



LEGISLATION BECOMES LAW

Governor Blagojevich has signed Public Act #93-0839 allowing State employees to receive an Alternative Retirement Cancellation Payment (ARCP) consisting of a lump sum payment of their contributions with regular interest, times two.

Also included in the legislation is a provision allowing the Department of Central Management Services to create a Maximum Incentive Payment Option for early termination of State service.

This is a separate program that **may or may not** be offered. Additional information on this option will be posted on the CMS website at www.state.il.us/cms if and when it is implemented.

To participate in the SERS portion of the ARCP, a member must fall within the two groups listed below.

Group 1

To be eligible in Group 1, a SERS member must:

- Be on active payroll during June, 2004.
- Have continuous employment on and after January 1, 2004.
- Be in a specific job title and department.
- Be among the first 3,000 employees to file a written application before September 30, 2004.
- If the member has a Qualified Illinois Domestic Relations Order (QILDRO) in effect, the member

must have a consent to participate from all alternate payees.

- Terminate employment within two weeks after approval of their application or no later than October 31 2004, whichever comes first.

During August 2004, all members eligible to participate should receive an estimate of the amount payable to them, and an application to participate from SERS.

Group 2

To be eligible in Group 2, SERS members in any position with the Speaker of the House of Representatives, the Minority Leader of the House, the President of the Senate, the Minority Leader of the Senate, the Secretary of State, the Comptroller, the Treasurer, the Auditor General, the Supreme Court, the Court of Claims and all legislative agencies are eligible to participate, with the approval of their agency head.

The eligibility requirements are the same as Group 1, except that they must **file and terminate** by October 31, 2004. There is no limit to the number of employees who can participate in this group. They will receive an estimate after September 1, 2004.

All ARCP participants will receive a one-time lump sum payment equal to their contributions with regular

WHO IS AND ISN'T ELIGIBLE

Not all State agencies will participate in the Alternative Retirement Cancellation Payment option. To view the list of eligible job titles, visit our website at www.state.il.us/srs, go to the State Employees' Retirement System page, then click on "Governor Signs Incentive Payment Legislation."

interest, times two. The taxable portion of the lump sum amount may be rolled over into a qualified employer plan that accepts rollovers, or to a traditional Individual Retirement Account (IRA).

Member Notification

- **All members in positions deemed eligible will receive from SERS:**
 - An estimate of the amount payable to them.
 - An application to participate.

Agency Notification

- **When SERS receives and approves a member's application:**
 - An approval letter will be mailed to the ARCP participant.
 - Form 3900 will be mailed to the participant's agency Retirement Coordinator with a copy of the approval letter.

Payment

- The ARCP participant would receive a one-time lump sum retirement cancellation payment equal to their contributions with regular interest, times two.
- The taxable portion of the lump sum amount may be rolled-over into a qualified employer plan that accepts rollovers or to a traditional Individual Retirement Account (IRA).

Returning to State Service

If an ARCP participant returns to State service, the participant must:

- Repay to SERS the amount that the ARCP exceeded the original employee contributions. 
- Payment must be made 60 days after reemployment.

Payment Example

	<i>Employee Retire. Cont.</i>	<i>Interest</i>	<i>Total</i>		<i>ARCP</i>
Member A	\$3,000*	\$1,000	= \$4,000	X 2	= \$8,000
Member B	6,000*	2,000	= 8,000	x 2	= 16,000
Member C	9,000*	4,000	= 13,000	X 2	= 26,000

Repayment Example of Retirement Contributions

	<i>ARCP</i>		<i>Employee Retire. Cont.</i>		<i>Repayment</i>
Member A	\$8,000	-	\$3,000 *	=	\$5,000
Member B	16,000	-	6,000 *	=	10,000
Member C	26,000	-	9,000 *	=	17,000

* **Original Employee Contributions**

Insurance Coverage

- Participants in the Alternative Retirement Cancellation Payment Plan would be eligible for insurance coverage on the date they would have been eligible to retire using their service on the date of the ARCP if they are vested (8 years of service credit) with the State.

For example, if a member terminates at age 27 with 9 years of service, he would be eligible for State insurance on the first of the month after reaching age 60.

- Under the current Group Insurance program, ARCP participants with 20 or more years of service would be eligible for free insurance coverage.
- If a vested ARCP participant has less than 20 years of service, they would pay a portion of the insurance premiums.

SPECIAL NOTE:
If a member applies for and is approved for the Alternative Retirement Cancellation Payment and DOES NOT resign as required, please contact Nancy George at 217-785-7343.

