

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **SB 0296**

March 2, 2021

SPONSOR (S): Villa

SYSTEM(S): General Provisions Article

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**FISCAL IMPACT:** There is no discernible fiscal impact associated with SB 0296.

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**SUBJECT MATTER:** SB 0296 amends the General Provisions Article of the Pension Code. The bill mandates pension funds governed under the article to indemnify pension fund trustees and staff against all damage claims and suits. Under the bill, pension funds could choose whether or not to indemnify consultants against such claims and/or suits.

**COMMENT:** Under current law, pension funds governed under the General Provisions Article of the Pension Code “may indemnify” and protect trustees, staff and consultants against all damage claims and suits when damages are sought for negligent or wrongful acts alleged to have been committed in the scope of employment or under the direction of the trustees of the pension fund. SB 0296 changes this permissive “may indemnify” language to an instructive “shall indemnify” mandate, but the mandatory indemnification requirement would not apply to consultants. SB 0296 retains the permissive “may indemnify” option for the protection and indemnification of consultants.

DH:bs

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