

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **SB 1613**

February 15, 2011

SPONSOR (S): Martinez

SYSTEM(S): General Provisions Article

FISCAL IMPACT: The fiscal impact of SB 1613 cannot be calculated as the amount of additional legal and insurance expenses that Illinois public pension funds or retirement systems will incur due to mandatory indemnification is unknown.

SUBJECT MATTER: SB 1613 amends the Illinois Pension Code to require that every retirement system, pension fund, or other system or fund established under the Code, except for SERS, SURS, GARS, JRS, TRS, and the Illinois State Board of Investment, must indemnify and protect the trustees against all damage claims and suits. SB 1613 makes indemnification discretionary for trustees of the State-funded retirement systems, for members of the Illinois State Board of Investment, and for staff and consultants of every retirement system, pension fund, or other system or fund established under the Illinois Pension Code.

FISCAL IMPACT: The fiscal impact of SB 1613 cannot be calculated as the amount of additional legal and insurance expenses that Illinois public pension funds or retirement systems will incur due to mandatory indemnification is unknown.

COMMENT: Currently, every retirement system, pension fund, or other system or fund established under the Illinois Pension Code may indemnify and protect the trustees, staff, and consultants against all damage claims and suits, including defense thereof, 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. SB 1613 makes indemnification mandatory rather than optional. SB 1613 requires that every retirement system, pension fund, or other system or fund established under this Code, except for SERS, SURS, GARS, JRS, TRS, and the Illinois Board of Investment (ISBI), must indemnify and protect the 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 their powers and duties as trustees.

In addition, SB 1613 provides that SERS, SURS, GARS, JRS, TRS, and ISBI may indemnify and protect the trustees against all damage claims and suits when damages are sought for negligent or wrongful acts alleged to have been committed in the scope of their powers and duties as trustees.