**Section 1650.3310 Accelerated Annual Increase Buyout Program**

a) In accordance with Section 16-190.6(b) of the Code, to be eligible for the AAI buyout, a member's retirement date for TRS benefit purposes and the effective date of the AAI buyout election must both occur within the effective dates of the buyout program.

b) The System will notify each eligible member, when applying for a retirement benefit, of the AAI buyout. It is the member's responsibility to comply with all instructions and requirements to achieve a valid election.

c) A member's election of the AAI buyout becomes irrevocable when the member becomes an annuitant as defined in Section 1650.221.

d) The AAI buyout payment will be calculated as follows:

1) Calculate the member's monthly retirement benefit under the applicable provisions of Article 16. If the member has elected a reversionary annuity under Section 16-136, calculate the monthly benefit after the reversionary reduction.

2) Multiply the result by the 70% of Difference in Monthly Benefit Factor.

e) Under Section 16-138(2) of the Code, the amount payable upon the death of the annuitant will be reduced by the amount of any buyout payment issued to the annuitant.

f) The annual increases for a reversionary annuity under Section 16-136 for beneficiaries of a member who received an AAI buyout payment will be calculated pursuant to Section 16-190.6(b-6). If the reversionary beneficiary pre-deceases the annuitant, the buyout payment will not be adjusted.

g) A member currently receiving, or who has ever received, a disability retirement annuity under Section 16-149.2 of the Code is not eligible to elect the AAI buyout.

h) If the System determines after issuance that an AAI buyout payment was more than should have been paid by an amount greater than $100, the System shall assert a claim for the overpayment in accordance with Section 1650.595 against future benefits to be paid the annuitant or his or her beneficiaries.

i) If the System determines after issuance that an AAI buyout payment was less than should have been paid by an amount greater than $100, the System shall request additional funds from the State Pension Obligation Acceleration Bond Fund to process an additional buyout payment for the difference. To protect the System's tax-qualified status (see Section 16-190.6(f)), under no circumstances, including unavailability or depletion of bond proceeds, will trust assets of the System be used for any additional buyout payment.

(Source: Amended at 44 Ill. Reg. 7905, effective April 24, 2020)