

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

October 14, 2021

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, October 14, 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)).

Committee Members Present:

Marvin Becker, Chairperson
Timothy Blair, Executive Secretary

Committee Members Absent:

David Morris, Vice-Chairperson

Others Present:

Jeff Houch, Assistant to the Executive Secretary
James Stivers, General Counsel
Eric Glaub, Manager, Claims Division
Aaron Evans, Attorney, Sorling Northrup
Jessica Blood, Recording Secretary (via teleconference)

Minutes of the Previous Meeting

The minutes of the Executive Committee's meeting on September 9, 2021, were presented by Chairperson Becker for approval. Copies of the minutes were previously e-mailed to Committee members for review. Chairperson Becker moved to approve the minutes as submitted. The motion was seconded by Executive Secretary Blair, and by unanimous vote, the minutes were approved by the Committee members present.

Routine Claims Report

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

Old Business

Raymond Bouton – Appeal of Adjustment to Monthly Pension Amount – Deferred

Mr. Raymond Bouton retired June 1, 2015. His pension required review because additional contributions were posted from back wages paid out by his former agency.

During the review, it was determined that Mr. Bouton's final average compensation (FAC) had been calculated incorrectly as a consequence of his employing agency's inclusion of non-pensionable lump-sum payments for holidays in its initial reporting of his compensation.

However, lump-sum salary payments for holidays are not pensionable under Article 14 of the Illinois Pension Code, so the agency should not have withheld retirement contributions on those payments to Mr. Bouton. *See* 40 ILCS 5/14-103.10. Consequently, the System must refund the excess contributions to Mr. Bouton and recalculate and adjust his monthly pension benefit in accordance with Section 14-148.1 of the Illinois Pension Code (40 ILCS 5/14-148.1).

When the System performed that recalculation, it resulted in a lower final average compensation than the System had used to calculate Mr. Bouton's pension at retirement. Consequently, the System determined that Mr. Bouton's monthly pension benefit had been overpaid. However, since the mistake was undiscovered for more than 3 years and was not caused by incorrect information he supplied, the overpayment was not required to be repaid by Mr. Bouton. Instead, his monthly pension was adjusted to the correct level as required under Section 14-148.1 of the Illinois Pension Code.

Mr. Bouton is appealing the System's adjustment of his monthly retirement annuity in response to its discovery that non-pensionable earnings were included in his FAC calculation.

Mr. Eric Glaub, Claims Division Manager, informed the Committee at its July meeting that Mr. Bouton had asked to defer his case until he is able to attend the hearing in person. Mr. Bouton did not attend the August meeting, and his case was again deferred.

Mr. Glaub reminded the Committee that Mr. Bouton had requested a formal hearing that would be scheduled as soon as logistically possible.

Mark Ippolito – Appeal of SSA Award Overpayment – Deferred

Mark Ippolito has been receiving a SERS nonoccupational disability benefit since June 29, 2017.

In June 2021, SERS was notified Mr. Ippolito was approved for a retroactive Social Security Administration (SSA) disability benefit effective December 1, 2018, for \$1,684.00 per month. The retroactive SSA disability benefit created an overpayment of SERS nonoccupational disability benefits totaling \$52,204 for the period from December 1, 2018, through June 30, 2021. The overpayment is due in accordance with Section 14-125 of the Illinois Pension Code (40 ILCS 5/14-125), which specifies that a member's nonoccupational disability benefit is to be reduced by the amount of the

primary benefit the member would be eligible to receive under the federal Social Security Act.

SERS sent Mr. Ippolito a notification letter on July 1, 2021, to explain the calculation of the overpayment and amount due. The outstanding balance remains in full.

Mr. Ippolito is appealing the full overpayment amount.

Mr. Glaub informed the Committee that conversation with Mr. Ippolito was ongoing regarding the possibility of retroactive retirement.

Dominic Romanazzi – Request to Establish Service Credit for Leave of Absence with a Statewide Labor Organization Exceeding One Year – Recommendation

Mr. Dominic Romanazzi is an inactive member who began a leave of absence from the Department of Transportation in April of 1998. At that time, he began employment with a labor organization that represents SERS members. Since taking leave, Mr. Romanazzi has not returned to service with the State.

Mr. Romanazzi inquired about purchasing service credit for this leave of absence under subsection (l) of Section 14-104 of the Illinois Pension Code (40 ILCS 5/14-104(l)). This provision allows a member to purchase SERS service credit “. . . for periods of less than one year spent on authorized leave of absence from service, provided that (1) the period of leave began on or after January 1, 1982, and (2) any credit established by the member for the period of leave in any other public employee retirement system has been terminated.” Mr. Romanazzi contends that he has been on multiple separate one-year leaves of absence with IDOT since 1998 and that he should be eligible to purchase every leave going back to April of 1998. Furthermore, he contends that a response was provided from a SERS employee that indicated he could purchase such leaves in this manner.

