

MINUTES  
OF THE MEETING OF  
THE EXECUTIVE COMMITTEE  
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS  
April 10, 2014

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, April 10, 2014 at 8:30 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members Present:

Loren Iglarsh, Chairperson  
Lori Laidlaw, Vice Chairperson  
Timothy Blair, Executive Secretary

Others Present:

Steve Bochenek, Attorney  
Kathy Yemm, Manager, Claims Division  
Don Williams, Supervisor, Disability Section  
Kerry Walker, Disability Section  
Michael Noblet, Supervisor, Pension and Death Section  
Cory Mitchell, Pension and Death Section  
Joseph Maggio, Manager, Service & Refunds Division  
Jennifer Staley, Recording Secretary

Minutes of the Previous Meeting

The minutes of the March 6, 2014 meeting of the Executive Committee were presented by Chairman Iglarsh for approval. Copies of the minutes were previously mailed to Committee members for review. There being no additions or corrections, on motion by Chairman Iglarsh and seconded by Vice Chairperson Laidlaw, and by unanimous vote, the minutes were approved as submitted.

Routine Claims & Denial Report

The Routine Claims and Denials Report for the month of March, 2014 were presented. Following review and discussion, the Routine Claims and Denials Report for the period of March, 2014, as prepared by staff, was received by the Executive Committee.

## Old Business

### Alice Short – Occupational Disability

Alice Short works for a state agency and was granted a medical leave of absence. Ms. Short's claim for disability benefits was denied based on a review of medical documentation.

Alice Short had a personal hearing at the February 6, 2014 meeting, represented by her attorney Steven W. Berg, to appeal the denial of occupational disability benefits.

Based on her job duty descriptions, our medical consultant did not find Ms. Short to be disabled from performing the duties of her job. Ms. Short claims the Job Duty Statement was not completed accurately.

At the February 6, 2014 meeting, Ms. Short's appeal was deferred and it was decided that SERS would request a new job duty statement from Ms. Short's supervisor and set up another evaluation with the System's medical consultant using the new job duty statement.

SERS received an updated job duty statement and it was sent to our medical consultant for review. Ms. Short's agency indicated that help is available to her for heavy and above the shoulder lifting. Our medical consultant reviewed the updated job description and the agency's willingness to provide assistance when needed and opined she could return to work. It was agreed that Attorney Berg will be given an opportunity to depose our medical consultant.

This matter was deferred by the Committee.

### David Harris

David Harris worked at the Department of Financial and Professional Regulations before he retired. The System previously denied Mr. Harris' request to be allowed to retire under the alternative formula. Mr. Harris appealed to the circuit court and this matter was remanded to the System for additional consideration.

Mr. Rhine, Mr. Harris' attorney, is requesting a pre-hearing conference for Mr. Harris. Our attorney, Steve Bochenek, advised Mr. Rhine that such a conference could be set up either at our Springfield office or via video conference with Chicago. Mr. Rhine was advised to contact Mr. Bochenek with suggested dates.

The Committee agreed that there is no further action to take until the pre-hearing conference requested by attorney Rhine is scheduled.

This matter was deferred by the Committee.

### Kathleen Dechenne – Disability Overpayment

Kathleen Dechenne is requesting a reduced payment plan for her overpayment of her non-occupational disability benefit. Ms. Dechenne received a retroactive social security award with benefits beginning October 2009. At the March 2014 meeting the Committee directed the staff to reach out to Ms. Dechenne asking if she would agree to retroactively retire, which would reduce her overpayment.

Ms. Dechenne agreed to retirement effective November 1, 2011 and requested a \$300.00 per month payment plan.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the retroactive pension and a \$300.00 per month payment plan. Vice Chairperson Laidlaw seconded the motion and all were in favor.

### Policy - Survivor Issue Regarding Step-children

This issue arose from a case involving a member who had two natural children with his wife, but the wife also had a child from a prior marriage who the member also helped raise, but had never adopted. The mother passed away more than a year before the member died. At the time of the member's (father) death, it was questioned whether the System would be liable to pay the "step-child" a survivor's annuity.

