

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND TAKING STEPS TO BEGIN TRANSFER OF ASSETS ON MARCH 1

By Richard White

Since my column in August, the Board of Trustees and staff of the Illinois Police Officers' Pension Investment Fund (IPOPf) has been focused on developing the plans, rules and procedures necessary to begin to take the steps towards the transfer of assets from the 357 Article 3 municipal police pension plans in Illinois to the IPOPf's consolidated plan. Since many of you play an important roles with your municipality's police pension plan, I thought it beneficial to make you are aware of the actions we have taken, where we are in the process and what needs to be done to ensure that the asset transfer process is completed by the June 30, 2022, deadline set by the General Assembly.

As initial steps, at the October 8, 2021 the board adopted the [Asset Transfer rule](#). At that meeting the board also hired State Street Global Advisers and RhumbLine Advisers serve as passive investment managers and the allocation of assets. At the board meeting on November 12, 2021, the board approved the fund's and the structure of the two managers' portfolios. A Cash Reserve Policy also was adopted during that meeting and can be viewed [here](#).

At the December 17, 2021 board meeting, the Investment Policy Statement was adopted. It represents the formal document governing the investment of the Fund's assets and provides objectives, guidelines, procedures and performance standards for the investment of the assets of the Fund. A copy of the Investment Policy Statement is available [here](#).

On Dec. 20, 2021, we sent out detailed [correspondence](#) to representatives of each of the 357 Article 3 plans providing official notification of the transfer date and related instructions. As noted in the letter, we divided the 357 plans into three tranches with asset transfers set for March 1, April 1 and May 2, 2022. In addition to letting each plan know when their assets were set to be transferred, the correspondence covered several areas. Of most importance at this time is that each of the Article 3 boards adopt the "[Resolution Appointing Authorized Agents](#)" no later than February 28, 2022. Upon adoption, an executed copy of the resolution, including the secretary's certificate, should be sent to IPOPf at info@ipopif.org. Additionally, each fund's appointed authorized agents must send a notice regarding the passage of the resolution to all custodians and any entity with fiduciary control of any portion of their pension fund's assets. A copy of that notice is available on our [website](#). The IPOPf should be copied on that correspondence at info@ipopif.org.

Most recently, on Friday, January 14, 2022, the IPOPf Board of Trustees adopted the fund's Cash Management Policy. The objectives of the policy are to:

- Ensure that cash is available for withdrawal when needed by each Article 3 plan to pay expenses, benefits, and other required payments to beneficiaries.
- Minimize the cost and impact associated with raising cash.
- Minimize “cash drag” on investment performance.
- Minimize the risk of fraud and errors.
- Invest contributions quickly.

In accordance with the Cash Management Policy, the IPOPIF staff will maintain a rolling cash flow forecast including, projected pension fund cash flows; projected administrative and operating expenses; and projected investment commitments, contributions, and distributions from investments, including private markets. The Article 3 plans will be expected to provide monthly cash flow projections annually that includes the amount expected to be contributed to, and withdrawn from, the pension fund account for each month of the year. The plans also are expected to submit an updated projection if there are any material changes to any of the monthly projections. Finalizing cash management procedures with Custodian, State Street Bank and Trust, is a key priority at this point and we will communicate details as soon as possible. To review the policy, click [here](#).

While significant progress has been made, working together, we have much to do before March 1st and through June 30, as well. I want to thank you in advance for your input in making the transition of assets as smooth and seamless as possible and in accordance with the [Illinois Pension Code \(40 ILCS 5/22B-120\(d\)\)](#).

Please know that we consider our fiduciary responsibility to participants and beneficiaries of the 357 plans to be of the utmost importance. We will continue to discharge our duties in a transparent manner with integrity and solely in their best interests. If you have any questions, please feel free to contact me via email at rwhite@ipopif.org or at 331-472-1080.

Richard White is the executive director of the Illinois Police Officers' Pension Investment Fund.