AN ACT concerning public employee benefits.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Illinois Pension Code is amended by adding Sections 3-144.3, 3-144.4, 4-138.15, 4-138.16, 5-218.5, 5-218.6, 6-213.5, 6-213.6, 8-244.5, 8-244.6, 9-134.6, 9-134.7, 10-104.6, 10-104.7, 11-223.5, 11-223.6, 12-133.8, 12-133.9, 17-120.5, and 17-120.6 as follows:

(40 ILCS 5/3-144.3 new)

Sec. 3-144.3. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

(2) has accrued sufficient service credit to be eligible to receive a retirement pension under this Article;

(3) has not received any retirement pension under this Article; and

(4) has not made the election under Section 3-144.4.

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

(b) If an employer has elected to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer has made that election, whichever is later, the fund shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the fund to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per fiscal year. The fund shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2028, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the fund offers under this subsection in lieu of receiving any pension benefit.

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

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

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

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

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

(f) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this

<u>Section, the fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the fund for the purpose of the accelerated pension benefit program must be kept in a separate account. If the fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the fund, subject to the availability of funds. If the fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the fund shall transfer, from the moneys remitted to the fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account maintained by the fund for the purpose of the accelerated pension benefit program at the end of the fiscal year, the fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the subsequent fiscal year.</u>

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

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

(40 ILCS 5/3-144.4 new)

Sec. 3-144.4. Accelerated pension benefit payment for a reduction in annual retirement pension increases.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 member's retirement pension using the formula applicable to the Tier 1 member and the present value of the automatic annual increases to the Tier 1 member's retirement pension using the formula provided under subsection (b-5).

"Eligible person" means a person who:

(1) is a Tier 1 member;

(2) has submitted an application for a retirement pension under this Article;

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

(4) has not received any retirement pension under this Article; and

(5) has not made the election under Section 3-144.3.

"Tier 1 member" means a person who first became a police officer under this Article before January 1, 2011.

(b) Until June 30, 2028, if an employer elects to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer makes that election, whichever is later, the fund shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, if the employer has elected to provide funding for an accelerated pension benefit program, the fund shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement pension calculated in accordance with the formula provided under subsection (b-5) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement pension otherwise payable under this Article. An eligible person is limited to one calculation and offer per fiscal year.

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

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

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

(2) the accelerated pension benefit payment may not be repaid to the fund.

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

(d-5) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the fund for the purpose of this program must be kept in a separate account. If the fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the fund, subject to the availability of funds. If the fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the fund shall transfer, from the moneys remitted to the fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account at the end of the fiscal year, the fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the accelerated pension benefit program for the subsequent fiscal year.

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

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

(40 ILCS 5/4-138.15 new)

Sec. 4-138.15. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

(2) has accrued sufficient service credit to be eligible to receive a retirement pension under this Article;

(3) has not received any retirement pension under this Article; and

(4) has not made the election under Section 4-138.16.

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

(b) If an employer has elected to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer has made that election, whichever is later, the fund shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the fund to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per fiscal year. The fund shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2028, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the fund offers under this subsection in lieu of receiving any pension benefit.

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

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

(1) Any benefits under the fund earned as a result of that return to active service shall be based solely on the

person's creditable service arising from the return to active service.

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

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

(f) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the fund for the purpose of the accelerated pension benefit program must be kept in a separate account. If the fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the fund, subject to the availability of funds. If the fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the fund shall transfer, from the moneys remitted to the fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account maintained by the fund for the purpose of the accelerated pension benefit program at the end of the fiscal year, the fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the subsequent fiscal year.

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

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

(40 ILCS 5/4-138.16 new)

Sec. 4-138.16. Accelerated pension benefit payment for a reduction in annual retirement pension increases.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 member's retirement pension using the formula applicable to the Tier 1 member and the present value of the automatic annual increases to the Tier 1 member's retirement pension using the formula provided under subsection (b-5).

"Eligible person" means a person who:

(1) is a Tier 1 member;

(2) has submitted an application for a retirement pension under this Article;

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

(4) has not received any retirement pension under this Article; and

(5) has not made the election under Section 4-138.15.

"Tier 1 member" means a person who first became a firefighter before January 1, 2011.

(b) Until June 30, 2028, if an employer elects to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer makes that election, whichever is later, the fund shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, if the employer has elected to provide funding for an accelerated pension benefit program, the fund shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement pension calculated in accordance with the formula provided under subsection (b-5) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement pension otherwise payable under this Article. An eligible person is limited to one calculation and offer per fiscal year.

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

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

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

(2) the accelerated pension benefit payment may not be repaid to the fund.

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

(d-5) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the fund for the purpose of this program must be kept in a separate account. If the fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the fund, subject to the availability of funds. If the fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the fund shall transfer, from the moneys remitted to the fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account at the end of the fiscal year, the fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the accelerated pension benefit program for the subsequent fiscal year.

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

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

(40 ILCS 5/5-218.5 new)

Sec. 5-218.5. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

(2) has accrued sufficient service credit to be

eligible to receive a retirement annuity under this Article;

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

(4) has not made the election under Section 5-218.6.

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

(b) If an employer has elected to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer has made that election, whichever is later, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the Fund to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per fiscal year. The Fund shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2028, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the Fund offers under this subsection in lieu of receiving any pension benefit.

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

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

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

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

(e) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be transferred into a tax qualified retirement plan or account. The accelerated pension benefit payment under this

Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an accelerated pension benefit payment under this Section must direct the Fund to pay all of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

(f) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the Fund for the purpose of the accelerated pension benefit program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account maintained by the Fund for the purpose of the accelerated pension benefit program at the end of the fiscal year, the Fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the subsequent fiscal year.

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

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

(40 ILCS 5/5-218.6 new)

Sec. 5-218.6. Accelerated pension benefit payment for a reduction in annual retirement annuity increases.

(a) As used in this Section:

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

"Eligible person" means a person who:

(1) is a Tier 1 member;

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

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

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

(5) has not made the election under Section 5-218.5.

"Tier 1 member" means a person who first became a policeman before January 1, 2011.

(b) Until June 30, 2028, if an employer elects to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer makes that election, whichever is later, the Fund shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, if the employer has elected to provide funding for an accelerated pension benefit program, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement pension calculated in accordance with the formula provided under subsection (b-5) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement pension otherwise payable under this Article. An eligible person is limited to one calculation and offer per fiscal year.

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

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

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

(2) the accelerated pension benefit payment may not be repaid to the Fund.

(d) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be transferred into a tax qualified retirement plan or account. The accelerated pension benefit payment under this Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an accelerated pension benefit payment under this

Section must direct the Fund to pay all of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

(d-5) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the Fund for the purpose of this program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account at the end of the fiscal year, the Fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the accelerated pension benefit program for the subsequent fiscal year.

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

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

(40 ILCS 5/6-213.5 new)

Sec. 6-213.5. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

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

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

(4) has not made the election under Section 6-213.6.

"Pension benefit" means the benefits under this Article, or Article 1 as it relates to those benefits, including any anticipated annual increases, that an eligible person is entitled to upon attainment of the applicable retirement age.

"Pension benefit" also includes applicable survivor's or disability benefits.

(b) If an employer has elected to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer has made that election, whichever is later, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the Fund to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per fiscal year. The Fund shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2028, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the Fund offers under this subsection in lieu of receiving any pension benefit.

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

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

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

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

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

(f) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the Fund for the purpose of the accelerated pension benefit program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account maintained by the Fund for the purpose of the accelerated pension benefit program at the end of the fiscal year, the Fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the subsequent fiscal year.

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

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

(40 ILCS 5/6-213.6 new)

Sec. 6-213.6. Accelerated pension benefit payment for a reduction in annual retirement annuity increases.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 member's retirement annuity and survivor's annuity using the formula applicable to the Tier 1 member and the present value of the automatic annual increases to the Tier 1 member's retirement annuity using the formula provided under subsection (b-5). "Eligible person" means a person who:

(1) is a Tier 1 member;

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

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

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

(5) has not made the election under Section 6-213.5.

"Tier 1 member" means a person who first became a fireman under this Article before January 1, 2011.

