COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 3990** January 15, 2020

SPONSOR (S): Skillicorn

SYSTEM(S): Regulation of Public Pension Funds Article

FISCAL IMPACT: HB 3990 would amend the Regulation of Public Pension Funds Article of the Illinois Pension Code to create a new mandate for actuaries preparing statements for the public pension systems to be bonded for \$2 billion. SERS notes that while the actuaries used by public pension systems are bonded, they are only bonded to \$10 million. SERS noted that if actuarial firms are required to carry this much higher level of insurance, they will most certainly pass any premium increases down to the retirement systems.

<u>SUBJECT MATTER</u>: HB 3990 would amend the Regulation of Public Pension Funds Article of the Illinois Pension Code by creating a mandate for the qualified actuaries, who perform the required actuarial analyses for the public pension systems, to be insured for \$2 billion.

<u>COMMENT</u>: HB 3990 would create a mandate that the enlisted actuary of an Illinois public pension fund must post a bond in the amount of \$2 billion in order to work on the required actuarial statement.

Currently, each pension fund must submit an annual complete actuarial statement applicable to the plan year. Each fund's board of trustees must enlist an enrolled actuary to prepare the required annual actuarial valuation. SERS has noted that consulting actuaries are typically insured for up to 10 million dollars per occurrence, for the purpose of covering any liability created by faulty actuarial work. However, there is no statutory mandate for this insurance. HB 3990 would create such a mandate.

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