



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

HB4292

Introduced 1/5/2022, by Rep. Bob Morgan - Michael J. Zalewski  
- Mark Batinick

#### SYNOPSIS AS INTRODUCED:

30 ILCS 330/2	from Ch. 127, par. 652
30 ILCS 330/2.5	
30 ILCS 330/7.7	
40 ILCS 5/14-147.5	
40 ILCS 5/14-147.6	
40 ILCS 5/15-185.5	
40 ILCS 5/15-185.6	
40 ILCS 5/16-190.5	
40 ILCS 5/16-190.6	

Amends the General Obligation Bond Act. Authorizes an additional \$1,000,000,000 of State Pension Obligation Acceleration Bonds. Makes a conforming change. Amends the State Employees, State Universities, and Downstate Teachers Articles of the Illinois Pension Code. Extends the option for a participant to receive an accelerated pension benefit payment in lieu of any pension benefit or for a reduction in the increases to his or her annual retirement annuity and survivor's annuity to June 30, 2026 (instead of June 30, 2024). Effective immediately.

LRB102 22139 RPS 31268 b

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The General Obligation Bond Act is amended by  
5 changing Sections 2, 2.5, and 7.7 as follows:

6 (30 ILCS 330/2) (from Ch. 127, par. 652)

7 Sec. 2. Authorization for Bonds. The State of Illinois is  
8 authorized to issue, sell and provide for the retirement of  
9 General Obligation Bonds of the State of Illinois for the  
10 categories and specific purposes expressed in Sections 2  
11 through 8 of this Act, in the total amount of \$79,256,839,969  
12 ~~\$78,256,839,969~~.

13 The bonds authorized in this Section 2 and in Section 16 of  
14 this Act are herein called "Bonds".

15 Of the total amount of Bonds authorized in this Act, up to  
16 \$2,200,000,000 in aggregate original principal amount may be  
17 issued and sold in accordance with the Baccalaureate Savings  
18 Act in the form of General Obligation College Savings Bonds.

19 Of the total amount of Bonds authorized in this Act, up to  
20 \$300,000,000 in aggregate original principal amount may be  
21 issued and sold in accordance with the Retirement Savings Act  
22 in the form of General Obligation Retirement Savings Bonds.

23 Of the total amount of Bonds authorized in this Act, the

1 additional \$10,000,000,000 authorized by Public Act 93-2, the  
2 \$3,466,000,000 authorized by Public Act 96-43, and the  
3 \$4,096,348,300 authorized by Public Act 96-1497 shall be used  
4 solely as provided in Section 7.2.

5 Of the total amount of Bonds authorized in this Act, the  
6 additional \$6,000,000,000 authorized by Public Act 100-23  
7 shall be used solely as provided in Section 7.6 and shall be  
8 issued by December 31, 2017.

9 Of the total amount of Bonds authorized in this Act,  
10 \$2,000,000,000 ~~\$1,000,000,000~~ of the additional amount  
11 authorized by Public Act 100-587 and this amendatory Act of  
12 the 102nd General Assembly shall be used solely as provided in  
13 Section 7.7.

14 The issuance and sale of Bonds pursuant to the General  
15 Obligation Bond Act is an economical and efficient method of  
16 financing the long-term capital needs of the State. This Act  
17 will permit the issuance of a multi-purpose General Obligation  
18 Bond with uniform terms and features. This will not only lower  
19 the cost of registration but also reduce the overall cost of  
20 issuing debt by improving the marketability of Illinois  
21 General Obligation Bonds.

22 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
23 101-30, eff. 6-28-19.)

24 (30 ILCS 330/2.5)

25 Sec. 2.5. Limitation on issuance of Bonds.

1 (a) Except as provided in subsection (b), no Bonds may be  
2 issued if, after the issuance, in the next State fiscal year  
3 after the issuance of the Bonds, the amount of debt service  
4 (including principal, whether payable at maturity or pursuant  
5 to mandatory sinking fund installments, and interest) on all  
6 then-outstanding Bonds, other than (i) Bonds authorized by  
7 Public Act 100-23, (ii) Bonds issued by Public Act 96-43,  
8 (iii) Bonds authorized by Public Act 96-1497, ~~and~~ (iv) Bonds  
9 authorized by Public Act 100-587, and (v) Bonds authorized by  
10 this amendatory Act of the 102nd General Assembly, would  
11 exceed 7% of the aggregate appropriations from the general  
12 funds, the State Construction Account Fund, and the Road Fund  
13 for the fiscal year immediately prior to the fiscal year of the  
14 issuance. For the purposes of this subsection (a), "general  
15 funds" has the same meaning as ascribed to that term under  
16 Section 50-40 of the State Budget Law of the Civil  
17 Administrative Code of Illinois.