(b) Until June 30, 2028, if an employer elects to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer makes that election, whichever is later, the Fund shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, if the employer has elected to provide funding for an accelerated pension benefit program, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement pension calculated in accordance with the formula provided under subsection (b-5) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement pension otherwise payable under this Article. An eligible person is limited to one calculation and offer per fiscal year.

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

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

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

(2) the accelerated pension benefit payment may not be repaid to the Fund.

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

(d-5) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the Fund for the purpose of this program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account at the end of the fiscal year, the Fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the accelerated pension benefit program for the subsequent fiscal year.

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

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

(40 ILCS 5/8-244.5 new)

Sec. 8-244.5. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

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

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

(4) has not made the election under Section 8-244.6.

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

(b) If the city has elected to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the city has made that election, whichever is later, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the Fund to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per fiscal year. The Fund shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2028, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the Fund offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.

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

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

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

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

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

(f) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the city for that purpose. Moneys remitted to the Fund for the purpose of the accelerated pension benefit program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account maintained by the Fund for the purpose of the accelerated pension benefit program at the end of the fiscal year, the Fund must remit those moneys back to the city within one month after the end of the fiscal year, unless the city notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the subsequent fiscal year.

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

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

(40 ILCS 5/8-244.6 new)

Sec. 8-244.6. Accelerated pension benefit payment for a reduction in annual retirement annuity.

(a) As used in this Section:

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

"Eligible person" means a person who:

(1) is a Tier 1 member;

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

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

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

(5) has not made the election under Section 8-244.5.

"Tier 1 member" means an employee who first became a participant under this Article or any reciprocal retirement system or pension fund established under this Code before January 1, 2011.

(b) Until June 30, 2028, if the city elects to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the city makes that election, whichever is later, the

Fund shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, if the city has elected to provide funding for an accelerated pension benefit program, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement pension calculated in accordance with the formula provided under subsection (b-5) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement pension otherwise payable under this Article. An eligible person is limited to one calculation and offer per fiscal year.

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

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

(1) the calculation of any future automatic annual

increase in retirement annuity shall be calculated in accordance with the formula provided under subsection (b-5); and

(2) the accelerated pension benefit payment may not be repaid to the Fund.

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

(d-5) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the city for that purpose. Moneys remitted to the Fund for the purpose of this program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account at the end of the fiscal year, the Fund must remit those moneys back to the city within one month after the end of the fiscal year, unless the city notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the accelerated pension benefit program for the subsequent fiscal year.

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

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

(40 ILCS 5/9-134.6 new)

Sec. 9-134.6. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

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

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

(4) has not made the election under Section 9-134.7.

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

(b) If an employer has elected to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer has made that election, whichever is later, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the Fund to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per fiscal year. The Fund shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2028, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the Fund offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.

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

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

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

(2) The accelerated pension benefit payment may not be repaid to the Fund, and the terminated creditable service

may not under any circumstances be reinstated.

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

(f) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the Fund for the purpose of the accelerated pension benefit program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account maintained by the Fund for the purpose of the accelerated pension benefit program at the end of the fiscal year, the Fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the subsequent fiscal year.

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

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

(40 ILCS 5/9-134.7 new)

Sec. 9-134.7. Accelerated pension benefit payment for a reduction in annual retirement annuity and widow's annuity increases.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 member's retirement annuity and widow's annuity using the formula applicable to the Tier 1 member and the present value of the automatic annual increases to the Tier 1 member's retirement annuity using the formula provided under subsection (b-5) and widow's annuity using the formula provided under subsection (b-6). "Eligible person" means a person who:

(1) is a Tier 1 member;

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

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

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

(5) has not made the election under Section 9-134.6.

"Tier 1 member" means a person who first became a participant under this Article or any reciprocal retirement system or pension fund established under this Code before January 1, 2011.

(b) Until June 30, 2028, if an employer elects to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer makes that election, whichever is later, the Fund shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, if the employer has elected to provide funding for an accelerated pension benefit program, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement pension calculated in accordance with the formula provided under subsection (b-5) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement pension otherwise payable under this Article. An eligible person is limited to one calculation and offer per fiscal year.

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

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

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

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

(2) the accelerated pension benefit payment may not be repaid to the Fund.

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

(d-5) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the Fund for the purpose of this program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account at the end of the fiscal year, the Fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the accelerated pension benefit program for the subsequent fiscal year.

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

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

(40 ILCS 5/10-104.6 new)

Sec. 10-104.6. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

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

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

(4) has not made the election under Section 10-104.7.

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

(b) If an employer has elected to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer has made that election, whichever is later, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the Fund to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per fiscal year. The Fund shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2028, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the Fund offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.

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

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

(1) Any benefits under the Fund earned as a result of

that return to active service shall be based solely on the person's creditable service arising from the return to active service.

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

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

(f) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the Fund for the purpose of the accelerated pension benefit program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account maintained by the Fund for the purpose of the accelerated pension benefit program at the end of the fiscal year, the Fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the subsequent fiscal year.

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

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

(40 ILCS 5/10-104.7 new)

Sec. 10-104.7. Accelerated pension benefit payment for a reduction in annual retirement annuity and widow's annuity increases.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 member's retirement annuity and widow's annuity using the formula applicable to the Tier 1 member and the present value of the automatic annual increases to the Tier 1 member's retirement annuity using the formula provided under subsection (b-5) and widow's annuity using the formula provided under subsection (b-6). "Eligible person" means a person who:

(1) is a Tier 1 member;

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

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

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

(5) has not made the election under Section 10-104.6.

"Tier 1 member" means a person who first became a participant under this Article or any reciprocal retirement system or pension fund established under this Code before January 1, 2011.

(b) Until June 30, 2028, if an employer elects to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer makes that election, whichever is later, the Fund shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, if the employer has elected to provide funding for an accelerated pension benefit program, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement annuity calculated in accordance with the formula provided under subsection (b-5) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement pension otherwise payable under this Article. An eligible person is limited to one calculation and offer per fiscal year.

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

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

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

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

(2) the accelerated pension benefit payment may not be repaid to the Fund.

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

(d-5) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this

Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the Fund for the purpose of this program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account at the end of the fiscal year, the Fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the accelerated pension benefit program for the subsequent fiscal year.

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

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

(40 ILCS 5/11-223.5 new)

Sec. 11-223.5. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

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

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

(4) has not made the election under Section 11-223.6.

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

(b) If the city has elected to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the city has made that election, whichever is later, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the Fund to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per fiscal year. The Fund shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2028, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the Fund offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.

(c) A person's creditable service under this Article shall be terminated upon the person's receipt of an accelerated pension benefit payment under this Section, and no other benefit shall be paid under this Article based on the terminated creditable service, including any retirement, survivor, widow, or other benefit.

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

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

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

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

(f) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the city for that purpose.

Moneys remitted to the Fund for the purpose of the accelerated pension benefit program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account maintained by the Fund for the purpose of the accelerated pension benefit program at the end of the fiscal year, the Fund must remit those moneys back to the city within one month after the end of the fiscal year, unless the city notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the subsequent fiscal year.

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

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

(40 ILCS 5/11-223.6 new)

Sec. 11-223.6. Accelerated pension benefit payment for a reduction in annual retirement annuity and widow's annuity increases.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 member's retirement annuity and widow's annuity using the formula applicable to the Tier 1 member and the present value of the automatic annual increases to the Tier 1 member's retirement annuity using the formula provided under subsection (b-5).

"Eligible person" means a person who:

(1) is a Tier 1 member;

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

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

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

(5) has not made the election under Section 11-223.5.

"Tier 1 member" means a person who first became a participant under this Article or any reciprocal retirement system or pension fund established under this Code before

January 1, 2011.

(b) Until June 30, 2028, if the city elects to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the city makes that election, whichever is later, the Fund shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, if the city has elected to provide funding for an accelerated pension benefit program, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement pension calculated in accordance with the formula provided under subsection (b-5) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement pension otherwise payable under this Article. An eligible person is limited to one calculation and offer per fiscal year.

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

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

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

(2) the accelerated pension benefit payment may not be repaid to the Fund.

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

(d-5) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the city for that purpose. Moneys remitted to the Fund for the purpose of this program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account at the end of the fiscal year, the Fund must remit those moneys back to the city within one month after the end of the fiscal year, unless the city notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the accelerated pension benefit program for the subsequent fiscal year.

