. Manar   | College Insurance Program – Opt-Out/In        | Authorizes eligible benefit recipients and dependent beneficiaries to elect not to participate and to elect to participate in the Teachers' Retiree Health Insurance Program and the College Insurance Program, as applicable.   |   | Senate Placed on Calendar Order of 2nd Reading on 3/1/18                 |
| SB 3073                                   | Sen. Schimpf | Accelerated Pension Benefit Payment Option    | Creates an accelerated pension benefit payment option for up to 10% of eligible SURS members each year. Gives each eligible person the opportunity to elect to receive an accelerated pension benefit payment equal to 70 percent of the net present value of his or her pension benefits in lieu of receiving any pension benefit from SURS.  | \$250 million worth of bonds for buyout | Senate Assigned to Licensed Activities and Pensions Committee on 2/21/18 |

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| <b>NOTE: Statuses Last Updated 4/9/18</b> |              |   |  |   |   |
| SA #1 to SB 3073                          | Sen. Schimpf | Accelerated Pension Benefit Payment Option                | Re-inserts the original legislation with the following change: it requires the accelerated pension benefit payment to be equal to 75 percent (instead of 70 percent) of the net present value of the eligible member's pension benefits.   | \$250 million worth of bonds for buyout     | SA #1 Referred to Assignments Committee on 3/9/18   |
| SB 3382                                   | Sen. Brady   | FY 2019 Governor Introduced Budget                        | Appropriates \$1,554,498,000 for the annual required State contribution to SURS for Fiscal Year 2019. Of this amount, \$1,414,498,000 is appropriated from the General Revenue Fund, and \$140,000,000 is appropriated from the State Pensions Fund. The certified Fiscal Year 2019 State contribution to SURS is \$1,655,154,000. Appropriates \$0 from the Education Assistance Fund for the State contribution to the College Insurance Program ("CIP") for Fiscal Year 2019. The certified Fiscal Year 2019 State contribution to CIP is \$4,390,811.  | Identical to HB 5404 (Rep. Durkin)          | Senate Referred to Assignments Committee on 2/16/18   |
| SB 3545                                   | Sen. Manar   | No Investments in Major Opioid Manufacturers              | Prohibits the State-funded retirement systems from investing in major opioid manufacturers. By July 1, 2019, requires the Illinois Investment Policy Board to make its best efforts to identify all major opioid manufacturers and include those companies in the list of restricted companies distributed to each retirement system for this purpose.   |   | Senate Assigned to Licensed Activities and Pensions Committee on 2/27/18  |
| HA #1 to HB 117                           | Rep. Crespo  | FY 2018 General Services Budget                           | Appropriates \$1,622,785,000 to SURS for the State contribution for FY 2018 (\$1,407,785,000 from the General Revenue Fund and \$215,000,000 from the State Pensions Fund). The FY 2018 certified State contribution to SURS is \$1,753,685,000. Appropriates \$4,133,336 from the Education Assistance Fund to the College Insurance Program ("CIP") for FY 2018. This amount is equal to the certified State contribution to CIP for FY 2018.  | Identical to HA #2 to SB 6 (Rep. G. Harris) | House Re-Referred to Rules Committee on 9/28/17; House Rules Committee Recommends Be Adopted (3-1-0) on 6/29/17 |
| HA #1 to HB 163                           | Rep. Halpin  | Alternative Investment Fund Contract and Fee Transparency | Creates the Investment Transparency Task Force to study, identify best available practices, and make recommendations by January 15, 2018 relating to: (1) disclosure of, and best practices related to, the portions of limited partnership agreements addressing indemnification provisions, clawback provisions, and management fee waivers; and (2) disclosure of fees and expenses incurred, including related fee waivers and portfolio holding fees. If a public pension fund, retirement system, or investment board adopts and implements the recommendations of the Task Force, and the General Assembly does not reject the recommendations of the Task Force by joint resolution during the 100th General Assembly, then the public pension fund, retirement system, or investment board is deemed in compliance with the legislation. However, if the Task Force does not adopt recommendations by January 15, 2018, the General Assembly rejects the recommendations of the Task Force, or the public pension fund, retirement system, or investment board fails to adopt and implement the recommendations of the Task Force, then alternative provisions of the legislation related to items (1) and (2) take effect. | Similar to SB 779 (Sen. Biss)               | House Re-Referred to Rules Committee on 4/28/17   |

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| Bill Number                               | Sponsor                          | Short Title  | Short Summary  | Notes  | Status  |
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| HB 299<br>(ENRL)                          | Rep. Ammons<br>(Sen. Biss)       | Return to Work for Affected Annuitants Exemption + SURS Administrative and Technical Corrections | Allows SURS retirees who became affected annuitants between August 1, 2013 and May 31, 2015 and who receive annualized retirement annuities of less than \$10,000 to return to work with a SURS-covered employer without the employer having to pay a contribution to SURS. Authorizes SURS to issue subpoenas in connection with an attempt to obtain information to assist in the collection of sums due to the System, all personal identifying information necessary for the administration of benefits, and the determination of the death of a benefit recipient or a potential benefit recipient. Codifies longstanding practices related to the administration of disability benefits and disability retirement annuities.   |  | Became Public Act 100-0556 on 12/8/17 (House: 115-0-1; Senate: 54-0-0)                    |
| HB 315                                    | Rep. Batinick                    | Accelerated Pension Benefit Payment Option   | Requires SURS to offer each eligible person the opportunity to irrevocably elect to receive an accelerated pension benefit payment equal to 70 percent of the net present value of his or her pension benefits in lieu of receiving any pension benefit from SURS. The accelerated pension benefit payment must be rolled over into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended. Eligible members have between January 1, 2018 and July 1, 2018 to elect the accelerated pension benefit payment. Eligible members who irrevocably elect to receive an accelerated pension benefit payment will receive any applicable retiree health insurance benefits.   | \$250 million worth of bonds for buyout  | House Re-Referred to Rules Committee on 3/31/17   |
| HB 350<br>(ENRL)                          | Rep. McSweeney<br>(Sen. Althoff) | Survivors Felony Forfeiture  | Prohibits any benefits from being paid to a person who otherwise would receive a survivor benefit but is convicted of a felony relating to, arising out of, or in connection with the service of the employee from whom the benefit results. Applies to participants who enter service after the effective date of the legislation. Prohibits any benefits from being paid to a person who is convicted of a felony relating to, arising out of, or in connection with a person's service as an employee under SURS. This change applies to individuals who first become participants in SURS on or after the effective date of the legislation.   |  | Became Public Act 100-0334 on 8/25/17 (House 101-0-0; Senate 54-0-0)                      |
| HB 368<br>(ENGR)                          | Rep. Nekritz<br>(Sen. Biss)      | SURS Administrative and Technical Corrections  | Authorizes SURS to issue subpoenas in connection with an attempt to obtain information to assist in the collection of sums due to the System, all personal identifying information necessary for the administration of benefits, and the determination of the death of a benefit recipient or a potential benefit recipient. Codifies longstanding practices related to the administration of disability benefits and disability retirement annuities.   | Identical to SB 654 (Sen. Biss)  | Senate Re-Referred to Assignments Committee on 8/4/17; Passed the House 115-0-1 on 3/7/17 |
| HB 436                                    | Rep. Ives                        | Tier III Defined Contribution Plan   | Requires SURS to prepare and implement a Tier III defined contribution plan by July 1, 2018. Tier I participants and Tier II participants may make a voluntary, irrevocable election to become Tier III participants, stopping participation in the defined benefit plan and starting participation in the defined contribution plan for future service. Tier III participants may also irrevocably elect to terminate all participation in the defined benefit plan. Prohibits payments for unused sick or vacation time from counting towards the pensionable earnings of individuals who first become participants of SURS on or after the effective date of the legislation. Prohibits unused, unpaid sick time from counting towards the service credit of individuals who first become participants of SURS on or after the effective date of the legislation. Allows employees to opt-out of participation in SURS. | Very similar to HB 445 (Rep. Ives) and Nearly Identical to HB 2405 (Rep. Ives) | House Re-Referred to Rules Committee on 3/31/17   |

