

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
April 14, 2016

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, April 14, 2016 at 8:30 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members:

Loren Iglarsh, Chairperson
David Morris, Vice Chairperson
Timothy Blair, Executive Secretary

Others Present:

Emily Reid-Peterson, SERS Attorney
Jeff Houch, Assistant Executive Secretary
Kathy Yemm, Claims Manager
Don Williams, Supervisor, Disability Section
Kerry Walker, Disability Section
Cory Mitchelle, Pension and Death Section
Joe Maggio, Service and Refunds Manager
Jennifer Staley, Recording Secretary
Charles DeVriendt, Claimant
Cynthia Hogueisson, Claimant

Minutes of the Previous Meeting

The minutes of the March 10, 2016 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 Vice Chairperson Morris and seconded by Executive Secretary Blair, 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, 2016 was presented. Following review and discussion, the Routine Claims and Denials Report for the period of March, 2016, as prepared by staff, was reviewed and received by the Executive Committee.

Old Business

Pamela Wendt – Gainful Employment - Deferred

Pamela Wendt was present at the February Executive Committee to appeal her suspension of occupational disability benefits due to gainful employment. Pamela Wendt worked for Kevin Elliot Counseling and exceeded the quarterly earnings limit of \$2,490.00 in the 4th quarter of 2013 and the 1st quarter of 2014.

Ms. Wendt's gainful employment did not show up on the October 2014 IDES report. The April 2015 IDES report reflected a possible gainful employment for Ms. Wendt. Disability began the process of collecting paystubs April 15, 2015. We eventually received paystubs July 2015 and determined Ms. Wendt had exceeded the 4th quarter of 2013 by \$565 and the 1st quarter of 2014 by \$401, for a total of \$966. A disability Earnings Agreement was sent to her on July 15, 2015, which she signed and returned to SERS July 29, 2015. The \$966 was collected by Vouchering.

A review of the October 2015 IDES report indicated no earnings for Ms. Wendt. Our internal auditor did research on Ms. Wendt and it was determined she had started her own counseling business. Further research revealed Ms. Wendt had at least exceeded the \$2,490 limit the 3rd quarter of 2014 and the 2nd and 3rd quarter of 2015 from billings to Health Alliance alone. These earnings do not reflect any income she may have made through billing other insurance companies or cash billings to clients.

Occupational benefits have been suspended as of November 1, 2015. If disability benefits are suspended retroactively to April 1, 2015, there will be an overpayment in the amount of \$19,559.68.

Ms. Wendt said she works for, but does not own, a counseling company called Creative Solutions. It is a family owned business and she is the sole contractor of the business and earns \$2,000 per quarter. She stated it may appear she makes more due to when the billing actually goes through for payment.

In order to better understand the whole situation, SERS asked Ms. Wendt to send in any information that will support her claim, and to supply SERS with 2015 corporate and individual tax records. The case will be deferred until we receive such information.

Ms. Wendt sent in additional information for the April Executive Committee meeting and after some discussion the case was referred to SERS' attorney, Steve Bochenek, to review for a Recommendation. There was a consensus of the Executive Committee that the Recommendation should address gainful employment for the period beginning after Ms. Wendt's execution of the Earnings Agreement on July 29, 2015 through November 1, 2015.

Cynthia Hogueisson – Half Time Ceasing Date and Overpayment

Upon checking the half time ceasing tickler (60 days prior to the ceasing date) it was discovered the system generated an incorrect ceasing date as January 9, 2016. The correct half time ceasing date was April 30, 2015.

Ms. Hogueisson's benefits were stopped November 1, 2015. This has created an overpayment of \$15,206.25.

During the course of Ms. Hogueisson's disability she was sent an income verification letter that gave a ceasing date of October 31, 2016.

Ms. Hogueisson has been sent a letter explaining how half time ceasing dates are calculated.

Ms. Hogueisson appeared before the April Executive Committee to appeal the overpayment of her disability.

After some discussion, the Executive Committee deferred the case pending receipt of documentation from Ms. Hogueisson reflecting costs incurred from May 1, 2015 through November 1, 2015, and pending general information from SERS' attorney, Steve Bochenek, concerning the Pension Code.

