

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 2212**

March 4, 2009

SPONSOR(S): Garrett

SYSTEM(S): General Provisions

FISCAL IMPACT: Under SB 2212, language is removed from the Illinois Pension Code that requires the pension funds to pay for attorneys, independent actuaries, independent certified public accountants, and other specialists in the event of an examination or investigation. Removing this requirement will likely have a minimal positive impact on the State's various pension funds. In addition, beginning December 31, 2006 each examination will be such that each fund will be examined every 5 years instead of 3. The reduction in the occurrence of these examinations could reduce costs to the pension systems by an undetermined amount. Finally, there will be a minimal increase in the costs borne by downstate police and fire pension funds due to a slight increase in compliance fees.

SUBJECT MATTER: SB 2212 amends the Illinois Pension Code. The bill changes various provisions concerning Public Pension Division examinations or investigations of pension funds and 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. Additionally, in provisions concerning the examination of downstate police and fire pension funds, the bill states 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). SB 2212 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.

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COMMENT: Currently, the Illinois Pension Code requires the pension fund that is subject to an examination to pay the costs of retaining attorneys, independent certified public accountants, and other professionals. Under current law, each fund is required to be examined every 3 years. SB 2212 would change that provision and only require examination every 5 years.

The bill increases the compliance fees paid by downstate police and fire pension funds as follows; the annual compliance fee will now be 0.03% (formerly 0.02%) of the total assets of the pension fund as reported on the most recent annual statement, but not more than \$12,000 (formerly \$8,000).

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