At the March Executive Committee meeting, our attorney, Steve Bochenek, stated that currently there was no definition in the Act of step-child. Legally, there would be no right of the step-child to inherit after death without adoption, as there was no legal relation. He also stated we may need to adopt a policy or clarification for use in future similar cases. He will research this area for the next meeting.

The Executive Committee directed staff to go ahead and pay the natural children a smaller survivor's annuity as if it was being divided among all the children (including the step-child), then the System could adjust the payment after a final determination was made.

At the April meeting Attorney Bochenek stated that the laws don't define the child as a stepchild anymore as there is no longer a legal relationship between the two. Attorney Bochenek will draft up a policy for review at the May meeting.

Chairman Iglarsh made the motion to only pay the natural children the survivors annuity. Vice Chairperson Laidlaw seconded the motion and all were in favor.

## New Business

### Brenda Books – Occupational Disability 12 month waiver

Brenda Books works as a Seed Analyst I for the Department of Agriculture. She last worked on September 16, 2011. She began a service connected leave of absence on September 30, 2011. Ms. Books was laid off on October 31, 2011 and reemployed on December 7, 2011. She was paid TTD for this time period.

Ms. Books' claim for disability benefits was denied due to failure to apply for the benefit within the 12 month filing period.

Ms. Books has requested a written appeal of the denial of her occupational disability due to the 12 month filing limitation.

Following a review of the file and some discussion, Vice Chairperson Laidlaw moved approval of the appeal of Brenda Books. Chairman Iglarsh seconded the motion and all were in favor.

### Howard Crow – Occupational Disability 12 month waiver

Howard Crow worked as a Mental Health Tech II for Jacksonville Developmental Center; he last worked on April 4, 2012. He began a service connected leave on April 4, 2012. He was paid TTD for this time period.

Mr. Crow's claim for disability benefits was denied due to failure to apply for the benefit within the 12 month filing period.

Mr. Crow has requested a written appeal of the denial of his occupational disability due to the 12 month filing limitation.

Following a review of the file and some discussion, Vice Chairperson Laidlaw moved approval of the appeal of Howard Crow. Chairman Iglarsh seconded the motion and all were in favor.

### George Fernandez – Nonoccupational Disability 90 day rule waiver

George Fernandez works as a Correctional Sargent for Decatur Correctional Center. He last worked on May 12, 2008. He began a medical leave on May 15, 2008 and returned to work June 23, 2008.

Mr. Fernandez's application for disability benefits was not received within the 90 day filing period.

He has requested a written appeal of the 90 day filing limitation for disability benefits. Information was received with the appeal which lists the reasons the employee failed to file on a timely basis.

Following a review of the file and some discussion, Vice Chairperson Laidlaw moved approval of the appeal of George Fernandez. Chairman Iglarsh seconded the motion and all were in favor.

#### Debra Settles – Occupational Disability 12 month waiver

Debra Settles worked as a supervisor for Jacksonville Developmental Center. She last worked on October 24, 2012. She began service connected leave of absence on October 25, 2012. She was paid TTD for this time period. Ms. Settles' claim for disability benefits was denied due to failure to apply for the benefit within the 12 month filing period.

Debra Settles has requested a written appeal of the denial of her occupational disability due to the 12 month filing limitation. Information was received with the appeal request which lists the reason the employee failed to file on a timely basis.

Following a review of the file and some discussion, Vice Chairperson Laidlaw moved approval of the appeal of Debra Settles. Chairman Iglarsh seconded the motion and all were in favor.

#### Kathleen Wilson – Nonoccupational Disability 90 day rule waiver

Kathleen Wilson works as an Office Associate for DCFS. She stopped working on December 9, 2012 and began a medical leave of absence on December 11, 2012. She has not returned to work.

Kathleen Wilson was mailed a nonoccupational disability packet in December of 2012. She then filed for workers' compensation benefits; which she was subsequently denied. She notified SERS on January 4, 2014 that she is not appealing her workers' compensation claim and is requesting nonoccupational disability benefits. Since she did not return her application within 90 days, her disability application has been denied.

She has requested a written appeal of the 90 day filing limitation for disability benefits. Following a review of the file and some discussion, Vice Chairperson Laidlaw moved approval of the appeal of Kathleen Wilson. Chairman Iglarsh seconded the motion and all were in favor.