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

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

(40 ILCS 5/12-133.8 new)

Sec. 12-133.8. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

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

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

(4) has not made the election under Section 12-133.9.

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

(b) If the city has elected to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the city has made that election, whichever is later, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the Fund to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per fiscal year. The Fund shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2028, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the Fund offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.

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

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

(1) Any benefits under the Fund earned as a result of

that return to active service shall be based solely on the person's creditable service arising from the return to active service.

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

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

(f) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the city for that purpose. Moneys remitted to the Fund for the purpose of the accelerated pension benefit program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account maintained by the Fund for the purpose of the accelerated pension benefit program at the end of the fiscal year, the Fund must remit those moneys back to the city within one month after the end of the fiscal year, unless the city notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the subsequent fiscal year.

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

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

(40 ILCS 5/12-133.9 new)

Sec. 12-133.9. Accelerated pension benefit payment for a reduction in annual retirement annuity and surviving spouse's annuity increases.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 member's retirement annuity and surviving spouse's annuity using the formula applicable to the Tier 1 member and the present value of the automatic annual increases to the Tier 1 member's retirement annuity using the formula provided under subsection (b-5) and surviving spouse's annuity using the formula provided under subsection (b-6). "Eligible person" means a person who:

(1) is a Tier 1 member;

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

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

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

(5) has not made the election under Section 12-133.8.

"Tier 1 member" means a person who first became a participant under this Article or any reciprocal retirement system or pension fund established under this Code before January 1, 2011.

(b) Until June 30, 2028, if the city elects to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the city makes that election, whichever is later, the Fund shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, if the city has elected to provide funding for an accelerated pension benefit program, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement pension calculated in accordance with the formula provided under subsection (b-5) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement pension otherwise payable under this Article. An eligible person is limited to one calculation and offer per fiscal year.

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

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

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

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

(2) the accelerated pension benefit payment may not be repaid to the Fund.

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

(d-5) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this

Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the city for that purpose. Moneys remitted to the Fund for the purpose of this program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account at the end of the fiscal year, the Fund must remit those moneys back to the city within one month after the end of the fiscal year, unless the city notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the accelerated pension benefit program for the subsequent fiscal year.

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

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

(40 ILCS 5/17-120.5 new)

Sec. 17-120.5. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

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

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

(4) has not made the election under Section 17-120.6.

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

(b) If an employer has elected to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer has made that election, whichever is later, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the Fund to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per fiscal year. The Fund shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2028, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the Fund offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.

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

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

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

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

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

(f) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the Fund for the purpose of the accelerated pension benefit program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account maintained by the Fund for the purpose of the accelerated pension benefit program at the end of the fiscal year, the Fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the subsequent fiscal year.

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

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

(40 ILCS 5/17-120.6 new)

Sec. 17-120.6. Accelerated pension benefit payment for a reduction in annual retirement annuity and surviving spouse's annuity increases.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 member's retirement annuity and surviving spouse's annuity using the formula applicable to the Tier 1 member and the present value of the automatic annual increases to the Tier 1 member's retirement annuity using the formula provided under subsection (b-5) and surviving spouse's annuity using the formula provided under subsection (b-6). "Eligible person" means a person who:

(1) is a Tier 1 member;

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

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

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

(5) has not made the election under Section 17-120.5.

"Tier 1 member" means a person who first became a participant under this Article or any reciprocal retirement system or pension fund established under this Code before January 1, 2011.

(b) Until June 30, 2028, if an employer elects to provide funding for an accelerated pension benefit program, then as soon as practical after June 30, 2026 or as soon as practical after the employer makes that election, whichever is later, the Fund shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, if the employer has elected to provide funding for an accelerated pension benefit program, the Fund shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement pension calculated in accordance with the formula provided under subsection (b-5) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement pension otherwise payable under this Article. An eligible person is limited to one calculation and offer per fiscal year.

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

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

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

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

(2) the accelerated pension benefit payment may not be repaid to the Fund.

