



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB2282

Introduced 2/7/2025, by Sen. Robert F. Martwick

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Fiduciary Oversight Agency Act. Establishes the Fiduciary Oversight Agency within the Department of Insurance. Provides that the Agency shall be responsible for monitoring the operations of all public sector retirement plans in Illinois, including pensions and supplemental retirement plans, to ensure compliance with State laws and fiduciary standards. Grants the Agency the authority to enforce compliance with fiduciary standards and Illinois laws relating to public sector retirement plans through administrative sanctions, penalties, and corrective orders; conduct audits, investigations, and reviews of retirement plans, plan administrators, and other fiduciaries to ensure compliance with State laws and fiduciary standards; and initiate civil or administrative proceedings to address violations of fiduciary standards and enforce corrective actions or penalties as appropriate. Establishes reporting requirements for the Agency.

LRB104 09619 BAB 19684 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the  
5 Fiduciary Oversight Agency Act.

6 Section 5. Findings. The General Assembly finds that:

7 (1) Public sector pensions and retirement plans are  
8 critical to the financial security of a significant  
9 portion of the State's population. Numerous Illinois  
10 residents depend on public sector retirement plans,  
11 including pensions and supplemental plans, for their  
12 retirement security.

13 (2) The State's public pension system holds hundreds  
14 of billions of dollars in assets, which must be carefully  
15 managed to ensure long-term stability. The Illinois  
16 pension system is one of the largest in the nation, with an  
17 estimated \$400,000,000,000 in unfunded liabilities,  
18 underscoring the importance of sound fiduciary management  
19 and oversight.

20 (3) Staying compliant with State laws and up-to-date  
21 with evolving regulations is crucial to safeguarding the  
22 integrity and trust of these retirement plans. Ensuring  
23 that public sector retirement plans adhere to fiduciary

1 standards and legal requirements promotes transparency,  
2 prevents mismanagement, and protects the interests of plan  
3 beneficiaries.

4 Section 10. Purpose. The purpose of this Act is to  
5 establish a Fiduciary Oversight Agency tasked with monitoring  
6 and reviewing public sector retirement plans, including both  
7 pension and supplemental plans (such as 457 plans), to ensure  
8 compliance with State laws and fiduciary standards. The Agency  
9 shall also have enforcement authority to address any  
10 noncompliance with applicable laws and standards.

11 Section 15. Definitions. As used in this Act:

12 "Fiduciary Oversight Agency" or "the Agency" means the  
13 agency established by this Act within the Department of  
14 Insurance with responsibility for overseeing compliance with  
15 fiduciary standards in public sector retirement plans.

16 "Public sector retirement plans" means retirement plans  
17 for public employees, including, but not limited to, pensions  
18 and supplemental plans (such as 457 plans).

19 "Fiduciary standards" means the legal and ethical  
20 obligations under Illinois law requiring those who manage or  
21 control public sector retirement plans to act in the best  
22 interests of plan participants and beneficiaries, including  
23 adhering to prudent investment standards, disclosure, and  
24 reporting requirements.

1 Section 20. Agency and duties.

2 (a) The Fiduciary Oversight Agency is hereby established  
3 within the Department of Insurance.

4 (b) The Agency shall be responsible for monitoring the  
5 operations of all public sector retirement plans in Illinois,  
6 including pensions and supplemental retirement plans (such as  
7 457 plans), to ensure compliance with State laws and fiduciary  
8 standards.

9 (c) The Agency shall:

10 (1) Regularly review the operations of public sector  
11 retirement plans, including plans administered by the  
12 State, local governments, and other public entities, to  
13 ensure compliance with State laws and fiduciary standards.

14 (2) Investigate complaints or reports of noncompliance  
15 with fiduciary standards or applicable laws related to  
16 public sector retirement plans.

17 (3) Provide guidance, training, and educational  
18 resources to public sector retirement plan administrators,  
19 fiduciaries, and other stakeholders on legal and fiduciary  
20 obligations under Illinois law.

21 (4) Issue reports and recommendations on improvements  
22 to public sector retirement plans to enhance compliance,  
23 transparency, and overall plan health.

24 (5) Collaborate with other State agencies, local  
25 governments, and retirement plan administrators to

1           implement corrective actions when violations of fiduciary  
2           standards or laws are identified.

3           (d) The Agency shall have the authority to:

4                 (1) enforce compliance with fiduciary standards and  
5           Illinois laws relating to public sector retirement plans  
6           through administrative sanctions, penalties, and  
7           corrective orders;

8                 (2) conduct audits, investigations, and reviews of  
9           retirement plans, plan administrators, and other  
10          fiduciaries to ensure compliance with State laws and  
11          fiduciary standards; and

12                (3) initiate civil or administrative proceedings to  
13          address violations of fiduciary standards and enforce  
14          corrective actions or penalties as appropriate.

15          Section 25. Reporting.

16                (a) The Fiduciary Oversight Agency shall submit an annual  
17          report to the Governor and General Assembly detailing the  
18          Agency's activities, findings, enforcement actions, and  
19          recommendations for improvements in public sector retirement  
20          plans.

21                (b) The report shall include a summary of compliance  
22          status across public sector retirement plans in Illinois, an  
23          analysis of trends, and recommendations for legislative or  
24          policy changes to improve oversight and plan administration.