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| HB 445                                    | Rep. Ives                | Tier III Defined Contribution Plan                              | Requires SURS to prepare and implement a Tier III defined contribution plan by July 1, 2018. Tier I members and Tier II members may make a voluntary, irrevocable election to become Tier III members, stopping participation in the defined benefit plan and starting participation in the defined contribution plan for future service. Tier III members may also irrevocably elect to terminate all participation in the defined benefit plan. Allows employees to opt-out of participation in SURS.   | Very similar to HB 436 (Rep. Ives) but does not include prohibitions on sick time and vacation time from counting towards pensions | House Re-Referred to Rules Committee on 3/31/17                       |
| HB 669                                    | Rep. Morrison            | Alternative Retirement Plan - Local Control of Benefits         | Authorizes the board of trustees of a community college district that is an employer covered under SURS to provide an alternative retirement plan, either in addition to or in lieu of the existing retirement plans under SURS, for its eligible new employees. The alternative retirement plan only applies to persons who have not participated in the existing plans under SURS. Participants in an alternative retirement plan are deemed to be participants in SURS.  | Identical to HB 3069 (Rep. Morrison)   | House Assigned to Personnel and Pensions Committee on 3/21/18         |
| HB 671                                    | Rep. Morrison            | Employers Pay Pension Costs of Salary Increases above Inflation | Establishes that, for academic years beginning on or after July 1, 2017, if a participant's earnings exceed the amount of his or her earnings with the same employer for the previous academic year by more than the increase in CPI-U for any year during the final rate of earnings period, then the employer must pay the present value of the resulting increase in benefits to SURS. Earnings increases under contracts or collective bargaining agreements entered into, amended, or renewed before the effective date of the legislation are exempt. | Identical to HB 3175 (Rep. Sauer)  | House Re-Referred to Rules Committee on 3/31/17                       |
| HB 775                                    | Rep. Lilly               | Climate Change Risk Minimization Policy                         | Requires each pension fund and retirement system (except for downstate policemen's and firefighters' pension funds) to develop a climate change risk minimization policy by December 31, 2018. If the retirement system or pension fund determines that increasing climate change poses a significant financial risk to its long-term value, then it may develop a policy on voting for shareholder resolutions and directors to advance corporate policies that minimize the long-term risk to assets from increased climate change.                       |  | House Re-Referred to Rules Committee on 3/31/17                       |
| HB 2371 (ENRL)                            | Rep. Welch (Sen. Hunter) | Cybersecurity Training  | Requires every employee to annually undergo training by the Department of Innovation and Technology concerning cybersecurity. Establishes that the training may include, but need not be limited to, detecting phishing scams, preventing spyware infections and identity theft, and preventing and responding to data breaches.  |  | Became Public Act 100-0040 on 8/8/17 (House: 107-0-0; Senate: 54-0-0) |

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| HB 2405                                   | Rep. Ives      | Tier III Defined Contribution Plan                   | Requires SURS to prepare and implement a Tier III defined contribution plan for new participants by July 1, 2018. Tier I participants and Tier II participants may make a voluntary, irrevocable election to become Tier III participants, stopping participation in the defined benefit plan and starting participation in the defined contribution plan for future service. Tier III participants may also irrevocably elect to terminate all participation in the defined benefit plan. Prohibits payments for unused sick or vacation time from counting towards the pensionable earnings of individuals who first become participants of SURS on or after the effective date of the legislation. Prohibits unused, unpaid sick time from counting towards the service credit of individuals who first become participants of SURS on or after the effective date of the legislation. Allows an employee to opt-out of participation in SURS. | Nearly Identical to HB 436 (Rep. Ives) but requires all persons who first become participants in SURS on or after July 1, 2018 to participate in the Tier III defined contribution plan | House Re-Referred to Rules Committee on 3/31/17 |
| HB 2491                                   | Rep. Bennett   | QILDRO Calculations                                  | Establishes that, for a QILDRO issued after January 1, 2018, the member's salary on the date the QILDRO was issued is the salary that must be used to calculate the amount of the benefit under the QILDRO.   |   | House Re-Referred to Rules Committee on 3/31/17 |
| HB 2707                                   | Rep. Wehrli    | Smoothing of Changes in Actuarial Assumptions        | Requires any change in the actuarial assumptions that increases or decreases the required State contribution, including a change in assumed investment returns or mortality rates, that first applies in State Fiscal Year 2016 or thereafter, to be phased-in over a 5-year period beginning in the State Fiscal Year in which the actuarial change first applies or Fiscal Year 2018, whichever is later. Requires recertification of the State contribution for Fiscal Year 2018.  |   | House Re-Referred to Rules Committee on 3/31/17 |
| HA #1 to HB 2707                          | Rep. Wehrli    | Smoothing of Changes in Actuarial Assumptions        | Changes the 5-year smoothing requirement to a 3-year smoothing requirement.   |   | House Re-Referred to Rules Committee on 3/31/17 |
| HB 2758                                   | Rep. Sosnowski | Overtime Pay Not Included in Pensions                | Prohibits pay to a participant in any pension fund or retirement system under the Illinois Pension Code for overtime performed on or after July 1, 2017 from being considered as pensionable salary, earnings, or compensation.   |   | House Re-Referred to Rules Committee on 3/31    |
| HB 2759                                   | Rep. Sosnowski | Pensions Suspended During Reemployment               | Requires a retirement annuity to be suspended during employment for any person who first becomes a member or participant of a pension fund or retirement system on or after January 1, 2018, is receiving a retirement annuity under that system or fund, and becomes a member or participant under any other system or fund based on full-time employment. Requires the person's retirement annuity to resume (after recalculation, if necessary) upon termination of that employment.   |   | House Re-Referred to Rules Committee on 3/31/17 |
| HB 2760                                   | Rep. Sosnowski | Self-Managed Plan Transfers to In-Plan Roth Accounts | Requires all employees under the Self-Managed Plan to be provided options to establish, contribute to, and transfer any guaranteed or vested portion of their accounts, on any day, into qualified in-plan Roth accounts, without distribution.   |   | House Re-Referred to Rules Committee on 3/31/17 |

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| HB 2902                                   | Rep. Fortner   | Buyout Option + Tier III                                | Authorizes the Illinois Department of Central Management Services to enter into contracts with approved vendors to provide lump sum payments to eligible retirees pursuant to a pension buyout option. A pension buyout option is a plan that authorizes an eligible retiree to relinquish all service credit, rights, and benefits under SURS in exchange for a lump sum payment equal to the present value of his or her retirement annuity. Requires SURS to prepare and implement a Tier III defined contribution plan by July 1, 2018. | \$500 million worth of bonds for buyout   | House Re-Referred to Rules Committee on 3/31/17 |
| HB 2903                                   | Rep. Fortner   | Buyout Option + Tier III                                | Authorizes the Illinois Department of Central Management Services to enter into contracts with approved vendors to provide lump sum payments to eligible retirees pursuant to a pension buyout option. A pension buyout option is a plan that authorizes an eligible retiree to relinquish all service credit, rights, and benefits under SURS in exchange for a lump sum payment equal to the present value of his or her retirement annuity. Requires SURS to prepare and implement a Tier III defined contribution plan by July 1, 2018. | \$500 million worth of bonds for buyout; Nearly Identical to HB 2902 (Rep. Fortner) but allows eligible persons (instead of eligible retirees) to elect the pension buyout option | House Re-Referred to Rules Committee on 3/31/17 |
| HB 3055                                   | Rep. D. Harris | Tax on Retirement Income                                | Taxes retirement income in excess of \$75,000 if the taxpayer is younger than 65 years of age during the taxable year and retirement income in excess of \$100,000 if the taxpayer is 65 years of age or older during the taxable year (including the taxable year in which the taxpayer turns 65 years of age).  | Similar to HB 3140 (Rep. D. Harris)   | House Re-Referred to Rules Committee on 3/31/17 |
| HB 3061                                   | Rep. Guzzardi  | No Investments in Companies that Build A Border Wall    | Prohibits the state-funded retirement systems from investing in companies that contract to build a border wall.   | Similar to SB 2091 (Sen. Sandoval)  | House Re-Referred to Rules Committee on 4/28/17 |
| HB 3069                                   | Rep. Morrison  | Alternative Retirement Plan - Local Control of Benefits | Authorizes the board of trustees of a community college district that is an employer covered under SURS to provide an alternative retirement plan, either in addition to or in lieu of the existing retirement plans under SURS, for its eligible new employees. The alternative retirement plan applies only to persons who have not participated in the existing plans under SURS. Participants in an alternative retirement plan are deemed to be participants in SURS.  | Identical to HB 669 (Rep. Morrison)   | House Re-Referred to Rules Committee on 3/31/17 |
| HB 3140                                   | Rep. D. Harris | Tax on Retirement Income                                | Taxes retirement income in excess of \$80,000 if the taxpayer is younger than 65 years of age during the taxable year and retirement income in excess of \$100,000 if the taxpayer is 65 years of age or older during the taxable year (including the taxable year in which the taxpayer turns 65 years of age).  | Similar to HB 3055 (Rep. D. Harris)   | House Re-Referred to Rules Committee on 3/31/17 |

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| HB 3175                                   | Rep. Sauer                   | Employers Pay Pension Costs of Salary Increases above Inflation | Establishes that, for academic years beginning on or after July 1, 2017, if a participant's earnings exceed the amount of his or her earnings with the same employer for the previous academic year by more than the increase in CPI-U for any year during the final rate of earnings period, then the employer must pay the present value of the resulting increase in benefits to SURS. Earnings increases under contracts or collective bargaining agreements entered into, amended, or renewed before the effective date of the legislation are exempt.  | Identical to HB 671 (Rep. Morrison)         | House Re-Referred to Rules Committee on 3/31/17   |
| HB 3258                                   | Rep. Jimenez                 | Retiree Health Insurance Benefits Without Annuity               | Allows members of the Portable Defined Benefit Plan and the Self-Managed Plan who take lump-sum distributions of their retirement benefits to receive retiree health insurance.  |   | House Re-Referred to Rules Committee on 3/31/17   |
| HB 3419 (ENRL)                            | Rep. Andrade (Sen. Hastings) | No Investments in Expatriated Entities                          | Prohibits the state-funded retirement systems from investing in expatriated entities. Authorizes the state-funded retirement systems to use shareholder activism prior to divestment.  | Nearly Identical to SB 1798 (Sen. Hastings) | Became Public Act 100-0551 on 11/9/17 (House Override: 75-36-0; Senate Override: 39-12-0) |
| HB 3475                                   | Rep. Breen                   | 30-Year Rolling Discount Rate                                   | Requires the discount rate to be the actual 30-year rolling rate of return experienced by the system, beginning in Fiscal Year 2019.   |   | House Re-Referred to Rules Committee on 3/31  |
| HB 3867                                   | Rep. Morrison                | Supplemental Defined Contribution Plan                          | Requires the SURS Board of Trustees to establish and maintain a defined contribution plan to address the retirement preparedness gap for participants in a defined benefit plan who are not on track to maintain their standard of living in retirement.   | Identical to SB 1801 (Sen. Brady)           | House Re-Referred to Rules Committee on 3/31/17   |
| HB 3868                                   | Rep. Durkin                  | Unbalanced Budget Response Act                                  | Creates the Unbalanced Budget Response Act. Authorizes the Governor to designate a contingency reserve to balance the budget. Allows the contingency reserve to consist of amounts appropriated from funds held by the State Treasurer to any agency for Fiscal Year 2017 and Fiscal Year 2018, including amounts appropriated under a statutory continuing appropriation (except for debt service, General State Aid, and early childhood education). Authorizes the Governor to delay payments under any statutory continuing appropriation, except for payments of debt service, for Fiscal Year 2017 and Fiscal Year 2018. Provides that any payment so delayed may be paid out of the next fiscal year's appropriation. | Identical to SB 2063 (Sen. Brady)           | House Re-Referred to Rules Committee on 3/31/17   |

