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FILE NO. S-1227

PENSIONS:

Investment and Interest of
the Illinois State Employees'
Retirement System's Assets.

Michael L. Mory, Secretary
State Employees' Retirement
System of Illinois
1201 South Fifth Street
Springfield, Illinois 62706

Dear Mr. Mory:

I have your letter wherein you request an opinion on whether the State Treasurer may invest balances maintained in the State Employees' Retirement System's trust fund account (Fund Account No. 479) and credit the interest derived from such investments directly to the trust fund account.

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The trust fund account (Trust Fund No. 479) is required for and is used for operating expenses of the System. These funds cannot be made available for investment by the State Board of Investment. In your letter you state that at the present time the State Treasurer invests balances in the trust fund account as part of the State Investment Pool and interest earnings are credited totally to the State's General Revenue Fund. It is my opinion that the State Treasurer may invest balances maintained in the State Employees' Retirement System trust fund account and credit the interest derived from the investments directly to the trust fund account.

The State Treasurer is ex-officio the treasurer of the State Employees Retirement System. Section 14-185 of the Illinois Pension Code (Ill. Rev. Stat. 1975, ch. 108 1/2, par. 14-185) provides in pertinent part:

"The Treasurer of the State of Illinois shall be, ex-officio, the treasurer of the system. He shall:

(a) act as official custodian of the cash and securities belonging to the system and provide adequate safe deposit facilities for their preservation and hold such cash and securities subject to the order of the board; (b) receive

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all items of cash belonging to the system, as the same are transmitted by the Secretary of the system, including member contributions, State contributions, interest and principal payments on investments and other income accruing to the system, and deposit all such amounts in a special trust fund for the account of this system, and submit a monthly report to the board of all such transactions; * * *

The State Treasurer, as ex-officio treasurer of the System, thus holds the cash and securities subject to the order of the State Employees' Retirement System Board. Under order of the Board, he could invest them. This section authorizes him to deposit money earned from investments into a special trust fund for the account of the System.

Furthermore, section 14-170 of the Illinois Pension Code (Ill. Rev. Stat. 1975, ch. 108 1/2, par. 14-170) provides in pertinent part:

" * * *
All interest derived from investments and other income of the system shall be credited to a separate account for this system in the State treasury and shall be used to pay allowances, annuities, benefits and administration expense."

This section clearly contemplates that interest earned by the System shall be credited to a separate fund for the

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System in the State treasury. All interest would include interest earned by the System through investments made by the Treasurer as part of the State's investment pool.

Very truly yours,

A T T O R N E Y G E N E R A L