



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB4959

by Rep. Karen May

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-113.4

Amends the Illinois Pension Code. In provisions concerning permitted investments for pension funds with net assets of \$5,000,000 or more, (i) removes provisions requiring that securities are of a corporation created or existing under the laws of the United States or any state, district, or territory thereof and that the issuer of the stocks has been subject to the requirements of Section 12 of the federal Securities Exchange Act of 1934 and has been current with the filing requirements of specified Sections of that Act during the preceding 3 years and (ii) increases the maximum percentage of the market value of the pension fund's net present assets in certain investments from 35% to 50% if the fund utilizes an investment management consultant or an investment manager. Effective immediately.

LRB095 14867 AMC 40808 b

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 1-113.4 as follows:

6 (40 ILCS 5/1-113.4)

7 Sec. 1-113.4. List of additional permitted investments for
8 pension funds with net assets of \$5,000,000 or more.

9 (a) In addition to the items in Sections 1-113.2 and
10 1-113.3, a pension fund established under Article 3 or 4 that
11 has net assets of at least \$5,000,000 and has appointed an
12 investment adviser under Section 1-113.5 may, through that
13 investment adviser, invest a portion of its assets in common
14 and preferred stocks authorized for investments of trust funds
15 under the laws of the State of Illinois. The stocks must meet
16 all of the following requirements:

17 (1) The common stocks are listed on a national
18 securities exchange or board of trade (as defined in the
19 federal Securities Exchange Act of 1934 and set forth in
20 Section 3.G of the Illinois Securities Law of 1953) or
21 quoted in the National Association of Securities Dealers
22 Automated Quotation System National Market System (NASDAQ
23 NMS).

1 (2) The securities are of a corporation ~~created or~~
2 ~~existing under the laws of the United States or any state,~~
3 ~~district, or territory thereof and the corporation has been~~
4 in existence for at least 5 years.

5 (3) The corporation has not been in arrears on payment
6 of dividends on its preferred stock during the preceding 5
7 years.

8 (4) The market value of stock in any one corporation
9 does not exceed 5% of the cash and invested assets of the
10 pension fund, and the investments in the stock of any one
11 corporation do not exceed 5% of the total outstanding stock
12 of that corporation.

13 (5) The straight preferred stocks or convertible
14 preferred stocks are issued or guaranteed by a corporation
15 whose common stock qualifies for investment by the board.

16 ~~(6) The issuer of the stocks has been subject to the~~
17 ~~requirements of Section 12 of the federal Securities~~
18 ~~Exchange Act of 1934 and has been current with the filing~~
19 ~~requirements of Sections 13 and 14 of that Act during the~~
20 ~~preceding 3 years.~~

21 (b) A pension fund's total investment in the items
22 authorized under this Section and Section 1-113.3 shall not
23 exceed 50% ~~35%~~ of the market value of the pension fund's net
24 present assets stated in its most recent annual report on file
25 with the Department of Financial and Professional Regulation if
26 the fund utilizes an investment management consultant (a duly

1 licensed employee of an investment manager) or an investment
2 manager as defined in Section 1-101.4 of this Code ~~Illinois~~
3 ~~Department of Insurance.~~ If the fund does not utilize an
4 investment management consultant or an investment manager, the
5 total investments in the items authorized under this Section
6 and Section 1-113.3 shall not exceed 35% of the market value of
7 the pension fund's net present assets stated in its most recent
8 annual report on file with the Department of Financial and
9 Professional Regulation.

10 (c) A pension fund that invests funds under this Section
11 shall electronically file with the Division any reports of its
12 investment activities that the Division may require, at the
13 times and in the format required by the Division.

14 (Source: P.A. 90-507, eff. 8-22-97.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.