

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 \$83,664,839,969
12 ~~\$82,664,839,969~~.

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 \$3,200,000,000 ~~\$2,200,000,000~~ of the additional amount
11 authorized by Public Act 100-587, Public Act 102-718, Public
12 Act 104-8, and this amendatory Act of the 104th General
13 Assembly ~~and this amendatory Act of the 104th General Assembly~~
14 shall be used solely as provided in Section 7.7.

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

23 (Source: P.A. 103-7, eff. 7-1-23; 103-591, eff. 7-1-24; 104-8,
24 eff. 1-1-26.)

1 Sec. 2.5. Limitation on issuance of Bonds.

2 (a) Except as provided in subsection (b), no Bonds may be
3 issued if, after the issuance, in the next State fiscal year
4 after the issuance of the Bonds, the amount of debt service
5 (including principal, whether payable at maturity or pursuant
6 to mandatory sinking fund installments, and interest) on all
7 then-outstanding Bonds, other than (i) Bonds authorized by
8 Public Act 100-23, (ii) Bonds authorized ~~issued~~ by Public Act
9 96-43, (iii) Bonds authorized by Public Act 96-1497, (iv)
10 Bonds authorized by Public Act 100-587, ~~and~~ (v) Bonds
11 authorized by Public Act 102-718 ~~this amendatory Act of the~~
12 ~~102nd General Assembly~~, (vi) Bonds authorized by the changes
13 made to Section 7.7 by Public Act 104-8, and (vii) Bonds
14 authorized by this amendatory Act of the 104th General
15 Assembly, would exceed 7% of the aggregate appropriations from
16 the general funds, the State Construction Account Fund, and
17 the Road Fund for the fiscal year immediately prior to the
18 fiscal year of the issuance. For the purposes of this
19 subsection (a), "general funds" has the same meaning as
20 ascribed to that term under Section 50-40 of the State Budget
21 Law of the Civil Administrative Code of Illinois.

22 (b) If the Comptroller and Treasurer each consent in
23 writing, Bonds may be issued even if the issuance does not
24 comply with subsection (a). In addition, \$2,000,000,000 in
25 Bonds for the purposes set forth in Sections 3, 4, 5, 6, and 7,
26 and \$2,000,000,000 in Refunding Bonds under Section 16, may be

1 issued during State fiscal year 2017 without complying with
2 subsection (a). In addition, \$2,000,000,000 in Bonds for the
3 purposes set forth in Sections 3, 4, 5, 6, and 7, and
4 \$2,000,000,000 in Refunding Bonds under Section 16, may be
5 issued during State fiscal year 2018 without complying with
6 subsection (a).

7 (Source: P.A. 101-30, eff. 6-28-19; 102-718, eff. 5-5-22.)

8 (30 ILCS 330/7.7)

9 Sec. 7.7. State Pension Obligation Acceleration Bonds.

10 (a) As used in this Act, "State Pension Obligation
11 Acceleration Bonds" means Bonds authorized by Public Act
12 100-587, Public Act 102-718, Public Act 104-8, and this
13 amendatory Act of the 104th General Assembly ~~and this~~
14 ~~amendatory Act of the 104th General Assembly~~ and used for the
15 purpose of making accelerated pension benefit payments under
16 Articles 14, 15, and 16 of the Illinois Pension Code.

17 (b) State Pension Obligation Acceleration Bonds in the
18 amount of \$3,200,000,000 ~~\$2,200,000,000~~ are hereby authorized
19 to be used for the purpose of making accelerated pension
20 benefit payments under Articles 14, 15, and 16 of the Illinois
21 Pension Code.

22 (c) The proceeds of State Pension Obligation Acceleration
23 Bonds authorized in subsection (b) of this Section, less the
24 amounts authorized in the Bond Sale Order to be directly paid
25 out for bond sale expenses under Section 8, shall be deposited

1 directly into the State Pension Obligation Acceleration Bond
2 Fund, and the Comptroller and the Treasurer shall, as soon as
3 practical, make accelerated pension benefit payments under
4 Articles 14, 15, and 16 of the Illinois Pension Code.

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

15 (Source: P.A. 104-8, eff. 1-1-26.)

16 Section 10. The Illinois Pension Code is amended by
17 changing Sections 14-147.5, 14-147.6, 15-185.5, 15-185.6,
18 16-190.5, and 16-190.6 as follows:

19 (40 ILCS 5/14-147.5)

20 Sec. 14-147.5. Accelerated pension benefit payment in lieu
21 of any pension benefit.

22 (a) As used in this Section:

23 "Eligible person" means a person who:

24 (1) has terminated service;

1 (2) has accrued sufficient service credit to be
2 eligible to receive a retirement annuity under this
3 Article;

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

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

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

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

1 him or her of the election.

2 Until June 30, 2028 ~~2026~~, an eligible person may
3 irrevocably elect to receive an accelerated pension benefit
4 payment in the amount that the System offers under this
5 subsection in lieu of receiving any pension benefit. A person
6 who elects to receive an accelerated pension benefit payment
7 under this Section may not elect to proceed under the
8 Retirement Systems Reciprocal Act with respect to service
9 under this Article.

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

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

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

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

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

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

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 applicable System to cease to be a

1 qualified plan under the Internal Revenue Code of 1986.

2 (Source: P.A. 101-10, eff. 6-5-19; 102-718, eff. 5-5-22.)

3 (40 ILCS 5/14-147.6)

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

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 the present value of
10 the automatic annual increases to a Tier 1 member's retirement
11 annuity and survivor's annuity using the formula applicable to
12 the Tier 1 member and the present value of the automatic annual
13 increases to the Tier 1 member's retirement annuity using the
14 formula provided under subsection (b-5) and survivor's annuity
15 using the formula provided under subsection (b-6).

16 "Eligible person" means a person who:

17 (1) is a Tier 1 member;

18 (2) has submitted an application for a retirement
19 annuity under this Article;

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

22 (4) has not received any retirement annuity under this
23 Article; and

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

25 (b) As soon as practical after June 4, 2018 (the effective

1 date of Public Act 100-587) and until June 30, 2028 ~~2026~~, the
2 System shall implement an accelerated pension benefit payment
3 option for eligible persons. Upon the request of an eligible
4 person, the System shall calculate, using actuarial tables and
5 other assumptions adopted by the Board, an accelerated pension
6 benefit payment amount and shall offer that eligible person
7 the opportunity to irrevocably elect to have his or her
8 automatic annual increases in retirement annuity calculated in
9 accordance with the formula provided under subsection (b-5)
10 and any increases in survivor's annuity payable to his or her
11 survivor's annuity beneficiary calculated in accordance with
12 the formula provided under subsection (b-6) in exchange for
13 the accelerated pension benefit payment. The election under
14 this subsection must be made before the eligible person
15 receives the first payment of a retirement annuity otherwise
16 payable under this Article.

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

24 (b-6) Notwithstanding any other provision of law, a
25 survivor's annuity payable to a survivor's annuity beneficiary
26 of a person who made the election under subsection (b) shall be

1 subject to annual increases on the January 1 occurring on or
2 after the first anniversary of the commencement of the
3 annuity. Each annual increase shall be calculated at 1.5% of
4 the originally granted survivor's annuity.

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

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

12 (2) the accelerated pension benefit payment may not be
13 repaid to the System.

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

24 (d-5) Upon receipt of a member's irrevocable election to
25 receive an accelerated pension benefit payment under this
26 Section, the System shall submit a voucher to the Comptroller

1 for payment of the member's accelerated pension benefit
2 payment. The Comptroller shall transfer the amount of the
3 voucher to the System, and the System shall transfer the
4 amount into a member's eligible retirement plan or qualified
5 account.

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

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

11 (Source: P.A. 101-10, eff. 6-5-19; 102-718, eff. 5-5-22.)

