## COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

## 96TH GENERAL ASSEMBLY

| BILL NO: | SB 1974.       | as engrossed   |
|----------|----------------|----------------|
|          | <b>DD 1774</b> | ab chigi obbcu |

April 23, 2009

SPONSOR (S): Harmon (McCarthy - Pritchard)

SYSTEM(S): Downstate Police and Downstate Firefighters' Pension Funds

FISCAL IMPACT: Currently, the Illinois Public Pension Fund Association (www.ippfa.org) administers a certified trustee education program. Information on the program can be found at the link above, but the general concepts covered include fiduciary responsibility, fundamentals of investing, funding and actuarial concepts, medical and disability issues, and legal and ethical issues. The 32-hour program is broken down into four eight hour-modules, taught over a fourteen week period. The cost of the program is \$750 per student.

According to the Public Pension Division of the Illinois Department of Financial and Professional Regulation, there are currently 1,750 police pension fund trustees statewide and 1,350 fire pension trustees statewide. SB 1974, as engrossed, will not require these existing trustees to attend the initial 32 hour training class, but will require all trustees to complete 16 hours of appropriate continuing education classes each year. All costs of training will be paid by the pension fund.

<u>SUBJECT MATTER</u>: SB 1974, as engrossed, amends the Downstate Police and Downstate Firefighters' Articles of the Illinois Pension Code to require the trustees of these pension funds to attend a trustee certification training seminar at a training facility that is accredited and affiliated with a college or university. SB 1974, as engrossed, also requires these trustees to participate in continuing trustee education each year.

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<u>COMMENTS</u>: Currently, the Illinois Pension Code does not require any formal training for trustees of Downstate Police and Downstate Firefighters' Pension Funds. SB 1974, as engrossed, requires these trustees to complete a 32 hour certification training seminar at a training facility accredited by a college or university in the state of Illinois. This training must be completed within one year of their initial appointment as a trustee, and shall include all of the following: (1) Duties and liabilities of a pension fiduciary, (2) Adjudication of pension claims, (3) Basic accounting and actuarial concepts, (4) Trustee ethics, (5) The Illinois Open Meetings Act, (6) The Illinois Freedom of Information Act.

In addition, SB 1974, as engrossed, requires each trustee to participate in a minimum of 16 hours of continuing trustee education each year thereafter.

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