



Rep. Bob Morgan

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10400HB5196ham001

LRB104 20278 RPS 34984 a

1 AMENDMENT TO HOUSE BILL 5196

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 5196 by replacing  
3 everything after the enacting clause with the following:

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

1 issued and sold in accordance with the Baccalaureate Savings  
2 Act in the form of General Obligation College Savings Bonds.

3 Of the total amount of Bonds authorized in this Act, up to  
4 \$300,000,000 in aggregate original principal amount may be  
5 issued and sold in accordance with the Retirement Savings Act  
6 in the form of General Obligation Retirement Savings Bonds.

7 Of the total amount of Bonds authorized in this Act, the  
8 additional \$10,000,000,000 authorized by Public Act 93-2, the  
9 \$3,466,000,000 authorized by Public Act 96-43, and the  
10 \$4,096,348,300 authorized by Public Act 96-1497 shall be used  
11 solely as provided in Section 7.2.

12 Of the total amount of Bonds authorized in this Act, the  
13 additional \$6,000,000,000 authorized by Public Act 100-23  
14 shall be used solely as provided in Section 7.6 and shall be  
15 issued by December 31, 2017.

16 Of the total amount of Bonds authorized in this Act,  
17 \$2,900,000,000 ~~\$2,200,000,000~~ of the additional amount  
18 authorized by Public Act 100-587, Public Act 102-718, Public  
19 Act 104-8, and this amendatory Act of the 104th General  
20 Assembly ~~and this amendatory Act of the 104th General Assembly~~  
21 shall be used solely as provided in Section 7.7.

22 The issuance and sale of Bonds pursuant to the General  
23 Obligation Bond Act is an economical and efficient method of  
24 financing the long-term capital needs of the State. This Act  
25 will permit the issuance of a multi-purpose General Obligation  
26 Bond with uniform terms and features. This will not only lower

1 the cost of registration but also reduce the overall cost of  
2 issuing debt by improving the marketability of Illinois  
3 General Obligation Bonds.

4 (Source: P.A. 103-7, eff. 7-1-23; 103-591, eff. 7-1-24; 104-8,  
5 eff. 1-1-26.)

6 (30 ILCS 330/2.5)

7 Sec. 2.5. Limitation on issuance of Bonds.

8 (a) Except as provided in subsection (b), no Bonds may be  
9 issued if, after the issuance, in the next State fiscal year  
10 after the issuance of the Bonds, the amount of debt service  
11 (including principal, whether payable at maturity or pursuant  
12 to mandatory sinking fund installments, and interest) on all  
13 then-outstanding Bonds, other than (i) Bonds authorized by  
14 Public Act 100-23, (ii) Bonds issued by Public Act 96-43,  
15 (iii) Bonds authorized by Public Act 96-1497, (iv) Bonds  
16 authorized by Public Act 100-587, ~~and~~ (v) Bonds authorized by  
17 this amendatory Act of the 102nd General Assembly, and (vi)  
18 Bonds authorized by this amendatory Act of the 104th General  
19 Assembly, would exceed 7% of the aggregate appropriations from  
20 the general funds, the State Construction Account Fund, and  
21 the Road Fund for the fiscal year immediately prior to the  
22 fiscal year of the issuance. For the purposes of this  
23 subsection (a), "general funds" has the same meaning as  
24 ascribed to that term under Section 50-40 of the State Budget  
25 Law of the Civil Administrative Code of Illinois.

1 (b) If the Comptroller and Treasurer each consent in  
2 writing, Bonds may be issued even if the issuance does not  
3 comply with subsection (a). In addition, \$2,000,000,000 in  
4 Bonds for the purposes set forth in Sections 3, 4, 5, 6, and 7,  
5 and \$2,000,000,000 in Refunding Bonds under Section 16, may be  
6 issued during State fiscal year 2017 without complying with  
7 subsection (a). In addition, \$2,000,000,000 in Bonds for the  
8 purposes set forth in Sections 3, 4, 5, 6, and 7, and  
9 \$2,000,000,000 in Refunding Bonds under Section 16, may be  
10 issued during State fiscal year 2018 without complying with  
11 subsection (a).

