



# Illinois Department of Financial and Professional Regulation

October 11, 2005

## The Siren

Toll Free (800) 207-6958

Scott J. Brandt, Acting Chief Administrator

Fax (217) 524-5978

## ADVISORY SERVICES BULLETIN

Fire Pension Funds

### Public Act 94-0317

#### Changes in Illinois Pension Law

#### **40 ILCS 5/4-121. Board Created**

**As the date for restructuring the firefighter pension fund boards approaches, the Public Pension Division has received numerous questions and concerns regarding the implementation of this new statutory language and its meaning. The following guidelines are the Public Pension Division's interpretations for implementing the new statutes.**

The new board is to be in place on the 3<sup>rd</sup> Monday in April of 2006, April 17, 2006.

The term of office of each member of the current board shall terminate on April 17, 2006. The current active participant members of the board and the one current retired member of the board may run for re-election to the newly created board that will take office on April 17, 2006. The mayor or the president of the board of trustees of the municipality or fire protection district shall appoint two members to the board, without restriction as to whom the individuals are including the incumbent members of the current board.

The new board will consist of five members. Two members of the board shall be appointed by the mayor, or president of the board of trustees of the municipality or fire protection district involved. Two members of the board shall be active participants of the pension fund who are elected from the active participants of the fund. One member of the board shall be a person who is **retired** under the Firemen's Pension Fund Act of 1919 or this Article, who is elected from all persons retired under the Firemen's Pension Fund Act of 1919 or this Article. See 40 ILCS 5/4-121: For the purposes of this Section, a firefighter receiving a disability pension shall be considered a retired firefighter.

## Pension Division Advisory Services

[www.idfpr.com/DOI/pension/pension.asp](http://www.idfpr.com/DOI/pension/pension.asp)

The election of the two active participants and the one retired participant must be held prior to April 17, 2006, and the mayor or president of the board of trustees of the municipality or the fire protection district shall appoint two members to the firefighter board prior to April 17, 2006, so that the new board can take office on April 17, 2006.

In order to maintain continuity through the transitions of future boards, it is our opinion that one of the elected members of the board in the initial election, is to be elected to serve a one year term, the second elected member is to be elected to serve a two year term, and the third elected member is to be elected to serve a three year term. Subsequent annual elections are to be held for the position on the board that becomes vacant as each three year term expires. For the initial election of the new board members, the current incumbent board will establish the election procedures to fill each elected position accordingly. These election procedures must be voted on by the sitting board, and be included in the minutes of a scheduled meeting. The fund participants, both active and retired, must be notified of the election procedures prior to the election. It will be the current board's authority to certify the election results and recognize the new board. The incumbent board shall continue to exercise the powers and be subject to all of the duties of a member of the board until a quorum of the newly elected and appointed board members take office.

The appointments by the mayor or president of the municipality or fire protection district are to be 3 year appointments, for which the mayor or president of the municipality or fire protection district will make formal written appointments and subsequent reappointments to the board. One appointed member of the board, at the time of the initial appointments, is to be appointed to serve a two year term while the second appointed member is to be appointed to serve a three year term.

The treasurer of the municipality shall remain the treasurer of the firefighters pension board in accordance with 40 ILCS 5/4-130., but will only be a voting member of the board if he or she is one of the two appointed members of the board.

In the event that there are no retired firefighters under the Fund or if none is willing to serve on the board, then an additional active firefighter shall be elected to the board in lieu of the retired firefighter that would otherwise be elected. Likewise, in the event that there are no active firefighters under the Fund or if none is willing to serve on the board, then an additional retired firefighter shall be elected to the board in lieu of the active firefighter that would otherwise be elected.

The board shall continue to elect annually a president and secretary of the board, in accordance with 40 ILCS 5/4-121.

## **Pension Division Advisory Services**

[www.idfpr.com/DOI/pension/pension.asp](http://www.idfpr.com/DOI/pension/pension.asp)