Mr. Romanazzi recognizes that, if he is denied the ability to purchase every leave extension period since 1998, he is still permitted under subsection (l-5) of Section 14-104 of the Illinois Pension Code (40 ILCS 5/14-104(l-5)) to purchase service credit for up to two years spent on authorized leave of absence with a statewide labor organization that represents SERS members. Staff agrees that the statute supports his position, and on July 8, 2021, the cost to establish such service credit was provided to Mr. Romanazzi. When calculating the cost, staff determined that interest would be charged from the date that his leave of absence from the State's payroll commenced (April of 1998).

Upon receiving the cost to establish the service, Mr. Romanazzi contended that the interest component was calculated in error, and that every time his leave of absence was extended represents a separate one-year leave of absence, and that the interest should be charged going back to the two most recent periods his leave of absence was extended. The relevant statutory provision provides that interest is to be calculated

from the beginning of the leave of absence to the date of payment. *See* 40 ILCS 5/14-104 (1-5).

Staff researched Mr. Romanazzi's leaves through the State's personnel system. According to the personnel system, IDOT extended his original leave of absence on the following dates:

- 4/15 from 1999-2001
- 4/16 in 2002
- 4/17 in 2003
- 4/18 in 2004
- 4/17 from 2005-2008
- 4/18 from 2009-2021

Mr. Romanazzi appealed to the Executive Committee to either (i) grant his appeal to purchase every period following the date his leave of absence was extended dating back to April of 1998 or (ii) approve the calculation of his cost to establish two years of service credit under subsection (1-5) of Section 14-104 of the Illinois Pension Code by charging interest from the start of the period for which service credit would be granted (rather than the date that his leave of absence commenced).

After hearing Mr. Romanazzi present his case at their September meeting, the Committee decided to refer the case to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2021-14 to deny Mr. Romanazzi's appeal. Following a review of the case and some discussion, Chairperson Becker moved to adopt Recommendation No. 2021-14. The motion was seconded by Executive Secretary Blair and passed unanimously.

David Booker – Appeal of Adjustment to Monthly Pension Benefit Amount – Recommendation

David Booker retired February 1, 2016. His pension required review because additional contributions were posted from back wages paid out by his former agency.

During the review, it was determined that Mr. Booker's final average compensation (FAC) had been calculated incorrectly at retirement as a consequence of his employing agency's inclusion of \$61,082.28 in non-pensionable lump-sum payments for holidays in its initial reporting of his compensation.

However, lump-sum salary payments for holidays are not pensionable under Article 14 of the Illinois Pension Code, so the agency should not have withheld retirement contributions on those payments to Mr. Booker. *See* 40 ILCS 5/14-103.10 and 14-103.12. Consequently, the System must refund the excess contributions (\$5,191.99) to Mr. Booker and recalculate and adjust his monthly pension benefit in accordance with Section 14-148.1 of the Illinois Pension Code (40 ILCS 5/14-148.1).

When the System performed that recalculation, it resulted in a lower final average compensation than the System had originally used to calculate Mr. Booker's pension at retirement. Consequently, the System determined that Mr. Booker's monthly pension benefit had been overpaid by \$59,994.35. However, since the mistake was undiscovered for more than 3 years and was not caused by incorrect information he supplied, the overpayment was not required to be repaid by Mr. Booker. Instead, his monthly pension was adjusted to the correct level as required under Section 14-148.1 of the Illinois Pension Code.

Mr. Booker is appealing the adjustment to his monthly pension amount.

After hearing Mr. Booker present his case at their September meeting, the Committee decided to refer the case to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2021-13 to deny Mr. Booker's appeal. After review of the case and some discussion, Executive Secretary Blair moved to adopt Recommendation No. 2021-13. The motion was seconded by Chairperson Becker and passed unanimously.

New Business

Mona Noriega – Revoke Election to Participate in SERS

Mona Noriega was appointed by the Governor to serve a term beginning on June 3, 2021, as a Human Rights Commissioner. Human Rights Commissioners are appointed by the Governor with the advice and consent of the Senate. *See* 775 ILCS 5/8-101(A). Ms. Noriega had the option under either subdivision (b)(3) or subsection (d) of Section 14-103.05 of the Illinois Pension Code to accept or decline participation in SERS during her term as a commissioner. Ms. Noriega elected to participate in SERS for the duration of her service as a commission member.

On September 29, 2021, Ms. Noriega indicated that she intended to decline to participate in SERS and requested to revoke her election to participate in SERS. It should be mentioned that Title 80, Section 1540.360 of the Illinois Administrative Code (80 Ill. Admin. Code 1540.360) provides that an election to be considered an employee under subdivision (b)(3) of Section 14-103.05 of the Illinois Pension Code (40 ILCS 5/14-103.05(b)(3)) is irrevocable for all periods during which the person is serving at the appointment of the Governor with advice and consent of the Senate.

