

## Vested Inactive Buyout ? Health Insurance Preservation

HB 2029 amends the State Employees Group Insurance Act of 1971 to ensure that members who take the Vested Inactive Buyout on or after June 4, 2018, under the State Employees? Retirement System (SERS), State Universities Retirement System (SURS), and Teachers? Retirement System (TRS) preserve any applicable retiree and survivor health insurance benefits upon receipt of the buyout payment.

Public Act 100-0587 created two buyout options for eligible members of the three state-funded retirement systems (SERS, SURS and TRS): (1) a buyout of pension benefits for vested, inactive members; and (2) a partial buyout of automatic annual increases for Tier I members at retirement. The Vested, Inactive Buyout (or VIB) is a lump-sum payment equal to 60 percent of the present value of the member?s pension benefits, in exchange for the member forfeiting all accrued rights and credits under the System. The Tier I AAI Buyout (or AAI Buyout) is a lump-sum payment equal to 70 percent of the difference between the present value of Tier I automatic annual increases and the present value of reduced and delayed automatic annual increases, in exchange for the member receiving reduced and delayed automatic annual increases on retirement and survivor annuities.

Public Act 100-0587 amended the definition of an ?annuitant? under the State Employees Group Insurance Program to ensure that members who take the Vested Inactive Buyout will receive health insurance benefits upon meeting the age and service credit requirements for retirement, if they are eligible to participate in the State Employees Group Insurance Program. However, Public Act 100-0587 failed to amend the definitions of ?survivor? under the State Employees Group Insurance Program, ?community college benefit recipient? under the College Insurance Program, and ?TRS benefit recipient? under the Teachers Retiree Health Insurance Program to clarify that survivors of members in the State Employees Group Insurance Program, as well as members and survivors who are eligible to participate in the College Insurance Program and the Teachers Retiree Health Insurance Program, will receive health insurance benefits after the member meets the age and service credit requirements for retirement.

HB 2029 amends the definitions of ?survivor? under the State Employees Group Insurance Program, ?community college benefit recipient? under the College Insurance Program, and ?TRS benefit recipient? under the Teachers Retiree Health Insurance Program to ensure that all members who elect the Vested Inactive Buyout, as well as their eligible survivors, will receive any applicable health insurance benefits upon the member meeting the age and service credit requirements for retirement.

HB 2029 takes effect immediately upon becoming law.

**Governor Pritzker signed HB 2029 into law on August 9, 2019, as Public Act 101-0242.**

**Sponsor:**

Representative Mark L. Walker

**Bill Link:**

<http://ilga.gov/legislation/BillStatus.asp?DocNum=2029&GAID=15&DocTypeID...> [1]

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