



IPPFA

HB 5088

Prohibition on Transfers from Public Pension Regulation Fund

- The Public Pension Regulation Fund is an appropriated fund that was established to receive and record all monies collected by the Public Pension Division of the Dept. of Financial and Professional Regulation. HB5088 prohibits transfers from the Public Pension regulation fund to the Professions indirect cost fund

Pension Impact Notes for Downstate Police and Fire Funds

- Hb5088 amends the Pension Impact Note Act to stipulate that a pension impact note for any legislation or amendment that the Commission on Government Forecasting and Accountability determines would result in an increase in benefits or increased costs to a Downstate Police or Fire Pension Fund may demonstrate the fiscal impact of the legislation on selected individual municipalities with such pension funds

Penalties for Fiduciaries

- HB5088 stipulates that a fiduciary of a Police or Fire Pension Fund shall not knowingly cause or advise the pension fund to engage in an investment transaction when the fiduciary has any direct interest in the income, gains, or profits of the investment advisor through which the investment transaction is made or has a business relationship with that investment advisor that would result in pecuniary benefit to the fiduciary as a result of the investment. Violation is a class4 felony

Limitations for Consulting Contracts

- HB5088 provides that a person or entity that provides consulting services to a pension fund with respect to the selection of fiduciaries may not be awarded a contract to provide consulting services for more than 5 years in duration. The contract to provide consulting services may not be extended or renewed. The contractor shall be eligible to compete for a new contract.

Requirements for Consultants

- HB5088 requires a consultant who is neither a pension fund board member or employee to be one of the following on or after July 1, 2008: a registered investment advisor under the Federal Investment Advisors Act of 1940; a registered investment advisor under the Illinois Securities Law of 1953; or an insurance company.

Disclosure of Fees by Investment Advisors and Consultants

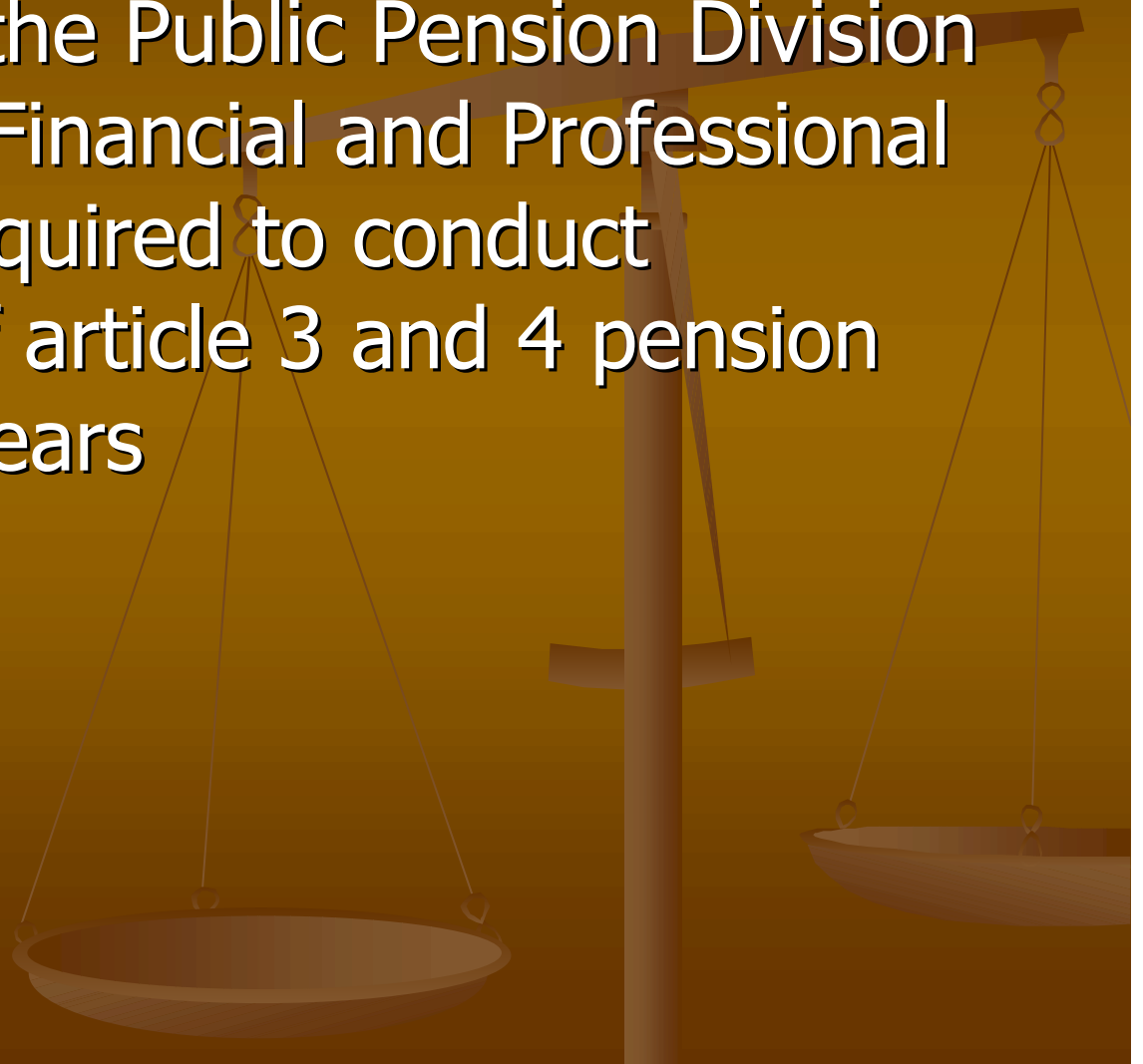
- Hb5088 requires all contracts for investment services to fully disclose all direct and indirect fees, commissions, penalties, and other forms of compensation, including reimbursement for expenses that may be paid by or on behalf of the investment advisor or consultant in connection with the provision of investment services. Within the 30 days of the effective date of this legislation all current advisors and consultants must disclose to the board of trustees all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of the investment advisor or consultant in connection with the provision of investment services.