Derrek Fromm – Service - Recommendation

Derrek Fromm was present for a personal appeal before the Executive Committee at the February meeting. Mr. Fromm was coded wrong by his agency under the regular formula, as opposed to the alternative formula. The error was subsequently corrected; however, our billing letters were calculated as if he was under the regular formula. When the errors were discovered, we billed Mr. Fromm for the additional money due for the alternative formula. He contends that he should not have to pay the additional contribution and interest for the military service credit (48 months) for which he was billed.

The case was referred to our attorney, Steve Bochenek, for a Recommendation.

At the March, 2016 meeting, Attorney Bochenek presented a Recommendation No. 2016-02 for the Committee to deny the appeal of Derrek Fromm as to his request that he be entitled to 4 years of military service credit under the alternative formula when the military service credit was purchased at regular formula rates.

After some discussion, Executive Secretary Blair moved to adopt Recommendation No. 2016-02, seconded by Vice Chairperson Morris. All were in favor. The Service and Refunds manager was to provide the options available to Mr. Fromm.

Mr. Fromm wished to be on the agenda for the April, 2016 Executive Committee meeting to appeal the earlier decision to deny his request for military service credit. After some discussion, it was agreed that there was no new information provided for an appeal and the case was closed. The Service and Refunds manager will send Mr. Fromm a letter to this effect.

Patricia Hunter – Disability Overpay/Social Security

At the August 13, 2015 Executive Committee meeting Ms. Hunter appeared with her CPA, Mario Perrino. Ms. Hunter was appealing to the Executive Committee to have her monthly payback amount again decreased.

Ms. Hunter will be eligible for a pension January 2017. Her pension will be less than her disability benefit but Social Security disability will not be offset.

After listening to Ms. Hunter and Mr. Perrino, the Executive Committee voted to put a 6 month hold on collecting Ms. Hunter's overpayment to give her time to get her expenses in order.

Shortly after the August meeting Ms. Hunter began receiving Social Security disability. She did not inform SERS she was again receiving Social Security benefits. This has created an additional overpayment of \$1,897.00 a month from July 2015 through February 2016.

Beginning with her March 2016 benefit check, deposited on April 19, 2016, SERS will begin offsetting Ms. Hunter's nonoccupational check, resulting in a gross monthly benefit of \$1,598.00. SERS will also begin deducting \$1,148.00 per month to satisfy the overpayment. This will allow the overpayment to be paid back in 60 months.

A letter dated March 23, 2016 was sent to Ms. Hunter and her representative Mario Perrino detailing the offset and the payback amount. Ms. Hunter has 30 days to appeal. At this time we have not received anything from Ms. Hunter or her representative.

New Business

Charles DeVriendt – Opt out of Pension

Charles DeVriendt had a personal appeal with the Executive Committee requesting to opt out of the System. Mr. DeVriendt was appointed as Commissioner of the Illinois Workers' Compensation Commission effective October 16, 2011 and was reappointed March 1, 2016. The Governor Appointees do not have the option if they are reappointed to the same position.

Mr. DeVriendt explained his employment chain of events. After the committee discussed the case, it was referred to our attorney, Steven Bochenek, for a Recommendation.

Craig Tribbet – Occ – Waive 12 Month Filing Period

Craig Tribbet works as a Correctional Dietary Food Supervisor II for the Department of Corrections. He last worked on January 13, 2015. He began a service connected leave on January 5, 2015 due to an injury at work and returned to work on January 6, 2016.

Mr. Tribbet is appealing to the Executive Committee that the 12 month filing limitation be waived.

After some discussion, a motion was made by Executive Secretary Blair to approve Mr. Tribbet's appeal to waive the 12 month filing limitation, seconded by Chairman Iglarsh. All were in favor.

John Schuster – Occ – Waive 12 Month Filing Period

John Schuster worked as a Corrections Nurse I for the Illinois Department of Corrections at Dwight Correctional Center. He was injured at work on April 7, 2009 and stopped work on July 5, 2009. He began a service connected leave of absence on August 1, 2009 due to his injury. He was paid TTD benefits from IWCC for the period of August 1, 2009 until May 15, 2010, and returned to work on May 5, 2010.

