

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

April 8, 2021

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, April 8, 2021 at 8:45 a.m. in the System's Springfield office at 2101 S. Veterans Parkway and by videoconference as allowed under Section 7(e) of the Open Meetings Act (5 ILCS 120/7(e)) and Executive Order 2020-7, as amended and reissued by Executive Orders 2020-33, 2020-44, and 2021-6.

Committee Members Present:

Marvin Becker, Chairperson
David Morris, Vice-Chairperson
Timothy Blair, Executive Secretary

Others Present:

Jeff Houch, Assistant to the Executive Secretary
James Stivers, General Counsel
Eric Glaub, Manager, Claims Division
Karen Brown, Supervisor, Disability Section
Aaron Evans, Attorney, Sorling Northrup
Jessica Blood, Recording Secretary
Carlton Dotson, Claimant
Anita Simpson, Claimant

Minutes of the Previous Meeting

The minutes of the March 11, 2020, meeting of the Executive Committee were presented by Chairperson Becker for approval. Copies of the minutes were previously e-mailed to Committee members for review. Executive Secretary Blair moved to approve the minutes as submitted. The motion was seconded by Chairperson Becker and by unanimous vote, the minutes were approved.

Routine Claims Report

The Routine Claims Report for March 2021 was presented. Following review and discussion, the Routine Claims Report for March 2021, as prepared by staff, was received by the Committee.

Old Business

Ashley Wilhold – Appeal of Nonoccupational Disability Benefit Claim Denial – Recommendation

Ms. Wilhold works as a Public Service Administrator for the Secretary of State. She last worked on November 4, 2020 and began a medical leave of absence on November 5, 2020. Her medical report indicates she is unable to work due to the guidelines of her place of employment stating she cannot report to work with a chronic cough.

Ms. Wilhold applied for a nonoccupational disability benefit from SERS. SERS received her “Nonoccupational Disability Benefit Application” forms on November 22, 2020. SERS retained a physician to examine the medical information supplied by Ms. Wilhold. Based on the report of the consulting physician, SERS sent a denial letter to Ms. Wilhold on February 23, 2021. Ms. Wilhold’s claim was denied under Section 14-124(2) of the Illinois Pension Code (40 ILCS 5/14-124(2)), which states a member may be granted a nonoccupational disability benefit if the member, among other things, “. . . is found upon medical examination to be mentally or physically incapacitated to perform the duties of the member's position[.]”

Ms. Wilhold is appealing the denial of her claim. After hearing Ms. Wilhold present her case at their March 2021 meeting, the Committee decided to refer the case to outside counsel for a recommendation.

Attorney Evans presented Recommendation No. 2021-02 to deny Ms. Wilhold’s appeal. After review and some discussion, a motion was made by Executive Secretary Blair to adopt Recommendation No. 2021-02. The motion was seconded by Chairperson Becker and was passed by unanimous vote.

New Business

Carlton Dotson – Appeal of Temporary Disability Benefit Conversion – Personal Hearing via Teleconference – 9:00am

At Ms. Dotson’s request, her case was deferred pending a discussion with her attorney regarding the waiver required for an informal conference.

Anita Simpson – Appeal of SSA Award Overpayment – Personal Hearing via Teleconference – 9:45am

Anita Simpson has been on a SERS nonoccupational disability benefit since May 12, 2018.

In February 2021, SERS received a notice of award that Ms. Simpson had received a retroactive Social Security Administration (SSA) benefit effective October 1, 2018. Under Section 14-125 of the Illinois Pension Code (40 ILCS 5/14-125), the amount of a covered member’s SERS nonoccupational disability benefit is to be reduced by the

amount of the primary disability or retirement benefit that the member is eligible to receive under the federal Social Security Act. Consequently, the retroactive payment of the SSA disability benefit to Ms. Simpson created an overpayment of SERS nonoccupational disability benefits from October 1, 2018, through January 31, 2021, in the amount of \$58,716, which the System must make arrangements to collect. *See* 80 Ill. Admin. Code 1540.380(b)(2)(B). On her signed application for the SERS nonoccupational disability benefit, Ms. Simpson acknowledged that a SSA retroactive disability award would create an overpayment of the SERS disability benefit, and she expressly acknowledged that she would be responsible for repaying the System for that benefit overpayment.

Ms. Simpson is requesting that the Board not collect the amount of the benefit overpayment because of the distress caused by her employing agency's repeated requests for a completed physician's statement (CMS 95 Form).

During her hearing, it was explained to Ms. Simpson that the requirement to complete the CMS 95 Form was a requirement of her agency with regards to her remaining on a leave of absence (and not a requirement for her to remain on the SERS nonoccupational disability benefit).

After further review and discussion, the Committee referred the case to outside counsel for a recommendation.

Gregory Wilkins – Appeal of SSA Award Overpayment Repayment Terms

Gregory Wilkins was approved for a nonoccupational disability benefit effective March 11, 2018.

