



# Commission on Government Forecasting and Accountability

## PENSION IMPACT NOTE *104<sup>th</sup> General Assembly*

BILL NO: **HB 5119**

March 13, 2026

SPONSOR (S): Kifowit

SYSTEM: Regulation of Public Pension Funds Article (Article 1A)

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### FISCAL IMPACT

**HB 5119 would have no substantive fiscal impact, as the changes made by the legislation are administrative in nature.**

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SUBJECT MATTER: HB 5119 amends the Regulation of Public Pension Funds Article of the Illinois Pension Code to adjust the responsibilities of the Public Pension Division (PPD) of the Department of Insurance (DOI) and make other administrative changes. The various changes are detailed below in the Comment section, organized by section of the Code amended.

### COMMENT:

#### 40 ILCS 5/1A-101

Under the supervision and direction of the Director of Insurance, the Public Pension Division (PPD) of the Department of Insurance (DOI) shall consist of:

- An administrator;
- A supervisor;
- A technical staff trained in the fundamentals of public pension fund planning, operations, administration, and investment of public pension funds; and
- Any other personnel that may be deemed necessary by the PPD

**HB 5119** removes the reference to a “supervisor” from the list of positions comprising the PPD.

#### 40 ILCS 5/1A-106

The PPD shall:

- Render advisory services to pension funds on all matters pertaining to their operations; and
- Recommend any corrective or clarifying legislation that it may deem necessary.

**HB 5119** replaces “shall” with “may” in reference to the PPD’s advisory responsibilities for pension funds.

40 ILCS 5/1A-107

The PPD shall automate its operations, services, and communications to the fullest practical extent, and such automation shall include the acquisition, use, and maintenance of electronic data processing technology to:

- Automate PPD operations;
- Provide electronic exchange of information between the PPD & pension funds by FY 2000;
- Provide data on processable media to pension funds and the general public and receive processable media from pension funds and the general public;
- Control access to information when necessary to protect the confidentiality of persons identified.

**HB 5119** removes a reference to the FY 2000 deadline by which electronic exchange between the PPD and pension funds must be ready.

40 ILCS 5/1A-108

On or before October 1 following a regular session of the General Assembly, the PPD shall submit a report to the Governor and General Assembly setting forth:

- The latest financial statements on pension funds operating in Illinois;
- A summary of the current provisions underlying these funds;
- A report on any changes that have occurred in the provisions since the last report; and
- The results of examinations made by the PPD and any specific recommendations for legislative and administrative correction the PPD deems necessary

**HB 5119** mandates that the annual report produced by the PPD include examinations made by independent CPAs retained by the respective Consolidated Funds of Article 3 (Downstate Police) and Article 4 (Downstate Fire) funds.

40 ILCS 5/1A-109

Each pension fund shall provide to the PPD an annual statement, in a format prescribed by the PPD, that includes:

1. A financial balance sheet as of the close of the fiscal year;
2. A statement of income/expenditures;
3. An actuarial balance sheet;
4. Statistical data reflecting age/service/salary of participants;
5. Special facts concerning disability and other claims;
6. Details on investment transactions that occurred during the fiscal year;
7. Details on administrative expenses;
8. Actuarial and interest tables used; and
9. Any other supporting data deemed necessary.

Current statute requires the respective Consolidated Fund (IPOPFI or IFPIFI) to provide directly to the PPD items (1) and (6) after the conclusion of the transition period, pursuant to P.A. 101-610

(effective January 1, 2020), which created IPOPIF and IFPIF to consolidate the investment assets of the respective Downstate local pension funds under Articles 3 and 4.

**HB 5119** adds language that:

- Clarifies that for any given fiscal year that changes are made to the annual statement form designed and prescribed by the PPD, the PPD must provide the form to each pension fund at least 60 days prior to the filing date; and
- Requires the annual statements from Article 3 or 4 funds to include details on nontransferable investments the fund retains after transferring investments to the respective Consolidated Fund in accordance with P.A. 101-610 that occurred during the fiscal year covered by the report.

40 ILCS 5/1A-113

A penalty not to exceed \$100 a day for each day's delay shall be assessed to a pension fund that fails to meet the deadlines for delivering both annual and actuarial statements to the PPD.

- A fund that fails to pay a fee within a determined time shall pay a penalty of 5% of the fee for each month or part of a month the fee is late, with the entire penalty not to exceed 25% of the fee due.

When the PPD determines that any governmental unit or individual elected official or officer, subject to any law establishing a pension fund or retirement system, has failed to comply with any provision of that law:

- The Director of Insurance (Director) shall notify that unit or official or officer of the specific provision(s) of the law the person has failed to comply;
- Upon receipt of the notice, the person notified shall take immediate steps to comply
- If the notified person fails to comply within a reasonable time, the Director may hold a hearing at which the person notified may show cause for noncompliance with the law;
- If the Director determines that cause is not sufficient, the Director may order the person to provide evidence of compliance within 30 days;
- If evidence is not submitted within that window, the Director may assess a civil penalty up to \$2,000; and
- If the civil penalty up to \$2,000 is not paid within 30 days, the Director shall report the act of noncompliance to the Attorney General of the State.

**HB 5119** amends this provision so that if a notified person/governing body does not pay their civil penalty (up to \$2,000) within 30 days and a just cause of noncompliance has not been communicated, the Director may (instead of shall) report the act of noncompliance to the Attorney General of the State.

40 ILCS 5/1A-201

**HB 5119** removes the entirety of 40 ILCS 5/1A-201, a provision creating the Advisory Commission on Pension Benefits, whose report was due on or before November 1, 2005.

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