



ILLINOIS POLICE OFFICERS’ PENSION INVESTMENT FUND

I. IPOPIF LEGISLATIVE AGENDA – STATUS UPDATE

- a. **SB 2100 (IPOPIF Technical Corrections)** – Chief Sponsor Senate Special Committee on Pension Chairman Robert Martwick and House Personnel and Pensions Committee Member Daniel Didech, Chairwoman Stephanie Kifowit, Committee Member Janet Yang Rohr
 - i. **PASSED** Both Houses on May 11, 2023
 - ii. Currently awaiting Governor’s Signature

- b. **SB 2102 (DOI AUDITS – IPOPIF OPPOSED)** - Chief Sponsor Senate Special Committee on Pensions Chairman Robert Martwick, Senator Dave Syverson and House Assistant Majority Leader Natalie Manley
 - i. **FAILED**
 - ii. Re-referred back to House Rules Committee

- c. **HB 3817 (Budget Implementation Bill – BIMP)** – Chief Sponsor Senate Majority Caucus Appropriations Leader Elgie Sims and House Speaker Pro Tempore Jehan Gordon-Booth
 - i. **PASSED** Both Houses on May 27, 2023
 - ii. New Language – Sec.1A-112 Fees: Effective July 1, 2023, each pension fund established under Article 3 or 4 of this Code shall pay an annual compliance fee of at least .02% but not more than .05% of the total assets of the pension fund, as reported in the most current annual statement of the fund, to the Department of Insurance unless the approximate Consolidated Fund agrees to conduct an audit or examination of all pension funds as provided in Sec. 1A-104. The Department shall have the discretion to set the annual compliance fee to be paid by each pension fund to cover the cost of the compliance audits. The Department shall provide written notice to each Article 3 and 4 pension fund of the amount of the annual compliance fee due not less than 60 days prior to the fee payment deadline.
 - iii. **SIGNED** by Governor on June 7, 2023
 - 1. **Public Act 103-0008**

II. S&P: ILLINOIS’ POORLY FUNDED PENSIONS TO CONTINUE STRESS ON STATE, LOCAL GOVERNMENTS

- a. Despite the state making supplemental contributions, a credit rating agency says Illinois’ “poorly funded” pensions will continue to stress state and local government budgets as the state sees “weak demographic trends’ and “shrinking population”.

- b. The Illinois Auditor General pegs Illinois' unfunded pension liability at around \$140 billion. All five state funds combined are 42.2% funded.
- c. S&P Global Ratings published their "Pension Spotlight Illinois". In announcing the report, the agency said it "expects costs will keep rising because contributions are significantly short of meaningful funding progress, plans are poorly funded, and the Illinois Pension Code.

III. UNRESOLVED LEGISLATIVE ISSUES

- a. Open Meetings Act – Remote Meetings
- b. Ethics Reform – anti-corruption
- c. Energy
- d. Pension Benefit Fixes
 - i. Tier 2 - HB 4098
 - ii. Chicago Pension Debt Rises to \$35B
 - 1. Chicago Police Birthdate Restriction Removal
 - 2. Chicago Fire and Chicago Police Downstate Reciprocity

IV. IMPLEMENTATION ISSUES WITH DOI'S COMPLIANCE FEE MANDATE

- a. Based on conversations with the DOI Legislative Liaison and *NEW* Assistant Deputy Director of Public Pensions:
 - i. Internal conversations within DOI have taken place over the last six weeks regarding implementation of HB 3817.
 - ii. DOI is working through certain challenges.
 - iii. Details of fee structure breakdown or methodology for the individual funds have not been finalized.
- b. DOI is prepared to resume discussions on the compliance audits w/IPOPIF.

V. SUMMER HOUSE PERSONNEL AND PENSION SUBJECT MATTER HEARINGS

- a. The House Personnel and Pensions Committee will be holding its first summer subject matter hearing on Wednesday, July 19th at 10:00 am in the Chicago Bilandic Building. The hearing will focus on an overview of the 5-state pension systems, the Chicago Teachers' Pension Fund, and HB 4098 and HB 4099.
- b. HB 4098 was introduced by the House Personnel and Pensions Committee Chairwoman earlier in the session. HB 4098 makes changes to Tier 2 benefits for members or participants under the 5 State-funded retirement systems and the Chicago Teachers Pension Fund, including changes to automatic annual increases, age and service requirements for retirement, and limits on the amount of salary for annuity purposes.
- c. HB 4099 was also introduced by the House Personnel and Pensions Committee Chairwoman earlier this session. HB 4099 would:
 - a. Amend the General Provisions, Downstate Police, Downstate Firefighter, and State Employees Articles of the Illinois Pension Code. Provides that a security employee of the Department of Corrections or the Department of Juvenile Justice or a security employee of the Department of Human Services subject to the Tier 2 provisions is entitled to an annuity calculated under the alternative retirement annuity provisions, in lieu of the regular or

minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 55, regardless of whether the attainment of age 55 occurs while the person is still in service.

- b. Provide that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". In the Downstate Police and Downstate Firefighter Articles, in a provision that reduces the amount of the pension for a Tier 2 firefighter or Tier 2 police officer who retires with at least 10 years of creditable service before attaining age 55, provides that the pension of a Tier 2 firefighter or Tier 2 police officer who is retiring after attaining age 50 with 20 or more years of creditable service shall not be reduced.
- c. Provides that each annual increase for Tier 2 firefighters shall be increased on the January 1 occurring either on or after the attainment of age 55 (instead of age 60) or the first anniversary of the pension start date, whichever is later.
- d. Neither bill was voted on during the regular Spring session, as the Chairwoman believed more discussion needed to take place on the topic. This will be the second subject matter hearing on HB 4098 and HB 4099 since they were first introduced in May.

1. The next hearing is scheduled August 9th.

VI. REPORT ON THE FINANCIAL CONDITION OF THE DOWNSTATE POLICE & FIRE PENSION FUNDS IN ILLINOIS IN PROCESS

- a. Commission on Government Forecasting and Accountability has historically relied upon the DOI. The DOI typically provided data detailing the individual financial status of each Article 3 Fund, which provides the basis of COGFA's report.
- b. COGFA has made inquiries into whether IPOPIF will have FY'22 data that can be used for the report.

VII. FALL VETO SESSION SCHEDULE

- a. The House & Senate have published their 2023 Veto session schedules.
- b. Both chambers will meet the following days:

-Tuesday, October 24, 2023
-Wednesday, October 25, 2023
-Thursday, October 26, 2023

-Tuesday, November 7, 2023
-Wednesday, November 8, 2023
-Thursday, November 9, 2023