

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 0834**

February 17, 2009

SPONSOR (S): Beaubien

SYSTEM(S): Downstate Police & Downstate Firefighter Pension Funds, Illinois
Municipal Retirement Fund

FISCAL IMPACT: The fiscal impact of HB 0834 cannot be determined as it is unknown how many police and fire pension funds will transfer assets to IMRF. Page 19 of IMRF's 2007 Comprehensive Annual Financial Report shows that the total commingled assets of the fund achieved the following investment returns for the period ending December 31, 2007:

Period	Annualized Returns
Three Years	10.3%
Five Years	13.1%
Ten Years	8.2%

Investment rates of return vary by Downstate police and fire pension fund.

SUBJECT MATTER: HB 0834 amends the Illinois Pension Code to allow downstate police and firefighter pension funds to transfer the investment management of selected assets to the Illinois Municipal Retirement Fund.

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COMMENTS: Currently, the board of trustees for each downstate police and downstate firefighter pension fund solely directs the investment and administration for all of the fund's financial assets. HB 0834 provides that the board of trustees for any such fund may, by a resolution adopted by a majority vote of its members, transfer monies of the pension fund to the Illinois Municipal Retirement Fund for investment management and administration. Any funds transferred to IMRF in this manner are totally under the control of the IMRF investment management and may be commingled with any other assets in any manner. Any investment authority of the transferring board of trustees is immediately terminated at the time of funds transfer.

While managing these funds for other pension funds the IMRF is responsible for issuing quarterly reports showing: (1) Original asset cost, (2) Sales prices received for all assets sold, (3) Gains or losses realized during the period, (4) Income from investments, (5) Administrative expenses allocated to each pension fund. Distributions from IMRF to the other pension funds are detailed on these reports, together with any additional funds transferred into IMRF.

GS:dkb

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