**Section 1600.420 Making Preliminary Estimated Payments**

a) SURS shall make a Preliminary Estimated Payment (PEP) to members who qualify for a retirement annuity and file an application for that annuity. The purpose of a PEP is to provide members with some of their retirement income while their retirement claim is still being processed.

b) The amount of the PEP shall be based on the highest applicable Rule described in Section 15-136 of the Code.

c) The PEP calculation will not consider unverified current year earnings, nor unverified current year vacation payments, nor unverified additional credit for unused and unpaid sick leave, nor unverified Reciprocal credits, nor Early Retirement Option payments, nor additional service credit purchased after the application for retirement annuity has been received by SURS. Applicable taxes and insurance premiums will be deducted from the PEP.

d) Date of Payment

1) If the application for retirement annuity is received at least 90 days before the member's effective retirement date, the PEP will be paid on the first working day of the month following the effective date of the annuity. It will be paid each month until the retirement claim is finalized.

2) If the application for retirement annuity, or the decision of the member under subsection (d)(3), is received less than 90 days before the member's effective retirement date, the PEP will be paid as soon as practicable. It will be paid each month until the retirement claim is finalized.

3) If the member is entitled to the election under Section 15-135.1 of the Code, the member must first make or decline that election before a PEP can be calculated.

e) Amount of Payment. SURS shall pay a PEP amount pursuant to the following calculations applying the Rules in Section 15-136(a) of the Code:

1) If the member has Reciprocal Service Credit, SURS will apply Rule 2.

A) If in a Reciprocal case Rule 1 is estimated to be highest, SURS will pay 100% of the Rule 2 amount.

B) If in a Reciprocal case Rule 2 is estimated to be highest, SURS will pay 80% of the Rule 2 amount.

2) If the member has no Reciprocal credits, SURS will pay 90% of the estimated Rule 1 amount or 90% of the estimated Rule 2 amount, whichever is higher.

3) If the member makes an election under Section 15-135.1 of the Code, SURS will pay 100% of the estimated Rule 2 amount.

4) If the member qualifies under Section 15-136.3 of the Code, SURS will pay the higher of $75 per month or 100% of the estimated Rule 2 amount.

5) If the member qualifies for a retirement annuity under Rule 4, SURS will pay 90% of the Rule 4 amount.

6) If the member applies for a retirement annuity under Rule 4, but the years of service as a police officer or firefighter have not yet been verified by staff, SURS will pay 90% of the Rule 2 amount.

f) Once the retirement claim has been finalized, the member will receive a check for the difference between the PEP payments and the actual monthly benefit amount that is due him or her, retroactive to the effective date of the member's annuity, without interest. If the PEP payments result in an overpayment, SURS will recover the overpaid benefit from future benefits, without interest.

(Source: Amended at 32 Ill. Reg. 16515, effective September 25, 2008)