18 (b) If the Comptroller and Treasurer each consent in  
19 writing, Bonds may be issued even if the issuance does not  
20 comply with subsection (a). In addition, \$2,000,000,000 in  
21 Bonds for the purposes set forth in Sections 3, 4, 5, 6, and 7,  
22 and \$2,000,000,000 in Refunding Bonds under Section 16, may be  
23 issued during State fiscal year 2017 without complying with  
24 subsection (a). In addition, \$2,000,000,000 in Bonds for the  
25 purposes set forth in Sections 3, 4, 5, 6, and 7, and  
26 \$2,000,000,000 in Refunding Bonds under Section 16, may be

1 issued during State fiscal year 2018 without complying with  
2 subsection (a).

3 (Source: P.A. 100-23, Article 25, Section 25-5, eff. 7-6-17;  
4 100-23, Article 75, Section 75-10, eff. 7-6-17; 100-587, eff.  
5 6-4-18; 100-863, eff. 8-14-18; 101-30, eff. 6-28-19.)

6 (30 ILCS 330/7.7)

7 Sec. 7.7. State Pension Obligation Acceleration Bonds.

8 (a) As used in this Act, "State Pension Obligation  
9 Acceleration Bonds" means Bonds authorized by Public Act  
10 100-587 and this amendatory Act of the 102nd General Assembly  
11 ~~this amendatory Act of the 100th General Assembly~~ and used for  
12 the purpose of making accelerated pension benefit payments  
13 under Articles 14, 15, and 16 of the Illinois Pension Code.

14 (b) State Pension Obligation Acceleration Bonds in the  
15 amount of \$2,000,000,000 ~~\$1,000,000,000~~ are hereby authorized  
16 to be used for the purpose of making accelerated pension  
17 benefit payments under Articles 14, 15, and 16 of the Illinois  
18 Pension Code.

19 (c) The proceeds of State Pension Obligation Acceleration  
20 Bonds authorized in subsection (b) of this Section, less the  
21 amounts authorized in the Bond Sale Order to be directly paid  
22 out for bond sale expenses under Section 8, shall be deposited  
23 directly into the State Pension Obligation Acceleration Bond  
24 Fund, and the Comptroller and the Treasurer shall, as soon as  
25 practical, make accelerated pension benefit payments under

1 Articles 14, 15, and 16 of the Illinois Pension Code.

2 (d) There is created the State Pension Obligation  
3 Acceleration Bond Fund as a special fund in the State  
4 Treasury. Funds deposited in the State Pension Obligation  
5 Acceleration Bond Fund may only be used for the purpose of  
6 making accelerated pension benefit payments under Articles 14,  
7 15, and 16 of the Illinois Pension Code or for the payment of  
8 principal and interest due on State Pension Obligation  
9 Acceleration Bonds. This subsection shall constitute an  
10 irrevocable and continuing appropriation of all amounts  
11 necessary for such purposes.

12 (Source: P.A. 100-587, eff. 6-4-18.)

13 Section 10. The Illinois Pension Code is amended by  
14 changing Sections 14-147.5, 14-147.6, 15-185.5, 15-185.6,  
15 16-190.5, and 16-190.6 as follows:

16 (40 ILCS 5/14-147.5)

17 Sec. 14-147.5. Accelerated pension benefit payment in lieu  
18 of any pension benefit.

19 (a) As used in this Section:

20 "Eligible person" means a person who:

21 (1) has terminated service;

22 (2) has accrued sufficient service credit to be  
23 eligible to receive a retirement annuity under this  
24 Article;

1 (3) has not received any retirement annuity under this  
2 Article; and

3 (4) has not made the election under Section 14-147.6.

4 "Pension benefit" means the benefits under this Article,  
5 or Article 1 as it relates to those benefits, including any  
6 anticipated annual increases, that an eligible person is  
7 entitled to upon attainment of the applicable retirement age.  
8 "Pension benefit" also includes applicable survivor's or  
9 disability benefits.