#### Phinez Roulds – Social Security offset overpayment

Phinez Roulds retired from SERS effective February 1, 2014. Prior to retirement, Mr. Roulds received SERS' nonoccupational disability benefits from November 17, 2009 through his half time cease date of January 31, 2014. During a disability review, it was discovered that Mr. Roulds should have had a social security offset reduction applied to his monthly SERS disability benefit as of June 1, 2010, resulting in an overpayment.

Mr. Roulds is appealing a reduced repayment plan of \$300.00 per month.

After a review of the information and some discussion, Vice Chairperson Laidlaw moved denial of Mr. Roulds' appeal of a \$300.00 repayment plan and made the motion to approve a \$500.00 per month repayment plan, seconded by Chairman Iglarsh. All were in favor.

### Richard Ryan – SS offset removal

Richard Ryan worked for a state agency and elected the social security offset at the time of retirement.

The Committee finds that Richard Ryan began receiving his retirement annuity effective October 1, 2002 and elected the social security offset removal in 2009 when this option became available, thereby reducing his pension.

Richard Ryan is requesting a written appeal to remove the social security offset as his spouse did not pay into social security. Due to the Government Pension Offset, she is not eligible to receive any money from social security as a widow, making the social security offset removal unnecessary. He is also asking to be paid back for the deductions made.

After a review of the case and some discussion, Vice Chairperson Laidlaw moved to remove the social security offset going forward; however, no refund for the previous deduction. Chairman Iglarsh seconded the motion and all were in favor.

### Michael Campbell – Pension – Death Claim

Staff was asking for direction in paying a death claim on behalf of Michael Campbell. Mr. Campbell listed Joni Campbell as his wife, Eli Campbell as his son on the Membership Record; however, when he completed the beneficiary form he listed Eli Campbell “wife” as his primary beneficiary and Eli Campbell “son” as his secondary beneficiary. This was obviously an error and staff requested approval to treat Joni as the sole primary beneficiary.

Following review of the file, the Committee agreed that this was an obvious error and to go ahead and pay the wife as the primary beneficiary.

### Margaret Bonczyk – Pension – Staff Request

The Claims Division is requesting guidance regarding the staffs’ prior decision regarding an overpayment of benefits.

Margaret Bonczyk is currently receiving a retirement annuity from SERS. Through a review of her file, it was discovered that an adjustment paid to her for furlough days was calculated in error. This error created an overpayment for the period January 1, 2012 through December 31, 2013 in the amount of \$1,657.92.

The retirement annuity for January 2014 was reduced to the correct gross amount and included the 2014 cost of living increase.

The Claims Division, on behalf of Margaret Bonczyk, requested that the overpayment of \$1,657.92 be waived.

Steve Bochenek, SERS’ attorney, stated that the 35 day time limit has expired and at this time SERS cannot adjust benefit errors created by staff.

Following review of the file and some discussion, Chairman Iglarsh moved to waive the overpayment and do not adjust the pension prospectively. Executive Secretary Blair seconded the motion and Vice Chairperson Laidlaw was not in favor.

#### Patricia Hickey – Vouchering

SERS is requesting guidance from the Committee regarding the repayment contract to determine if SERS can collect the remaining balance of the overpayment from her husband's survivor benefits.

Patricia Hickey incurred an overpayment of pension when she retired under the Level Income option effective February 1, 2010. The overpayment covered the period of February 1, 2010 through December 31, 2013 in the amount of \$10,084.86.

Patricia Hickey's benefits were adjusted and she signed a contract to have a monthly offset of \$215.00 deducted from her check. Mrs. Hickey passed away on March 14, 2014, leaving a remaining overpayment balance of \$9,654.86.

Patricia Hickey was married at the time of retirement and her surviving spouse would be eligible to receive a monthly survivors' benefit payment.

Per SERS' attorney, Steve Bochenek, the Repayment Contract states "not to use any other means to recover that amount"; therefore, SERS cannot collect any further money and the survivor benefit would be paid correctly as a "new" calculation.

Attorney Bochenek advised SERS to consider rewording future contracts to include language that allows SERS to recover a member overpayment from survivor benefits.

