**Section 1540.60 Severance of Employment – A Condition to the Payment of a Refund or Retirement Annuity**

a) Application for Refund or Retirement Annuity

Any member who is eligible to receive a refund of contributions or a retirement annuity may elect to apply for that refund or retirement annuity by making a written request in the form and manner prescribed by the Board.

b) Verification of Withdrawal From Service

A request for a refund of contributions or a retirement annuity shall not be considered until the Board has received a written notice from the Department in which the member was last employed certifying to the member's withdrawal from service and the effective date thereof, except that the written notice described in this subsection shall not be required for a member who retires while on inactive or disabled status and has been off the Department's payroll for a period of at least 5 years.

c) Withdrawal From Service – Period of Separation

A member who terminates employment and then returns to State employment shall be eligible for a refund of contributions only if there is at least a 14- day break in State employment as reflected on a payroll and if the refund application is executed by the member prior to the date of reemployment. A member who is placed on "Temporary Layoff" as that term is used in the rules of the Department of Central Management Services (see 80 Ill. Adm. Code 302.510) shall not be considered to have completed "Withdrawal" as that term is defined in the Illinois Pension Code (Code) [40 ILCS 5].

d) Effect of Legal Action

1) If a refund of contributions is paid by the System to a member and legal action results in the member being reinstated to their position with full restoration of all rights and privileges, then the reinstated member shall be permitted to reestablish service credit with the System for the reinstated period by repaying to the System the amount of refunded contributions in a lump sum or installment payments in accordance with Section 1540.250 of this Part, except that:

A) the two-year minimum service requirement shall be waived for purposes of determining the period within which the member may commence repayment of the refund; and

B) no interest shall be due if the member makes the required lump-sum payment to the System within 30 days after the System’s written notice of the opportunity to reestablish the service credit or executes within the same period an installment agreement with the System to make the required payment.

2) If a retirement annuity is paid by the System to an annuitant and legal action results in the annuitant being reinstated to their position with full restoration of all rights and privileges, then upon making a re-entry to service after retirement, the annuitant’s retirement annuity shall be discontinued immediately and they may repay to the System in a lump sum or installment payments the total amount of all retirement annuity payments received on or after retirement. No interest shall be due on the amount of the repayment if the member makes the required lump-sum payment to the System within 30 days after the System’s written notice of the opportunity to make the repayment or executes within the same period an installment agreement with the System to make the repayment. The retirement annuity of a member who has completed the repayment described in this subsection (d)(2) and subsequently retires shall be computed as though the member had not previously retired.

e) An election for a refund that is submitted by a member that received disability benefits and has a pending claim for either Social Security disability benefits or benefits payable under the Workers' Compensation Act [820 ILCS 305] or Workers' Occupational Diseases Act [820 ILCS 310] shall not be processed until that claim has been determined.

(Source: Amended at 46 Ill. Reg. 4100, effective February 23, 2022)