

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

February 11, 2021

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, February 11, 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 2021-4.

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

Minutes of the Previous Meeting

The minutes of the January 14, 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 with a minor change. The motion was seconded by Vice-Chairperson Morris and by unanimous vote, the minutes were approved as amended.

Routine Claims Report

The Routine Claims Report for January 2021 was presented. Following review and discussion, Executive Secretary Blair moved to receive the Routine Claims Report for January 2021, as prepared by staff. The motion was seconded by Chairperson Becker, and all were in favor.

Old Business

Adria Childs – Appeal for Survivor Contribution Refund – Recommendation

Adria Childs retired August 1, 2020. At the time that Ms. Childs filed with the System a retirement application requesting a survivor contribution refund on November 10, 2020, she indicated on her application that she was divorced and had one dependent child. Under subsection (c) of Section 14-130 of the Illinois Pension Code (40 ILCS 5/14-130(c)), “[a] member no longer in service who is unmarried and does not have an eligible survivor’s annuity beneficiary on the date of application therefor is entitled to a refund of contributions for widow's annuity or survivor’s annuity purposes, or both, as the case may be, without interest.”

Ms. Childs requested a personal appeal via teleconference to receive the survivor contribution refund after retirement. At the hearing, Ms. Childs admitted that her child was unmarried, under age 22, and a full-time student at the time she filed her application for a survivor contribution refund. After hearing Ms. Childs present her case at their January 2021 meeting, the Committee decided to refer the case to outside counsel for a recommendation.

Attorney Evans presented Recommendation No. 2021-01 to deny Ms. Childs’ appeal. After some discussion, a motion was made by Executive Secretary Blair to adopt Recommendation No. 2021-01. The motion was seconded by Chairperson Becker, and all were in favor.

New Business

Kevin Acosta – Administrative Review Complaint – Occupational Disability Benefit Offset

At the Executive Committee meeting on February 13, 2020, Mr. Kevin Acosta challenged the System’s method of offsetting from his SERS occupational disability benefits a \$72,504.24 lump sum workers' compensation settlement that he had received.

In determining the workers' compensation offset to be applied to SERS disability benefits under Section 14-129 of the Illinois Pension Code (40 ILCS 5/14-129), the System has converted the average weekly wage for the member under the Workers' Compensation Act to a monthly rate to be offset against the monthly SERS disability benefits. It does so by multiplying the member's average weekly wage by 52 and dividing the product by 12. See 80 Ill. Adm. Code 1540.90. In Mr. Acosta's case, that calculation resulted in a monthly offset of \$3,087.72 that was applied to his gross SERS disability benefit of \$4,640.25, resulting in a net monthly payment of \$1,552.53, which was due to remain in effect until August of 2021, at which point his full disability payments would have resumed.

Mr. Acosta disputed the amount being offset based upon the terms of his workers' compensation settlement agreement, which specified that the \$72,504 lump sum payment had been prorated and represented 240 months of payments at \$302.10 per month. Consequently, Mr. Acosta contended that SERS should apply a monthly offset

of \$302.10 to his monthly SERS benefit (rather than \$3,087.72). Mr. Acosta's appeal was denied by the Executive Committee, as it cited caselaw and an Attorney General's opinion which supported the System's right to determine the methodology used to calculate its workers' compensation offset under Section 14-129 of the Illinois Pension Code.

Mr. Acosta then filed a complaint for administrative review with the Circuit Court of Williamson County. On December 12, 2020, the Court held that the offset under Section 14-129 of the Illinois Pension Code, as applied to Mr. Acosta's case, be limited to \$302.10 per month and remanded the case to SERS with directions to recalculate the offset.

After some discussion, a motion was made by Executive Secretary Blair to direct staff to refund Mr. Acosta \$51,848.48 that was previously offset from his SERS occupational disability benefit and adjust his offset going forward to \$302.10 per month, resulting in a new net monthly disability benefit of \$4,338.15. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Harold Joseph – Reinstatement of Written-Off Account for Refund of Contributions

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

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

Marie Barnes – Appeal of SSA Award Overpayment Repayment Terms

Marie Barnes was approved for a nonoccupational disability benefit effective April 17, 2018.

In December 2020, SERS was notified that Ms. Barnes was approved for a retroactive Social Security Administration (SSA) disability benefit effective September 1, 2018. The award of the retroactive SSA disability benefit created an overpayment in the amount of \$40,581.00 for the period from September 1, 2018 through November 30, 2020. The overpayment is due in accordance with Section 14-125 of the Illinois Pension Code (40 ILCS 5/14-125), which provides: "If a covered employee is eligible for a disability benefit before attaining the Social Security full retirement age or a retirement benefit on or after attaining the Social Security full retirement age under the Federal Social Security Act, the amount of the member's nonoccupational disability benefit shall be reduced by the amount of primary benefit the member would be eligible to receive under such Act, whether or not entitlement thereto came about as the result of service as a covered employee under this Article."

SERS sent Ms. Barnes a notification letter on December 23, 2020 to explain the

calculation of the overpayment and amount due. A \$5,000.00 payment was remitted and received by SERS on February 1, 2021, leaving an outstanding balance of \$35,581.00 as of the date of the Executive Committee's meeting.

Ms. Barnes requested a payment plan of \$100.00 per month, which would repay the overpayment in 356 months (29 years, 8 months).

After the Committee discussed the matter, a motion was made by Executive Secretary Blair to deny Ms. Barnes' request and to offer her a repayment plan of \$300.00 per month. The motion was seconded by Vice-Chairperson Morris, and all were in favor.

Cynthia Slater – Request for Reappeal for Removal of Social Security Offset to Survivor Annuity – Deceased Member: Robert Slater Jr.

Cynthia Slater requested a written appeal that was considered at the September 11, 2020 meeting of the Executive Committee. Ms. Slater appealed to remove the Social Security offset from her survivor annuity. She was under the impression there would not be a reduction in her SERS benefit.

Ms. Slater's appeal to remove the Social Security offset was denied, and the decision became final at the meeting of the SERS Board of Trustees on October 27, 2020.

Per a letter received on January 19, 2021, Ms. Slater is requesting a reappeal to rehear her appeal for the Social Security offset to be removed.

After discussing the facts of the case and determining no new information pertaining to the case had been submitted, no member moved to grant Ms. Slater's request for a reappeal. Therefore, the request failed.

Robert Campbell – Military Service Purchase/Deferred Compensation

On September 25, 2020, Robert Campbell submitted his application to the Deferred Compensation Division of the Department of Central Management Services to transfer \$33,978.16 to SERS for the purchase of 16 months of military service credit. Deferred Compensation staff overlooked Mr. Campbell's request. As a result, he was not awarded the 16 months of military service credit before his retirement on November 1, 2020, even though he had timely submitted the service purchase application and the request to transfer funds.

The Accounting Division is requesting the Executive Committee allow the service purchase to be completed with the October 31, 2020 payoff amount (\$33,978.16) to establish the 16 months of optional service credit, even though Mr. Campbell is now retired.

After some discussion, a motion was made by Executive Secretary Blair to direct staff to allow the military service purchase and increase Mr. Campbell's retirement benefit going forward. 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 Executive Secretary Blair to adjourn the meeting. The motion was seconded by Chairperson Becker, and all were in favor. The meeting adjourned at 9:54 a.m.

The next meeting of the Executive Committee is scheduled for March 11, 2021, in the Springfield office.

Marvin Becker, Chairperson

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary