

1 TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES
2 SUBTITLE D: RETIREMENT SYSTEMS
3 CHAPTER I: STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
4

5 PART 1540
6 THE ADMINISTRATION AND OPERATION OF THE
7 STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
8

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80 AUTHORITY: Implementing and authorized by Article 14 of the Illinois Pension Code [40
81 ILCS 5].

82
83 SOURCE: Filed December 20, 1977, effective December 31, 1977; filed and effective February
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108 at 26 Ill. Reg. 16575, effective October 22, 2002; emergency amendment at 28 Ill. Reg. 8775,
109 effective July 1, 2004, for a maximum of 150 days; amended at 28 Ill. Reg. 15628, effective
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112 2006; amended at 32 Ill. Reg. 17779, effective October 29, 2008; emergency amendment at 33
113 Ill. Reg. 9449, effective June 19, 2009, for a maximum of 150 days; emergency expired
114 November 15, 2009; amended at 34 Ill. Reg. 285, effective December 15, 2009; amended at 34
115 Ill. Reg. 8313, effective June 10, 2010; amended at 38 Ill. Reg. 4023, effective January 24, 2014;
116 emergency amendment at 39 Ill. Reg. 2792, effective February 6, 2015, for a maximum of 150
117 days; emergency amendment modified in response to Joint Committee on Administrative Rules
118 Objection at 39 Ill. Adm. Code 5626, effective April 7, 2015, for the remainder of the 150 days;
119 amended at 39 Ill. Reg. 9582, effective June 26, 2015; amended at 41 Ill. Reg. 4217, effective
120 March 22, 2017; amended at 42 Ill. Reg. 9568, effective May 29, 2018; emergency amendment
121 at 42 Ill. Reg. 21436, effective November 13, 2018, for a maximum of 150 days; amended at 43
122 Ill. Reg. 768, effective December 19, 2018; amended at 43 Ill. Reg. 3965, effective March 18,
123 2019; amended at 43 Ill. Reg. 9252, effective August 16, 2019; amended at 44 Ill. Reg. 534,
124 effective December 27, 2019; amended at 44 Ill. Reg. 7888, effective April 27, 2020; amended at
125 44 Ill. Reg. 11172, effective June 19, 2020; amended at 44 Ill. Reg. 19510, effective December
126 2, 2020; amended at 45 Ill. Reg. 3023, effective February 26, 2021; amended at 45 Ill. Reg.
127 6848, effective May 24, 2021; amended at 45 Ill. Reg. 9547, effective July 19, 2021; amended at
128 46 Ill. Reg. 4100, effective February 23, 2022; amended at 46 Ill. Reg. 6945, effective April 21,
129 2022; amended at 46 Ill. Reg. 14779, effective August 22, 2022; amended at 46 Ill. Reg. 19224,

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131 amended at 47 Ill. Reg. 8026, effective May 24, 2023; amended at 47 Ill. Reg. 13138, effective
132 August 22, 2023; amended at 47 Ill. Reg. 16043, effective October 26, 2023; amended at 48 Ill.
133 Reg. 7844, effective May 7, 2024; amended at 48 Ill. Reg. 13838, effective August 27, 2024;
134 amended at 49 Ill. Reg. 2543, effective February 20, 2025; amended at 49 Ill. Reg. 12173,
135 effective September 9, 2025; amended at 50 Ill. Reg. 353, effective December 26, 2025;
136 amended at 50 Ill. Reg. 4175, effective February 27, 2026; amended at 50 Ill. Reg. _____,
137 effective _____.

138

139 **Section 1540.80 Disability Claims**

140

141 a) Nonoccupational Disability and Temporary Disability

142

143 1) Any member of the State Employees' Retirement System (SERS) claiming
144 benefits for nonoccupational disability or temporary disability shall file at
145 the Springfield Office of SERS a written application on forms prescribed
146 by the Board.

147

148 2) If a member makes a payment of contributions to SERS in order to
149 establish sufficient credit to qualify for a nonoccupational disability
150 benefit, payment of the benefit shall accrue as of the latter of the 31st day
151 of absence from work (including any periods of the absence for which sick
152 pay was received), the day after the member is last entitled to receive
153 compensation (including any sick pay), or the date of payment to SERS.
154 The date of payment of the required contributions shall be determined in
155 accordance with the provisions of Section 1540.220(a) (Period for
156 Payment). If a member is receiving a nonoccupational disability benefit,
157 and incurs a concurrent sickness or condition that is severe enough to
158 disable the member past the period in which the member is disabled from
159 the original sickness or condition, the nonoccupational benefit would
160 continue uninterrupted and the member would not be required to obtain a
161 new leave of absence or incur a new 30 day waiting period. A benefit will
162 continue uninterrupted in the manner described only if the member is
163 otherwise eligible for the benefit and a licensed healthcare professional's
164 report is provided and supports the disabling sickness or condition.

165

166 3) If a member makes a payment of contributions to SERS in order to
167 establish sufficient credit to qualify for a temporary disability benefit,
168 payment of the benefit shall accrue as of the latter of the 31st day after the
169 member is last entitled to receive compensation or the date of payment to
170 SERS. The date of payment of the required contributions shall be
171 determined in accordance with the provisions of Section 1540.220(a)
172 (Period for Payment).

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- 4) If a member who is receiving a nonoccupational or temporary disability benefit wishes to make a payment of contributions to extend the period of eligibility for receipt of the benefit, the request to make the payment must be received at the Springfield Office of SERS before the period of eligibility terminates and the date of payment of the required contributions shall be determined in accordance with the provisions of Section 1540.220(a) (Period for Payment).

- 5) If a member requests to have service credits under the State Universities Retirement System (SURS) or the Teachers' Retirement System of the State of Illinois (TRS) considered for the purposes of determining nonoccupational or temporary disability benefit eligibility under Section 14-124 or 14-123.1 of the Illinois Pension Code, or for purposes of calculating the total period of time for which benefit will be paid, SERS shall not include in its calculations any credits accrued under Article 15 or 16 of the Code that have been forfeited by acceptance of a refund or applied toward a retirement annuity and that have not been restored or otherwise reestablished in accordance with the requirements of those Articles of the Code. Credits accrued under Article 15 or 16 of the Code that have been forfeited by acceptance of a refund or applied toward a retirement annuity, and that have not been restored or otherwise reestablished in accordance with the requirements of those Articles of the Code, shall not be considered for purposes of determining eligibility for a nonoccupational or temporary disability benefit under Section 14-124 or 14-123.1 of the Illinois Pension Code (Code) [40 ILCS 5] or in determining the total period of time for which such a benefit is payable.

- 6) The System may deem the requirement of Section 14-124(4) of the Code to be satisfied with respect to a member if the member who is applying for a nonoccupational disability benefit is eligible to be granted a leave of absence for disability but, before the leave could be granted, upon medical examination, the member is found to be permanently and totally incapacitated to perform the duties of the member's position.

b) Occupational Disability

~~Any member of SERS claiming benefits for occupational disability shall file at the Springfield Office of SERS a written application on forms prescribed by the Board.~~

- 1) For the purposes of determining a member's eligibility for an occupational disability benefit, the term "becomes incapacitated to perform the duties of his position as the proximate result of bodily injuries sustained or a hazard

216 undergone while in the performance and within the scope of the member's
217 duties" as used in Section 14-123 of the Code shall not include a payment
218 received under the Workers' Compensation Act [820 ILCS 305] or the
219 Workers' Occupational Diseases Act [820 ILCS 310] in which the
220 causation of the disability is disputed.

221
222 2) Any member of SERS claiming benefits for occupational disability shall
223 file at the Springfield Office of SERS a written application on forms
224 prescribed by the Board.
225

226 c) Licensed Healthcare Professionals

227 Before an occupational, nonoccupational or temporary disability benefit can be
228 approved, one statement must be received from a licensed healthcare professional
229 attesting to the disability. An additional statement from a second licensed
230 healthcare professional may be required by the disability examiner assigned to the
231 case, depending on the nature of the disabling condition.
232

233 d) Report of Licensed Healthcare Professionals

234
235 1) All reports provided to the System by a licensed healthcare professional
236 shall contain, among other things, the date and place of the first
237 examination by the licensed healthcare professional, the cause and nature
238 of the member's disability, information regarding surgical work or
239 laboratory tests performed for the member, the date of last examination by
240 the licensed healthcare professional, prognosis regarding the member's
241 disability, an estimate of the probable length of the member's disability,
242 and the licensed healthcare professional's license number.
243

244 2) All licensed healthcare professional's reports shall be signed by a licensed
245 healthcare professional or by medical records personnel employed by or
246 acting pursuant to the direction of the licensed healthcare professional.
247

248 e) Suspension and Termination for Gainful Employment

249 The occupational, non-occupational, and temporary disability benefits that are
250 payable to members under Article 14 of the Illinois Pension Code are subject to
251 suspension and termination for gainful employment in accordance with Section
252 1540.85.
253

254 f) Investigation of Claims

255
256 1) The SERS Board of Trustees recognizes its obligation to provide a
257 systematic program for the continued investigation, control and
258 supervision of disability claims.

