**Section 1540.395 Accelerated Pension Benefit Payment Program**

a) Purpose. This Section establishes policies specific to SERS concerning the Accelerated Pension Benefit Payment Options authorized by Sections 14‑147.5 and 14‑147.6 of the Illinois Pension Code (Code) [40 ILCS 5].

b) Payment Option Limitations

1) A member needs to be an eligible person on or before June 1, 2026 in order to elect an accelerated pension benefit payment.

2) A member who elects the Level Income Option is ineligible to elect an accelerated pension benefit payment.

3) A member who elects the Social Security Offset Removal is ineligible to elect an accelerated pension benefit payment.

4) A member who elects a reversionary annuity is ineligible to elect an accelerated pension benefit payment.

5) A member subject to a mandatory distribution pursuant to section 401(a)(9) of the Internal Revenue Code (26 CFR 1) is ineligible to elect an accelerated pension benefit payment at least 30 days prior to the date the mandatory distribution must be paid. The election form of such a member must be received by SERS at least 30 days prior to the date the mandatory distribution must be paid.

6) A member who is indebted to SERS because of an overpayment is ineligible to elect the accelerated pension benefit payment under Section 14‑147.5 of the Code. That member may qualify for an accelerated pension benefit payment upon repaying the debt in full.

7) An election for an accelerated pension benefit payment under Section 14-147.5 of the Code that is submitted by a member that received disability benefits and has a pending claim for either Social Security disability benefits or benefits payable under the Workers' Compensation Act [820 ILCS 305] or Workers' Occupational Diseases Act [820 ILCS 310], shall not be processed until a determination has been made on that claim.

8) A member who cashed or deposited the payment of a proportional annuity from another participating system prior to December 1, 2018, when creditable service or earnings credit established under Article 14 of the Code was used to calculate a proportional annuity or to qualify the member for a proportional annuity, is ineligible to elect an accelerated pension benefit payment.

9) A member who cashed or deposited the payment of a proportional annuity from another participating system prior to December 1, 2018, when creditable service or earnings credit established under another participating system was used to calculate the proportional annuity payable by SERS established under Article 14 of the Code or to qualify the member for the proportional annuity payable by SERS established under Article 14 of the Code is ineligible to elect an accelerated pension benefit payment.

c) The present value of pension benefits calculation, as determined by Section 14‑147.5(b) of the Code, shall not include any earnings credits under another participating system.

d) For a member who elects the accelerated pension benefit payment prescribed under Section 14‑147.5 of the Code, the effective date of that accelerated pension benefit payment shall not be before April 1, 2019. Furthermore, the effective date of the payment shall not be before the first of the month immediately following the date in which a valid application is received by SERS.

e) The effective date for accelerated pension benefit payment prescribed under Section 14‑147.6 of the Code:

1) shall not be before December 1, 2018; and

2) shall not be before the effective date of the member's retirement annuity.

f) The accelerated pension benefit payment shall not be transferred to the member's eligible account prior to the effective date of the member's retirement annuity.

g) A valid application for an accelerated pension benefit must be received by SERS before June 1, 2026 in order to qualify a member for an accelerated pension benefit.

h) The election to receive an accelerated pension benefit payment under Section 14‑147.6 of the Code becomes irrevocable on either the date the member cashes or deposits the first retirement annuity payment, or the date on which the accelerated pension benefit payment is vouchered, whichever occurs earlier.

i) The election to receive an accelerated pension benefit payment under Section 14‑147.5 of the Code becomes irrevocable on the date the accelerated pension benefit payment is vouchered.

j) Accelerated pension benefit payments shall be paid solely from the amounts transferred to SERS from the State Pension Obligation Acceleration Bond Fund. Under no circumstance will other SERS assets be used to pay accelerated pension benefit payments. All elections for an accelerated pension benefit payment that will not be paid from amounts transferred to SERS from the State Pension Obligation Acceleration Bond Fund shall be null and void.

k) For cases in which a member is charged with a felony related to, arising out of, or in connection with his or her service as an employee and elects an accelerated pension benefit payment, the adjudication process related to the charges must be completed before the accelerated pension benefit payment is vouchered. If the member is convicted and sentenced of a felony related to, arising out of, or in connection with his or her service as an employee, the payment shall not be vouchered.

l) A member who elects the accelerated pension benefit payment under Section 14‑147.5 of the Code is ineligible to receive a refund under Section 14‑130(c) of the Code.

m) A member with post-tax contributions on file with SERS, and who elects the accelerated pension benefit payment under Section 14‑147.5 of the Code, may not elect to transfer the payment into the pre-tax plan offered under the State Employees Deferred Compensation Plan.

n) On or after the date that a member's accelerated pension benefit payment is vouchered, that member is ineligible to establish creditable service associated with employment before the date that the accelerated pension benefit payment is vouchered.

o) If a member who elected the Early Retirement Incentive under Section 14-108.3 of the Code elects the accelerated pension benefit payment under Section 14‑147.5 of the Code, then the calculation of that payment shall exclude the creditable service and age enhancement components of the Early Retirement Incentive program unless the member has paid the necessary costs under Section 14-108.3(c) prior to the election of the accelerated pension benefit payment.

p) If a member has irrevocably elected to receive an Accelerated Pension Benefit Payment and if the member's spouse dies after the date of that election but before the System has paid the Accelerated Pension Benefit Payment, then the amount to be paid as an Accelerated Pension Benefit Payment shall not be recalculated, reduced, or otherwise adjusted on account of the death of the member's spouse.

q) Definitions

"Accelerated Pension Benefit Payment" means an accelerated pension benefit payment under Sections 14‑147.5 and 14‑147.6 of the Code.

"Accrued Sufficient Service Credit to be Eligible to Receive a Retirement Annuity Under this Article" means, for the purposes of Section 14‑147.5(a)(2) of the Code, that a member must have established sufficient creditable service to qualify for a retirement annuity under Article 14 of the Code. Service credit on file with another participating system at the time of the member's election for an accelerated pension benefit payment under Section 14‑147.5 shall be excluded for those purposes.

"Code" means the Illinois Pension Code [40 ILCS 5].

"Creditable Service" means service defined as "creditable service" under Section 14‑103.15 of the Code.

"Eligible Account" means a "tax qualified retirement plan or account" required by Sections 14‑147.5(e) and 14‑147.6(d) of the Code.

"Level Income Option" means a benefit payment option prescribed by Section 14‑112 of the Code.

"Participating System" means a retirement system defined as a "participating system" by Section 20‑108 of the Code.

"Proportional Annuity" means a retirement annuity paid in accordance with Section 20‑121 of the Code.

"Reversionary Annuity" means a reversionary annuity authorized by Section 14‑113 of the Code.

"Social Security Offset Removal" means the 3.825% reduction to a member's retirement annuity established by Sections 14‑119(d) and 14‑121(g) of the Code.

"State Employees Deferred Compensation Plan" means the plan described by Section 24‑104 of the Code.

"State Pension Obligation Acceleration Bond Fund" means the bond fund created by Section 7.7(d) of the General Obligation Bond Act [30 ILCS 330].

"Vouchered" means that the voucher has been signed and dated, even though the warrant has not been issued by the Office of the State Comptroller.

(Source: Amended at 46 Ill. Reg. 19224, effective November 18, 2022)