



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

HB0971

Introduced 2/10/2009, by Rep. Mark H. Beaubien, Jr.

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-113.4

Amends the Illinois Pension Code. Provides that, if a downstate police or fire pension fund has net assets of \$10,000,000 or more and if it uses the services of an investment management consultant or an investment manager, then the pension fund's total investment in the specified types of investments shall not exceed 50% of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Division of Insurance of the Department of Financial and Professional Regulation. Provides that, if a downstate police or fire pension fund has net assets of less than \$10,000,000 or if does not use the services of an investment management consultant or an investment manager, then the pension fund's total investment in those types of investment shall not exceed 35% of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Division of Insurance of the Department of Financial and Professional Regulation.

LRB096 10674 AMC 20848 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 changing  
5 Section 1-113.4 as follows:

6 (40 ILCS 5/1-113.4)

7 Sec. 1-113.4. List of additional permitted investments for  
8 pension funds with net assets of \$5,000,000 or more.

9 (a) In addition to the items in Sections 1-113.2 and  
10 1-113.3, a pension fund established under Article 3 or 4 that  
11 has net assets of at least \$5,000,000 and has appointed an  
12 investment adviser under Section 1-113.5 may, through that  
13 investment adviser, invest a portion of its assets in common  
14 and preferred stocks authorized for investments of trust funds  
15 under the laws of the State of Illinois. The stocks must meet  
16 all of the following requirements:

17 (1) The common stocks are listed on a national  
18 securities exchange or board of trade (as defined in the  
19 federal Securities Exchange Act of 1934 and set forth in  
20 Section 3.G of the Illinois Securities Law of 1953) or  
21 quoted in the National Association of Securities Dealers  
22 Automated Quotation System National Market System (NASDAQ  
23 NMS).

1           (2) The securities are of a corporation created or  
2 existing under the laws of the United States or any state,  
3 district, or territory thereof and the corporation has been  
4 in existence for at least 5 years.

5           (3) The corporation has not been in arrears on payment  
6 of dividends on its preferred stock during the preceding 5  
7 years.

8           (4) The market value of stock in any one corporation  
9 does not exceed 5% of the cash and invested assets of the  
10 pension fund, and the investments in the stock of any one  
11 corporation do not exceed 5% of the total outstanding stock  
12 of that corporation.

13           (5) The straight preferred stocks or convertible  
14 preferred stocks are issued or guaranteed by a corporation  
15 whose common stock qualifies for investment by the board.

16           (6) The issuer of the stocks has been subject to the  
17 requirements of Section 12 of the federal Securities  
18 Exchange Act of 1934 and has been current with the filing  
19 requirements of Sections 13 and 14 of that Act during the  
20 preceding 3 years.

21           (b) If a pension fund established under Article 3 or 4 has  
22 net assets of \$10,000,000 or more and if it uses the services  
23 of an investment management consultant or an investment  
24 manager, then the pension fund's total investment in the items  
25 authorized under this Section and Section 1-113.3 shall not  
26 exceed 50% of the market value of the pension fund's net

1 present assets stated in its most recent annual report on file  
2 with the Division of Insurance of the Department of Financial  
3 and Professional Regulation.

4 If a pension fund established under Article 3 or 4 has net  
5 assets of less than \$10,000,000 or if does not use the services  
6 of an investment management consultant or an investment  
7 manager, then the A pension fund's total investment in the  
8 items authorized under this Section and Section 1-113.3 shall  
9 not exceed 35% of the market value of the pension fund's net  
10 present assets stated in its most recent annual report on file  
11 with the Division of Insurance of the Department of Financial  
12 and Professional Regulation ~~Illinois Department of Insurance.~~

13 (c) A pension fund that invests funds under this Section  
14 shall electronically file with the Division any reports of its  
15 investment activities that the Division may require, at the  
16 times and in the format required by the Division.

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