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- 2) Each disability benefit recipient is required to provide a current medical examination report every 6 months to substantiate continued disability. In order to substantiate the member's continued eligibility for disability benefits, the Disability Claims Examiner may require that the member submit to independent medical examinations and may request additional medical statements; hospital records; activity inspection reports; Department of Employment Security Earning Statements; Social Security benefit payment information; income tax records; or other pertinent information, all as deemed reasonable and necessary by the Examiner. SERS may waive the medical examination report requirement for cases in which the evidence supports that a member is permanently disabled and that the member will never be able to return to their former position.
- 3) Failure of a disability benefit recipient to submit to an independent medical examination, to cooperate with an activity inspection, or to provide the information required shall result in suspension of benefit payments.
- 4) Any benefit suspended as a result of a medical examination will be suspended on the last day of the month in which the claim is reviewed by the Executive Committee.
- 5) The System may direct a covered employee who is receiving a nonoccupational or temporary disability benefit from the System and who is eligible under the federal Social Security Act (42 U.S.C. 7) for a disability benefit before attaining the Social Security full retirement age to file a claim for benefits under the federal Social Security Act so that the amount of the Social Security offset to the System-provided disability benefit can be calculated as provided in Sections 14-123.1 and 14-125 of the Code. If an employee does not file a claim for Social Security benefits within 30 days after receiving written direction from the System to do so, then the payment of the System-provided disability benefit shall be suspended until the member files such a claim.
- 6) Any person who applies for or who is receiving disability benefits and knowingly makes to SERS any false statement, falsifies or permits to be falsified any record submitted to SERS, or omits pertinent information in an attempt to defraud SERS, shall have the benefit suspended until the correct information has been provided to SERS.
 - A) If the correct information that is provided does not substantiate eligibility for the disability benefit payments, then the benefit shall

- 302 be terminated.
303
304 B) If it is determined that the person omitted pertinent information
305 and the correct information that is provided supports that the
306 individual is gainfully employed, then the process prescribed in
307 subsection (e) shall determine if the benefit payments shall resume.
308
309 C) If it is determined that the person knowingly made to SERS a false
310 statement, or falsified or permitted to be falsified any record
311 submitted to SERS, in an attempt to defraud SERS and the correct
312 information that is provided supports that the individual is
313 gainfully employed, then the benefit shall be terminated.
314
315 g) A disability benefit claim will be processed after the date that the final payroll
316 payment received by the member has been posted to SERS' accounting database.
317
318 h) When calculating the amount of a nonoccupational, occupational, or temporary
319 disability benefit under Section 14-123, 14-123.1, or 14-125 of the Code, the
320 "date of disability" or "time disability occurred" is the date the member is
321 removed from payroll by virtue of being placed on disability leave.
322
323 i) When calculating the final average compensation of a disability benefit claim, the
324 calculation shall include the actual compensation received during the month in
325 which the member left the regular payroll.
326
327 j) Any individual receiving an occupational disability benefit under Section 14-123
328 of the Code who remains disabled at the end of the month in which that benefit
329 ceases under paragraph (3) or (4) of Section 14-123 shall become entitled to a
330 retirement annuity and have the minimum period of service prescribed for the
331 receipt of such annuity waived as described in that Section. The disability benefit
332 described in this subsection (j) applies regardless of whether the member first
333 became a member on or after January 1, 2011.
334
335 k) In accordance with Section 14-125.1 of the Code, occupational and
336 nonoccupational disability benefits will be increased by 7% or 3% of the original
337 fixed amount on January 1 following the fourth anniversary of the granting of the
338 benefit. For purposes of section 14-125.1 of the Code and this subsection (k), "the
339 fourth anniversary of the granting of the benefit" means that a member receives
340 disability benefit payments for 48 consecutive months without an interruption due
341 to suspension.
342
343 l) A temporary disability benefit that converts to either a nonoccupational or an
344 occupational disability benefit in the manner prescribed under Section 14-123.1 of

345 the Code shall, for the purposes of Sections 14-123 or 14-124 of the Code, be
346 deemed either as a nonoccupational or an occupational disability benefit.

347
348 m) The 5-year limitation prescribed under Sections 14-123(b)(4), 14-123.1(b)(4), and
349 14-124(c) of the Code shall not be disrupted by the suspension of the disability
350 benefit claim previously granted, if applicable.