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

13 (30 ILCS 330/7.7)

14 Sec. 7.7. State Pension Obligation Acceleration Bonds.

15 (a) As used in this Act, "State Pension Obligation  
16 Acceleration Bonds" means Bonds authorized by Public Act  
17 100-587, Public Act 102-718, Public Act 104-8, and this  
18 amendatory Act of the 104th General Assembly ~~and this~~  
19 ~~amendatory Act of the 104th General Assembly~~ and used for the  
20 purpose of making accelerated pension benefit payments under  
21 Articles 14, 15, and 16 of the Illinois Pension Code.

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

1 Pension Code.

2 (c) The proceeds of State Pension Obligation Acceleration  
3 Bonds authorized in subsection (b) of this Section, less the  
4 amounts authorized in the Bond Sale Order to be directly paid  
5 out for bond sale expenses under Section 8, shall be deposited  
6 directly into the State Pension Obligation Acceleration Bond  
7 Fund, and the Comptroller and the Treasurer shall, as soon as  
8 practical, make accelerated pension benefit payments under  
9 Articles 14, 15, and 16 of the Illinois Pension Code.

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

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

21 Section 10. The Illinois Pension Code is amended by  
22 changing Sections 14-147.5, 14-147.6, 15-185.5, 15-185.6,  
23 16-190.5, and 16-190.6 as follows:

24 (40 ILCS 5/14-147.5)

1           Sec. 14-147.5. Accelerated pension benefit payment in lieu  
2 of any pension benefit.

3           (a) As used in this Section:

4           "Eligible person" means a person who:

5                 (1) has terminated service;

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

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

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

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

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

1 dollar amount that the eligible person will receive if he or  
2 she so elects and shall expire when a subsequent offer is made  
3 to an eligible person. An eligible person is limited to one  
4 calculation and offer per calendar year. The System shall make  
5 a good faith effort to contact every eligible person to notify  
6 him or her of 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 this Section shall be interpreted in a  
5 way that would cause the applicable System to cease to be a  
6 qualified plan under the Internal Revenue Code of 1986.

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

8 (40 ILCS 5/14-147.6)

9 Sec. 14-147.6. Accelerated pension benefit payment for a  
10 reduction in annual retirement annuity and survivor's annuity  
11 increases.

12 (a) As used in this Section:

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

21 "Eligible person" means a person who:

22 (1) is a Tier 1 member;

23 (2) has submitted an application for a retirement  
24 annuity under this Article;

25 (3) meets the age and service requirements for

1 receiving a retirement annuity under this Article;

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

4 (5) has not made the election under Section 14-147.5.

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

22 (b-5) Notwithstanding any other provision of law, the  
23 retirement annuity of a person who made the election under  
24 subsection (b) shall be subject to annual increases on the  
25 January 1 occurring either on or after the attainment of age 67  
26 or the first anniversary of the annuity start date, whichever

1 is later. Each annual increase shall be calculated at 1.5% of  
2 the originally granted retirement annuity.

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

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

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

17 (2) the accelerated pension benefit payment may not be  
18 repaid to the System.

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

1 rollover into another retirement plan or account qualified  
2 under the Internal Revenue Code of 1986, as amended.

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

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

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

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

17 (40 ILCS 5/15-185.5)

18 Sec. 15-185.5. 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  
25 Article;

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

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

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

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

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

21           (b) Beginning on the implementation date, the System shall  
22 offer each eligible person the opportunity to irrevocably  
23 elect to receive an amount determined by the System to be equal  
24 to 60% of the present value of his or her pension benefits in  
25 lieu of receiving any pension benefit. The System shall  
26 calculate, using actuarial tables and other assumptions

1 adopted by the Board, the present value of pension benefits  
2 for each eligible person upon his or her request in writing to  
3 the System. The System shall not perform more than one  
4 calculation per eligible member in a State fiscal year. The  
5 offer shall specify the dollar amount that the eligible person  
6 will receive if he or she so elects and shall expire when a  
7 subsequent offer is made to an eligible person. The System  
8 shall make a good faith effort to contact every eligible  
9 person to notify him or her of the election.