(d) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be transferred into a tax qualified retirement plan or account. The accelerated pension benefit payment under this Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an accelerated pension benefit payment under this

Section must direct the Fund to pay all of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

(d-5) Before accepting a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the Fund shall verify that it has a sufficient amount of moneys to pay for the accelerated pension benefit payment from the contribution remitted by the employer for that purpose. Moneys remitted to the Fund for the purpose of this program must be kept in a separate account. If the Fund determines it does not have sufficient moneys to make the accelerated pension benefit payment, then the Fund shall not accept the member's irrevocable election and shall notify the member of that fact. The member may reapply for the accelerated pension benefit payment after that fiscal year. Elections shall be processed and paid in the order in which complete applications are received by the Fund, subject to the availability of funds. If the Fund accepts the member's irrevocable election to receive an accelerated pension benefit payment under this Section, then the Fund shall transfer, from the moneys remitted to the Fund for that purpose, the amount of the accelerated pension benefit payment into the member's eligible retirement plan or qualified account. If any moneys remain in the account at the end of the fiscal year, the Fund must remit those moneys back to the employer within one month after the end of the fiscal year, unless the employer notifies the Fund at least one month before the end of the fiscal year that the funds shall remain in the account to be used for the accelerated pension benefit program for the subsequent fiscal year.

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

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

Section 10. The Counties Code is amended by adding Section 3-14050 as follows:

(55 ILCS 5/3-14050 new)

Sec. 3-14050. Accelerated pension benefit program; counties with more than 3,000,000 inhabitants.

(a) The county board of a county of more than 3,000,000 inhabitants may establish an accelerated pension benefit program for the pension funds established under Articles 9 and 10 of the Illinois Pension Code. The accelerated pension benefit program shall provide eligible participants the option to elect an accelerated pension benefit payment in accordance with the applicable provisions of Articles 9 and 10 of the Illinois Pension Code authorizing accelerated pension benefit payments.

(b) If the county elects to establish the accelerated pension benefit program for a fiscal year beginning in 2026, the county must notify the pension fund and remit a contribution to the pension fund in an amount determined by the county at least 30 days before the program is to be implemented. If the county elects to establish the accelerated pension benefit program for a fiscal year beginning in 2027, the county shall remit to the pension fund, not later than 30 days prior to the beginning of the fiscal year for which the accelerated pension benefit program is to be made available, a contribution to the pension fund in an amount determined by the county. The contribution shall constitute the total funding available to that pension fund for accelerated pension benefit payments for that fiscal year, and accelerated pension benefit payments shall be issued by the applicable pension fund in accordance with the provisions concerning accelerated pension benefit payment until the contributed amount is exhausted. The contribution for the accelerated pension benefit payments may be made using any lawful funding mechanism authorized under this Code, including, but not limited to:

(1) the issuance of bonds authorized under this Code;

(2) lawful appropriations from available county revenues;

(3) transfers from lawfully available funds; or

(4) any combination thereof.

Nothing in this Section shall be construed to expand or limit the county's authority to issue bonds beyond those otherwise provided in this Code.

At least one month prior to the end of the fiscal year, the county must notify the pension fund if the county would desire any remaining moneys to be rolled over into the next fiscal year for the accelerated pension benefit program. If the county does not notify the pension fund, the moneys shall be remitted back to the county. If an accelerated pension benefit program is not authorized under the applicable Article of the Illinois Pension Code for the following fiscal year, then the pension fund shall remit the moneys back to the county.

(c) This Section shall be construed as supplemental to existing county powers and shall not be interpreted to impair any existing contractual obligation or pension benefit protected under the Illinois Constitution.

Section 15. The Illinois Municipal Code is amended by adding Section 10-4-13 as follows:

(65 ILCS 5/10-4-13 new)

Sec. 10-4-13. Accelerated pension benefit program.

(a) The corporate authorities of a municipality may establish an accelerated pension benefit program for the pension funds established under Article 3, 4, 5, 6, 8, 11, or 12 of the Illinois Pension Code to which the municipality contributes. The accelerated pension benefit program shall provide eligible participants the option to elect an accelerated pension benefit payment with regard to employees of that municipality who participate in a pension fund established under Article 3, 4, 5, 6, 8, 11, or 12 of the Illinois Pension Code in accordance with the applicable provisions of the Illinois Pension Code authorizing accelerated pension benefit payments.