Prohibition of Gifts

- HB5088 prohibits board members of Downstate Police and Fire Pension funds from accepting or soliciting gifts from “prohibited sources.” The bill defines a prohibited source as a person who is seeking official action by the board of trustees of the pension fund or has interests that may be substantially affected by the performance or non-performance of the official duties of the board member or employee. Violation is a class A misdemeanor

Examination and Investigations

- Under HB5088 the Public Pension Division of the Dept. of Financial and Professional Regulation is required to conduct examinations of article 3 and 4 pension funds every 3 years



Review of Award of Benefits

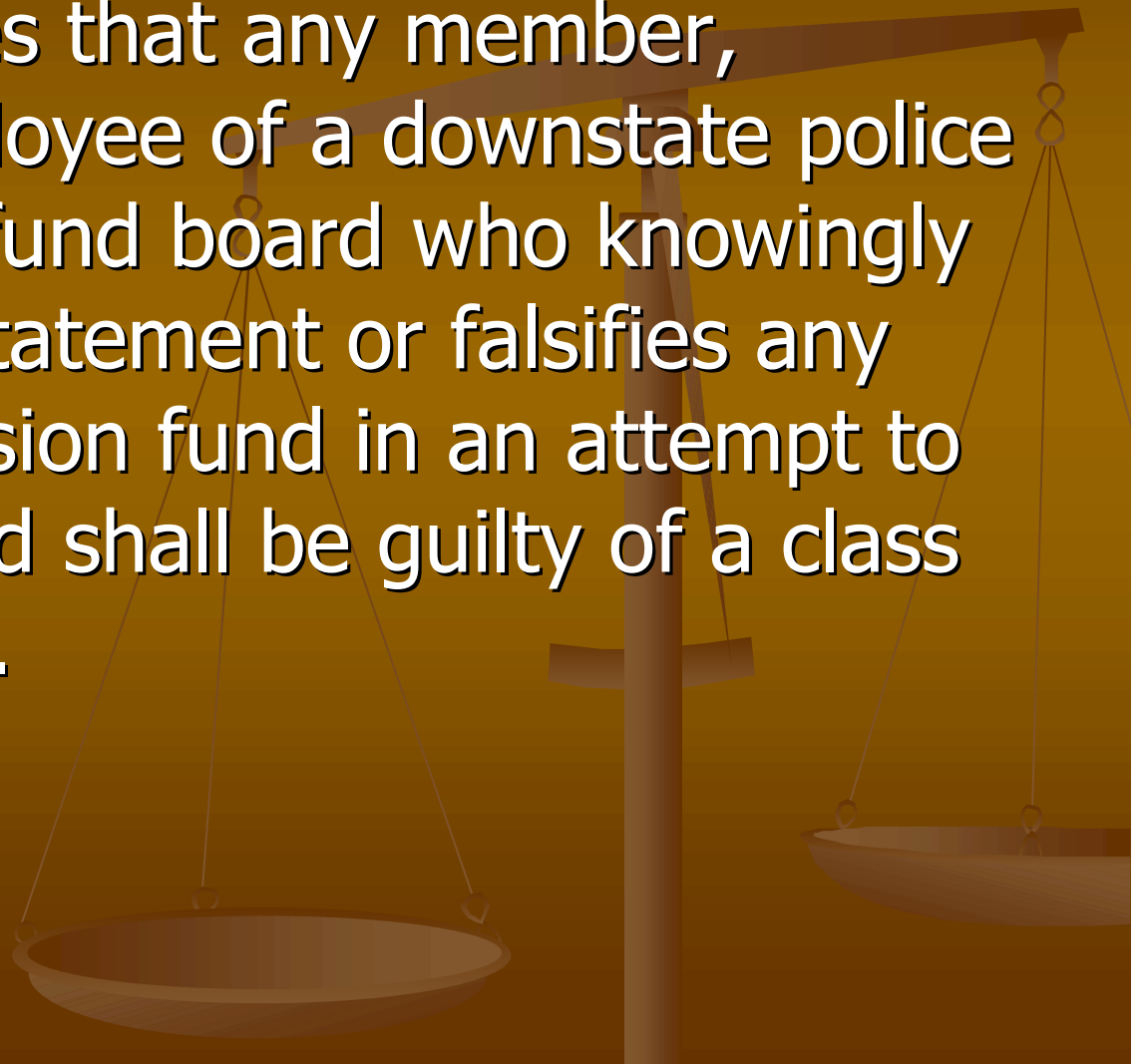
- HB5088 stipulates that the municipal treasurer shall have the ability to review the total amount of the annuity paid by the pension fund and all information used by the fund in the calculation of the benefit. The board shall review the Treasurer's findings with respect to the accuracy of the benefit calculation and if the board discovers that an error exists it shall recalculate the annuity so that it conforms with the pension code

Report By Pension Boards

- HB5088 requires police and fire pension boards to provide in their reports information on assumed investment return and actual investment return, total net assets of the fund, the number of total active employees participating in the fund, the number of participants receiving benefits from the fund, among other things. The bill allows municipalities to publish the report its entirety in a newspaper of general circulation in the municipality or on the municipality's website.

Anti-fraud Provisions

- HB5088 provides that any member, trustee, or employee of a downstate police or fire pension fund board who knowingly makes a false statement or falsifies any record of a pension fund in an attempt to defraud the fund shall be guilty of a class A misdemeanor.



Report on Fiscal Status of Police and Fire Pensions

- HB5088 requires the Commission on Government Forecasting and Accountability to analyze data submitted by the public pension division pertaining to Downstate police and Fire Pension Funds. The Commission is required to issue a formal report during odd numbered years analyzing the fiscal status of Downstate Police and Fire Pension Funds.
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