COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 5873, as amended by HA #1** March 8, 2010

SPONSOR(S): Flider - Black

SYSTEM(S): Downstate Police, Downstate Fire

FISCAL IMPACT: There is no discernable fiscal impact associated with HB 5873, as amended.

<u>SUBJECT MATTER</u>: HB 5873, as amended, amends the Downstate Police and Downstate Fire Articles of the Illinois Pension Code to provide that the downstate police and downstate fire pension funds are to provide annual reports on the financial condition of their respective pension funds to the Department of Insurance.

<u>FISCAL IMPACT</u>: There is no discernable fiscal impact associated with HB 5873, as amended.

<u>COMMENT</u>: Currently, the pension board annually submits a report to the city council or board of trustees of the municipality on the condition of the pension fund at the end of its most recently completed fiscal year. The report is required to be made prior to the council or board meeting held for appropriating and levying of taxes for the year for which the report is made and it must include the following:

- 1. the total assets of the fund in its custody at the end of the fiscal year and the current market value of those assets;
- 2. the estimated receipts during the next succeeding fiscal year from deductions from the salaries of police officers, and from all other sources;
- 3. the estimated amount required during the next succeeding fiscal year to pay all pensions and other obligations and to meet the annual requirements of the fund:
- 4. the total net income received from investment of assets along with the assumed investment return and actual investment return received by the fund during its most recently completed fiscal year compared to the total net income, assumed investment return, and actual investment returned received during the preceding fiscal year;
- 5. the total number of active employees who are financially contributing to the fund;

- 6. the total amount that was distributed in benefits during the fiscal year, including the number of and total amount given to annuitants in receipt of a regular retirement pension, recipients being paid a disability pension, and survivors and children in receipt of benefits;
- 7. the funded ratio of the fund;
- 8. the unfunded liability carried by the fund, along with an actuarial explanation of the unfunded liability; and
- 9. the investment policy of the pension board under the statutory investment restrictions imposed on the fund.

HB 5873, as amended, provides that upon issuing the report to the municipality, the pension board must also provide the report to the Department of Insurance, who will then compile the reports on an annual basis into one comprehensive report and thus make the report available to the General Assembly and the Governor before January 1, 2011 and before January 1 of each subsequent year.

MDM: bj

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