

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
MINUTES OF THE
RULES AND PERSONNEL COMMITTEE
OCTOBER 26, 2020

The Rules and Personnel Committee of the Board of Trustees of the State Employees' Retirement System of Illinois convened on Monday, October 26, 2020 at 2:00 p.m. at the System's Springfield office located at 2101 South Veterans Parkway. Such meeting was conducted by videoconference in accordance with the provisions of Public Act 101-640.

The following trustees were in attendance:

David Morris, Chairman
Danny Silverthorn, Trustee
Jeremy "Tad" Hawk, Trustee

Others in attendance were:

Tim Blair, Executive Secretary
Jim Stivers, General Counsel
Jeff Houch, Assistant to the Executive Secretary

The meeting was called to order at 2:00 p.m.

PUBLIC COMMENTS

There were no members of the public present.

APPROVAL OF MINUTES OF THE JULY 27, 2020 MEETING

Trustee Silverthorn motioned to approve the minutes of the July 27, 2020 meeting of the committee, Trustee Hawk seconded the motion. The motion passed unanimously.

RULEMAKING AUTHORIZATION

Mr. Houch presented proposed rules recommended by staff for the committee's consideration. The first rulemaking up for discussion dealt with the scenario in which a member suffers a permanent disability and is not granted a disability leave of absence by his or her employer. To qualify for nonoccupational disability benefits, a member must be granted a disability leave of absence by his or her employer. There is a CMS personnel rule that provides a disability leave of absence cannot be granted if the member has been diagnosed with a permanent disability. The Executive Committee has waived this requirement in recent cases and staff would like rule coverage to handle such cases moving forward. A proposed rule has been offered that provides that the leave of absence requirement is deemed to be met for a member who is permanently and totally incapacitated to perform the duties of his or her position.

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Mr. Houch then discussed a proposed rule that would provide that a member who owes the System money shall not be eligible to purchase service credit until the debt has been repaid. After some discussion on the merits and flaws of the proposed rule, the committee decided to remove this item from the proposed rulemaking.

The final rule up for discussion proposed to codify an internal policy that alternative formula members who entered service prior to January 1, 1998 are to be grandfathered into the Final Average Compensation method that considers the highest of three options for purposes of determining Final Average Compensation. When Public Act 90-0065 became law, it unintentionally contained a benefit diminishment component. That component would have limited the Final Average Compensation rules for alternative formula members that first became members of SERS before January 1, 1998. That Public Act was drafted to apply for those who retired on or after January 1, 1998, a new set of final average compensation rules. However, the Act also shut down the highest 4 consecutive years within the last 10 years rule for members of the alternative formula for members who were SERS members before the effective date of this law. Arguably, this component of the Act violated the Pension Protection Clause of the Illinois Constitution. The proposed rule extends the “highest 4 consecutive years within the last 10 years” final average compensation condition to those alternative formula members who first became members before January 1, 1998, thus avoiding violation of Pension Protection Clause. It should be mentioned that the rule codifies how SERS has been administering this law since its enactment.

After some discussion, a motion was made by Trustee Hawk to authorize staff to pursue rulemaking based on the amended rulemaking agenda. The motion was seconded by Trustee Silverthorn and the motion passed unanimously.

EXECUTIVE SECRETARY EVALUATION

Secretary Blair then explained to the committee that his annual evaluation needs to be conducted by the committee. After some discussion, the committee indicated that Trustee Morris will authorize the valuation forms on behalf of the committee in the coming weeks.

OLD BUSINESS

There was no old business.

NEW BUSINESS

There was no new business.

ADJOURNMENT

There being no further business to be brought before the committee, Trustee Silverthorn made the motion to adjourn the meeting. Trustee Hawk seconded the motion and the meeting was adjourned at 2:55 p.m.