



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3484

by Rep. Elaine Nekritz

SYNOPSIS AS INTRODUCED:

15 ILCS 405/10-05e new	
40 ILCS 5/7-195.1	from Ch. 108 1/2, par. 7-195.1
40 ILCS 5/7-210	from Ch. 108 1/2, par. 7-210
40 ILCS 5/7-214	from Ch. 108 1/2, par. 7-214

Amends the IMRF Article of the Illinois Pension Code. Replaces the State Treasurer as treasurer of the Fund with one or more custodians appointed by the Board of the Fund. Deletes the security bond requirement. Replaces references to payments made by voucher and warrant with payments made by check or draft. Deletes obsolete language. Makes related and technical changes. Amends the State Comptroller Act. Specifies the manner of complying with certain provisions of the Illinois Pension Code authorizing deductions from State funds payable to an employer. Effective July 1, 2015.

LRB099 09762 EFG 29972 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 State Comptroller Act is amended by adding
5 Section 10-05e as follows:

6 (15 ILCS 405/10-05e new)

7 Sec. 10-05e. Deductions from amounts due to pension funds
8 or retirement systems; statement of reason for deduction.
9 Whenever an employer participating in any pension fund or
10 retirement system created under Article 3, 4, 5, 6, 7, 8, or 11
11 of the Illinois Pension Code shall be entitled to a grant of
12 State funds, on any account, against whom there shall be any
13 then due and payable account or claim in favor of the pension
14 fund or retirement system, upon certification by that entity,
15 the Comptroller, upon notification thereof, shall ascertain
16 the amount due and payable, and draw a warrant on the treasury
17 or on other funds held by the State Treasurer, stating the
18 amount for which the party was entitled to a warrant or other
19 payment, the amount deducted therefrom, and on what account,
20 and directing the payment of the balance; which warrant or
21 payment as so drawn shall be entered on the books of the
22 Treasurer, and such balance only shall be paid. The Comptroller
23 may deduct the entire amount due and payable to the retirement

1 system or pension fund, or a portion of the amount due and
2 payable to that entity, in accordance with this Section and the
3 corresponding Section of the Illinois Pension Code authorizing
4 such deductions. Whenever the Comptroller draws a warrant or
5 makes a payment involving a deduction ordered under this
6 Section, the Comptroller shall notify the participating
7 employer and the retirement system or pension fund that
8 submitted the voucher of the reason for the deduction.

9 Section 10. The Illinois Pension Code is amended by
10 changing Sections 7-195.1, 7-210, and 7-214 as follows:

11 (40 ILCS 5/7-195.1) (from Ch. 108 1/2, par. 7-195.1)

12 Sec. 7-195.1. To establish and maintain a revolving
13 account. To establish and maintain a revolving account in a
14 bank or savings and loan association, approved by the State
15 Treasurer as a State depository and having capital funds,
16 represented by capital, surplus, and undivided profits, of at
17 least 5 million dollars, for the purpose of making payments of
18 annuities, benefits, and administrative expenses and payments
19 to the State Agency provided in Section 7-170. All funds
20 deposited in such account shall be placed in the name of the
21 Fund fund and shall be withdrawn only by a check or draft upon
22 the bank or savings and loan association signed by the
23 president of the board or the executive director, as the board
24 may direct. In case the president or executive director, whose

1 signature appears upon any check or draft, after attaching his
2 signature ceases to hold office before the delivery thereof to
3 the payee, his signature nevertheless shall be valid and
4 sufficient for all purposes with the same effect as if he had
5 remained in office until delivery thereof. The revolving
6 account shall be created by resolution of the board. ~~The State~~
7 ~~Comptroller, upon receipt of a copy of such resolution and a~~
8 ~~voucher designating the payment of \$300,000 into the revolving~~
9 ~~account, shall draw his warrant on the State Treasurer for~~
10 ~~payment of same to the Fund for deposit in the revolving~~
11 ~~account.~~ The monies in the revolving account shall be held and
12 expenditures shall be made by the Fund for the purposes herein
13 set forth. The Fund shall reimburse the revolving account for
14 expenditures for such purposes ~~and the Comptroller, upon~~
15 ~~receipt of vouchers signed as provided in Section 7-210 and~~
16 ~~including a statement of expenditures made from the revolving~~
17 ~~account, shall draw his warrant on the State Treasurer for the~~
18 ~~payment of the amount of such expenditures to the Fund for~~
19 ~~deposit in the revolving account.~~

20 No bank or savings and loan association shall receive
21 investment funds as permitted by this Section, unless it has
22 complied with the requirements established pursuant to Section
23 6 of the Public Funds Investment Act ~~"An Act relating to~~
24 ~~certain investments of public funds by public agencies",~~
25 ~~approved July 23, 1943,~~ as now or hereafter amended. The
26 limitations set forth in such Section 6 shall be applicable

1 only at the time of investment and shall not require the
2 liquidation of any investment at any time.

3 (Source: P.A. 83-541.)

4 (40 ILCS 5/7-210) (from Ch. 108 1/2, par. 7-210)

5 Sec. 7-210. Funds.

6 (a) All money received by the board shall immediately be
7 deposited with the custodian ~~State Treasurer~~ for the account of
8 the Fund ~~fund~~, or in the case of funds received under Section
9 7-199.1, in a separate account maintained for that purpose. All
10 payments from the accounts of the Fund shall be made by the
11 custodian only, and only by a check or draft signed by the
12 president of the board or the executive director, as the board
13 may direct. Such checks and drafts ~~All disbursements of funds~~
14 ~~held by the State Treasurer shall be made only upon warrants of~~
15 ~~the State Comptroller drawn upon the Treasurer as custodian of~~
16 ~~this fund upon vouchers signed by the person or persons~~
17 ~~designated for such purpose by resolution of the board. The~~
18 ~~Comptroller is authorized to draw such warrants upon vouchers~~
19 ~~so signed, including warrants payable to the Fund for deposit~~
20 ~~in a revolving account authorized by Section 7-195.1. The~~
21 ~~Treasurer shall accept all warrants so signed and shall be~~
22 ~~released from liability for all payments made thereon. Vouchers~~
23 shall be drawn only upon proper authorization by the board as
24 properly recorded in the official minute books of the meetings
25 of the board.

1 (b) (Blank). ~~All securities of the fund when received shall~~
2 ~~be deposited with the State Treasurer who shall provide~~
3 ~~adequate safe deposit facilities for their preservation and~~
4 ~~have custody of them.~~

5 (c) The assets of the Fund ~~fund~~ shall be invested as one
6 fund, and no particular person, municipality, or
7 instrumentality thereof or participating instrumentality shall
8 have any right in any specific security or in any item of cash
9 other than an undivided interest in the whole.

10 (d) Except as provided in subsection (d-5), whenever any
11 employees of a municipality or participating instrumentality
12 have been or shall be excluded from participation in this Fund
13 ~~fund~~ by virtue of the application of paragraph b of Section
14 7-109 (2), the board shall issue a check or draft ~~voucher~~
15 ~~authorizing the Comptroller to draw his warrant upon the~~
16 ~~Treasurer as custodian of this fund~~ in an amount equal to the
17 accumulated contributions of such employees. Such check or
18 draft ~~warrant~~ shall be drawn in favor of ~~the appropriate fund~~
19 ~~of~~ the pension or retirement fund in which such employees have
20 or shall become participants. Such transfer shall terminate any
21 further rights of such employees under this Fund ~~fund~~.

22 (d-5) Upon creation of a newly established Article 3 police
23 pension fund by referendum under Section 3-145 or by census
24 under Section 3-105, the following amounts shall be transferred
25 from this Fund to the new police pension fund, within 30 days
26 after an application therefor is received from the new pension

1 fund:

2 (1) the amounts actually contributed to this Fund as
3 employee contributions by or on behalf of the police
4 officers transferring to the new pension fund for their
5 service as police officers of the municipality that is
6 establishing the new pension fund, plus interest on those
7 amounts at the rate of 6% per year, compounded annually,
8 from the date of contribution to the date of transfer to
9 the new pension fund, and

10 (2) an amount representing employer contributions,
11 equal to the total amount determined under item (1).

12 This transfer terminates any further rights of such police
13 officers in this Fund arising out of their service as police
14 officers of the municipality that is establishing the new
15 pension fund.

16 (e) If a participating instrumentality terminates
17 participation because it fails to meet the requirements of
18 Section 7-108, it shall pay to the Fund ~~fund~~ the amount equal
19 to any net debit balance in its municipality reserve account
20 and account receivable. Its successors, and assigns and
21 transferees of its assets shall be obligated to make this
22 payment to the extent of the value of assets transferred to
23 them. The Fund ~~fund~~ shall pay an amount equal to any net credit
24 balance to the participating instrumentality, its successors
25 or assigns. Any remaining net debit or credit balance not
26 collectible or payable shall be transferred to the terminated

1 municipality reserve account. The Fund ~~fund~~ shall pay to each
2 employee of the participating instrumentality an amount equal
3 to his credits in the employee reserves. The employees shall
4 have no further rights to any benefits from the Fund ~~fund~~,
5 except that annuities awarded prior to the date of termination
6 shall continue to be paid.

7 (Source: P.A. 98-729, eff. 7-26-14.)

8 (40 ILCS 5/7-214) (from Ch. 108 1/2, par. 7-214)

9 Sec. 7-214. Custodian State treasurer. The Board shall
10 appoint one or more custodians to receive and hold the assets
11 of the Fund on such terms as the Board may agree. ~~The State~~
12 ~~Treasurer shall be the treasurer of the fund and shall be~~
13 ~~responsible for the proper handling of all the assets of the~~
14 ~~fund in accordance with this Article. He shall furnish a~~
15 ~~corporate surety bond of such amount as the board designates,~~
16 ~~which bond shall indemnify the board against any loss which may~~
17 ~~result from any action or failure to act by the treasurer or~~
18 ~~any of his agents. All charges incidental to the procuring and~~
19 ~~giving of such bond shall be paid by the board.~~

20 (Source: Laws 1963, p. 161.)

21 Section 99. Effective date. This Act takes effect July 1,
22 2015.