

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

May 13, 2021

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, May 13, 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 2021-9.

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
Cory Mitchell, Supervisor, Pension & Death Section
Aaron Evans, Attorney, Sorling Northrup
Jessica Blood, Recording Secretary
Vincente McElroy, Claimant

Minutes of the Previous Meeting

The minutes of the April 8, 2021, 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 Vice-Chairperson Morris and by unanimous vote, the minutes were approved by unanimous vote of the Committee members present.

Routine Claims Report

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

Old Business

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

At Ms. Dotson's request, her case was deferred at the Committee's meeting on April 8, 2021, pending a discussion with her attorney regarding the waiver required for an informal conference. The Manager of the SERS Claims Division, Eric Glaub, informed the Committee that Ms. Dotson had again asked to defer her case and had indicated that she would have a decision by June 1, 2021, regarding the type of hearing being sought.

Anita Simpson – Appeal of SSA Award Overpayment – Recommendation

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 benefit that the member would be 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. 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 she experienced as a result of her employing agency's repeated requests for a completed physician's statement (CMS 95 Form).

During her hearing at the April 2021 meeting of the Committee, it was explained to Ms. Simpson that the duty to complete the CMS 95 Form is imposed by her employing agency as a prerequisite to remaining on a leave of absence (and is 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.

Attorney Evans presented Recommendation No. 2021-03 to deny Ms. Simpson's appeal. After a brief discussion, Executive Secretary Blair moved to adopt Recommendation No. 2021-03. The motion was seconded by Vice-Chairperson Morris, and all were in favor.

New Business

Vincente McElroy – Appeal of Temporary Disability Overpayment – Personal Hearing via Teleconference – 9:00am

Vincente McElroy works for the Department of Human Services as a Security Therapy Aide and was injured on the job.

Mr. McElroy's claim was denied by the Illinois Workers' Compensation Commission (IWCC). He then applied for and received a SERS temporary disability benefit from November 3, 2016, through July 31, 2018. He was later awarded Social Security disability benefits for the closed period from August 1, 2017, through July 15, 2018. Mr. McElroy has received no compensation from the IWCC.

In accordance with Sections 14-123.1 and 14-125 of the Illinois Pension Code (40 ILCS 5/14-123.1 and 14-125), the amount of a member's temporary or nonoccupational disability benefit shall be reduced by the amount of primary benefit the member would be eligible to receive under the Social Security Act. Therefore, an overpayment exists for the overlapping periods Mr. McElroy was paid SERS and Social Security disability benefits.

Mr. McElroy was sent a letter dated March 9, 2020, which informed him of the SERS benefit overpayment and the amount due. Mr. McElroy requested a personal hearing to appeal the benefit overpayment that had resulted from his receipt of the Social Security disability award.

After hearing Mr. McElroy present his case and some discussion, the Committee decided to refer the case to outside counsel for a recommendation.

Susan Sander – Staff Direction for Financial Dependency of Disabled Adult – Deceased Mbr: William Sander

William Sander, a retired State employee, died on November 17, 2020. Mr. Sander has a surviving spouse, as well as a disabled adult daughter, Susan Sander.

For a disabled adult child to be eligible for a survivor annuity, the child must have been at least 50% financially dependent upon the member. A child's dependency on a deceased member is typically proven by the child being claimed as a dependent on the member's income tax return in the year of the member's death. However, Mr. Sander did not claim Susan as a dependent on his income tax return.

The Pension and Death Section staff are requesting direction to determine if Mr. Sander's child was financially dependent upon him at the time of his death.

After reviewing the facts of the case, the Committee directed staff to request more information to determine if Susan's financial dependency meets the eligibility requirement for a survivors' annuity.

Lisa Spradlin – Appeal to Retire Effective March 1, 2021

Lisa Spradlin applied to retire March 1, 2021. After a review of her file, it was determined she did not meet the Rule of 85 until May 1, 2021.

Ms. Spradlin is appealing to begin receiving her pension benefits effective March 1, 2021.

After discussing the facts of the case, Chairperson Becker moved to deny Ms. Spradlin's appeal. The motion was seconded by Executive Secretary Blair, and all were in favor.

Richard Jones – Appeal to Waive Overpayment of Pension Benefits

Richard Jones retired under the Early Retirement Incentive (ERI) at age 48 on December 1, 2002 and chose the level income option for age 66 years and 00 months.

Mr. Jones was eligible to retire on December 1, 2002, because his eligibility was increased by a month due to his date of birth being on the first of the month. His level income factor was also based on this retirement age.

Mr. Jones' pension was to be reduced for the level income option on November 1, 2020, because Social Security begins its benefits one month earlier for members born on the first of the month. Social Security would start its benefit for Mr. Jones on November 1, 2020, and the SERS benefit would be reduced in November 2020. A letter was sent to Mr. Jones on November 12, 2020, to inform him of this reduction.

A timing error resulted in a delay in the reduction of his pension benefit. Consequently, the reduction was not processed by SERS until December 2020. This delay created a benefit overpayment in the amount of \$1,326.00. Another letter was then sent on February 26, 2021, to inform Mr. Jones of the error and the amount due.

Mr. Jones did not respond to the correspondence, and a final notice was sent April 6, 2021, notifying him that the overpayment would be deducted from his next pension benefit payment.

Mr. Jones is requesting that SERS waive the benefit overpayment and reimburse him for the \$1326.00 that was withheld from his pension payment.

Following a review of the case and some discussion, a motion was made by Vice-Chairperson Morris to deny Mr. Jones' appeal. The motion was seconded by Chairperson Becker, and all were in favor.

Darlene Washington – Appeal to Waive Overpayment of Pension Benefits

Darlene Washington retired April 1, 2018. Her pension required review because additional contributions were posted from back wages paid out by her former agency. During the review it was determined that Ms. Washington's final average

compensation (FAC) was calculated incorrectly at retirement because SERS did not have appropriate supporting documentation for the correct allocation of her back wages.

SERS now has the necessary documentation to allocate the back wage earnings into the proper earnings months for purposes of calculating the correct FAC in accordance with the Illinois Pension Code. The recalculation resulted in a lower FAC than was used at retirement and resulted in an overpayment of pension benefits.

Ms. Washington is appealing to have the overpayment of pension benefits waived.

After discussing the facts of the case, Chairperson Becker moved to deny Ms. Washington's appeal and offer a repayment plan of \$200.00 per month. The motion was seconded by Executive Secretary Blair, and all were in favor.

Edna Canas – Appeal to Retire Effective May 1, 2021

Edna Canas retired February 1, 2021 with a reduced pension.

Ms. Canas has 2.50 months of service credit from her paid sick and vacation days. However, she has been separated from her agency for more than 90 days. Under Section 14-104.3 of the Illinois Pension Code (40 ILCS 5/14-104.3), a SERS member, such as Ms. Canas, may purchase service credit for accumulated vacation, sick, and personal time only by making the required contributions within 90 days of withdrawal from service.

Ms. Canas is appealing to allow the service credit purchase and to retire with an unreduced pension effective May 1, 2021. She has been notified that she would need to repay the pension benefits received for February, March, and April 2021, and would also have no insurance coverage during these months.

After review and some discussion, the Executive Committee decided to defer the case pending the receipt of additional information from staff concerning Ms. Canas.

Crystal Leslie – Appeal of Disability Benefit Overpayment Repayment Terms

Crystal Leslie was approved for a nonoccupational disability benefit effective April 23, 2020.

On November 17, 2020, SERS was notified that Ms. Leslie had returned to work on September 17, 2020, which was confirmed by her agency. Untimely notification of her return to work resulted in a benefit overpayment for the period of September 17, 2020, through October 31, 2020, since under Section 14-124 of the Illinois Pension Code, the SERS nonoccupational disability benefit must cease on the date that the member engages in gainful employment.

SERS sent Ms. Leslie a letter on November 24, 2020, to explain the calculation of the

overpayment and the amount due. A second notice was sent to her on February 22, 2021.

Ms. Leslie is an active State employee. SERS is to deduct \$200.00 per pay (\$400.00 per month) to apply to the overpayment, which would repay the overpayment in 8 months. Ms. Leslie has requested a payment plan in the amount of \$50.00 per pay (\$100.00 per month). This proposed payment plan would repay the overpayment in 30 months (2 years, 6 months).

After discussing the facts of the case, Chairperson Becker moved to approve Ms. Leslie's appeal. The motion was seconded by Executive Secretary Blair, and all were in favor.

Marva Barnes – Appeal of Overpayment Repayment Terms – Deceased Mbr: Marvin Barnes

Marvin Barnes was approved for a nonoccupational disability benefit effective June 26, 2016. He was approved for a retroactive Social Security Administration (SSA) disability benefit effective October 1, 2016. The retroactive benefit created an overpayment from October 1, 2016, through December 31, 2017, because 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 benefit that the member would be eligible to receive under the federal Social Security Act.

Mr. Barnes retired on November 1, 2019, and subsequently passed away on November 17, 2020. At the time of his death, the Overpayment Section was deducting \$500.00 per month from his gross pension benefit. The outstanding balance that remains is \$5,928.77.

Mr. Barnes' surviving spouse, Marva Barnes, was eligible to receive a monthly survivor annuity upon his death. A notification letter was sent to Ms. Barnes on April 14, 2021, explaining the overpayment of disability benefits and the balance that remains due on Mr. Barnes' account.

SERS is currently deducting \$500.00 per month from Ms. Barnes' survivor annuity benefit. At the current offset rate, the overpayment will be paid in 12 months (1 year).

Mrs. Barnes has requested a payment plan of \$300.00 per month. At this offset rate, the overpayment would be paid in 20 months (1 year, 8 months).

After discussing the facts of the case, Chairperson Becker moved to approve Ms. Barnes' appeal. The motion was seconded by Vice-Chairperson Morris, and all were in favor.

There being no further business to be brought before the Committee, the meeting adjourned at 10:47 a.m.

The next meeting of the Executive Committee is scheduled for June 10, 2021, in the Springfield office.

Marvin Becker, Chairperson

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary