**Section 1540.250 Payments to Establish Credit for Service for Which Contributions are Permitted**

a) If a member receives one or more contribution refunds from the System, past service credits previously refunded will be reinstated only after the two-year minimum service requirement is satisfied and the member repays the amount of refunds previously received together with interest due before retirement either in a lump sum or installment payments by direct payment or payroll deduction. No payment will be applied to any period of service prior to a refund until that refund is paid in full. Service credit will be granted only when a stipulated refund, qualifying, short period or other type of permissive service credit as set forth in the Act is paid in full; except, in the event of death of the member partial service credit will be granted. Such partial service credit will be based on contributions and interest paid as of date of death.

b) Under the installment option, interest will be calculated on the total amount of contributions for the stipulated period of service through the month of the date the member elects to complete payment. No installment option will be approved for payments of less than $20.00 per payment or $10.00 per pay period for payroll deduction. For picked-up contributions as described in Section 1540.255, if payment is made in full prior to the final due date stipulated in the option, interest will be recalculated and a refund of interest paid to the member, provided such payment is received at least 2 months prior to the due date and is in excess of $5.00.

c) If a member pays the contributions and interest due in full under an installment option payment plan and if that plan does not account for interest earned on contributions made during the installment option payment plan, then an interest rebate will be paid to reflect interest earned during the installment period. The rebate will be calculated based on regular interest as defined in the Retirement Savings Act [30 ILCS 430]. The amount of rebate will be determined as of each June 30 preceding the date of payment in full, based on the total of the payments accumulated in the account at the beginning of each fiscal year. At the time the account is paid in full, the total interest accumulated in the rebate account will be paid to the member. The interest rebate will not be paid if the accumulation is less than $5.00.

d) Except in the case of contributions made through the pick-up option described in Section 1540.255, if a member elects to receive a retirement annuity, completes a revocation card or for some other reason elects not to complete the member's installment payment option, all monies paid by the member on such option will be refunded to the member and no service credit granted.

e) If a member receives a widow/survivor contribution refund upon retirement, and subsequently a beneficiary becomes eligible for the widow/survivor annuity, the member may repay the widow/survivor contribution refund in a lump sum or installment payments. The repayment shall consist of the amount of the widow/survivor contribution refund, together with interest, from the date of refund to the date of repayment. If the member requests to repay the refund, or is in the process of repaying the refund, and dies before the completion of the repayment, then the balance of the repayment due may be paid in a lump sum, within 30 days after the estate or eligible survivor receives the notice amount due from the System.

f) All installment payment plans which pertain to optional service purchases (see Section 1540.255), offered by the System and agreed to by the member, shall be in annual increments and shall not exceed 5 years in length.

g) Funds may be issued from another account to the System for purposes of establishing or upgrading service credit of a member who entered an installment plan only when:

1) the member separates from service;

2) the System receives the payment within 30 days after the member’s separation from service; and

3) the payment completes the transaction.

h) A member who issues funds from another account that is not part of a qualified plan as regulated under Section 401(a) of the Internal Revenue Code (26 U.S.C. 401) to the System for purposes of establishing or upgrading service credit may not issue any further payments to the System regarding that transaction.

i) A member who issues funds from another account that is part of a qualified plan as regulated under Section 401(a) of the Internal Revenue Code to the System for purposes of establishing or upgrading service credit may issue one additional payment to complete the transaction.

j) A member who issues funds from another account for purposes of establishing or upgrading service credit may not subsequently elect to enroll in an installment plan or issue any other payment to the System regarding that transaction.

(Source: Amended at 47 Ill. Reg. 13138, effective August 22, 2023)