Mr. Schuster is appealing the one year filing limitation. He is interested in receiving occupational benefits, as well as contributions toward his pension for a closed period of August 1, 2009 through May 4, 2010.

After some discussion, a motion was made by Chairman Iglarsh to approve Mr. Schuster's appeal of the 12 month filing period, as well as contributions toward his pension for a period of August 1, 2009 through May 4, 2010. The motion was seconded by Executive Secretary Blair. All were in favor.

Kathleen Cummings – Temporary Disability

Kathleen Cummings works as an Executive I for the Illinois Department of Human Services, Human Capitol Development Agency. She last worked on January 13, 2014, the date she was injured at work. She began a service connected leave of absence effective January 22, 2014.

Kathleen received TTD benefits from IWCC for the period of January 22, 2014 through November 25, 2014, and occupational disability benefits from SERS for the same time period. Tristar stopped her TTD benefits on November 25, 2014; therefore, her SERS occupational benefit was also ceased. Member's attorney filed a 19B and consequently Tristar began paying her TTD benefits again for the March 5, 2015 through March 3, 2016 time period, allowing SERS to pick her back up and pay her occupational disability benefits effective for the same time period.

This member has never returned to work and is trying to pursue her pension; however, was informed that she has a 4 month gap where she did not receive pension contributions. Member is asking the Executive Committee to waive the 12 month filing time period so that she may apply for a temporary benefit for the November 26, 2014 through March 4, 2016 time period.

After some discussion, a motion was made by Chairman Iglarsh to approve Kathleen Cummings' appeal of the 12 month filing period, seconded by Vice Chairperson Morris. All were in favor.

Veronica Alejandro – Waiver of Survivor Benefit

Reynalda Alejandro was an active state employee who died on July 29, 2012. She was survived by her spouse, Benito, and three minor children.

When the middle child, Veronica, turned 18 years old she did not return her application and student certification to begin a benefit on her own record. At this time the benefit should have been split between her older brother, who was receiving a benefit on his own, and her father, who was receiving a benefit for himself and now one remaining minor child.

This created an overpayment of survivor benefits to the member's spouse, Benito, in the amount of \$990.36.

Veronica has been a full time student since her 18th birthday. She is requesting to waive the portion that would have been paid to her, but was instead overpaid to Benito. This would remove the overpayment for her father.

After discussing the case, a motion was made by Chairman Iglarsh to approve the waiver of survivor benefits by Veronica Alejandro, seconded by Executive Secretary Blair. All were in favor.

Chris Whitaker – Wants to Retire Reciprocally

Chris Whitaker retired January 1, 2016. He did not choose reciprocity on his pension application. Mr. Whitaker is asking to have his pension calculated reciprocally with the Teachers' Retirement System. There would be no change to his benefit amount from SERS.

After some discussion, a motion was made by Executive Secretary Blair to approve Mr. Whitaker's pension to be calculated reciprocally, seconded by Vice Chairperson Morris. All were in favor.

Marie Mealman – Opinion Needed Regarding Year of Birth

Marie Mealman retired effective June 1, 2008. She chose the level income option for age 66 years of age.

Ms. Mealman recently contacted SERS because she had discovered her year of birth was incorrect. At the time of her application for retirement, the Certification of Birth on file for Ms. Mealman showed a date of birth of September 5, 1951. This document certified that the information was correct based on the original document on file at Vital Statistics. Ms. Mealman recently received a copy of her actual birth certificate on file and this document states she was born on September 5, 1953. Ms. Mealman spoke to Pension staff employee Neal Young and advised she always believed she was born in 1951. In 1974 Ms. Mealman completed a Membership Record and wrote her year of birth as 1951. The statement from Social Security that SERS used for level income purposes also shows a year of birth of 1951.

Due to the change in the year of birth, the additional amount provided to Ms. Mealman from the level income option is incorrect. This would create an overpayment of \$9,866.29. With continuing to use a 1951 date of birth, her pension would be reduced in 2017 for level income. If we use a 1953 year of birth, her pension would be reduced in 2019 for level income.

