



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB2212

Introduced 2/20/2009, by Sen. Susan Garrett

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1A-104
40 ILCS 5/1A-112

Amends the Illinois Pension Code. In provisions concerning Public Pension Division examinations or investigations of pension funds (i) provides that the Division of Insurance may retain attorneys, independent actuaries, independent certified public accountants, and specialists as examiners as deemed necessary by the Director of Insurance and removes language providing that the costs of these professionals shall be borne by the pension fund that is the subject of the examination and (ii) in provisions concerning the examination of downstate police and fire pension funds, provides that, beginning on December 31, 2016, the schedule of each examination shall be such that each fund shall be examined once every 5 years (was, once every 3 years). Increases the annual compliance fees with respect to a downstate police or fire pension fund from 0.02% (2 basis points) of the total assets of the pension fund, but not more than \$8,000 to 0.03% (3 basis points) of the total assets of the pension fund, but not more than \$12,000. Effective immediately.

LRB096 09675 AMC 19836 b

FISCAL NOTE ACT
MAY APPLY

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 Sections 1A-104 and 1A-112 as follows:

6 (40 ILCS 5/1A-104)

7 Sec. 1A-104. Examinations and investigations.

8 (a) The Division shall make periodic examinations and
9 investigations of all pension funds established under this Code
10 and maintained for the benefit of employees and officers of
11 governmental units in the State of Illinois. However, in lieu
12 of making an examination and investigation, the Division may
13 accept and rely upon a report of audit or examination of any
14 pension fund made by an independent certified public accountant
15 pursuant to the provisions of the Article of this Code
16 governing the pension fund. The acceptance of the report of
17 audit or examination does not bar the Division from making a
18 further audit, examination, and investigation if deemed
19 necessary by the Division.

20 The Department may implement a flexible system of
21 examinations under which it directs resources as it deems
22 necessary or appropriate. In consultation with the pension fund
23 being examined, the Division may retain attorneys, independent

1 actuaries, independent certified public accountants, and other
2 professionals and specialists as examiners, deemed necessary
3 by the Director of Insurance ~~the cost of which (except in the~~
4 ~~ease of pension funds established under Article 3 or 4) shall~~
5 ~~be borne by the pension fund that is the subject of the~~
6 ~~examination.~~

7 (b) The Division shall examine or investigate each pension
8 fund established under Article 3 or Article 4 of this Code.
9 Beginning December 31, 2016, the ~~The~~ schedule of each
10 examination shall be such that each fund shall be examined once
11 every 5 ~~3~~ years.

12 Each examination shall include the following:

13 (1) an audit of financial transactions, investment
14 policies, and procedures;

15 (2) an examination of books, records, documents,
16 files, and other pertinent memoranda relating to
17 financial, statistical, and administrative operations;

18 (3) a review of policies and procedures maintained for
19 the administration and operation of the pension fund;

20 (4) a determination of whether or not full effect is
21 being given to the statutory provisions governing the
22 operation of the pension fund;

23 (5) a determination of whether or not the
24 administrative policies in force are in accord with the
25 purposes of the statutory provisions and effectively
26 protect and preserve the rights and equities of the

1 participants;

2 (6) a determination of whether or not proper financial
3 and statistical records have been established and adequate
4 documentary evidence is recorded and maintained in support
5 of the several types of annuity and benefit payments being
6 made; and

7 (7) a determination of whether or not the calculations
8 made by the fund for the payment of all annuities and
9 benefits are accurate.

10 In addition, the Division may conduct investigations,
11 which shall be identified as such and which may include one or
12 more of the items listed in this subsection.

13 A copy of the report of examination or investigation as
14 prepared by the Division shall be submitted to the secretary of
15 the board of trustees of the pension fund examined or
16 investigated and to the chief executive officer of the
17 municipality. The Director, upon request, shall grant a hearing
18 to the officers or trustees of the pension fund or their duly
19 appointed representatives, upon any facts contained in the
20 report of examination. The hearing shall be conducted before
21 filing the report or making public any information contained in
22 the report. The Director may withhold the report from public
23 inspection for up to 60 days following the hearing.

24 (Source: P.A. 95-950, eff. 8-29-08.)

25 (40 ILCS 5/1A-112)

1 Sec. 1A-112. Fees.

2 (a) Every pension fund that is required to file an annual
3 statement under Section 1A-109 shall pay to the Department an
4 annual compliance fee. In the case of a pension fund under
5 Article 3 or 4 of this Code, the annual compliance fee shall be
6 0.03% (3 basis points) ~~0.02% (2 basis points)~~ of the total
7 assets of the pension fund, as reported in the most current
8 annual statement of the fund, but not more than \$12,000 ~~\$8,000~~.
9 In the case of all other pension funds and retirement systems,
10 the annual compliance fee shall be \$8,000.

11 (b) The annual compliance fee shall be due on June 30 for
12 the following State fiscal year, except that the fee payable in
13 1997 for fiscal year 1998 shall be due no earlier than 30 days
14 following the effective date of this amendatory Act of 1997.

15 (c) Any information obtained by the Division that is
16 available to the public under the Freedom of Information Act
17 and is either compiled in published form or maintained on a
18 computer processible medium shall be furnished upon the written
19 request of any applicant and the payment of a reasonable
20 information services fee established by the Director,
21 sufficient to cover the total cost to the Division of
22 compiling, processing, maintaining, and generating the
23 information. The information may be furnished by means of
24 published copy or on a computer processed or computer
25 processible medium.

26 No fee may be charged to any person for information that

1 the Division is required by law to furnish to that person.

2 (d) Except as otherwise provided in this Section, all fees
3 and penalties collected by the Department under this Code shall
4 be deposited into the Public Pension Regulation Fund.

5 (e) Fees collected under subsection (c) of this Section and
6 money collected under Section 1A-107 shall be deposited into
7 the Department's Statistical Services Revolving Fund and
8 credited to the account of the Public Pension Division. This
9 income shall be used exclusively for the purposes set forth in
10 Section 1A-107. Notwithstanding the provisions of Section
11 408.2 of the Illinois Insurance Code, no surplus funds
12 remaining in this account shall be deposited in the Insurance
13 Financial Regulation Fund. All money in this account that the
14 Director certifies is not needed for the purposes set forth in
15 Section 1A-107 of this Code shall be transferred to the Public
16 Pension Regulation Fund.

17 (f) Nothing in this Code prohibits the General Assembly
18 from appropriating funds from the General Revenue Fund to the
19 Department for the purpose of administering or enforcing this
20 Code.

21 (Source: P.A. 93-32, eff. 7-1-03.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.