



## ROSELLE SCHOOL DISTRICT 12

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Dr. Mary Henderson, Superintendent

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To: Dr. Mary Henderson, Superintendent  
Board of Education

From: Dr. Gregory Harris, Assistant Superintendent of Finance & Operations/CSBO

Re: Participation Agreement for the TRS Supplemental Savings Plan

Date: January 18, 2022

The Resolution presented to the Board authorizes the adoption of the new Supplemental Savings 457(b) Plan that TRS is now requiring employers to adopt. According to TRS, the Supplemental Savings Plan (SSP) is a tax-favored retirement savings vehicle that is intended to supplement the retirement benefits provided by the TRS defined benefit plan. The tax-favorable features of the TRS SSP are provided by federal tax laws and regulations regarding “eligible deferred compensation plans” under Section 457(b) of the Internal Revenue Code. Unlike the traditional TRS defined benefit plan, participation in, and contributions to, the SSP are voluntary for eligible TRS members. In addition, employers can elect to make discretionary contributions to help their employees save for retirement. The TRS SSP is enabled by Section 16-204 of the Illinois Pension Code, which was enacted by Public Act 100-769, effective August 10, 2018, and amended by Public Act 102-540, effective August 20, 2021. The TRS Board of Trustees adopted the TRS SSP plan document, effective October 29, 2019, and amended it on October 30, 2021.

Importantly, in initial information publications, TRS stated that all TRS covered employers were required to adopt the pre-drafted Participation Agreement, incorporated into the Resolution as Attachment A, for the TRS SSP no later than March 2021; however, TRS later rescinded that date. Subsequently, in October 2021, TRS released a new Employer Bulletin in which it stated it **still has NOT established a new date by which employers must adopt the new TRS Plan**; however, the Bulletin clarified that employees will not be eligible to enroll and establish deferral amounts until the Employer adopts the TRS SSP by returning a signed Participation Agreement. It also clarified that the earliest an employee would be able to elect a deferral amount is January 10, 2022, which would then apply to contributions beginning on or after March 1, 2022. An ensuing TRS Employer Bulletin in November 2021 strongly encouraged employers to prepare for this required implementation but did not give a deadline for approval and return of the Participation Agreement.

While it is optional for TRS members (school employees) to participate, TRS is required by statute to automatically enroll new TRS participants in the SSP, subject to opt-out. The statute also provides that employers are required to implement the SSP benefit and comply with reporting and administrative functions established by TRS, and TRS maintains it is mandatory that all TRS employers affirmatively

adopt the TRS Plan. TRS will be releasing additional information in forthcoming Bulletins and in Employer portals.

The attached Resolution has been prepared by HLERK. The attached Participation Agreement and Plan Document are incorporated into the Resolution as Attachments. According to HLERK, the Participation Agreement and Plan Document currently available from TRS do not protect the employer as well as they should, and, unfortunately, have been recently notified by TRS (informally) that they will not be changing them. However, HLERK does have reason to believe that TRS will be making certain changes to the online salary reduction agreement, which employees complete in order to participate in the SSP, that will better protect the school districts. Because TRS has still not set a deadline for sending the Participation Agreement back to TRS, HLERK is currently advising waiting to see if TRS will be releasing a different salary reduction agreement form prior to enrolling employees. If, however, the District chooses to send in the Participation Agreement now, and thus, allow its employees to begin enrolling immediately, HLERK is advising we put into place a separate notice and agreement with our employees to use in unison with the TRS forms, which HLERK can provide.

Regardless of when we choose to send in the Participation Agreement, HLERK is recommending that the Board adopt the Resolution now as it provides the administration with the authority to sign the Participation Agreement and all supporting documents in its current form or in revised form if and when they become available.