10 (b) As soon as practical after June 4, 2018 (the effective  
11 date of Public Act 100-587), the System shall calculate, using  
12 actuarial tables and other assumptions adopted by the Board,  
13 the present value of pension benefits for each eligible person  
14 who requests that information and shall offer each eligible  
15 person the opportunity to irrevocably elect to receive an  
16 amount determined by the System to be equal to 60% of the  
17 present value of his or her pension benefits in lieu of  
18 receiving any pension benefit. The offer shall specify the  
19 dollar amount that the eligible person will receive if he or  
20 she so elects and shall expire when a subsequent offer is made  
21 to an eligible person. An eligible person is limited to one  
22 calculation and offer per calendar year. The System shall make  
23 a good faith effort to contact every eligible person to notify  
24 him or her of the election.

25 Until June 30, 2026 ~~2024~~, an eligible person may  
26 irrevocably elect to receive an accelerated pension benefit

1 payment in the amount that the System offers under this  
2 subsection in lieu of receiving any pension benefit. A person  
3 who elects to receive an accelerated pension benefit payment  
4 under this Section may not elect to proceed under the  
5 Retirement Systems Reciprocal Act with respect to service  
6 under this Article.

7 (c) A person's creditable service under this Article shall  
8 be terminated upon the person's receipt of an accelerated  
9 pension benefit payment under this Section, and no other  
10 benefit shall be paid under this Article based on the  
11 terminated creditable service, including any retirement,  
12 survivor, or other benefit; except that to the extent that  
13 participation, benefits, or premiums under the State Employees  
14 Group Insurance Act of 1971 are based on the amount of service  
15 credit, the terminated service credit shall be used for that  
16 purpose.

17 (d) If a person who has received an accelerated pension  
18 benefit payment under this Section returns to active service  
19 under this Article, then:

20 (1) Any benefits under the System earned as a result  
21 of that return to active service shall be based solely on  
22 the person's creditable service arising from the return to  
23 active service.

24 (2) The accelerated pension benefit payment may not be  
25 repaid to the System, and the terminated creditable  
26 service may not under any circumstances be reinstated.



1           (e) As a condition of receiving an accelerated pension  
2 benefit payment, the accelerated pension benefit payment must  
3 be transferred into a tax qualified retirement plan or  
4 account. The accelerated pension benefit payment under this  
5 Section may be subject to withholding or payment of applicable  
6 taxes, but to the extent permitted by federal law, a person who  
7 receives an accelerated pension benefit payment under this  
8 Section must direct the System to pay all of that payment as a  
9 rollover into another retirement plan or account qualified  
10 under the Internal Revenue Code of 1986, as amended.

11           (f) Upon receipt of a member's irrevocable election to  
12 receive an accelerated pension benefit payment under this  
13 Section, the System shall submit a voucher to the Comptroller  
14 for payment of the member's accelerated pension benefit  
15 payment. The Comptroller shall transfer the amount of the  
16 voucher from the State Pension Obligation Acceleration Bond  
17 Fund to the System, and the System shall transfer the amount  
18 into the member's eligible retirement plan or qualified  
19 account.

20           (g) The Board shall adopt any rules, including emergency  
21 rules, necessary to implement this Section.

22           (h) No provision of this Section shall be interpreted in a  
23 way that would cause the applicable System to cease to be a  
24 qualified plan under the Internal Revenue Code of 1986.

25           (Source: P.A. 100-587, eff. 6-4-18; 101-10, eff. 6-5-19.)

1 (40 ILCS 5/14-147.6)

2 Sec. 14-147.6. Accelerated pension benefit payment for a  
3 reduction in annual retirement annuity and survivor's annuity  
4 increases.

5 (a) As used in this Section:

6 "Accelerated pension benefit payment" means a lump sum  
7 payment equal to 70% of the difference of the present value of  
8 the automatic annual increases to a Tier 1 member's retirement  
9 annuity and survivor's annuity using the formula applicable to  
10 the Tier 1 member and the present value of the automatic annual  
11 increases to the Tier 1 member's retirement annuity using the  
12 formula provided under subsection (b-5) and survivor's annuity  
13 using the formula provided under subsection (b-6).

14 "Eligible person" means a person who:

15 (1) is a Tier 1 member;

16 (2) has submitted an application for a retirement  
17 annuity under this Article;

18 (3) meets the age and service requirements for  
19 receiving a retirement annuity under this Article;

20 (4) has not received any retirement annuity under this  
21 Article; and

22 (5) has not made the election under Section 14-147.5.

