



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: SB 1710

February 21, 2025

SPONSOR: Martwick

SYSTEM: General Provisions Article (All)

FISCAL IMPACT

SB 1710 introduces language mandating obligatory indemnification for pension fund trustees, consultants and employees, and makes no substantial changes to benefits or funding of affected pension funds. The five State-funded systems already indemnify their trustees and staff under the standard contemplated under the bill, thus the fiscal impact of the SB 1710 is negligible.

SUBJECT MATTER: SB 1710 amends the General Provisions Article to change language mandating that the pension fund protects trustees, consultants and employees against all damage claims and lawsuits, known as mandatory indemnification, as explained below.

COMMENT: Under current law, retirement systems may indemnify (compensate for legal liabilities or losses) and provide legal defense to trustees, consultants, and employees to protect them from damage claims alleging negligence or wrongdoing. Indemnities are not given in cases of willful misconduct and gross negligence. Individual pension boards are expected to have insurance policies to protect against loss or liability relating to these damage claims.

SB 1710 changes the language from “may” to “shall” in regard to providing indemnities to the accused. Providing indemnities thus would become an obligation instead of an option for retirement systems. Most retirement systems already indemnify trustees with SURS and SERS verifying that to be the case, so the impact of the bill is negligible.

RF:bs

LRB104 11099 RPS 21181 b