



2101 South Veterans Parkway  
P.O. Box 19255  
Springfield, IL 62794-9255

217-785-7444  
Email: sers@srs.illinois.gov

## Accelerated Pension Benefit Payment Fact Sheet

**The lump-sum payment is optional and only available to Tier 1 members who are retiring from SERS for the first time.**

### **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.

If you are a Tier 1 member and your retirement effective date is December 1, 2018 through June 1, 2021, you may elect to waive the 3% compounded cost of living adjustments (COLAs) and instead receive 1.5% non-compounded COLAs. These reduced COLAs will begin the January 1st following the first anniversary of retirement or age 67, whichever is later. Survivors of members who elect this option will also receive 1.5% non-compounded COLAs beginning the January 1 following the anniversary of the start of the survivor annuity.

Members who elect to waive the Tier 1 COLAs will receive a one-time lump-sum payment equal to 70% of the difference in the present value of the Tier 1 COLAs and the 1.5% non-compounded COLAs, as calculated by SERS. 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. Buyout payments will be issued as soon as possible, although it may take several months.

### **Eligibility requirements for this payment option:**

- You must terminate service;
- You must be eligible to retire;
- You cannot have ever received SERS retirement benefits;
- You cannot choose the level income option;
- You cannot choose the Social Security Offset Removal;
- You cannot choose the reversionary option;
- If you have a QILDRO (Qualified Illinois Domestic Relations Order) on file, you may have to receive permission for the buyout from the alternate payee.

After you submit your completed retirement application to SERS, 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 the 3% compounded COLAs in exchange for the lump-sum payment.

*Your retirement effective date must be December 1, 2018 through June 1, 2021 for you to be eligible for an Accelerated Pension Benefit Payment (COLA Buyout). Please note the COLA Buyout option may end before June 1, 2021 if available funds are exhausted prior to that date.*

***The COLA buyout option is a strictly optional election, but it is irrevocable once it's chosen. It is important to understand what you're electing, as it will impact your benefit amount.***