351
352 n) Definitions

353
354 As used in this Section:

355
356 "Code" means the Illinois Pension Code [40 ILCS 5].

357
358 "Full retirement age" means the age at which an individual is eligible to
359 receive full Social Security retirement benefits.

360
361 "The duties of the member's position" means the duties of the member's
362 position as of the date the member's name is removed from the payroll
363 without regard to subsequent changes in the duties of the position,
364 availability of the position, or the member's right to return to the position.

365
366 "Licensed healthcare professional" means any individual who is licensed
367 by the Department of Financial and Professional Regulation as a physician
368 under the Medical Practice Act of 1987 [225 ILCS 60], as a physician
369 assistant under the Physician Assistant Practice Act of 1987 [225 ILCS
370 95], as a psychologist under the Clinical Psychologist Licensing Act [225
371 ILCS 15], or as an advanced practice registered nurse under the Nurse
372 Practice Act [225 ILCS 65] or who is licensed or otherwise credentialed
373 by the licensing body of another state as a physician, physician assistant,
374 clinical psychologist, or advanced practice registered nurse under the laws
375 of that state.

376
377 "Licensed healthcare professional's license number" means the unique
378 license number, registration number, or other identifier issued by the
379 federal Centers for Medicare and Medicaid Services, the Department of
380 Financial and Professional Regulation, or the licensing body of another
381 state to an individual who is licensed or otherwise credentialed by the
382 Department of Financial and Professional Regulation or the licensing body
383 of another state, as a licensed healthcare professional.

384
385 "Member", for purposes of Sections 14-123, 14-123.1, and 14-124 of the
386 Code, means an employee in active service at the time of incurring a
387 disabling condition.

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(Source: Amended at 50 Ill. Reg. _____, effective _____)

Section 1540.330 Board Elections

In accordance with the Illinois Pension Code, an election for 2 trustees, one contributing member with at least 8 years of creditable service and one annuitant who has been an annuitant for at least one full year, will be held every 5 years beginning in 1986 and an election for 4 trustees, three contributing members with at least 8 years of creditable service and one annuitant who has been an annuitant for at least one full year, will be held every 5 years beginning in 2009.

a) **Definitions of Terms**

For purposes of this Section, the following definitions shall apply:

"Annuitant" – Any annuitant, as defined in Section 14-103.07 of the Code.

"Annuitant who has been an annuitant for at least one full year" means an annuitant who has received at least 12 monthly installments of their retirement annuity on or before the date upon which the annuitant is sworn into office as a trustee.

"Code" means the Illinois Pension Code [40 ILCS 5].

"Contributing member " – Any member of the System, as defined in Section 14-103.06 of the Code who is currently contributing to the System, unless the member is employed by the System.

"Contributing member with at least 8 years of creditable service" – Any contributing member who, on or before the date upon which they are sworn into office as a trustee, has obtained at least 8 years of creditable service, as defined in Section 14-103.15 of the Code.

b) **Nominations**

Qualified persons for the position of Contributing Member Trustee or Annuitant Trustee shall file a Statement of Candidacy and a trustee petition on a form prescribed by the Board, in accordance with the Code. Petitions shall be signed by not fewer than 400 contributing members for a Contributing Member Trustee candidate and by not fewer than 100 annuitants for an Annuitant Trustee candidate and indicate the addresses of the signators opposite their names. Nominating petitions shall be circulated and certified only by contributing members or annuitants for each respective trustee candidate. Forms shall be secured from the Executive Secretary and filed in accordance with the Calendar (see subsections (f) and (i)). Trustee petitions and the Statement of Candidacy

431 must be filed at the System's Springfield office, 2101 South Veterans Parkway,
432 Springfield, Illinois, in person or by mail during the office hours of 8:00 a.m. to
433 4:30 p.m.
434

435 c) Lottery for Ballot Position

436 All petitions filed on or before the first day for filing shall be deemed filed as of
437 8:00 a.m. on the first day. All petitions received thereafter shall be deemed as
438 filed in the order of actual receipt. Where 2 or more petitions are received
439 simultaneously for the same office, the State Employees' Retirement Board, with
440 whom petitions are filed, shall break ties and determine the order of filing, by
441 means of a lottery.
442

