



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB0829

Introduced 2/9/2009, by Rep. Karen May

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-113.4

Amends the Illinois Pension Code. In provisions concerning permitted investments for pension funds with net assets of \$5,000,000 or more, (i) increases the amount of net assets that the pension fund must have for the provisions to apply from \$5,000,000 or more to \$10,000,000 or more, (ii) removes provisions requiring that securities are of a corporation created or existing under the laws of the United States or any state, district, or territory thereof and that the issuer of the stocks has been subject to the requirements of Section 12 of the federal Securities Exchange Act of 1934 and has been current with the filing requirements of specified Sections of that Act during the preceding 3 years, and (iii) increases the maximum percentage of the market value of the pension fund's net present assets in certain investments. Effective immediately.

LRB096 04607 AMC 14664 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 \$10,000,000 ~~\$5,000,000~~ or
9 more.

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

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

1 NMS).

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

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

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

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

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

22 (b) A pension fund's total investment in the items
23 authorized under this Section and Section 1-113.3 shall not
24 exceed 40% effective July 1, 2009; 45% effective July 1, 2010;
25 and 50% effective July 1, 2011 ~~35%~~ of the market value of the
26 pension fund's net present assets stated in its most recent

1 annual report on file with the Division of Insurance within the
2 Department of Financial and Professional Regulation Illinois
3 Department of Insurance.

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

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

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.