#### Tol Hankins – Vouchering

The Claims Division is requesting guidance from the Committee to determine if SERS should retain the right to recover a member's overpayment from ongoing survivor benefits, or if this account should be written-off as uncollectible debt.

Following a review of the file, the Committee agreed to write-off the account as uncollectible debt.

Attorney Bochenek advised SERS to consider rewording future contracts to include language that allows SERS to recover a member overpayment from survivor benefits.

#### Donna Hunt – Vouchering (Ask Kathy about description vs. Agenda)

The Claims Division is requesting guidance from the Committee to determine if SERS should retain the right to recover a member's overpayment from ongoing survivor benefits, or if this account should be written-off as uncollectible debt.

Prior to her retirement, Donna Hunt was the recipient of nonoccupational disability benefits from SERS. While on disability Ms. Hunt received retroactive social security disability benefits.

Although Ms. Hunt was provided advance notification of the possibility of an overpayment, she was unresponsive to SERS' requests for reimbursement of the social security award overpayment. Due to no response, effective August, 2007 SERS began applying her reduced gross disability benefit of \$555.00 to the overpayment. Ms. Hunt then cooperated by signing a repayment contract agreeing to allow the gross of any monthly benefit and any lump sum paid from SERS to be applied to the overpayment. The disability benefit continued to be applied toward the overpayment through July, 2010, at which time Ms. Hunt signed a waiver to stop future disability benefits and begin receiving SERS retirement benefits effective August 1, 2010. At that time, SERS modified her repayment agreement to one half the gross of future benefits in order to allow her State of Illinois group insurance, tax deductions, and some funds for living expenses.

Ms. Hunt passed away on October 18, 2011. Since Ms. Hunt had an eligible (minor child) survivor, no lump sum was payable. As of the final pension check issued in October 2011, the remaining balance of the overpayment was \$19,808.11.

The member's survivor is currently 18 years old. Her total monthly gross student survivor benefit is \$1,170.88.

Attorney Bochenek advised SERS to consider rewording future contracts to include language that allows SERS to recover a member overpayment from survivor benefits.

#### Montie Newell – Reinstatement – Member Requesting Refund

Montie Newell received a back wage adjustment. Contributions in the amount of \$6.91 were written off on September 25, 2013. Mr. Newell is requesting his account to be reinstated so that a refund may be paid.

After review of the file and some discussion, Vice Chairperson Laidlaw moved approval of the appeal of Montie Newell for reinstatement of account. The motioned was seconded by Chairman Iglarsh and all were in favor.

#### William Bettorf – 30 Day Repayment Deadline

The Service and Refunds Division is requesting guidance on how to handle the inquiry from Carolyn Sanders, Power of Attorney.

William Bettorf received a refund from the State Employees' Retirement System. Carolyn Sanders, Mr. Bettorf's POA, requested that Mr. Bettorf's refund be cancelled and his account be reinstated so he could receive disability benefits. This was approved at the January 8, 2014 Executive Committee meeting, providing that Mr. Bettorf paid back the money within 30 days of our billing notice.

Ms. Sanders, on behalf of Mr. Bettorf, is protesting our request for the repayment of the refund within 30 days and requesting financial information on benefits available to William Bettorf.

Steve Bochenek, SERS' attorney, suggested Joseph Maggio, manager of the Service and Refunds Division, respond to Ms. Sanders providing her information regarding the different financial scenarios.

John Hartnett – Level Income – RTW

John Hartnett originally retired May 1, 2003 electing the Level Income Option and subsequently returned to work September 4, 2012. Upon his return, SERS refunded his ERI contributions and adjusted his service credit. Mr. Hartnett is currently working and is contemplating retiring again.

The Pension Division is seeking advice as to whether his “second” retirement would be calculated using the Level Income Option.

Tim will send the facts of the case to Steve Bochenek, SERS’ attorney, for review and consideration of policy changes.

There being no further business to be brought before the Committee, the meeting was adjourned at 11:15 a.m.

The next meeting of the Executive Committee is scheduled for Thursday, May 8, in the Springfield office, with video conferencing in Chicago.

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Loren Iglarsh  
Chairman

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Lori Laidlaw  
Vice Chairperson

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Timothy Blair  
Executive Secretary