(b) If the municipality elects to establish the accelerated pension benefit program for a fiscal year beginning in 2026, the municipality must notify the pension fund and remit a contribution to the pension fund in an amount determined by the municipality at least 30 days before the program is to be implemented. If the municipality elects to establish the accelerated pension benefit program for a fiscal year beginning in 2027, the municipality shall remit to the pension fund, not later than 30 days prior to the beginning of the fiscal year for which the accelerated pension benefit program is to be made available, a contribution to the pension fund in an amount determined by the municipality. The contribution shall constitute the total funding available to that pension fund for accelerated pension benefit payments for that fiscal year, and accelerated pension benefit payments shall be issued by the applicable pension fund in accordance with the provisions concerning accelerated pension benefit payment until the contributed amount is exhausted. The contribution for the accelerated pension benefit payments may be made using any lawful funding mechanism authorized under this Code, including, but not limited to:

(1) the issuance of bonds authorized under this Code;

(2) lawful appropriations from available municipal revenues;

(3) transfers from lawfully available funds; or

(4) any combination thereof.

Nothing in this Section shall be construed to expand or limit the municipality's authority to issue bonds beyond those otherwise provided in this Code.

At least one month prior to the end of the fiscal year, the municipality must notify the pension fund if it would desire any remaining moneys to be rolled over into the next fiscal year for the accelerated pension benefit program. If the municipality does not notify the pension fund, the moneys shall be remitted back to the municipality. If an accelerated pension benefit program is not authorized under the applicable Article of the Illinois Pension Code for the following fiscal year, then the pension fund shall remit the moneys back to the municipality.

(c) This Section shall be construed as supplemental to existing municipal powers and shall not be interpreted to impair any existing contractual obligation or pension benefit protected under the Illinois Constitution.

Section 20. The School Code is amended by adding Section

34-89 as follows:

(105 ILCS 5/34-89 new)

Sec. 34-89. Accelerated pension benefit program.

(a) The board may establish an accelerated pension benefit program for the pension fund established under Article 17 of the Illinois Pension Code. The accelerated pension benefit program shall provide eligible participants the option to elect an accelerated pension benefit payment with regard to teachers who participate under Article 17 of the Illinois Pension Code in accordance with the applicable provisions of Article 17 of the Illinois Pension Code authorizing accelerated pension benefit payments.

(b) If the board elects to establish the accelerated pension benefit program for a fiscal year beginning in 2026, the board must notify the pension fund and remit a contribution to the pension fund in an amount determined by the board at least 30 days before the program is to be implemented. If the board elects to establish the accelerated pension benefit program for a fiscal year beginning in 2027, the board shall remit to the pension fund, not later than 30 days prior to the beginning of the fiscal year for which the accelerated pension benefit program is to be made available, a contribution to the pension fund in an amount determined by the board. The contribution shall constitute the total funding available to that pension fund for accelerated pension benefit payments for that fiscal year, and accelerated pension benefit payments shall be issued by the applicable pension fund in accordance with the provisions concerning accelerated pension benefit payment until the contributed amount is exhausted. The contribution for the accelerated pension benefit payments may be made using any lawful funding mechanism authorized under this Code, including, but not limited to:

(1) the issuance of bonds authorized under this Code;

(2) lawful appropriations from available municipal revenues;

(3) transfers from lawfully available funds; or

(4) any combination thereof.

Nothing in this Section shall be construed to expand or limit the board's authority to issue bonds beyond those otherwise provided in this Code.

At least one month prior to the end of the fiscal year, the board must notify the pension fund if it would like any remaining moneys rolled over into the next fiscal year for the accelerated pension benefit program. If the board does not notify the pension fund, the moneys shall be remitted back to the board. If an accelerated pension benefit program is not authorized under Article 17 of the Illinois Pension Code for the following fiscal year, then the pension fund shall remit the moneys back to the board.

(c) This Section shall be construed as supplemental to existing board powers and shall not be interpreted to impair any existing contractual obligation or pension benefit protected under the Illinois Constitution.

Section 90. The State Mandates Act is amended by adding Section 8.50 as follows:

(30 ILCS 805/8.50 new)

Sec. 8.50. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 104th General Assembly.

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