443 d) Procedures on Objections

444 The Board of Trustees of the System shall review and rule on all written petitions
445 filed objecting to any candidate's qualifications as outlined in Section 14-134 of
446 the Code. Petitions objecting shall be made in accordance with 80 Ill. Adm. Code
447 1540.270(d)(3). Nomination papers shall be deemed valid unless objections are
448 received by the System in writing within 5 days after the last day for filing
449 nomination papers. Not later than 12:00 noon on the next business day, after
450 receipt of the objector's petition, the Executive Secretary shall deliver or transmit
451 the nomination papers and original objector's petition to the Chairman of the
452 Board and a copy of the objector's petition to the candidate whose nomination
453 papers are the subject of the objection. Not later than 12:00 noon on the second
454 business day after receipt of the objector's petition, the Chairman of the Board
455 shall call for a meeting to consider the petition by giving notice to each of the
456 members of the Board, the objector and candidate. The meeting of the Board
457 shall not be less than 3 nor more than 5 days after receipt of objector's petition by
458 the Chairman of the Board.
459

460 e) Elections

461 After the Executive Secretary has certified the candidates, separate ballots shall be
462 prepared for the Contributing Member Trustee and for the Annuitant Trustee.
463 Candidate position shall be in the order that the petitions are filed, or as
464 determined by the lottery. Ballots will be mailed on election day to all qualified
465 Contributing Members and Annuitants. All ballots must be returned, sealed in the
466 envelope provided, so as to be received by May 30 of the election year. In order
467 to be eligible to vote, a contributing member must make contributions during the
468 first payroll period in March of the election year. In order to be eligible to vote,
469 an annuitant must receive a retirement annuity for March of each election year.
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471 f) Calendar of Events

472
473 1) Beginning in 1986 and every 5 years thereafter, and in 2014 and every 5

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years thereafter, the following timelines shall apply:

- A) JANUARY 2 – Forms available from the Executive Secretary for Statement of Candidacy and petitions.
- B) JANUARY 15 – Last day Executive Secretary shall publish in a newsletter the dates and times when candidates may receive petitions. The pre-filing notice must also include the time and location of the filing period for nominating petitions.
- C) FEBRUARY 11 – First day for candidates to file nomination papers for trustee offices in the office of the Executive Secretary.
- D) FEBRUARY 19 – Last day for candidates to file nomination papers for trustee offices in the office of the Executive Secretary.
- E) FEBRUARY 24 –
 - i) Last day for filing objections to the nomination papers of candidates for the office of trustees in the office of the Executive Secretary.
 - ii) Notice shall be given by telephone, facsimile or electronically of the time and place for conducting a lottery when 2 or more petitions are received simultaneously for the same office. Notice shall be given by the Executive Secretary to all candidates involved in the lottery.
- F) FEBRUARY 28 – Lottery shall be conducted by the Executive Secretary when 2 or more petitions are received simultaneously for the same office.
- G) MARCH 1 – Last day for candidates to withdraw their candidacy in the office of the Executive Secretary.
- H) MAY 1 – or, if Sunday, then May 2 – Election
- I) MAY 30 – Last day all voted ballots shall be received by the Board or its designate.
- J) JUNE 6 – Last day for canvassing of election results by the Board or its designated agent.

- 517 K) JUNE 18 – Last day for the Board to proclaim the results of the
518 election and to issue the certificates of election to the winners.
519
- 520 2) If any of these dates falls on a Saturday, Sunday or holiday, the next
521 succeeding business day for the System shall be the effective date.
522
- 523 g) Ballot Security
524 Upon receiving the official voted ballots, they shall be secured in a locked
525 location until the canvassing begins.
526
- 527 h) Board Notification
528
- 529 1) The Board or its designated agent shall canvass the ballots and certify the
530 results. Each candidate may have two observers present during the ballot
531 canvassing.
532
- 533 2) The candidate or candidates receiving the most votes for the office of
534 Contributing Member Trustee will be declared the winner. The candidate
535 receiving the most votes for the office of the Annuitant Trustee will be
536 declared the winner.
537
- 538 3) If a candidate should become ineligible for office after the submission of
539 the Statement of Candidacy and petitions, but before the election, the
540 Board shall notify the candidate of the ineligibility and remove the
541 candidate's name from the ballot. If a candidate should become ineligible
542 for office after the mailing of ballots, the candidate's votes will not be
543 counted and the eligible candidate receiving the most votes shall be
544 declared the winner.
545
- 546 4) Ballots will be retained for 60 days following the certification. The ballots
547 can then be destroyed, unless litigation is pending.
548
- 549 5) In case of a tie vote between 2 or more candidates, the Board shall
550 determine the winner by means of a lottery to break the tie.
551
- 552 6) The Board will proclaim the results of the election and issue Certificates
553 of Election to the winners.
554
- 555 i) Special Election Calendar of Events
556 The special election to be held in 2009 to fill the 4 new elected trustee positions
557 shall be subject to the same procedures outlined in this Section, except as may
558 need to be modified to comply with the following calendar for the special
559 election:

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- 1) APRIL 16 – First day for candidates to file nomination papers for trustees offices in the office of the Executive Secretary.
- 2) MAY 11 – Last day for candidates to file nomination papers for trustees offices in the office of the Executive Secretary.
- 3) MAY 15 – Lottery shall be conducted by the Executive Secretary when 2 or more petitions are received simultaneously for the same office.
- 4) JUNE 1 – Election
- 5) JUNE 26 – Last day all voted ballots shall be received by the Board or its designate.
- 6) JULY 2 – Last day for canvassing of election results by the Board or its designated agent and for the Board to proclaim the results of the election and to issue the certificates of election to the winners.

(Source: Amended at 50 Ill. Reg. _____, effective _____)

Section 1540.331 Board Vacancies

When a vacancy occurs for an active or retired elected trustee position, the Board shall appoint a qualifying member to fill the vacancy for the remainder of that term. The announcement of the vacancy and the process to fill such vacancy shall be published on the System's website no less than 45 days before the vacancy will be filled.

- a) If the vacancy is an active member trustee position, an email shall be sent to each active member's email address on file notifying such members of the vacancy as prescribed under Section 14-134 of the Illinois Pension Code, the eligibility criteria to fill such vacancy, as described in the Act and this Section, and a summary of the process to fill such vacancy. An active member is eligible to fill a vacancy to the position of an active contributing member trustee provided that the member has at least eight years of creditable service, is not employed by the System, supplies a resume and statement that summarizes their interest in filling the vacancy, and provides a petition of no less than 250 signatures of active contributing members in support of their candidacy.
- b) If the vacancy is a retired member trustee position, an email shall be sent to each retired member's email address on file notifying each retired member of the vacancy, the eligibility criteria to fill such vacancy as described in the Act and this Section, and a summary of the process to fill such vacancy. A retired

603 member is eligible to fill such vacancy if the member supplies a resume and
604 statement that summarizes their interest in filling the vacancy, and provides a
605 petition of no less than 100 signatures of retired members in support of their
606 candidacy.

607
608 c) A candidate must deliver the documentation and petition requirements of this
609 Section to the System's primary office at least 10 days before the Board meeting
610 in which such vacancy is to be filled.

611
612 d) At the next scheduled meeting of the Board, eligible members who submit the
613 required documents will be considered by the Board for appointment. The
614 affirmative votes of seven trustees are required to appoint a candidate. The Board
615 appointment will be valid for the remainder of that term.

616
617 (Source: Amended at 50 Ill. Reg. _____, effective _____)

618
619 **Section 1540.395 Accelerated Pension Benefit Payment Program**

620
621 a) Purpose. This Section establishes policies specific to SERS concerning the
622 Accelerated Pension Benefit Payment Options authorized by Sections 14-147.5
623 and 14-147.6 of the Illinois Pension Code (Code) [40 ILCS 5].

624
625 b) Payment Option Limitations

626
627 1) A member needs to be an eligible person on or before June 1, 2026 in
628 order to elect an accelerated pension benefit payment.

629
630 2) A member who elects the Level Income Option is ineligible to elect an
631 accelerated pension benefit payment.

632
633 3) A member who elects the Social Security Offset Removal is ineligible to
634 elect an accelerated pension benefit payment.

635
636 4) A member who elects a reversionary annuity is ineligible to elect an
637 accelerated pension benefit payment.

638
639 5) A member subject to a mandatory distribution pursuant to section
640 401(a)(9) of the Internal Revenue Code (26 CFR 1) is ineligible to elect an
641 accelerated pension benefit payment at least 30 days prior to the date the
642 mandatory distribution must be paid. The election form of such a member
643 must be received by SERS at least 30 days prior to the date the mandatory
644 distribution must be paid.

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- 6) A member who is indebted to SERS because of an overpayment is ineligible to elect the accelerated pension benefit payment under Section 14-147.5 of the Code. That member may qualify for an accelerated pension benefit payment upon repaying the debt in full.
 - 7) An election for an accelerated pension benefit payment under Section 14-147.5 of the Code 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 a determination has been made on that claim.
 - 8) A member who cashed or deposited the payment of a proportional annuity from another participating system prior to December 1, 2018, when creditable service or earnings credit established under Article 14 of the Code was used to calculate a proportional annuity or to qualify the member for a proportional annuity, is ineligible to elect an accelerated pension benefit payment.
 - 9) A member who cashed or deposited the payment of a proportional annuity from another participating system prior to December 1, 2018, when creditable service or earnings credit established under another participating system was used to calculate the proportional annuity payable by SERS established under Article 14 of the Code or to qualify the member for the proportional annuity payable by SERS established under Article 14 of the Code is ineligible to elect an accelerated pension benefit payment.
 - c) The present value of pension benefits calculation, as determined by Section 14-147.5(b) of the Code, shall not include any earnings credits under another participating system.
 - d) For a member who elects the accelerated pension benefit payment prescribed under Section 14-147.5 of the Code, the effective date of that accelerated pension benefit payment shall not be before April 1, 2019. Furthermore, the effective date of the payment shall not be before the first of the month immediately following the date in which a valid application is received by SERS.
 - e) The effective date for accelerated pension benefit payment prescribed under Section 14-147.6 of the Code:
 - 1) shall not be before December 1, 2018; and

- 689 2) shall not be before the effective date of the member's retirement annuity.
690
- 691 f) The accelerated pension benefit payment shall not be transferred to the member's
692 eligible account prior to the effective date of the member's retirement annuity.
693
- 694 g) A valid application for an accelerated pension benefit must be received by SERS
695 before June 1, 2026 in order to qualify a member for an accelerated pension
696 benefit.
697
- 698 h) The election to receive an accelerated pension benefit payment under Section
699 14-147.6 of the Code becomes irrevocable on either the date the member cashes
700 or deposits the first retirement annuity payment, or the date on which the
701 accelerated pension benefit payment is vouchered, whichever occurs earlier.
702
- 703 i) The election to receive an accelerated pension benefit payment under Section
704 14-147.5 of the Code becomes irrevocable on the date the accelerated pension
705 benefit payment is vouchered.
706
- 707 j) Accelerated pension benefit payments shall be paid solely from the amounts
708 transferred to SERS from the State Pension Obligation Acceleration Bond Fund.
709 Under no circumstance will other SERS assets be used to pay accelerated pension
710 benefit payments. All elections for an accelerated pension benefit payment that
711 will not be paid from amounts transferred to SERS from the State Pension
712 Obligation Acceleration Bond Fund shall be null and void.
713
- 714 k) For cases in which a member is charged with a felony related to, arising out of, or
715 in connection with his or her service as an employee and elects an accelerated
716 pension benefit payment, the adjudication process related to the charges must be
717 completed before the accelerated pension benefit payment is vouchered. If the
718 member is convicted and sentenced of a felony related to, arising out of, or in
719 connection with his or her service as an employee, the payment shall not be
720 vouchered.
721
- 722 l) A member who elects the accelerated pension benefit payment under Section
723 14-147.5 of the Code is ineligible to receive a refund under Section 14-130(c) of
724 the Code.
725
- 726 m) A member with post-tax contributions on file with SERS, and who elects the
727 accelerated pension benefit payment under Section 14-147.5 of the Code, may not
728 elect to transfer the payment into the pre-tax plan offered under the State
729 Employees Deferred Compensation Plan.
730

- 731 n) On or after the date that a member's accelerated pension benefit payment is
732 vouchered, that member is ineligible to establish creditable service associated
733 with employment before the date that the accelerated pension benefit payment is
734 vouchered.
735
- 736 o) If a member who elected the Early Retirement Incentive under Section 14-108.3
737 of the Code elects the accelerated pension benefit payment under Section
738 14-147.5 of the Code, then the calculation of that payment shall exclude the
739 creditable service and age enhancement components of the Early Retirement
740 Incentive program unless the member has paid the necessary costs under Section
741 14-108.3(c) prior to the election of the accelerated pension benefit payment.
742
- 743 p) If a member has irrevocably elected to receive an Accelerated Pension Benefit
744 Payment and if the member's spouse dies after the date of that election but before
745 the System has paid the Accelerated Pension Benefit Payment, then the amount to
746 be paid as an Accelerated Pension Benefit Payment shall not be recalculated,
747 reduced, or otherwise adjusted on account of the death of the member's spouse.
748
- 749 q) An election of the accelerated pension benefit payment under Section 14-147.6 of
750 the Code shall be invalidated when a member fails to document their eligible
751 account prior to one month of the start date of the automatic annual increases that
752 would have otherwise been payable.
753
- 754 r) An accelerated pension benefit payment shall not be adjusted for a member who
755 reenters service and subsequently retires.
756

757 s) Definitions
758

759 "Accelerated Pension Benefit Payment" means an accelerated pension
760 benefit payment under Sections 14-147.5 and 14-147.6 of the Code.
761

762 "Accrued Sufficient Service Credit to be Eligible to Receive a Retirement
763 Annuity Under this Article" means, for the purposes of Section
764 14-147.5(a)(2) of the Code, that a member must have established
765 sufficient creditable service to qualify for a retirement annuity under
766 Article 14 of the Code. Service credit on file with another participating
767 system at the time of the member's election for an accelerated pension
768 benefit payment under Section 14-147.5 shall be excluded for those
769 purposes.
770

771 "Code" means the Illinois Pension Code [40 ILCS 5].
772

773 "Creditable Service" means service defined as "creditable service" under
774 Section 14-103.15 of the Code.

775
776 "Eligible Account" means a "tax qualified retirement plan or account"
777 required by Sections 14-147.5(e) and 14-147.6(d) of the Code.

778
779 "Level Income Option" means a benefit payment option prescribed by
780 Section 14-112 of the Code.

781
782 "Participating System" means a retirement system defined as a
783 "participating system" by Section 20-108 of the Code.

784
785 "Proportional Annuity" means a retirement annuity paid in accordance
786 with Section 20-121 of the Code.

787
788 "Reversionary Annuity" means a reversionary annuity authorized by
789 Section 14-113 of the Code.

790
791 "Social Security Offset Removal" means the 3.825% reduction to a
792 member's retirement annuity established by Sections 14-119(d) and
793 14-121(g) of the Code.

794
795 "State Employees Deferred Compensation Plan" means the plan described
796 by Section 24-104 of the Code.

797
798 "State Pension Obligation Acceleration Bond Fund" means the bond fund
799 created by Section 7.7(d) of the General Obligation Bond Act [30 ILCS
800 330].

801
802 "Vouchered" means that the voucher has been signed and dated, even
803 though the warrant has not been issued by the Office of the State
804 Comptroller.

805
806 (Source: Amended at 50 Ill. Reg. _____, effective _____)

807
808 **Section 1540.401 Implementation of Section 14-110(a-5) of the Code**

809
810 a) The term, "files for the retirement benefit with the System" as used in Section 14-
811 110(a-5) of the Code means all of the following events necessary to validate the
812 member's eligibility for the retirement annuity and to process the estimated
813 payment provided in Section 14-110(a-5) of the Code have occurred, which
814 includes:

815

- 816 1) The member's completed retirement application has been received;
- 817
- 818 2) A copy of the member's birth certificate has been received;
- 819
- 820 3) The member's completed tax withholding form has been received;
- 821
- 822 4) The member's completed State Group Insurance Plan election form has
- 823 been received;
- 824
- 825 5) The member's completed direct deposit agreement, or their written
- 826 authorization to issue payments by paper check form has been received;
- 827
- 828 6) If the member is married, a copy of the member's marriage certificate and
- 829 a copy of their spouse's birth certificate form have been received;
- 830
- 831 7) If the member is widowed and single, a copy of the member's deceased
- 832 spouse's death certificate or obituary form has been received;
- 833
- 834 8) If the member is divorced and single, a copy of the divorce decree has
- 835 been received;
- 836
- 837 9) If the member or dependent is eligible for Medicare, a copy of the
- 838 Medicare card has been received;
- 839
- 840 10) The member's final payment for compensation for personal services has
- 841 been recorded with the System;
- 842
- 843 11) No contribution arrearages or unpaid service credit purchase balances
- 844 associated with the member's account exist;
- 845
- 846 12) The member's irrevocable election to receive an estimated payment has
- 847 been received;
- 848
- 849 13) The member's completed election as required under Section 14-147.6(b)
- 850 of the Code form has been received; and
- 851
- 852 14) The supplemental order required under Section 1540.350 h) 4) A) of this
- 853 Part if a QILDRO has been entered regarding the member's retirement
- 854 benefits and they have elected the accelerated retirement benefit payment
- 855 under Section 14-147.6(b) of the Code; and
- 856

857 1514) A completed Employer Statement in which the member's employer
858 certified the member's last day of service and their last rate of
859 compensation form has been received.
860

861 b) The term, "best estimate" as used in Section 14-110(a-5) of the Code utilizes the
862 monthly rate of compensation received by the person on the last day of their
863 eligible creditable service as the final average compensation component of the
864 retirement annuity calculation.

865
866 (Source: Amended at 50 Ill. Reg. _____, effective _____)