



Illinois Department of Insurance

The Siren

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Actuarial Services Bulletin

Public Act 96-1495, effective January 1, 2011, requires alterations to the process under which the Department of Insurance provides suggested tax levy information to Article 3 and 4 Pension Funds. Five key changes impacting the actuarial calculation were made to 40 ILCS 5/3-125 and 40 ILCS 5/4-118, including:

- Suggested tax levy information calculated by the Department must be determined by an Enrolled Actuary;
- The minimum employer contribution is to be calculated as a level percentage of payroll over the years remaining up to and including fiscal year 2040 and shall be determined under the projected unit credit actuarial cost method;
- Annual requirements to be provided by the tax levy shall be equal to the normal cost of the pension fund for the year involved plus an amount sufficient to bring the total assets of the fund up to 90% of total actuarial liabilities of the Pension Fund by the end of municipal fiscal year 2040;
- On March 30, 2011, the actuarial value of a pension fund's assets shall be equal to the market value of the assets as of that date; and
- In determining the actuarial value of the System's assets for fiscal years after March 30, 2011, any actuarial gains or losses from investment returns incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following that fiscal year.

The Department of Insurance does not currently employ an Enrolled Actuary. In order to comply with the new law, the Department is seeking the required services through a contractual request for proposal process. This process is ongoing and the Public Pension Division will be unable to generate suggested tax levies for use by Pension Funds and Municipalities this year.

Under statutory provisions contained in 40 ILCS 5/3-125(a) and 40 ILCS 5/4-118(a), the tax levy for this year should be determined by an Enrolled Actuary retained by the Pension Fund or the Municipality. The Department expects to regain the ability to generate suggested levies in 2012.

If you have questions regarding this bulletin, please contact the Department of Insurance Public Pension Division at (800) 207-6958.

Pension Division Advisory Services