12 (40 ILCS 5/15-185.5)

13 Sec. 15-185.5. Accelerated pension benefit payment in lieu
14 of any pension benefit.

15 (a) As used in this Section:

16 "Eligible person" means a person who:

17 (1) has terminated service;

18 (2) has accrued sufficient service credit to be
19 eligible to receive a retirement annuity under this
20 Article;

21 (3) has not received any retirement annuity under this
22 Article;

23 (4) has not made the election under Section 15-185.6;
24 and

25 (5) is not a participant in the self-managed plan

1 under Section 15-158.2.

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

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

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

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

5 Beginning on the implementation date and until June 30,
6 2028 ~~2026~~, an eligible person may irrevocably elect to receive
7 an accelerated pension benefit payment in the amount that the
8 System offers under this subsection in lieu of receiving any
9 pension benefit. A person who elects to receive an accelerated
10 pension benefit payment under this Section may not elect to
11 proceed under the Retirement Systems Reciprocal Act with
12 respect to service under this Article.

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

22 (d) If a person who has received an accelerated pension
23 benefit payment under this Section returns to participation
24 under this Article, any benefits under the System earned as a
25 result of that return to participation shall be based solely
26 on the person's credits and creditable service arising from

1 the return to participation. Upon return to participation, the
2 person shall be considered a new employee subject to all the
3 qualifying conditions for participation and eligibility for
4 benefits applicable to new employees.

5 (d-5) The accelerated pension benefit payment may not be
6 repaid to the System, and the forfeited rights and credits may
7 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 deposited into a tax qualified retirement plan or account
11 identified by the eligible person at the time of the election.
12 The accelerated pension benefit payment under this Section may
13 be subject to withholding or payment of applicable taxes, but
14 to the extent permitted by federal law, a person who receives
15 an accelerated pension benefit payment under this Section must
16 direct the System to pay all of that payment as a rollover into
17 another retirement plan or account qualified under the
18 Internal Revenue Code of 1986, as amended.

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

26 (g) The Board shall adopt any rules, including emergency

1 rules, necessary to implement this Section.

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

5 (Source: P.A. 101-10, eff. 6-5-19; 102-718, eff. 5-5-22.)

6 (40 ILCS 5/15-185.6)

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

10 (a) As used in this Section:

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

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;

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

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

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

15 (b) Beginning on the implementation date and until June
16 30, 2028 ~~2026~~, the System shall implement an accelerated
17 pension benefit payment option for eligible persons. The
18 System shall calculate, using actuarial tables and other
19 assumptions adopted by the Board, an accelerated pension
20 benefit payment amount for an eligible person upon his or her
21 request in writing to the System and shall offer that eligible
22 person the opportunity to irrevocably elect to have his or her
23 automatic annual increases in retirement annuity and any
24 annuity benefit payable as a result of his or her death
25 calculated in accordance with the formula provided in
26 subsection (b-5) in exchange for the accelerated pension

1 benefit payment. The System shall not perform more than one
2 calculation under this Section per eligible person in a State
3 fiscal year. The election under this subsection must be made
4 before any retirement annuity is paid to the eligible person,
5 and the eligible survivor, spouse, or contingent annuitant, as
6 applicable, must consent to the election under this
7 subsection.

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

22 (c) If an annuitant who has received an accelerated
23 pension benefit payment returns to participation under this
24 Article, the calculation of any future automatic annual
25 increase in retirement annuity under subsection (c) of Section
26 15-139 shall be calculated in accordance with the formula

1 provided in subsection (b-5).

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

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

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

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

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

1 (Source: P.A. 101-10, eff. 6-5-19; 102-718, eff. 5-5-22.)

2 (40 ILCS 5/16-190.5)

3 Sec. 16-190.5. Accelerated pension benefit payment in lieu
4 of any pension benefit.

5 (a) As used in this Section:

6 "Eligible person" means a person who:

7 (1) has terminated service;

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

11 (3) has not received any retirement annuity under this
12 Article; and

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

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

18 "Pension benefit" also includes applicable survivor's or
19 disability benefits.

20 (b) As soon as practical after June 4, 2018 (the effective
21 date of Public Act 100-587), the System shall calculate, using
22 actuarial tables and other assumptions adopted by the Board,
23 the present value of pension benefits for each eligible person
24 who requests that information and shall offer each eligible
25 person the opportunity to irrevocably elect to receive an

1 amount determined by the System to be equal to 60% of the
2 present value of his or her pension benefits in lieu of
3 receiving any pension benefit. The offer shall specify the
4 dollar amount that the eligible person will receive if he or
5 she so elects and shall expire when a subsequent offer is made
6 to an eligible person. The System shall make a good faith
7 effort to contact every eligible person to notify him or her of
8 the election.

9 Until June 30, 2028 ~~2026~~, an eligible person may
10 irrevocably elect to receive an accelerated pension benefit
11 payment in the amount that the System offers under this
12 subsection in lieu of receiving any pension benefit. A person
13 who elects to receive an accelerated pension benefit payment
14 under this Section may not elect to proceed under the
15 Retirement Systems Reciprocal Act with respect to service
16 under this Article.

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

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

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

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

11 (e) 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 (f) 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 from the State Pension Obligation Acceleration Bond

1 Fund to the System, and the System shall transfer the amount
2 into the member's eligible retirement plan or qualified
3 account.

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

6 (h) No provision of Public Act 100-587 shall be
7 interpreted in a way that would cause the applicable System to
8 cease to be a qualified plan under the Internal Revenue Code of
9 1986.

10 (Source: P.A. 101-10, eff. 6-5-19; 102-558, eff. 8-20-21;
11 102-718, eff. 5-5-22.)

12 (40 ILCS 5/16-190.6)

13 Sec. 16-190.6. Accelerated pension benefit payment for a
14 reduction in annual retirement annuity and survivor's annuity
15 increases.

16 (a) As used in this Section:

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

25 "Eligible person" means a person who:

1 (1) is a Tier 1 member;

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

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

6 (4) has not received any retirement annuity under this
7 Article; and

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

9 (b) As soon as practical after June 4, 2018 (the effective
10 date of Public Act 100-587) and until June 30, 2028 ~~2026~~, the
11 System shall implement an accelerated pension benefit payment
12 option for eligible persons. Upon the request of an eligible
13 person, the System shall calculate, using actuarial tables and
14 other assumptions adopted by the Board, an accelerated pension
15 benefit payment amount and shall offer that eligible person
16 the opportunity to irrevocably elect to have his or her
17 automatic annual increases in retirement annuity calculated in
18 accordance with the formula provided under subsection (b-5)
19 and any increases in survivor's annuity payable to his or her
20 survivor's annuity beneficiary calculated in accordance with
21 the formula provided under subsection (b-6) in exchange for
22 the accelerated pension benefit payment. The election under
23 this subsection must be made before the eligible person
24 receives the first payment of a retirement annuity otherwise
25 payable under this Article.

26 (b-5) Notwithstanding any other provision of law, the

1 retirement annuity of a person who made the election under
2 subsection (b) shall be subject to annual increases on the
3 January 1 occurring either on or after the attainment of age 67
4 or the first anniversary of the annuity start date, whichever
5 is later. Each annual increase shall be calculated at 1.5% of
6 the originally granted retirement annuity.

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

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

17 (1) the calculation of any future automatic annual
18 increase in retirement annuity shall be calculated in
19 accordance with the formula provided in subsection (b-5);
20 and

21 (2) the accelerated pension benefit payment may not be
22 repaid to the System.

23 (d) As a condition of receiving an accelerated pension
24 benefit payment, the accelerated pension benefit payment must
25 be transferred into a tax qualified retirement plan or
26 account. The accelerated pension benefit payment under this

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

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

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

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

21 (Source: P.A. 101-10, eff. 6-5-19; 102-718, eff. 5-5-22;
22 revised 6-26-25.)

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.