After discussing the facts of the case, a motion was made by Executive Secretary Blair to approve Ms. Noriega's appeal. The motion was seconded by Chairperson Becker and passed unanimously.

Winona Buckner – Appeal of Overpayment Repayment Terms

Ms. Buckner was approved for a nonoccupational disability benefit from SERS effective November 13, 2019. Her benefit ceased March 31, 2021, due to failure to return the

semiannual certification of disability required under Title 80, Section 1540.80 of the Illinois Administrative Code (80 Ill. Admin. Code 1540.80).

Ms. Buckner was discharged for cause from the Department of Human Services (DHS) on May 1, 2020. Following the termination, she filed a grievance with the Civil Service Commission, and the decision resulted in her favor. In June 2021, SERS was notified that the Civil Service Commission had ordered DHS to pay Ms. Buckner her full salary from June 1, 2020, through April 15, 2021. The retroactive agency pay created an overpayment of SERS disability benefits totaling \$38,050.00 from June 1, 2020, through March 31, 2021.

In September 2021, SERS was notified that Ms. Buckner was approved for a retroactive Social Security Administration (SSA) disability benefit effective December 1, 2019. The retroactive benefit created an overpayment of SERS disability benefits totaling \$11,940.00 from December 1, 2019, through May 31, 2020. Ms. Buckner returned to agency payroll June 1, 2020.

SERS sent Ms. Buckner a notification letter on June 21, 2021, and September 22, 2021, explaining the calculations of the overpayments and the total amount due. The combined current balance is \$43,990.00.

Ms. Buckner retired effective June 1, 2021. The Overpayment Section is to deduct half of the member's gross benefit to be applied against the overpayment owed to SERS.

Ms. Buckner's monthly gross retirement annuity is \$3,701.01. Ms. Buckner also receives \$2,048.00 per month from SSA. Half of the gross benefit is \$1,850.50 per month to apply to the overpayment, leaving a net of \$3,885.51. Under the required repayment plan, the overpayment will be paid in 24 months (2 years). Ms. Buckner has requested a payment plan of \$500.00 per month in which the overpayment will be paid in 88 months (7 years, 4 months).

After a review of the case and some discussion, a motion was made by Executive Secretary Blair to deny Ms. Buckner's appeal. The motion was seconded by Chairperson Becker and passed unanimously.

Carol Barry – Reinstatement of Written-off Account for Refund of Contributions

Carol Barry's account was written off in June 2017. Ms. Barry is requesting a refund of her SERS contributions. The Claims Division is requesting that the Executive Committee approve reinstatement of Ms. Barry's account so the requested refund may be processed.

After a brief discussion, Executive Secretary Blair moved to approve the reinstatement of Ms. Barry's account. The motion was seconded by Chairperson Becker and passed unanimously.

Deborah Stone – Appeal to Receive Survivor Contribution Refund after Retirement

Deborah Stone retired June 1, 2021. She completed her application stating she was divorced with one dependent and did want to receive the survivor contribution refund. The refund was not issued to her because she listed a dependent child.

Ms. Stone is appealing to receive the survivor contribution refund after retirement.

After discussing the facts of the case, a motion was made by Executive Secretary Blair to deny Ms. Stone's appeal. The motion was seconded by Chairperson Becker and passed unanimously.

Byron Johnson – Appeal to Receive Survivor Contribution Refund after Retirement

Byron Johnson retired June 1, 2021. He completed his application stating he was married with two dependent children and did want to receive the survivor contribution refund. The refund was not issued because he listed a spouse and dependent children.

Mr. Johnson is appealing to receive the survivor contribution refund after retirement.

After discussing the facts of the case, a motion was made by Executive Secretary Blair to deny Mr. Johnson's appeal. The motion was seconded by Chairperson Becker and passed unanimously.

Gladys Quinones – Appeal to Receive Survivor Contribution Refund after Retirement

Gladys Quinones retired November 1, 2018. She completed the application stating she was single with no dependent children and did not want to receive the survivor contribution refund.

Ms. Quinones is appealing to receive the survivor contribution refund after retirement.

After discussing the facts of the case, a motion was made by Executive Secretary Blair to deny Ms. Quinones' appeal. The motion was seconded by Chairperson Becker and passed unanimously.

There being no further business to be brought before the Committee, the meeting adjourned at 9:38 a.m.

The next meeting of the Executive Committee is scheduled for November 10, 2021, in the System's Springfield office.

Marvin Becker, Chairperson

Timothy Blair, Executive Secretary