

The New “Plus One” Law and its Impact on Schools

Public Act 103-0481



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



Introductions

Michael Jacoby, Ed.D., CAE, SFO. Role: Moderator
- *Executive Director/CEO Illinois ASBO*



Nicole Cleaver, CRES. Role: Speaker
- *Plan Consultant, U.S. OMNI & TSACG Compliance Services, Inc.*



Joshua Marchal, MBA, CRPC, CRES. Role: Speaker
- *Regional Vice President Midwest, Lincoln Investment*



Curtis May. Role: Speaker
- *Financial Advisor & Director Retirement Benefits Group, Equitable*



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



History of TRS SSP and the Plus One Law

2018

40 ILCS 5/16-204 required TRS to offer an optional defined contribution plan to its members

2021

40 ILCS 5/16-204 amended to require TRS to provide:

- 457(b) plan with a 3% auto-enroll for members hired on or after 1/1/23
- 30-day opt out window
- TRS responsible for operating the SSP in accordance with federal and state law

2023

The Supplemental Savings Plan (SSP) was implemented



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



History of TRS SSP and the Plus One Law

The SSP brought the Employer challenges in 2 areas:

1. Administration

- No Data sharing with Employer/TPAs to properly discharge employer obligations under the SSP
 - Monitor Maximum Allowable Contribution limits of SSP and coordinate limits with other 457(b) plans
 - Remit contributions to SSP
 - Salary Reduction Agreement administration
 - Adjudicate transactions

2. Lack of investment provider choice

- Research demonstrates investment choice and advisor access produce the most impactful benefit



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**





IMPROVING RETIREMENT SAVINGS FOR AMERICA'S PUBLIC EDUCATORS

A COMPREHENSIVE SURVEY OF PUBLIC EDUCATION 403(B) RETIREMENT PLANS

2018



[https://www.ntsa-net.org/sites/ntsa-net.org/files/PDFs/2018 NTSA Improving 403bs.pdf](https://www.ntsa-net.org/sites/ntsa-net.org/files/PDFs/2018%20NTSA%20Improving%20403bs.pdf)



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



To alleviate some of the Employer’s challenges, TPAs and Investment Providers collaborated with the National Tax-Deferred Savings Association (NTSA) to create the new “Plus One” Law.



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



Why are 403b and 457b plans important?

- Current annual savings rate is 3.8% (JP Morgan research)
- TRS - Tier 1 vs Tier 2 vs Tier 3
 - TRS 44.8% Funded ratio / IMRF 98.2% Funded Ratio
- Median retirement savings at 65 \$87,725 (Vanguard)
- TRS median new retiree age 60 with 28 yrs of service
 - Median monthly benefit \$4,657
 - (FY'23 TRS annual comprehensive financial report)
- Married couple at 65 has 90% probability that 1 will reach 85



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



Illinois Senate Bill 734

What is it?

The Plus one Law (Public Act 103-0481) requires eligible school districts to:

- Provide more than one investment provider in its 457(b) plan
 - *The investment providers in the plan cannot also be the TPA*
- The investment providers in the 457(b) plan must:
 - *Share data electronically with the school district or its TPA*
 - *Provide data to facilitate participant fee disclosure*
 - *Cover fees relating to the administration of plan*



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



Illinois Senate Bill 734 (Plus 1)

- School districts have 1 year after the effective date to comply
 - (signed 8/4/2023 effective 1/1/2024)
- Schools organized under article 34 are exempt (cities over 500,000)
- Defined Contribution plan established by TRS is not impacted



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



The Plus One Law:

who does it apply to?

- School districts with a full-time licensed teacher population of 575
- The TRS SSP is exempt but **IS** permitted to share data to facilitate compliance with 457(b) regulations.
- Single Investment Provider with or without existing 457
- **ALL** schools can adopt the Plus One Law to provide choice



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



The Plus One Law Advantages

The Plus One Law provides schools:

- Opportunity to offer a wide range of investment products
 - Every Investor has their own risk tolerance
- No additional cost to school district
- Work with existing TPA provider to provide compliance



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



Benefits of Provider Choice

Boosts 403(b) Participation & Contributions

25% Higher Participation

73% Higher Account Balances


203% Higher Contribution Rates



Single provider arrangements have the lowest participation rate,

8%

below National average

 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



Next Steps?

- Regardless of district size its time to consider choice for both 403(b) and 457(b)
- Review/Interview existing 403(b) providers as a possible 457(b) option
- Discuss 457(b) options with your 403(b) TPA



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



Questions and Answers

We thank you for your time!



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**



Presenters:

MODERATOR INFO:

Michael Jacoby, Ed.D., CAE, SFO; Executive Director/CEO Illinois ASBO
(630) 408-7611; mjacoby@iasbo.org

PANELISTS INFO:

Nicole Cleaver, CRES; Midwest Plan Consultant; U.S. OMNI & TSACG Compliance
Services, Inc.
(704) 746-1130; ncleaver@omni403b.com

Joshua Marchal, MBA, CRPC, CRES; Regional Vice President Midwest; Lincoln Investment
(833) 463-9346; jmarchal@lincolninvestment.com

Curtis May, Financial Advisor & Director Retirement Benefits Group; Equitable
(224) 554-8018; curtis.may@equitable.com



 #iasboAC24

INVEST IN **YOURSELF** IGNITE **OTHERS**