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| HB 3926                                   | Rep. Durkin                       | FY 2018 Governor Introduced Budget | Appropriates \$1,461,685,000 for the annual required State contribution to SURS for Fiscal Year 2018. Of this amount, \$1,321,685,000 comes from the General Revenue Fund, and \$140,000,000 comes from the State Pensions Fund. The certified Fiscal Year 2018 State contribution to SURS is \$1,753,685,000. Appropriates \$0 from the Education Assistance Fund for the State contribution to the College Insurance Program ("CIP") for Fiscal Year 2018. The certified Fiscal Year 2018 State contribution to CIP is \$4,133,336.   | Identical to SB 2164 (Sen. Brady)   | House Re-Referred to Rules Committee on 9/28/17  |
| HB 4027                                   | Rep. Durkin                       | Pension Reform                     | Creates an optional hybrid plan for new members. Allows new members to elect to participate in Tier II. Requires Tier I employees to choose between: (1) accepting a reduced and delayed COLA; or (2) keeping the Tier I COLA. Tier I employees who choose to accept the reduced and delayed COLA will have future earnings increases count towards their pensions, pay reduced employee contributions moving forward, and receive a payment equal to 10% of their employee contributions prior to the date of the election. Tier I employees who choose to keep the Tier I COLA will not have future earnings increases count towards their pensions. Creates an accelerated pension benefit payment option for up to 10% of eligible SURS members each year. Creates a voluntary defined contribution plan for up to 5% of Tier I employees. Requires the State contribution to be based on total payroll (including payroll that is not pensionable). Phases-in changes in actuarial and investment assumptions over a 5-year period. Requires the FY 2018 and FY 2019 State contributions to be recertified based on the changes in the legislation. Requires employers to pay the present value of any benefit increases attributable to earnings increases above CPI-U during the final rate of earnings period. Requires employers to pay a contribution to SURS for the portion of earnings in excess of \$140,000. | \$250 million worth of bonds for buyout; Identical to HB 4045 (Rep. Currie) | House Re-Referred to Rules Committee on 1/3/18   |
| HB 4045 (ENGR)                            | Rep. Martwick (Sen. J. Cullerton) | Pension Reform                     | Creates an optional hybrid plan for new participants on and after July 1, 2018 and current Tier II participants who elect to participate in the optional hybrid plan. Allows new participants to elect to participate in Tier II. Allows current Tier II members to elect to participate in the optional hybrid plan. Allows the SURS Board of Trustees, by resolution, to permit Tier I employees to voluntarily elect a reduced and delayed COLA. Tier I employees who voluntarily elect a reduced and delayed COLA will receive: (1) a consideration payment equal to 10% of their employee contributions made prior to the date of the election; and (2) a 10% reduction in their future employee pension contributions. Requires the consideration payment to be paid by SURS. Allows the Board of Trustees, by resolution, to create an accelerated pension benefit payment option for vested inactive in any year. Requires SURS to pay the accelerated pension benefit payments. Creates a voluntary defined contribution plan for up to 5% of Tier I employees by July 1, 2018. Provides that, if necessary, the FY 2019 State contribution must be recertified based on the changes in the legislation.   |   | Senate Re-Referred to Assignments Committee on 8/4/17; Passed the House 61-41-0 on 6/28/17 |

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| HB 4055                                   | Rep. Batinick   | Pension Reform | Creates an optional hybrid plan for new members. Allows new members to elect to participate in Tier II. Creates an accelerated pension benefit payment option between January 1, 2018 and July 1, 2018. Creates a voluntary defined contribution plan for up to 5% of Tier I employees. Requires the State contribution to be based on total payroll (including payroll that is not pensionable). Phases-in changes in actuarial and investment assumptions over a 5-year period. Requires the FY 2018 State contribution to be recertified based on the changes in the legislation. Requires employers to pay the current value of the projected amount of benefits attributable to earnings increases in collective bargaining agreements and contracts entered into, amended, or renewed after the effective date of the legislation that are above the earnings under preceding contracts and collective bargaining agreements.   | \$250 million worth of bonds for buyout   | House Referred to Rules Committee on 5/25/17 |
| HB 4057                                   | Rep. Ives       | Pension Reform | Creates a Tier III Defined Contribution Plan for new members on or after July 1, 2018 and for Tier I and Tier II members who elect to participate in the Tier III Defined Contribution Plan. Requires the Tier III Defined Contribution Plan to use the framework of the existing Self-Managed Plan. Creates an accelerated pension benefit payment option between January 1, 2018 and July 1, 2018. Requires employers to pay the current value of the projected amount of benefits attributable to earnings increases in collective bargaining agreements and contracts entered into, amended, or renewed after the effective date of the legislation that are above the earnings under preceding contracts and collective bargaining agreements. For individuals who first become participants on and after the effective date of the legislation, prohibits payments for unused sick and vacation time from counting towards the final rate of earnings and prohibits service credit for unused sick leave. Allows employees to opt-out of participation in SURS. | \$250 million worth of bonds for buyout; Similar to the Tier III DC Plan in SA #2 to SB 1012 (Sen. Righter) | House Referred to Rules Committee on 5/29/17 |
| HB 4060                                   | Rep. Skillicorn | Pension Reform | Creates a Tier III Defined Contribution Plan for new members on or after July 1, 2018 and for Tier I and Tier II members who elect to participate in the Tier III Defined Contribution Plan. Requires the Tier III Defined Contribution Plan to use the framework of the existing Self-Managed Plan. Creates an accelerated pension benefit payment option for up to 10% of eligible SURS members each year.  | \$250 million worth of bonds for buyout   | House Referred to Rules Committee on 6/21/17 |
| HB 4064                                   | Rep. Durkin     | Pension Reform | Requires Tier I employees to choose between: (1) accepting a reduced and delayed COLA; or (2) keeping the Tier I COLA. Tier I employees who choose to accept the reduced and delayed COLA will have future earnings increases count towards their pensions, pay reduced employee contributions moving forward, and receive a payment equal to 10% of their employee contributions prior to the date of the election. Tier I employees who choose to keep the Tier I COLA will not have future earnings increases count towards their pensions. Requires the FY 2019 State contribution to be recertified based on the changes in the legislation.   |   | House Referred to Rules Committee on 6/21/17 |

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| HB 4065                                   | Rep. Durkin   | Pension Reform                                  | Creates an optional hybrid plan for new members. Allows new members to elect to participate in Tier II. Creates an accelerated pension benefit payment option for vested inactives between January 1, 2018 and July 1, 2018. Creates a voluntary defined contribution plan for up to 5% of eligible Tier I employees. Requires the State contribution to be based on total payroll (including payroll that is not pensionable), but excluding payroll attributable to individuals in the voluntary defined contribution plan. Phases-in changes in actuarial and investment assumptions over a 5-year period (including changes that first applied in FY 2014, FY 2015, FY 2016, and FY 2017). Requires the FY 2018 State contribution to be recertified based on the changes in the legislation. Beginning in FY 2019, requires employers to pay: (1) the employer normal cost of the defined benefit portion of the optional hybrid plan or the defined benefit plan (as applicable), plus 2% (for optional hybrid plan employees and employees who elect to participate in Tier 2); plus (2) the amount to amortize any unfunded liability attributable to the employer's account (for the defined benefits of optional hybrid plan employees and employees who elect to participate in Tier 2); plus (3) the total amount of earnings in excess of \$140,000 for each employee multiplied by the level percentage of payroll for SURS to become 90% funded by FY 2045. Requires employers to pay the present value of any benefit increases attributable to earnings increases above CPI-U during the final rate of earnings period. |       | House Referred to Rules Committee on 6/21/17                  |
| HB 4371                                   | Rep. Martwick | State Serial Long Term Pension Obligation Bonds | Provides for the issuance of \$107.42 billion of State Serial Long Term Pension Obligation Bonds to make payments to the State pension systems on a pro-rated basis in an amount sufficient to bring the actuarially accrued unfunded liability of each individual fund to a 90% level. Requires the State Employees' Retirement System, State Universities Retirement System, and Teachers' Retirement System to each establish a designated investment fund for 36% of the bond proceeds received from any issuance of State Serial Long Term Pension Obligation Bonds for the purpose of taking advantage of interest arbitrage from the bond proceeds and for making debt service contributions related to the bonds. Creates a continuing appropriation for the payment of principal and interest due on State Serial Long Term Pension Obligation Bonds.   |       | House Referred to Rules Committee on 1/30/18                  |
| HB 4411                                   | Rep. Ammons   | No Lobbyists for Multiple Pension Systems       | Prohibits the State Employees' Retirement System, State Universities Retirement System, Teachers' Retirement System, Chicago Teachers' Pension Fund, and Illinois State Board of Investment from entering into a contract for lobbying services with a lobbyist who represents one of the other aforementioned retirement systems or investment boards.  |       | House Assigned to Personnel and Pensions Committee on 2/26/18 |
| HB 4412                                   | Rep. Ammons   | SURS Senior Administrative Staff Composition    | Requires the SURS Board of Trustees to make its best efforts to ensure that the racial and ethnic makeup of the System's senior administrative staff represents the racial and ethnic makeup of the System's membership. Defines senior administrative staff as including, but not limited to, the Executive Director, Chief Investment Officer, General Counsel and Freedom of Information Officer, Chief Financial Officer, Director of Member Services, Director of Outreach, Director of Human Resources, Director of Internal Audit, Director of Operations, and Director of Application Development and Research.  |       | House Assigned to Personnel and Pensions Committee on 2/26/18 |

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| Bill Number                               | Sponsor                     | Short Title   | Short Summary   | Notes   | Status   |
| <b>NOTE: Statuses Last Updated 4/9/18</b> |                             |   |   |   |  |
| HB 4413                                   | Rep. Ammons                 | Public Broadcast of Pension System Board Meetings             | Requires any open meeting of the board of trustees of a retirement system or pension fund or any committee established by a retirement system or pension fund to be broadcast to the public and maintained in real-time on the retirement system or pension fund's website using a high-speed Internet connection.  |   | House Assigned to Personnel and Pensions Committee on 2/26/18                            |
| HA #1 to HB 4413                          | Rep. Ammons                 | Public Broadcast of Pension System Board Meetings             | Adds that a retirement system or pension fund must make audio and video available for a meeting that is broadcast and maintained in real-time on the retirement system or pension fund's website using a high-speed Internet connection. Changes the effective date of the legislation to January 31, 2019.   |   | HA #1 Referred to Rules Committee on 4/9/18  |
| HB 4414                                   | Rep. Ammons                 | Pension System Executive Director and CIO Senate Confirmation | Requires appointments to the position of executive director or chief investment officer to be made with the advice and consent of the Senate.   |   | House Assigned to Personnel and Pensions Committee on 3/21/18                            |
| HB 4684 (ENGR)                            | Rep. Martwick (Sen. Aquino) | SURS Comptroller Intercept                                    | Enhances SURS' ability to obtain delinquent employer payments that are owed under the law by intercepting them through the State Comptroller and/or the county treasurer for the county in which the employer is located.   | Identical to SB 2954 (Sen. Aquino)                          | Senate Referred to Assignments Committee on 3/9/18; Passed the House (106-0-1) on 3/7/18 |
| HB 4839                                   | Rep. Ives                   | Pension Reform  | Creates a Tier III Defined Contribution Plan for new members on or after July 1, 2019 and for Tier I and Tier II members who elect to participate in the Tier III Defined Contribution Plan. Requires the Tier III Defined Contribution Plan to use the framework of the existing Self-Managed Plan. Creates an accelerated pension benefit payment option between January 1, 2019 and July 1, 2019. Requires employers to pay the current value of the projected amount of benefits attributable to earnings increases in collective bargaining agreements and contracts entered into, amended, or renewed after the effective date of the legislation that are above the earnings under preceding contracts and collective bargaining agreements. For individuals who first become participants on and after the effective date of the legislation, prohibits payments for unused sick and vacation time from counting towards the final rate of earnings and prohibits service credit for unused sick leave. Allows employees to opt-out of participation in SURS. Repeals provisions under Public Act 100-0023 related to the Optional Hybrid Plan. | \$250 million worth of bonds for buyout; Similar to HB 4057 | House Assigned to Personnel and Pensions Committee on 3/21/18                            |

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| <b>NOTE: Statuses Last Updated 4/9/18</b> |               |  |  |                                   |  |
| HB 5013                                   | Rep. Spain    | Downstate Police and Firefighters Investment Consolidation | Increases the amount of the annual compliance fee paid by public pension funds and retirement systems (except for Downstate Police and Firefighters Pension Funds) to the Department of Insurance from \$8,000 to \$16,000. (Increases the amount of the annual compliance for Downstate Police and Firefighters Pension Funds from 2 basis points to 4 basis points of the total assets of the pension fund, but not more than \$16,000.) Extends laws governing penalties for non-compliance with the Illinois Pension Code to apply to any pension fund (currently, such laws only apply to any governmental unit) that is subject to any law establishing a pension fund or retirement system for the benefit of employees of the governmental unit. |                                   | House Assigned to Personnel and Pensions Committee on 3/5/18 |
| HB 5028                                   | Rep. Meier    | 50% of Hydraulic Fracturing Revenues to Fund Pensions      | Requires 50 percent of the moneys received from hydraulic fracturing to be paid into the Pension Relief Fund and to be used to make required employer contributions required to the State Employees Retirement System, State Universities Retirement System, and Teachers Retirement System.   |                                   | House Assigned to Revenue and Finance Committee on 3/7/18    |
| HB 5114                                   | Rep. Hays     | SURS Tier 2 Police Officer and Firefighter Retirement Age  | Provides that a Tier 2 member who has at least 20 years of service in SURS as a police officer or firefighter can retire at age 60 under the alternative formula for police officers and firefighters.   |                                   | House Referred to Rules Committee on 2/16/18                 |
| HB 5138                                   | Rep. Martwick | Governor's Salary Rule Full-Time Equivalent Elimination    | Eliminates the requirement that the Governor's salary rule applies to a participant's earnings as determined on a full-time equivalent basis   |                                   | House Referred to Rules Committee on 2/16/18                 |
| HB 5404                                   | Rep. Durkin   | FY 2019 Governor Introduced Budget                         | Appropriates \$1,554,498,000 for the annual required State contribution to SURS for Fiscal Year 2019. Of this amount, \$1,414,498,000 is appropriated from the General Revenue Fund, and \$140,000,000 is appropriated from the State Pensions Fund. The certified Fiscal Year 2019 State contribution to SURS is \$1,655,154,000. Appropriates \$0 from the Education Assistance Fund for the State contribution to the College Insurance Program ("CIP") for Fiscal Year 2019. The certified Fiscal Year 2019 State contribution to CIP is \$4,390,811.  | Identical to SB 3382 (Sen. Brady) | House Referred to Rules Committee on 2/16/18                 |
| HB 5472                                   | Rep. Martwick | Accelerated Pension Benefit Payment Option                 | Creates an accelerated pension benefit payment option for retirement-eligible Tier 1 members. Gives each eligible person the opportunity to accept the Tier 2 automatic annual increase in retirement in exchange for an accelerated pension benefit payment equal to 70% of the difference of the present value of the automatic annual increases on the Tier 1 member's retirement annuity under the Tier 1 formula and the present value of the automatic annual increases on the Tier 1 member's retirement annuity under the Tier 2 formula.  | No Bonds Provided for Buyout      | House Referred to Rules Committee on 2/16/18                 |

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| Bill Number                               | Sponsor           | Short Title  | Short Summary  | Notes | Status   |
| <b>NOTE: Statuses Last Updated 4/9/18</b> |                   |  |  |       |  |
| HB 5611                                   | Rep. Andrade      | Department of Innovation and Technology Act        | Provides that persons who were employed by the State Board of Higher Education in positions with the Illinois Century Network as of June 30, 2004 who remain continuously employed after that date by the Department of Central Management Services in positions with the Illinois Century Network, the Bureau of Communication and Computer Services, any successor bureau, or the Department of Innovation and Technology will continue to participate in SURS. Makes other changes. |       | House Assigned to Cybersecurity, Data Analytics, and IT Committee on 3/21/18 |
| HA #2 to HB 5611                          | Rep. Andrade      | Department of Innovation and Technology Act        | Provides that persons who were employed by the State Board of Higher Education in positions with the Illinois Century Network as of June 30, 2004 who remain continuously employed after that date by the Department of Central Management Services in positions with the Illinois Century Network, the Bureau of Communication and Computer Services, any successor bureau, or the Department of Innovation and Technology will continue to participate in SURS. Makes other changes. |       | House Assigned to Cybersecurity, Data Analytics, and IT Committee on 4/9/18  |
| HB 5674                                   | Rep. Wehrli       | State-Funded Retirement Systems Annuitant Database | Requires each State-funded retirement system, by July 1, 2019, to establish and post on its website a searchable database of the names of all persons receiving an annuity from the System and the amount of the annuity paid by the System to that person each month. Requires each database to be updated on a monthly basis.  |       | House Referred to Rules Committee on 2/16/18                                 |
| HB 5850                                   | Rep. Flowers      | No Investments in Ford Motor Company               | Prohibits the state-funded retirement systems from investing in Ford Motor Company and its subsidiaries. By July 1, 2019, requires the Illinois Investment Policy Board to make its best efforts to identify all subsidiaries of the Ford Motor Company and include those companies in the list of restricted companies distributed to each retirement system for this purpose.  |       | House Referred to Rules Committee on 4/3/18                                  |
| HJRCA 18                                  | Rep. Sosnowski    | Repeal Pension Rights                              | Repeals Article 13, Section 5 of the Illinois Constitution (commonly referred to as the Pension Protection Clause). Article 13, Section 5 of the Illinois Constitution states: "Membership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired."                                  |       | House Referred to Rules Committee on 1/27/17                                 |
| SR 113                                    | Sen. T. Cullerton | Oppose Tax on Retirement Income                    | Resolves that the Illinois Senate believes that the Illinois Income Tax Act should not be amended to permit taxing retirement income.  |       | Senate Re-Referred to Assignments Committee on 8/4/17                        |
| SR 545                                    | Sen. Rezin        | Oppose Pension Cost Shift to Local Employers       | Resolves that the Illinois Senate believes that an educational pension cost shift is financially wrong and would only serve to shift pension burdens from the state to the status of an unfunded mandate.  |       | Senate Referred to Assignments Committee on 5/26/17                          |

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| Bill Number                               | Sponsor           | Short Title                                    | Short Summary   | Notes | Status  |
| <b>NOTE: Statuses Last Updated 4/9/18</b> |                   |  |   |       |   |
| SR 1413                                   | Sen. T. Cullerton | Oppose Pension Cost Shift to Local Employers   | Resolves that the Illinois Senate believes that an educational pension cost shift is financially wrong and would only serve to shift pension burdens from the State to the status of an unfunded mandate.   |       | Senate Placed on Calendar Order of Secretary's Desk Resolutions on 3/14/18          |
| SA #1 to SR 1413                          | Sen. T. Cullerton | Oppose Pension Cost Shift to Local Employers   | Resolves that the Illinois Senate urges the General Assembly not to impose an educational pension cost shift as it would only serve to shift pension burdens from the State to the status of an unfunded mandate.   |       | Recommended Be Adopted as Amended in Senate Education Committee (12-0-0) on 3/14/18 |
| HR 27                                     | Rep. McSweeney    | Oppose Pension Cost Shift to Local Employers   | Resolves that the Illinois House of Representatives believes that an educational pension cost shift is financially wrong and would only serve to shift pension burdens from the state to the status of an unfunded mandate.   |       | House Re-Referred to Rules Committee on 9/28/17                                     |
| HR 29                                     | Rep. McSweeney    | Oppose Tax on Retirement Income                | Resolves that the Illinois House of Representatives believes that the Illinois Income Tax Act should not be amended to permit taxing retirement income.   |       | House Re-Referred to Rules Committee on 9/28/17                                     |
| HR 38                                     | Rep. Skillicorn   | Oppose Pension Cost Shift to Local Employers   | Resolves that the normal cost of pensions for Illinois educators is the responsibility of the state and the General Assembly should not use the current budget crisis as a reason to shift its financial responsibility for state pension costs to local taxpayers. |       | House Re-Referred to Rules Committee on 9/28/17                                     |
| HR 76                                     | Rep. Flowers      | Urge Repeal of Federal Offsets                 | Resolves that the Illinois House of Representatives urges the U.S. Congress to introduce and pass legislation that eliminates both the Government Pension Offset and the Windfall Elimination Provision.  |       | Resolution Adopted on 6/22/17   |
| HR 542                                    | Rep. Flowers      | Urge Solution to Windfall Elimination Problems | Resolves that the Illinois House of Representatives urges President Trump and the United States Congress to continue to work to find a solution to the problems created by the Windfall Elimination Provision.  |       | House Re-Referred to Rules Committee on 12/15/17                                    |
| HJR 106                                   | Rep. McSweeney    | Oppose Tax on Retirement Income                | Resolves that the House of Representatives and Senate of the State of Illinois believe that the Illinois Income Tax Act should not be amended to permit taxing retirement income.   |       | House Assigned to Revenue and Finance Committee on 4/3/18                           |

Amend Section 15-158.2 as follows:

(40 ILCS 5/15-158.2)

Sec. 15-158.2. Self-managed plan.

(a) Purpose. The General Assembly finds that it is important for colleges and universities to be able to attract and retain the most qualified employees and that in order to attract and retain these employees, colleges and universities should have the flexibility to provide a defined contribution plan as an alternative for eligible employees who elect not to participate in a defined benefit retirement program provided under this Article. Accordingly, the State Universities Retirement System is hereby authorized to establish and administer a self-managed plan, which shall offer participating employees the opportunity to accumulate assets for retirement through a combination of employee and employer contributions that may be invested in mutual funds, collective investment funds, or other investment products and used to purchase annuity contracts, either fixed or variable or a combination thereof. The plan must be qualified under the Internal Revenue Code of 1986.

(b) Adoption by employers. Each employer subject to this Article may elect to adopt the self-managed plan established under this Section; this election is irrevocable. An employer's election to adopt the self-managed plan makes available to the eligible employees of that employer the elections described in Section 15-134.5.

The State Universities Retirement System shall be the plan sponsor for the self-managed plan and shall prepare a plan document and prescribe such rules and procedures as are considered necessary or desirable for the administration of the self-managed plan. Consistent with its fiduciary duty to the participants and beneficiaries of the self-managed plan, the Board of Trustees of the System may delegate aspects of plan administration as it sees fit to companies authorized to do business in this State, to the employers, or to a combination of both.

(c) Selection of service providers and funding vehicles. The System, in consultation with the employers, shall solicit proposals to provide administrative services and funding vehicles for the self-managed plan from insurance and annuity companies and mutual fund companies, banks, trust companies, or other financial institutions authorized to do business in this State. In reviewing the proposals received and approving and contracting with a company or ~~no fewer than 2 and no more than 7~~ companies, the Board of Trustees of the System shall consider, among other things, the following criteria:

(1) the nature and extent of the benefits that would be provided to the participants;

(2) the reasonableness of the benefits in relation to the premium charged;

(3) the suitability of the benefits to the needs and interests of the participating employees and the employer;

(4) the ability of the company to provide benefits under the contract and the financial stability of the

company; and

(5) the efficacy of the contract in the recruitment and retention of employees.

The System, in consultation with the employers, shall periodically review each approved company. A company may continue to provide administrative services and funding vehicles for the self-managed plan only so long as it continues to be an approved company under contract with the Board.

(d) Employee Direction. Employees who are participating in the program must be allowed to direct the transfer of their account balances among the various investment options offered, subject to applicable contractual provisions. The participant shall not be deemed a fiduciary by reason of providing such investment direction. A person who is a fiduciary shall not be liable for any loss resulting from such investment direction and shall not be deemed to have breached any fiduciary duty by acting in accordance with that direction. The System shall provide advance notice to the participant of the participant's obligation to direct the investment of employee and employer contributions into one or more investment funds selected by the System at the time he or she makes his or her initial retirement plan selection. If a participant fails to direct the investment of employee and employer contributions into the various investment options offered to the participant when making his or her initial retirement election choice, that failure shall require the System to invest the employee and employer contributions in a default investment fund on behalf of the participant, and the investment shall be deemed to have been made at the participant's investment direction. The participant has the right to transfer account balances out of the default investment fund during time periods designated by the System. Neither the System nor the employer guarantees any of the investments in the employee's account balances.

(e) Participation. An employee eligible to participate in the self-managed plan must make a written election in accordance with the provisions of Section 15-134.5 and the procedures established by the System. Participation in the self-managed plan by an electing employee shall begin on the first day of the first pay period following the later of the date the employee's election is filed with the System or the effective date as of which the employee's employer begins to offer participation in the self-managed plan. Employers may not make the self-managed plan available earlier than January 1, 1998. An employee's participation in any other retirement program administered by the System under this Article shall terminate on the date that participation in the self-managed plan begins.

An employee who has elected to participate in the self-managed plan under this Section must continue participation while employed in an eligible position, and may not participate in any other retirement program administered by the System under this Article while employed by that employer or any other employer that has adopted the self-managed plan, unless the self-managed plan is terminated in accordance with subsection (i).

Notwithstanding any other provision of this Article, a Tier 2 member shall have the option to enroll in the self-

managed plan.

Participation in the self-managed plan under this Section shall constitute membership in the State Universities Retirement System.

A participant under this Section shall be entitled to the benefits of Article 20 of this Code.

(f) Establishment of Initial Account Balance. If at the time an employee elects to participate in the self-managed plan he or she has rights and credits in the System due to previous participation in the traditional benefit package, the System shall establish for the employee an opening account balance in the self-managed plan, equal to the amount of contribution refund that the employee would be eligible to receive under Section 15-154 if the employee terminated employment on that date and elected a refund of contributions, except that this hypothetical refund shall include interest at the effective rate for the respective years. The System shall transfer assets from the defined benefit retirement program to the self-managed plan, as a tax free transfer in accordance with Internal Revenue Service guidelines, for purposes of funding the employee's opening account balance.

(g) No Duplication of Service Credit. Notwithstanding any other provision of this Article, an employee may not purchase or receive service or service credit applicable to any other retirement program administered by the System under this Article for any period during which the employee was a participant in the self-managed plan established under this Section.

(h) Contributions. The self-managed plan shall be funded by contributions from employees participating in the self-managed plan and employer contributions as provided in this Section.

The contribution rate for employees participating in the self-managed plan under this Section shall be equal to the employee contribution rate for other participants in the System, as provided in Section 15-157. This required contribution shall be made as an "employer pick-up" under Section 414(h) of the Internal Revenue Code of 1986 or any successor Section thereof. Any employee participating in the System's traditional benefit package prior to his or her election to participate in the self-managed plan shall continue to have the employer pick up the contributions required under Section 15-157. However, the amounts picked up after the election of the self-managed plan shall be remitted to and treated as assets of the self-managed plan. In no event shall an employee have an option of receiving these amounts in cash. Employees may make additional contributions to the self-managed plan in accordance with procedures prescribed by the System, to the extent permitted under rules prescribed by the System.

The program shall provide for employer contributions to be credited to each self-managed plan participant at a rate of 7.6% of the participating employee's salary, less the amount used by the System to provide disability benefits for the employee. The amounts so credited shall be paid into the participant's self-managed plan accounts in a manner to be prescribed by the System.

An amount of employer contribution, not exceeding 1% of

the participating employee's salary, shall be used for the purpose of providing the disability benefits of the System to the employee. Prior to the beginning of each plan year under the self-managed plan, the Board of Trustees shall determine, as a percentage of salary, the amount of employer contributions to be allocated during that plan year for providing disability benefits for employees in the self-managed plan.

The State of Illinois shall make contributions by appropriations to the System of the employer contributions required for employees who participate in the self-managed plan under this Section. The amount required shall be certified by the Board of Trustees of the System and paid by the State in accordance with Section 15-165. The System shall not be obligated to remit the required employer contributions to any of the insurance and annuity companies, mutual fund companies, banks, trust companies, financial institutions, or other sponsors of any of the funding vehicles offered under the self-managed plan until it has received the required employer contributions from the State. In the event of a deficiency in the amount of State contributions, the System shall implement those procedures described in subsection (c) of Section 15-165 to obtain the required funding from the General Revenue Fund.

(i) Termination. The self-managed plan authorized under this Section may be terminated by the System, subject to the terms of any relevant contracts, and the System shall have no obligation to reestablish the self-managed plan under this Section. This Section does not create a right to continued participation in any self-managed plan set up by the System under this Section. If the self-managed plan is terminated, the participants shall have the right to participate in one of the other retirement programs offered by the System and receive service credit in such other retirement program for any years of employment following the termination.

(j) Vesting; Withdrawal; Return to Service. A participant in the self-managed plan becomes vested in the employer contributions credited to his or her accounts in the self-managed plan on the earliest to occur of the following: (1) completion of 5 years of service with an employer described in Section 15-106; (2) the death of the participating employee while employed by an employer described in Section 15-106, if the participant has completed at least 1 1/2 years of service; or (3) the participant's election to retire and apply the reciprocal provisions of Article 20 of this Code.

A participant in the self-managed plan who receives a distribution of his or her vested amounts from the self-managed plan while not yet eligible for retirement under this Article (and Article 20, if applicable) shall forfeit all service credit and accrued rights in the System; if subsequently re-employed, the participant shall be considered a new employee. If a former participant again becomes a participating employee (or becomes employed by a participating system under Article 20 of this Code) and continues as such for at least 2 years, all such rights, service credits, and previous status as a participant shall be restored upon repayment of the amount of the distribution, without interest.

(k) Benefit amounts. If an employee who is vested in

employer contributions terminates employment, the employee shall be entitled to a benefit which is based on the account values attributable to both employer and employee contributions and any investment return thereon.

If an employee who is not vested in employer contributions terminates employment, the employee shall be entitled to a benefit based solely on the account values attributable to the employee's contributions and any investment return thereon, and the employer contributions and any investment return thereon shall be forfeited. Any employer contributions which are forfeited shall be held in escrow by the company investing those contributions and shall be used as directed by the System for future allocations of employer contributions or for the restoration of amounts previously forfeited by former participants who again become participating employees.  
(Source: P.A. 98-92, eff. 7-16-13; 99-897, eff. 1-1-17.)