

HB1580



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB1580

Introduced 2/18/2009, by Rep. Michael J. Madigan - Barbara Flynn Currie - Kevin A. McCarthy

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.

LRB096 05092 AMC 15158 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 1-110 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 or
9 pension fund shall not cause the ~~the~~ retirement system or
10 pension fund to engage in a transaction if he or she knows or
11 should know that such transaction constitutes a direct or
12 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 to
22 a retirement system or pension fund with the provision of
23 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 or

1 pension fund.

2 (2) Receiving any reimbursement of expenses properly
3 and actually incurred in the performance of his duties with
4 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 party
7 in interest.

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

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

17 (Source: P.A. 95-950, eff. 8-29-08.)