10 Beginning on the implementation date and until June 30,  
11 2028 ~~2026~~, an eligible person may irrevocably elect to receive  
12 an accelerated pension benefit payment in the amount that the  
13 System offers under this subsection in lieu of receiving any  
14 pension benefit. A person who elects to receive an accelerated  
15 pension benefit payment under this Section may not elect to  
16 proceed under the Retirement Systems Reciprocal Act with  
17 respect to service under this Article.

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

1           (d) If a person who has received an accelerated pension  
2 benefit payment under this Section returns to participation  
3 under this Article, any benefits under the System earned as a  
4 result of that return to participation shall be based solely  
5 on the person's credits and creditable service arising from  
6 the return to participation. Upon return to participation, the  
7 person shall be considered a new employee subject to all the  
8 qualifying conditions for participation and eligibility for  
9 benefits applicable to new employees.

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

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

24           (f) The System shall submit vouchers to the State  
25 Comptroller for the payment of accelerated pension benefit  
26 payments under this Section. The State Comptroller shall pay

1 the amounts of the vouchers from the State Pension Obligation  
2 Acceleration Bond Fund to the System, and the System shall  
3 deposit the amounts into the applicable tax qualified plans or  
4 accounts.

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

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

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

11 (40 ILCS 5/15-185.6)

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

15 (a) As used in this Section:

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

1 "Eligible person" means a person who:

2 (1) is a Tier 1 member;

3 (2) has submitted an application for a retirement  
4 annuity under this Article;

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

7 (4) has not received any retirement annuity under this  
8 Article;

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

10 and

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

13 "Implementation date" means the earliest date upon which  
14 the Board authorizes eligible persons to begin irrevocably  
15 electing the accelerated pension benefit payment option under  
16 this Section. The Board shall endeavor to make such  
17 participation available as soon as possible after June 4, 2018  
18 (the effective date of Public Act 100-587) and shall establish  
19 an implementation date by Board resolution.

20 (b) Beginning on the implementation date and until June  
21 30, 2028 ~~2026~~, the System shall implement an accelerated  
22 pension benefit payment option for eligible persons. The  
23 System shall calculate, using actuarial tables and other  
24 assumptions adopted by the Board, an accelerated pension  
25 benefit payment amount for an eligible person upon his or her  
26 request in writing to the System and shall offer that eligible

1 person the opportunity to irrevocably elect to have his or her  
2 automatic annual increases in retirement annuity and any  
3 annuity benefit payable as a result of his or her death  
4 calculated in accordance with the formula provided in  
5 subsection (b-5) in exchange for the accelerated pension  
6 benefit payment. The System shall not perform more than one  
7 calculation under this Section per eligible person in a State  
8 fiscal year. The election under this subsection must be made  
9 before any retirement annuity is paid to the eligible person,  
10 and the eligible survivor, spouse, or contingent annuitant, as  
11 applicable, must consent to the election under this  
12 subsection.

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

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

7           (c-5) The accelerated pension benefit payment may not be  
8 repaid to the System.

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

20           (d-5) The System shall submit vouchers to the State  
21 Comptroller for the payment of accelerated pension benefit  
22 payments under this Section. The State Comptroller shall pay  
23 the amounts of the vouchers from the State Pension Obligation  
24 Acceleration Bond Fund to the System, and the System shall  
25 deposit the amounts into the applicable tax qualified plans or  
26 accounts.

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

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

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

7 (40 ILCS 5/16-190.5)

8 Sec. 16-190.5. Accelerated pension benefit payment in lieu  
9 of any pension benefit.

10 (a) As used in this Section:

11 "Eligible person" means a person who:

12 (1) has terminated service;

13 (2) has accrued sufficient service credit to be  
14 eligible to receive a retirement annuity under this  
15 Article;

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

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

19 "Pension benefit" means the benefits under this Article,  
20 or Article 1 as it relates to those benefits, including any  
21 anticipated annual increases, that an eligible person is  
22 entitled to upon attainment of the applicable retirement age.  
23 "Pension benefit" also includes applicable survivor's or  
24 disability benefits.

