

HB3990



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3990

Introduced 1/8/2020, by Rep. Allen Skillicorn

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1A-110
40 ILCS 5/1A-111

Amends the Regulation of Public Pension Funds Article of the Illinois Pension Code. Requires an actuary who prepares actuarial statements for a pension fund to post a bond in the amount of \$2,000,000,000.

LRB101 15982 RPS 65344 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 1A-110 and 1A-111 as follows:

6 (40 ILCS 5/1A-110)

7 Sec. 1A-110. Actuarial statements by pension funds
8 established under Articles other than 3 or 4.

9 (a) Each pension fund established under an Article of this
10 Code other than Article 3 or 4 shall include as part of its
11 annual statement a complete actuarial statement applicable to
12 the plan year.

13 The actuarial statement shall be filed with the Division
14 within 9 months after the close of the fiscal year of the
15 pension fund. Any pension fund that fails to file within that
16 time is subject to the penalty provisions of Section 1A-113.

17 The board of trustees of each pension fund subject to this
18 Section, on behalf of all its participants, shall engage an
19 enrolled actuary who shall be responsible for the preparation
20 of the materials comprising the actuarial statement. The
21 enrolled actuary shall post a bond in the amount of
22 \$2,000,000,000. The enrolled actuary shall utilize such
23 assumptions and methods as are necessary for the contents of

1 the matters reported in the actuarial statement to be
2 reasonably related to the experience of the plan and to
3 reasonable expectations, and to represent in the aggregate the
4 actuary's best estimate of anticipated experience under the
5 plan.

6 The actuarial statement shall include a description of the
7 actuarial assumptions and methods used to determine the
8 actuarial values in the statement and shall disclose the impact
9 of significant changes in the actuarial assumptions and
10 methods, plan provisions, and other pertinent factors on the
11 actuarial position of the plan.

12 The actuarial statement shall include a statement by the
13 enrolled actuary that to the best of his or her knowledge the
14 actuarial statement is complete and accurate and has been
15 prepared in accordance with generally accepted actuarial
16 principles and practice.

17 For the purposes of this Section, "enrolled actuary" means
18 an actuary who (1) is a member of the Society of Actuaries or
19 the American Academy of Actuaries and (2) either is enrolled
20 under Subtitle C of Title III of the Employee Retirement Income
21 Security Act of 1974 or was engaged in providing actuarial
22 services to a public retirement plan in Illinois on July 1,
23 1983.

24 (b) The actuarial statement referred to in subsection (a)
25 shall include all of the following:

26 (1) The dates of the plan year and the date of the

1 actuarial valuation applicable to the plan year for which
2 the actuarial statement is filed.

3 (2) The amount of (i) the contributions made by the
4 participants, and (ii) all other contributions, including
5 those made by the employer or employers.

6 (3) The total estimated amount of the covered
7 compensation with respect to active participants for the
8 plan year for which the statement is filed.

9 (4) The number of (i) active participants, (ii)
10 terminated participants currently eligible for deferred
11 vested pension benefits or the return of contributions made
12 by those participants, and (iii) all other participants and
13 beneficiaries included in the actuarial valuation.

14 (5) The following values as of the date of the
15 actuarial valuation applicable to the plan year for which
16 the statement is filed:

17 (i) The current value of assets accumulated in the
18 plan.

19 (ii) The unfunded accrued liability. The major
20 factors that have resulted in the change in the
21 unfunded accrued liability from the previous year
22 shall be identified. Effects that are individually
23 significant shall be separately identified. As a
24 minimum, the effect of the following shall be shown:
25 plan amendments; changes in actuarial assumptions;
26 experience less (or more) favorable than that assumed;

1 and contributions less (or more) than the normal cost
2 plus interest on the unfunded accrued liability.

3 (iii) The amount of accumulated contributions for
4 active participants (including interest, if any).

5 (iv) The actuarial present value of credited
6 projected benefits for vested participants currently
7 receiving benefits, other vested participants, and
8 non-vested participants.

9 (6) The actuarial value of assets.

10 (7) Any other information that is necessary to fully
11 and fairly disclose the actuarial position of the plan and
12 any other information the enrolled actuary may present.

13 (8) Any other information regarding the plan that the
14 Division may by rule request.

15 (Source: P.A. 90-507, eff. 8-22-97.)

16 (40 ILCS 5/1A-111)

17 Sec. 1A-111. Actuarial statements by pension funds
18 established under Article 3 or 4.

19 (a) Each pension fund established under Article 3 or 4 of
20 this Code shall include as part of its annual statement a
21 complete actuarial statement applicable to the plan year.

22 If the actuarial statement is prepared by a person other
23 than the Department, it shall be filed with the Division within
24 9 months after the close of the fiscal year of the pension
25 fund. Any pension fund that fails to file within that time

1 shall be subject to the penalty provisions of Section 1A-113.
2 The statement shall be prepared by or under the supervision of
3 a qualified actuary, signed by the qualified actuary, and
4 contain such information as the Division may by rule require.
5 The qualified actuary shall post a bond in the amount of
6 \$2,000,000,000.

7 (b) For the purposes of this Section, "qualified actuary"
8 means (i) a member of the American Academy of Actuaries, or
9 (ii) an individual who has demonstrated to the satisfaction of
10 the Director that he or she has the educational background
11 necessary for the practice of actuarial science and has at
12 least 7 years of actuarial experience.

13 (Source: P.A. 90-507, eff. 8-22-97.)