**Section 2920.70 Retirement Pay Considered Disqualifying Income**

a) The entire amount of payments made to an individual constituting retirement pay under Section 2920.65 shall be considered disqualifying income if:

1) These payments are from any individual or organization that has paid all of the cost of the individual's retirement pay and:

A) for which the individual performed services during his or her base period or

B) that is chargeable under Section 1502.1 of the Act, including those organizations that have elected to make payments in lieu of paying contributions, for any benefit payments made to the individual; or,

2) These payments are from a trust, annuity or insurance fund or under an annuity or insurance contract where all the premiums or contributions were paid by any individual or organization:

A) for which the individual performed services during his or her base period or

B) that is chargeable under Section 1502.1 of the Act, including those organizations that have elected to make payments in lieu of paying contributions, for any benefit payments made to the individual.

b) One-half of payments made to an individual constituting retirement pay under Section 2920.65 shall be considered disqualifying income if the individual or organization referenced in subsection (a) has paid some, but not all, of the cost of the individual's retirement pay or some but not all of the premiums or contributions paid to the trust, annuity or insurance fund or for the annuity or insurance contract.

1) EXAMPLE: Payments from independent pension plans established and funded entirely by the individual, such as individual retirement accounts (IRA) or Keough plans, are not disqualifying within the meaning of this Section because the employer pays no part of the cost of the IRA or Keough plan.

2) EXAMPLE: The individual contributes to a retirement plan at a fixed rate of 25%. The employing unit contributes the remaining 75%. Since part of the total contributions to the plan is provided by the employer, 50% of each retirement payment is disqualifying income.

3) EXAMPLE: The individual and the employing unit make variable contributions to a retirement plan. However, upon maturity of the plan, the individual has contributed 40% of all of the contributions and the employing unit has contributed the remaining 60%. Since part of the total contributions to the retirement plan is provided by the employer, 50% of each retirement payment is disqualifying income.

4) EXAMPLE: The individual belongs to a retirement plan maintained and operated by the union. The employer contributes 60% of the cost of maintaining and operating the plan, the union contributes 5%, and the individual contributes the remaining 35%. Since part of the total contributions to the retirement payment is provided by the employer, 50% of each retirement payment is disqualifying income.

c) Notwithstanding subsections (a) and (b), lump sum payments made on account of retirement that the individual had no option to receive on a periodic basis, or those lump sum payments that the individual had an option to receive on a periodic basis but of which the employer fails to notify the Director as required under Section 2920.75(d), shall be considered disqualifying income under this Section with respect to the week in which they are paid.

d) For purposes of subsections (a) and (b), the successor to an individual or organization is considered to be the individual or organization.

(Source: Amended at 43 Ill. Reg. 6563, effective May 14, 2019)