25 (b) As soon as practical after June 4, 2018 (the effective

1 date of Public Act 100-587), the System shall calculate, using  
2 actuarial tables and other assumptions adopted by the Board,  
3 the present value of pension benefits for each eligible person  
4 who requests that information and shall offer each eligible  
5 person the opportunity to irrevocably elect to receive an  
6 amount determined by the System to be equal to 60% of the  
7 present value of his or her pension benefits in lieu of  
8 receiving any pension benefit. The offer shall specify the  
9 dollar amount that the eligible person will receive if he or  
10 she so elects and shall expire when a subsequent offer is made  
11 to an eligible person. The System shall make a good faith  
12 effort to contact every eligible person to notify him or her of  
13 the election.

14 Until June 30, 2028 ~~2026~~, an eligible person may  
15 irrevocably elect to receive an accelerated pension benefit  
16 payment in the amount that the System offers under this  
17 subsection in lieu of receiving any pension benefit. A person  
18 who elects to receive an accelerated pension benefit payment  
19 under this Section may not elect to proceed under the  
20 Retirement Systems Reciprocal Act with respect to service  
21 under this Article.

22 (c) A person's creditable service under this Article shall  
23 be terminated upon the person's receipt of an accelerated  
24 pension benefit payment under this Section, and no other  
25 benefit shall be paid under this Article based on the  
26 terminated creditable service, including any retirement,

1 survivor, or other benefit; except that to the extent that  
2 participation, benefits, or premiums under the State Employees  
3 Group Insurance Act of 1971 are based on the amount of service  
4 credit, the terminated service credit shall be used for that  
5 purpose.

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

9 (1) Any benefits under the System earned as a result  
10 of that return to active service shall be based solely on  
11 the person's creditable service arising from the return to  
12 active service.

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

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

26 (f) Upon receipt of a member's irrevocable election to

1 receive an accelerated pension benefit payment under this  
2 Section, the System shall submit a voucher to the Comptroller  
3 for payment of the member's accelerated pension benefit  
4 payment. The Comptroller shall transfer the amount of the  
5 voucher from the State Pension Obligation Acceleration Bond  
6 Fund to the System, and the System shall transfer the amount  
7 into the member's eligible retirement plan or qualified  
8 account.

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

11 (h) No provision of Public Act 100-587 shall be  
12 interpreted in a way that would cause the applicable System to  
13 cease to be a qualified plan under the Internal Revenue Code of  
14 1986.

15 (Source: P.A. 101-10, eff. 6-5-19; 102-558, eff. 8-20-21;  
16 102-718, eff. 5-5-22.)

17 (40 ILCS 5/16-190.6)

18 Sec. 16-190.6. Accelerated pension benefit payment for a  
19 reduction in annual retirement annuity and survivor's annuity  
20 increases.

21 (a) As used in this Section:

22 "Accelerated pension benefit payment" means a lump sum  
23 payment equal to 70% of the difference of the present value of  
24 the automatic annual increases to a Tier 1 member's retirement  
25 annuity and survivor's annuity using the formula applicable to

1 the Tier 1 member and the present value of the automatic annual  
2 increases to the Tier 1 member's retirement annuity using the  
3 formula provided under subsection (b-5) and the survivor's  
4 annuity using the formula provided under subsection (b-6).

5 "Eligible person" means a person who:

6 (1) is a Tier 1 member;

7 (2) has submitted an application for a retirement  
8 annuity under this Article;

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

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

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

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

1 the accelerated pension benefit payment. The election under  
2 this subsection must be made before the eligible person  
3 receives the first payment of a retirement annuity otherwise  
4 payable under this Article.

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

12 (b-6) Notwithstanding any other provision of law, a  
13 survivor's annuity payable to a survivor's annuity beneficiary  
14 of a person who made the election under subsection (b) shall be  
15 subject to annual increases on the January 1 occurring on or  
16 after the first anniversary of the commencement of the  
17 annuity. Each annual increase shall be calculated at 1.5% of  
18 the originally granted survivor's annuity.

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

22 (1) the calculation of any future automatic annual  
23 increase in retirement annuity shall be calculated in  
24 accordance with the formula provided in subsection (b-5);  
25 and

26 (2) 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 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           (d-5) 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           (e) The Board shall adopt any rules, including emergency  
22 rules, necessary to implement this Section.

23           (f) 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 revised 6-26-25.)

2 Section 99. Effective date. This Act takes effect upon  
3 becoming law.".