



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB2950

Introduced 1/27/2026, by Sen. Robert F. Martwick

#### 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 \$700,000,000 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, 2028 (instead of June 30, 2026). Effective immediately.

LRB104 18850 RPS 32295 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 \$83,364,839,969  
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 \$2,900,000,000 ~~\$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 issued by Public Act 96-43,  
9 (iii) Bonds authorized by Public Act 96-1497, (iv) Bonds  
10 authorized by Public Act 100-587, ~~and~~ (v) Bonds authorized by  
11 this amendatory Act of the 102nd General Assembly, and (vi)  
12 Bonds authorized by this amendatory Act of the 104th General  
13 Assembly, would exceed 7% of the aggregate appropriations from  
14 the general funds, the State Construction Account Fund, and  
15 the Road Fund for the fiscal year immediately prior to the  
16 fiscal year of the issuance. For the purposes of this  
17 subsection (a), "general funds" has the same meaning as  
18 ascribed to that term under Section 50-40 of the State Budget  
19 Law of the Civil Administrative Code of Illinois.

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

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

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

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, Public Act 102-718, Public Act 104-8, and this  
11 amendatory Act of the 104th General Assembly ~~and this~~  
12 ~~amendatory Act of the 104th General Assembly~~ and used for the  
13 purpose of making accelerated pension benefit payments under  
14 Articles 14, 15, and 16 of the Illinois Pension Code.

15 (b) State Pension Obligation Acceleration Bonds in the  
16 amount of \$2,900,000,000 ~~\$2,200,000,000~~ are hereby authorized  
17 to be used for the purpose of making accelerated pension  
18 benefit payments under Articles 14, 15, and 16 of the Illinois  
19 Pension Code.

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

1 practical, make accelerated pension benefit payments under  
2 Articles 14, 15, and 16 of the Illinois Pension Code.

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

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

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

17 (40 ILCS 5/14-147.5)

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

20 (a) As used in this Section:

21 "Eligible person" means a person who:

22 (1) has terminated service;

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

1 Article;

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

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

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

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

26 Until June 30, 2028 ~~2026~~, an eligible person may

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

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

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

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

25           (2) The accelerated pension benefit payment may not be  
26      repaid to the System, and the terminated creditable

1 service may not under any circumstances be reinstated.

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

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

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

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

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

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, 2028 ~~2026~~, the  
25 System shall implement an accelerated pension benefit payment

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

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

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

1 annuity. Each annual increase shall be calculated at 1.5% of  
2 the originally granted survivor's annuity.

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

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

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

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

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

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

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

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

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

10 (40 ILCS 5/15-185.5)

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

13 (a) As used in this Section:

14 "Eligible person" means a person who:

15 (1) has terminated service;

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

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

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

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

25 "Implementation date" means the earliest date upon which

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

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 survivors benefits,  
12 disability benefits, or disability retirement annuity  
13 benefits.

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

1 shall make a good faith effort to contact every eligible  
2 person to notify him or her of the election.

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

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

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

1 qualifying conditions for participation and eligibility for  
2 benefits applicable to new employees.

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

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

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

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

26 (h) No provision of this Section shall be interpreted in a

1 way that would cause the System to cease to be a qualified plan  
2 under the Internal Revenue Code of 1986.

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

4 (40 ILCS 5/15-185.6)

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

8 (a) As used in this Section:

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

19 "Eligible person" means a person who:

20 (1) is a Tier 1 member;

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

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

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

1 Article;

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

3 and

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

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

13 (b) Beginning on the implementation date and until June  
14 30, 2028 ~~2026~~, the System shall implement an accelerated  
15 pension benefit payment option for eligible persons. The  
16 System shall calculate, using actuarial tables and other  
17 assumptions adopted by the Board, an accelerated pension  
18 benefit payment amount for an eligible person upon his or her  
19 request in writing to the System and shall offer that eligible  
20 person the opportunity to irrevocably elect to have his or her  
21 automatic annual increases in retirement annuity and any  
22 annuity benefit payable as a result of his or her death  
23 calculated in accordance with the formula provided in  
24 subsection (b-5) in exchange for the accelerated pension  
25 benefit payment. The System shall not perform more than one  
26 calculation under this Section per eligible person in a State

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

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

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

26 (c-5) The accelerated pension benefit payment may not be

1 repaid to the System.

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

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

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

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

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

1 (40 ILCS 5/16-190.5)

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

4 (a) As used in this Section:

5 "Eligible person" means a person who:

6 (1) has terminated service;

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

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

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

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

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

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

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

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

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

1 under this Article, then:

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

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

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

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

1 account.

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

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

8 (Source: P.A. 101-10, eff. 6-5-19; 102-558, eff. 8-20-21;  
9 102-718, eff. 5-5-22.)

10 (40 ILCS 5/16-190.6)

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

14 (a) As used in this Section:

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

23 "Eligible person" means a person who:

24 (1) is a Tier 1 member;

25 (2) has submitted an application for a retirement

1 annuity under this Article;

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

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

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

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

24 (b-5) Notwithstanding any other provision of law, the  
25 retirement annuity of a person who made the election under  
26 subsection (b) shall be subject to annual increases on the

1 January 1 occurring either on or after the attainment of age 67  
2 or the first anniversary of the annuity start date, whichever  
3 is later. Each annual increase shall be calculated at 1.5% of  
4 the originally granted retirement annuity.

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

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

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

19 (2) the accelerated pension benefit payment may not be  
20 repaid to the System.

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

1 receives an accelerated pension benefit payment under this  
2 Section must direct the System to pay all of that payment as a  
3 rollover into another retirement plan or account qualified  
4 under the Internal Revenue Code of 1986, as amended.

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

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

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

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

21 Section 99. Effective date. This Act takes effect upon  
22 becoming law.