

# HB1429



## 102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB1429

Introduced 2/17/2021, by Rep. Emanuel Chris Welch

### SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-110

from Ch. 108 1/2, par. 1-110

Amends the Illinois Pension Code. Makes a technical change in a Section concerning prohibited transactions.

LRB102 03445 RPS 13458 b

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  
5 changing Section 1-110 as follows:

6 (40 ILCS 5/1-110) (from Ch. 108 1/2, par. 1-110)

7 Sec. 1-110. Prohibited Transactions.

8 (a) A fiduciary with respect to a retirement system,  
9 pension fund, or investment board shall not cause the ~~the~~  
10 retirement system or pension fund to engage in a transaction  
11 if he or she knows or should know that such transaction  
12 constitutes a direct or indirect:

13 (1) Sale or exchange, or leasing of any property from  
14 the retirement system or pension fund to a party in  
15 interest for less than adequate consideration, or from a  
16 party in interest to a retirement system or pension fund  
17 for more than adequate consideration.

18 (2) Lending of money or other extension of credit from  
19 the retirement system or pension fund to a party in  
20 interest without the receipt of adequate security and a  
21 reasonable rate of interest, or from a party in interest  
22 to a retirement system or pension fund with the provision  
23 of excessive security or an unreasonably high rate of

1 interest.

2 (3) Furnishing of goods, services or facilities from  
3 the retirement system or pension fund to a party in  
4 interest for less than adequate consideration, or from a  
5 party in interest to a retirement system or pension fund  
6 for more than adequate consideration.

7 (4) Transfer to, or use by or for the benefit of, a  
8 party in interest of any assets of a retirement system or  
9 pension fund for less than adequate consideration.

10 (b) A fiduciary with respect to a retirement system or  
11 pension fund established under this Code shall not:

12 (1) Deal with the assets of the retirement system or  
13 pension fund in his own interest or for his own account;

14 (2) In his individual or any other capacity act in any  
15 transaction involving the retirement system or pension  
16 fund on behalf of a party whose interests are adverse to  
17 the interests of the retirement system or pension fund or  
18 the interests of its participants or beneficiaries; or

19 (3) Receive any consideration for his own personal  
20 account from any party dealing with the retirement system  
21 or pension fund in connection with a transaction involving  
22 the assets of the retirement system or pension fund.

23 (c) Nothing in this Section shall be construed to prohibit  
24 any trustee from:

25 (1) Receiving any benefit to which he may be entitled  
26 as a participant or beneficiary in the retirement system

1 or pension fund.

2 (2) Receiving any reimbursement of expenses properly  
3 and actually incurred in the performance of his duties  
4 with the retirement system or pension fund.

5 (3) Serving as a trustee in addition to being an  
6 officer, employee, agent or other representative of a  
7 party in interest.

8 (d) A fiduciary of a pension fund established under  
9 Article 3 or 4 shall not knowingly cause or advise the pension  
10 fund to engage in an investment transaction when the fiduciary  
11 (i) has any direct interest in the income, gains, or profits of  
12 the investment adviser through which the investment  
13 transaction is made or (ii) has a business relationship with  
14 that investment adviser that would result in a pecuniary  
15 benefit to the fiduciary as a result of the investment  
16 transaction.

17 Violation of this subsection (d) is a Class 4 felony.

18 (e) A board member, employee, or consultant with respect  
19 to a retirement system, pension fund, or investment board  
20 subject to this Code, except those whose investments are  
21 restricted by Section 1-113.2, shall not knowingly cause or  
22 advise the retirement system, pension fund, or investment  
23 board to engage in an investment transaction with an  
24 investment adviser when the board member, employee,  
25 consultant, or their spouse (i) has any direct interest in the  
26 income, gains, or profits of the investment adviser through

1 which the investment transaction is made or (ii) has a  
2 relationship with that investment adviser that would result in  
3 a pecuniary benefit to the board member, employee, or  
4 consultant or spouse of such board member, employee, or  
5 consultant as a result of the investment transaction. For  
6 purposes of this subsection (e), a consultant includes an  
7 employee or agent of a consulting firm who has greater than  
8 7.5% ownership of the consulting firm.

9 Violation of this subsection (e) is a Class 4 felony.

10 (Source: P.A. 95-950, eff. 8-29-08; 96-6, eff. 4-3-09.)