

## Cash Management Policy

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## Firefighters' Pension Investment Fund

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This Cash Management Policy (this "**Policy**") is adopted by the Board of Trustees (the "**Board**") of the Illinois Firefighters' Pension Investment Fund ("**FPIF**") established under Article 22C of the Illinois Pension Code, 40 ILCS 5/1-101 et seq. (the "**Pension Code**"), in accordance with Section 2.06(g) of the Illinois Open Meetings Act ("**OMA**"), to establish the rules governing the management of cash between Participating Pension Funds and the FPIF.

## 1. INTRODUCTION

The purpose of this Cash Management Policy (the "Policy") is to setup the procedures and best practices for interaction between Participating Pension Funds and FPIF. The Policy aims to ensure an efficient working process that allows Participating Pension Funds to meet monthly benefit obligations and transfer excess funds to FPIF for investment while also allowing FPIF to effectively plan for the liquidity needs of Participating Pension Funds.

## 2. SCOPE

The Policy will address the following procedures and processes for cash management:

- ▶ Objectives of the Cash Management Policy
- ▶ Authorized Representatives
- ▶ Cash Management Procedures
- ▶ Cash Flow Planning

## 3. OBJECTIVES

The following are the specific objectives of the Policy.

- ▶ Outline procedure for FPIF to transfer cash to Participating Pension Funds.
- ▶ Outline procedure for Participating Pension Funds to transfer cash to FPIF.
- ▶ Provide recommendations (non-binding) to Participating Pension Funds related to cash flow for expenses.
- ▶ Outline reporting requests for cash transfers to maintain transparency and accountability.
- ▶ Maintain compliance with Article 22C of the Illinois Pension Code (40 ILCS 5/22C).

## 4. ACCOUNT AUTHORIZED REPRESENTATIVES

FPIF staff under the direction of the Chief Financial Officer ("CFO") will process all transfer requests properly submitted by Account Authorized Representatives of Participating Pension Funds through the FPIF custodian. Account Authorized Representatives of Participating Pension Funds shall include the Treasurer of the Participating Pension Fund and may include up to two additional Account Authorized Representatives authorized by the Participating Pension Fund to act on its behalf. Participating Pension Funds may name an Account Authorized Representative who is not a voting member to facilitate transfers.

Account Authorized Representatives who are not the Treasurer of the Participating Pension Fund shall be appointed by board resolution. A board resolution appointing an Account Authorized Representative shall include the representative's name, employer, business address, phone number, fax number (if applicable), and email address. Only Account Authorized Representatives will have authority to make requests from FPIF.

## 5. CASH MANGEMENT PROCEDURES

FPIF recommends that Participating Pension Funds keep an estimated 3 months of expenses in a local account. The amount of cash kept in the local account will fluctuate and will necessitate transfers to and from FPIF. Requests to redeem cash from FPIF can be made on a monthly basis and should occur via Automated Clearing House (ACH).

Requests for transfers from FPIF to the Participating Pension Fund must be sent to FPIF by 5:00 pm central time on the 15<sup>th</sup> of each of month. Requests properly submitted on or before the 15<sup>th</sup> of each month, will be processed for transfer by the 15<sup>th</sup> of the following month. The request for transfer must be made in the manner prescribed by FPIF. Requests shall include the local fund name, the current local account balance, the requested dollar amount, and a date and signature by an Account Authorized Representative.

If the Participating Pension Fund has a surplus of dollars in the local account, it should transfer the funds to FPIF for investment. The Account Authorized Representative shall send transfers to FPIF in the manner prescribed by FPIF. The Account Authorized Representative shall indicate the local fund name, dollar amount to be transferred and the date the transfer will be made.

It is the responsibility of the Participating Pension Fund to ensure enough money is kept on hand to meet benefit obligations and to act in their fiduciary capacity as board members in the administration and payment of monthly retirement benefits and expenses.

## 6. CASH FLOW PLANNING

~~FPIF requests that each~~ Each Participating Pension Fund shall provide an estimated cash flow projection by the end of each calendar year for the upcoming calendar year. This cash flow projection at a minimum should include the following:

- Estimated cash balance for 12 months.
- Estimated employee contributions.
- Estimated employer contributions.
- Estimated pension benefits.
- Estimated administrative expenses.
- Estimated monthly net inflow or outflow.
- Estimated monthly funding request / money transfer.

An example of a cash flow projection shall be provided to Account Authorized Representatives and made available on the FPIF website. The cash flow projection is not meant to be exact, though will act as guide for FPIF to properly plan investments to ensure sufficient liquidity.