In September 2020, SERS was notified that Mr. Wilkins had been approved for a retroactive Social Security Administration (SSA) disability benefit effective August 1, 2018. Under Section 14-125 of the Illinois Pension Code (40 ILCS 5/14-125), the amount of a covered member's SERS nonoccupational disability benefit is to be reduced by the amount of the primary disability or retirement benefit that the member is eligible to receive under the federal Social Security Act. Consequently, the retroactive SSA benefit created a SERS benefit overpayment totaling \$31,486.00 from August 1, 2018 through September 30, 2020, which the System must make arrangements to collect. *See* 80 Ill. Admin. Code 1540.380(b)(2)(B).

On October 9, 2020, SERS sent Mr. Wilkins a letter explaining the calculation of the overpayment and the amount due to the System. A second letter was sent by the System on January 14, 2021. The outstanding balance owed to the System is \$30,127.00.

Mr. Wilkins monthly gross disability benefit is \$679.50. State of Illinois group insurance is currently terminated for non-payment of premiums (health \$120.00, dental \$12.00, life \$65.38 per month). Mr. Wilkins also receives \$1,120.00 per month from SSA. After the SERS offset of the full gross benefit, a combined net of \$922.62

remains. At the current offset rate, the overpayment would be paid in 45 months (3 years, 9 months).

Mr. Wilkins has requested a payment plan of \$200.00 per month. At that offset rate, the overpayment would be paid in 151 months (12 years, 7 months). According to Mr. Wilkins' appeal, his monthly expenses total \$2,411.37.

After reviewing the facts presented and some discussion, a motion was made by Executive Secretary Blair to deny Mr. Wilkins' request and to offer him a repayment plan which would repay the overpayment in 60 months (5 years). Chairperson Becker seconded the motion, and all were in favor.

Frank Diaz – Reinstatement of Written-Off Account for Refund of Contributions

Frank Diaz's account was written off in a previous fiscal year. Mr. Diaz is requesting a refund of his applicable SERS contributions. The Claims Division is requesting that the Executive Committee approve reinstatement of Mr. Diaz's account so the requested refund may be processed.

After a brief discussion, Executive Secretary Blair moved to approve the reinstatement of Mr. Diaz's account. The motion was seconded by Vice-Chairperson Morris, and all were in favor.

Marilou Mayo – Reinstatement of Written-Off Account for Refund of Contributions

Marilou Mayo's account was written off in a previous fiscal year. Ms. Mayo is requesting a refund of her applicable SERS contributions. The Claims Division is requesting that the Executive Committee approve reinstatement of Ms. Mayo's account so the requested refund may be processed.

After a brief discussion, Executive Secretary Blair moved to approve the reinstatement of Ms. Mayo's account. The motion was seconded by Chairperson Becker, and all were in favor.

Frank Gavlick Jr. – Service Purchase Timing

Frank Gavlick, Jr., informed SERS of his intent to purchase his qualifying period and some short periods (for a total of 6.5 months of service credit) on December 22, 2020, and indicated he was retiring on December 31, 2020. The letter was produced and verified as error free on December 29, 2020, with a lump sum due as of December 31, 2020 due to his leaving payroll.

The standard language providing "30 days to make payment in full arrangements" was included in the letter as is the case with all missed lump sum service purchase offers.

Mr. Gavlick completed the payroll authorization to have the funds withheld from his sick and vacation payout and returned the signed form on January 25, 2021 (within

the 30 days allotted by the billing letter).

The agency had already processed the lump-sum sick and vacation payout and did not forward the installment authorization to withhold for the deduction to their central office nor did they notify the Service Purchase team that it was too late to process the B082.

When the Service Purchase staff were notified in early March of the missed deduction, an updated 30-day letter was generated and provided to Mr. Gavlick, and he submitted the documentation to deferred compensation to transfer the funds to SERS to complete the service purchase. This transfer was part of the March 2021 transfer from T. Rowe Price.

Although his timing did not adequately allow for processing of the necessary paperwork through the legacy service purchase system, the Accounting Division recommended allowing the purchase to be posted, as Mr. Gavlick did comply with every deadline given, and the missed deduction was no fault of his own.

The purchase would add 6.5 months of credit to Mr. Gavlick's account, and it would increase his monthly pension calculation.

Following a discussion of the case, a motion was made by Executive Secretary Blair to approve the request to allow Mr. Gavlick's service purchase to be posted. The motion was seconded by Chairperson Becker, and all were in favor.

There being no further business to be brought before the Committee, a motion was made by Chairperson Becker to adjourn the meeting. The motion was seconded by Executive Secretary Blair, and all were in favor. The meeting adjourned at 10:14 a.m.

The next meeting of the Executive Committee is scheduled for May 13, 2021, in the Springfield office.

Marvin Becker, Chairperson

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary