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Accelerated Total Pension Benefit Payment Fact Sheet (Total Buyout)

The lump-sum payment is optional and only available to either a Tier 1 member that has accrued 8 years of service credit, or a Tier 2 member that has accrued 10 years of service credit.

Qualified plans include:

- 401(a)
- 401(k)
- 403(b)
- *457(b)
- IRAs (SIMPLE and traditional)
- **Roth IRAs

*Rollovers to 457(b)

Members who currently have a 457(b) State of Illinois Deferred Compensation account may roll over the entire accelerated pension benefit payment to their Deferred Compensation account.

Rollovers to IRAs

Some IRAs limit the amount of transfers you can make within a 12-month period.

**Rollovers to Roth IRAs

You may roll a lump-sum payment from a tax-deferred plan into a Roth IRA, but because Roth IRAs are funded with after-tax dollars, you'll be required to pay income tax on your contributions at the time of the rollover.

This payment option is a strictly optional election, but it is irrevocable once it's chosen. It is important to understand what you're electing.

If you have qualified for a retirement annuity with the State Employees' Retirement System, then beginning in April, 2019 through May 31, 2024, you may elect to waive your eligibility for retirement benefits and instead receive a lump-sum payment equal to 60% of the present value of your earned retirement benefit.

The calculated lump-sum payment amount will be based on current SERS' actuarial assumptions, are subject to applicable IRS withholding and tax laws and must be transferred to a qualified retirement plan. You must report any payments you roll to a qualified plan to the IRS. The payment will be effective no earlier than April 1, 2019 and issued as soon as possible, although it may take several months.

Eligibility requirements for this payment option:

- You must terminate service;
- You must have earned enough service credit to qualify for a retirement annuity (excluding service with another reciprocal system);
- You cannot ever have received SERS retirement benefits;
- If you have a QILDRO (Qualified Illinois Domestic Relations Order) on file, you will have to receive permission for the buyout from the alternate payee.

Members forfeit all service credit for all purposes under the Illinois Pension Code, including benefits provided under the Illinois Reciprocal Act. This election is irrevocable and any member who elects this option and later returns to service will be eligible for a benefit based solely on future service and will not have the option to repay the amount received under this program to reestablish the previous service credit.

Upon request, you will receive notification of the lump-sum amount you may elect to receive, along with an election form that allows you to choose to waive your eligibility for a retirement annuity in exchange for the lump-sum payment. You must submit the election forms accepting such payment no later than May 31, 2024 for you to be eligible for the Accelerated Total Pension Benefit Payment (Total Buyout). Please note this payment option may end before May 31, 2024 if available funds are exhausted prior to that date.

A member who elects the Accelerated Total Pension Benefit Payment option shall retain access to retiree health insurance through the State of Illinois Group Insurance Program. The coverage start date is based on the date the member would have otherwise been eligible for a retirement annuity, and the premium is based on the member's forfeited full years of service. Contact Central Management Services, Group Insurance Division for insurance enrollment information at 800-442-1300.