23 (b) As soon as practical after June 4, 2018 (the effective  
24 date of Public Act 100-587) and until June 30, 2026 ~~2024~~, the  
25 System shall implement an accelerated pension benefit payment  
26 option for eligible persons. Upon the request of an eligible

1 person, the System shall calculate, using actuarial tables and  
2 other assumptions adopted by the Board, an accelerated pension  
3 benefit payment amount and shall offer that eligible person  
4 the opportunity to irrevocably elect to have his or her  
5 automatic annual increases in retirement annuity calculated in  
6 accordance with the formula provided under subsection (b-5)  
7 and any increases in survivor's annuity payable to his or her  
8 survivor's annuity beneficiary calculated in accordance with  
9 the formula provided under subsection (b-6) in exchange for  
10 the accelerated pension benefit payment. The election under  
11 this subsection must be made before the eligible person  
12 receives the first payment of a retirement annuity otherwise  
13 payable under this Article.

14 (b-5) Notwithstanding any other provision of law, the  
15 retirement annuity of a person who made the election under  
16 subsection (b) shall be subject to annual increases on the  
17 January 1 occurring either on or after the attainment of age 67  
18 or the first anniversary of the annuity start date, whichever  
19 is later. Each annual increase shall be calculated at 1.5% of  
20 the originally granted retirement annuity.

21 (b-6) Notwithstanding any other provision of law, a  
22 survivor's annuity payable to a survivor's annuity beneficiary  
23 of a person who made the election under subsection (b) shall be  
24 subject to annual increases on the January 1 occurring on or  
25 after the first anniversary of the commencement of the  
26 annuity. Each annual increase shall be calculated at 1.5% of

1 the originally granted survivor's annuity.

2 (c) If a person who has received an accelerated pension  
3 benefit payment returns to active service under this Article,  
4 then:

5 (1) the calculation of any future automatic annual  
6 increase in retirement annuity shall be calculated in  
7 accordance with the formula provided under subsection  
8 (b-5); and

9 (2) the accelerated pension benefit payment may not be  
10 repaid to the System.

11 (d) As a condition of receiving an accelerated pension  
12 benefit payment, the accelerated pension benefit payment must  
13 be transferred into a tax qualified retirement plan or  
14 account. The accelerated pension benefit payment under this  
15 Section may be subject to withholding or payment of applicable  
16 taxes, but to the extent permitted by federal law, a person who  
17 receives an accelerated pension benefit payment under this  
18 Section must direct the System to pay all of that payment as a  
19 rollover into another retirement plan or account qualified  
20 under the Internal Revenue Code of 1986, as amended.

21 (d-5) Upon receipt of a member's irrevocable election to  
22 receive an accelerated pension benefit payment under this  
23 Section, the System shall submit a voucher to the Comptroller  
24 for payment of the member's accelerated pension benefit  
25 payment. The Comptroller shall transfer the amount of the  
26 voucher to the System, and the System shall transfer the

1 amount into a member's eligible retirement plan or qualified  
2 account.

3 (e) The Board shall adopt any rules, including emergency  
4 rules, necessary to implement this Section.

5 (f) No provision of this Section shall be interpreted in a  
6 way that would cause the applicable System to cease to be a  
7 qualified plan under the Internal Revenue Code of 1986.

8 (Source: P.A. 100-587, eff. 6-4-18; 101-10, eff. 6-5-19.)

9 (40 ILCS 5/15-185.5)

10 Sec. 15-185.5. Accelerated pension benefit payment in lieu  
11 of any pension benefit.

12 (a) As used in this Section:

13 "Eligible person" means a person who:

14 (1) has terminated service;

15 (2) has accrued sufficient service credit to be  
16 eligible to receive a retirement annuity under this  
17 Article;

18 (3) has not received any retirement annuity under this  
19 Article;

20 (4) has not made the election under Section 15-185.6;  
21 and

22 (5) is not a participant in the self-managed plan  
23 under Section 15-158.2.

24 "Implementation date" means the earliest date upon which  
25 the Board authorizes eligible persons to begin irrevocably

1 electing the accelerated pension benefit payment option under  
2 this Section. The Board shall endeavor to make such  
3 participation available as soon as possible after June 4, 2018  
4 (the effective date of Public Act 100-587) and shall establish  
5 an implementation date by Board resolution.

6 "Pension benefit" means the benefits under this Article,  
7 or Article 1 as it relates to those benefits, including any  
8 anticipated annual increases, that an eligible person is  
9 entitled to upon attainment of the applicable retirement age.  
10 "Pension benefit" also includes applicable survivors benefits,  
11 disability benefits, or disability retirement annuity  
12 benefits.

13 (b) Beginning on the implementation date, the System shall  
14 offer each eligible person the opportunity to irrevocably  
15 elect to receive an amount determined by the System to be equal  
16 to 60% of the present value of his or her pension benefits in  
17 lieu of receiving any pension benefit. The System shall  
18 calculate, using actuarial tables and other assumptions  
19 adopted by the Board, the present value of pension benefits  
20 for each eligible person upon his or her request in writing to  
21 the System. The System shall not perform more than one  
22 calculation per eligible member in a State fiscal year. The  
23 offer shall specify the dollar amount that the eligible person  
24 will receive if he or she so elects and shall expire when a  
25 subsequent offer is made to an eligible person. The System  
26 shall make a good faith effort to contact every eligible

1 person to notify him or her of the election.

2 Beginning on the implementation date and until June 30,  
3 2026 ~~2024~~, an eligible person may irrevocably elect to receive  
4 an accelerated pension benefit payment in the amount that the  
5 System offers under this subsection in lieu of receiving any  
6 pension benefit. A person who elects to receive an accelerated  
7 pension benefit payment under this Section may not elect to  
8 proceed under the Retirement Systems Reciprocal Act with  
9 respect to service under this Article.

10 (c) Upon payment of an accelerated pension benefit payment  
11 under this Section, the person forfeits all accrued rights and  
12 credits in the System and no other benefit shall be paid under  
13 this Article based on those forfeited rights and credits,  
14 including any retirement, survivor, or other benefit; except  
15 that to the extent that participation, benefits, or premiums  
16 under the State Employees Group Insurance Act of 1971 are  
17 based on the amount of service credit, the terminated service  
18 credit shall be used for that purpose.

19 (d) If a person who has received an accelerated pension  
20 benefit payment under this Section returns to participation  
21 under this Article, any benefits under the System earned as a  
22 result of that return to participation shall be based solely  
23 on the person's credits and creditable service arising from  
24 the return to participation. Upon return to participation, the  
25 person shall be considered a new employee subject to all the  
26 qualifying conditions for participation and eligibility for

1 benefits applicable to new employees.

2 (d-5) The accelerated pension benefit payment may not be  
3 repaid to the System, and the forfeited rights and credits may  
4 not under any circumstances be reinstated.

5 (e) As a condition of receiving an accelerated pension  
6 benefit payment, the accelerated pension benefit payment must  
7 be deposited into a tax qualified retirement plan or account  
8 identified by the eligible person at the time of the election.  
9 The accelerated pension benefit payment under this Section may  
10 be subject to withholding or payment of applicable taxes, but  
11 to the extent permitted by federal law, a person who receives  
12 an accelerated pension benefit payment under this Section must  
13 direct the System to pay all of that payment as a rollover into  
14 another retirement plan or account qualified under the  
15 Internal Revenue Code of 1986, as amended.

16 (f) The System shall submit vouchers to the State  
17 Comptroller for the payment of accelerated pension benefit  
18 payments under this Section. The State Comptroller shall pay  
19 the amounts of the vouchers from the State Pension Obligation  
20 Acceleration Bond Fund to the System, and the System shall  
21 deposit the amounts into the applicable tax qualified plans or  
22 accounts.

23 (g) The Board shall adopt any rules, including emergency  
24 rules, necessary to implement this Section.

25 (h) No provision of this Section shall be interpreted in a  
26 way that would cause the System to cease to be a qualified plan



1 under the Internal Revenue Code of 1986.

2 (Source: P.A. 100-587, eff. 6-4-18; 101-10, eff. 6-5-19.)

3 (40 ILCS 5/15-185.6)

4 Sec. 15-185.6. Accelerated pension benefit payment for a  
5 reduction in an annual increase to a retirement annuity and an  
6 annuity benefit payable as a result of death.

7 (a) As used in this Section:

8 "Accelerated pension benefit payment" means a lump sum  
9 payment equal to 70% of the difference of: (i) the present  
10 value of the automatic annual increases to a Tier 1 member's  
11 retirement annuity, including any increases to any annuity  
12 benefit payable as a result of his or her death, using the  
13 formula applicable to the Tier 1 member; and (ii) the present  
14 value of the automatic annual increases to the Tier 1 member's  
15 retirement annuity, including any increases to any annuity  
16 benefit payable as a result of his or her death, using the  
17 formula provided under subsection (b-5).

18 "Eligible person" means a person who:

19 (1) is a Tier 1 member;

20 (2) has submitted an application for a retirement  
21 annuity under this Article;

22 (3) meets the age and service requirements for  
23 receiving a retirement annuity under this Article;

24 (4) has not received any retirement annuity under this  
25 Article;

1 (5) has not made the election under Section 15-185.5;  
2 and

3 (6) is not a participant in the self-managed plan  
4 under Section 15-158.2.

5 "Implementation date" means the earliest date upon which  
6 the Board authorizes eligible persons to begin irrevocably  
7 electing the accelerated pension benefit payment option under  
8 this Section. The Board shall endeavor to make such  
9 participation available as soon as possible after June 4, 2018  
10 (the effective date of Public Act 100-587) and shall establish  
11 an implementation date by Board resolution.

12 (b) Beginning on the implementation date and until June  
13 30, 2026 ~~2024~~, the System shall implement an accelerated  
14 pension benefit payment option for eligible persons. The  
15 System shall calculate, using actuarial tables and other  
16 assumptions adopted by the Board, an accelerated pension  
17 benefit payment amount for an eligible person upon his or her  
18 request in writing to the System and shall offer that eligible  
19 person the opportunity to irrevocably elect to have his or her  
20 automatic annual increases in retirement annuity and any  
21 annuity benefit payable as a result of his or her death  
22 calculated in accordance with the formula provided in  
23 subsection (b-5) in exchange for the accelerated pension  
24 benefit payment. The System shall not perform more than one  
25 calculation under this Section per eligible person in a State  
26 fiscal year. The election under this subsection must be made

1 before any retirement annuity is paid to the eligible person,  
2 and the eligible survivor, spouse, or contingent annuitant, as  
3 applicable, must consent to the election under this  
4 subsection.

5 (b-5) Notwithstanding any other provision of law, the  
6 retirement annuity of a person who made the election under  
7 subsection (b) shall be increased annually beginning on the  
8 January 1 occurring either on or after the attainment of age 67  
9 or the first anniversary of the annuity start date, whichever  
10 is later, and any annuity benefit payable as a result of his or  
11 her death shall be increased annually beginning on: (1) the  
12 January 1 occurring on or after the commencement of the  
13 annuity if the deceased Tier 1 member died while receiving a  
14 retirement annuity; or (2) the January 1 occurring after the  
15 first anniversary of the commencement of the benefit. Each  
16 annual increase shall be calculated at 1.5% of the originally  
17 granted retirement annuity or annuity benefit payable as a  
18 result of the Tier 1 member's death.

19 (c) If an annuitant who has received an accelerated  
20 pension benefit payment returns to participation under this  
21 Article, the calculation of any future automatic annual  
22 increase in retirement annuity under subsection (c) of Section  
23 15-139 shall be calculated in accordance with the formula  
24 provided in subsection (b-5).

25 (c-5) The accelerated pension benefit payment may not be  
26 repaid to the System.

1           (d) As a condition of receiving an accelerated pension  
2 benefit payment, the accelerated pension benefit payment must  
3 be deposited into a tax qualified retirement plan or account  
4 identified by the eligible person at the time of election. The  
5 accelerated pension benefit payment under this Section may be  
6 subject to withholding or payment of applicable taxes, but to  
7 the extent permitted by federal law, a person who receives an  
8 accelerated pension benefit payment under this Section must  
9 direct the System to pay all of that payment as a rollover into  
10 another retirement plan or account qualified under the  
11 Internal Revenue Code of 1986, as amended.

12           (d-5) The System shall submit vouchers to the State  
13 Comptroller for the payment of accelerated pension benefit  
14 payments under this Section. The State Comptroller shall pay  
15 the amounts of the vouchers from the State Pension Obligation  
16 Acceleration Bond Fund to the System, and the System shall  
17 deposit the amounts into the applicable tax qualified plans or  
18 accounts.

19           (e) The Board shall adopt any rules, including emergency  
20 rules, necessary to implement this Section.

21           (f) No provision of this Section shall be interpreted in a  
22 way that would cause the System to cease to be a qualified plan  
23 under the Internal Revenue Code of 1986.

24           (Source: P.A. 100-587, eff. 6-4-18; 101-10, eff. 6-5-19.)

25           (40 ILCS 5/16-190.5)

1           Sec. 16-190.5. Accelerated pension benefit payment in lieu  
2 of any pension benefit.

3           (a) As used in this Section:

4           "Eligible person" means a person who:

5                 (1) has terminated service;

6                 (2) has accrued sufficient service credit to be  
7 eligible to receive a retirement annuity under this  
8 Article;

9                 (3) has not received any retirement annuity under this  
10 Article; and

11                 (4) has not made the election under Section 16-190.6.

12           "Pension benefit" means the benefits under this Article,  
13 or Article 1 as it relates to those benefits, including any  
14 anticipated annual increases, that an eligible person is  
15 entitled to upon attainment of the applicable retirement age.  
16 "Pension benefit" also includes applicable survivor's or  
17 disability benefits.

18           (b) As soon as practical after June 4, 2018 (the effective  
19 date of Public Act 100-587), the System shall calculate, using  
20 actuarial tables and other assumptions adopted by the Board,  
21 the present value of pension benefits for each eligible person  
22 who requests that information and shall offer each eligible  
23 person the opportunity to irrevocably elect to receive an  
24 amount determined by the System to be equal to 60% of the  
25 present value of his or her pension benefits in lieu of  
26 receiving any pension benefit. The offer shall specify the

1 dollar amount that the eligible person will receive if he or  
2 she so elects and shall expire when a subsequent offer is made  
3 to an eligible person. The System shall make a good faith  
4 effort to contact every eligible person to notify him or her of  
5 the election.

6 Until June 30, 2026 ~~2024~~, an eligible person may  
7 irrevocably elect to receive an accelerated pension benefit  
8 payment in the amount that the System offers under this  
9 subsection in lieu of receiving any pension benefit. A person  
10 who elects to receive an accelerated pension benefit payment  
11 under this Section may not elect to proceed under the  
12 Retirement Systems Reciprocal Act with respect to service  
13 under this Article.

14 (c) A person's creditable service under this Article shall  
15 be terminated upon the person's receipt of an accelerated  
16 pension benefit payment under this Section, and no other  
17 benefit shall be paid under this Article based on the  
18 terminated creditable service, including any retirement,  
19 survivor, or other benefit; except that to the extent that  
20 participation, benefits, or premiums under the State Employees  
21 Group Insurance Act of 1971 are based on the amount of service  
22 credit, the terminated service credit shall be used for that  
23 purpose.

24 (d) If a person who has received an accelerated pension  
25 benefit payment under this Section returns to active service  
26 under this Article, then:

1           (1) Any benefits under the System earned as a result  
2           of that return to active service shall be based solely on  
3           the person's creditable service arising from the return to  
4           active service.

5           (2) The accelerated pension benefit payment may not be  
6           repaid to the System, and the terminated creditable  
7           service may not under any circumstances be reinstated.

8           (e) As a condition of receiving an accelerated pension  
9           benefit payment, the accelerated pension benefit payment must  
10          be transferred into a tax qualified retirement plan or  
11          account. The accelerated pension benefit payment under this  
12          Section may be subject to withholding or payment of applicable  
13          taxes, but to the extent permitted by federal law, a person who  
14          receives an accelerated pension benefit payment under this  
15          Section must direct the System to pay all of that payment as a  
16          rollover into another retirement plan or account qualified  
17          under the Internal Revenue Code of 1986, as amended.

18          (f) Upon receipt of a member's irrevocable election to  
19          receive an accelerated pension benefit payment under this  
20          Section, the System shall submit a voucher to the Comptroller  
21          for payment of the member's accelerated pension benefit  
22          payment. The Comptroller shall transfer the amount of the  
23          voucher from the State Pension Obligation Acceleration Bond  
24          Fund to the System, and the System shall transfer the amount  
25          into the member's eligible retirement plan or qualified  
26          account.

1 (g) The Board shall adopt any rules, including emergency  
2 rules, necessary to implement this Section.

3 (h) No provision of Public Act 100-587 shall be  
4 interpreted in a way that would cause the applicable System to  
5 cease to be a qualified plan under the Internal Revenue Code of  
6 1986.

7 (Source: P.A. 101-10, eff. 6-5-19; 102-558, eff. 8-20-21.)

8 (40 ILCS 5/16-190.6)

9 Sec. 16-190.6. Accelerated pension benefit payment for a  
10 reduction in annual retirement annuity and survivor's annuity  
11 increases.

12 (a) As used in this Section:

13 "Accelerated pension benefit payment" means a lump sum  
14 payment equal to 70% of the difference of the present value of  
15 the automatic annual increases to a Tier 1 member's retirement  
16 annuity and survivor's annuity using the formula applicable to  
17 the Tier 1 member and the present value of the automatic annual  
18 increases to the Tier 1 member's retirement annuity using the  
19 formula provided under subsection (b-5) and the survivor's  
20 annuity using the formula provided under subsection (b-6).

21 "Eligible person" means a person who:

22 (1) is a Tier 1 member;

23 (2) has submitted an application for a retirement  
24 annuity under this Article;

25 (3) meets the age and service requirements for



1 receiving a retirement annuity under this Article;

2 (4) has not received any retirement annuity under this  
3 Article; and

4 (5) has not made the election under Section 16-190.5.

5 (b) As soon as practical after June 4, 2018 the effective  
6 date of Public Act 100-587) and until June 30, 2026 ~~2024~~, the  
7 System shall implement an accelerated pension benefit payment  
8 option for eligible persons. Upon the request of an eligible  
9 person, the System shall calculate, using actuarial tables and  
10 other assumptions adopted by the Board, an accelerated pension  
11 benefit payment amount and shall offer that eligible person  
12 the opportunity to irrevocably elect to have his or her  
13 automatic annual increases in retirement annuity calculated in  
14 accordance with the formula provided under subsection (b-5)  
15 and any increases in survivor's annuity payable to his or her  
16 survivor's annuity beneficiary calculated in accordance with  
17 the formula provided under subsection (b-6) in exchange for  
18 the accelerated pension benefit payment. The election under  
19 this subsection must be made before the eligible person  
20 receives the first payment of a retirement annuity otherwise  
21 payable under this Article.

22 (b-5) Notwithstanding any other provision of law, the  
23 retirement annuity of a person who made the election under  
24 subsection (b) shall be subject to annual increases on the  
25 January 1 occurring either on or after the attainment of age 67  
26 or the first anniversary of the annuity start date, whichever

1 is later. Each annual increase shall be calculated at 1.5% of  
2 the originally granted retirement annuity.

3 (b-6) Notwithstanding any other provision of law, a  
4 survivor's annuity payable to a survivor's annuity beneficiary  
5 of a person who made the election under subsection (b) shall be  
6 subject to annual increases on the January 1 occurring on or  
7 after the first anniversary of the commencement of the  
8 annuity. Each annual increase shall be calculated at 1.5% of  
9 the originally granted survivor's annuity.

10 (c) If a person who has received an accelerated pension  
11 benefit payment returns to active service under this Article,  
12 then:

13 (1) the calculation of any future automatic annual  
14 increase in retirement annuity shall be calculated in  
15 accordance with the formula provided in subsection (b-5);  
16 and

17 (2) the accelerated pension benefit payment may not be  
18 repaid to the System.

19 (d) As a condition of receiving an accelerated pension  
20 benefit payment, the accelerated pension benefit payment must  
21 be transferred into a tax qualified retirement plan or  
22 account. The accelerated pension benefit payment under this  
23 Section may be subject to withholding or payment of applicable  
24 taxes, but to the extent permitted by federal law, a person who  
25 receives an accelerated pension benefit payment under this  
26 Section must direct the System to pay all of that payment as a

1 rollover into another retirement plan or account qualified  
2 under the Internal Revenue Code of 1986, as amended.

3 (d-5) Upon receipt of a member's irrevocable election to  
4 receive an accelerated pension benefit payment under this  
5 Section, the System shall submit a voucher to the Comptroller  
6 for payment of the member's accelerated pension benefit  
7 payment. The Comptroller shall transfer the amount of the  
8 voucher from the State Pension Obligation Acceleration Bond  
9 Fund to the System, and the System shall transfer the amount  
10 into the member's eligible retirement plan or qualified  
11 account.

12 (e) The Board shall adopt any rules, including emergency  
13 rules, necessary to implement this Section.

14 (f) No provision of this Section shall be interpreted in a  
15 way that would cause the applicable System to cease to be a  
16 qualified plan under the Internal Revenue Code of 1986.

17 (Source: P.A. 100-587, eff. 6-4-18; 101-10, eff. 6-5-19.)

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.