In addition, Marie Mealman receives a survivor annuity from her deceased husband, Timothy Mealman. Ms. Mealman's survivor benefit was reactivated when SERS believed she was turning 50 years old. By activating the benefit two years early, an overpayment of \$10,505.88 has occurred.

The Pension and Death Claims Section is seeking the opinion of the Executive Committee. Should there be an overpayment of retirement benefits and/or survivor benefits? Should we continue to pay the level income as originally processed and reduce the benefit in 2017?

After some discussion, it was agreed to defer the case pending further discussion with SERS' attorney, Steve Bochenek.

Zosima Victuelles – Optional Service Purchase

Zosima Victuelles has requested a written appeal before the Executive Committee. She is requesting that she be allowed to purchase her 6 month qualifying period, even though she retired effective June 1, 2013.

Ms. Victuelles never returned the membership record that contained information pertaining to her qualifying period. She never questioned the creditable service indicated on her annual Statement of Accounts. She didn't question the fact that her pension was based on 19 years and 8 months of service.

After reviewing the case, a motion was made by Chairman Iglarsh to deny Ms. Victuelles' request to purchase her 6 month qualifying period, seconded by Vice Chairperson Morris. All were in favor.

Semeli Yousif – Optional Service Purchase

Semeli Yousif has requested a written appeal before the Executive Committee. She is attempting to establish creditable service for a leave of absence that was not less than one year, as required by law.

After reviewing the case, a motion was made by Chairman Iglarsh to deny the request of Ms. Yousif to establish creditable service, seconded by Executive Secretary Blair. All were in favor.

Gary D. Black – Creditable Service – (Deferred to May meeting)

Mr. Gary D. Black, through his attorney, James P. Baker, has requested a personal appeal before the Executive Committee. He is attempting to establish creditable service for a period of time that he was appointed as a mine officer at Natural Resources and military service credit.

There are human resource employees in both the Comptroller's Office and the Department of Natural Resources. In regard to the military service credit, Mr. Black did not make an inquiry while an active employee as required by law. Military service is referenced on pages 11 and 12 of the SERS handbook that Mr. Black received shortly after becoming a member of the System.

Policy for Holiday Pay

A member is requesting clarification between 40 ILCS 5/14-103.10 and the Illinois Administrative Code Section 1540.190 regarding payout of holiday pay. The Executive Committee discussed the issue of state agencies allowing employees to “cash out” holiday time as lump sum payments, rather than the employee using the holiday time as scheduled time off.

Lisa M. Keppner – Temporary Disability Half Time Ceased

Lisa Keppner is requesting a waiver of the Illinois Administrative Code regarding the purchasing of additional time prior to the member’s half time ceasing.

Ms. Keppner began receiving SERS temporary disability benefits a second time effective February 7, 2015 through January 31, 2016 when her benefit half time ceased. She has not RTW and has not received any type of compensation since February 1, 2016. Ms. Keppner claims she was unaware that she had time that she could purchase through SERS’ Service and Refunds Department to extend her temporary benefit for an additional three months. After looking through her file in its entirety, it appears that she was never informed by SERS that she could purchase time to extend her benefit.

Please refer to the Illinois Administrative Code, Disability Claims, Section 1540.80 a) 4) which states, “If a member who is receiving a nonoccupational or temporary disability benefit wishes to make a payment of contributions to extend the period of eligibility for receipt of the benefit, the request to make such payment must be received at the Springfield Office of the System before the period of eligibility terminates and the date of payment of the required contributions shall be determined in accordance with the provisions of Section 1540.220 (a) – (Period for Payment)”.

The member states that she was unaware that she had additional time to purchase, as well as the possibility to purchase time.

After some discussion, Executive Secretary Blair made a motion to allow Ms. Keppner’s request to buy back service time, seconded by Chairman Iglarsh. All were in favor. Ms. Keppner will be billed for interest through April, 2016, and will have 30 days from the date of our letter to make the payment.

There being no further business to be brought before the Committee, the meeting was adjourned at 11:55 a.m.

The next meeting of the Executive Committee is scheduled for May 12, 2016, in the Springfield office, with video conferencing in Chicago.

Loren Iglarsh, Chairman

David Morris, Vice Chairperson

Timothy Blair, Executive Secretary