

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

April 12, 2018

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, April 12, 2018 at 8:30 a.m. in the System's Springfield office at 2101 S. Veterans Parkway, with videoconferencing to the Michael Bilandic Building at 160 North LaSalle, Room N-703, Chicago.

Committee Members:

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

Others Present:

Steve Bochenek, SERS Attorney
Kathy Yemm, Manager, Claims Division
Karen Brown, Supervisor, Disability Section
Cory Mitchell, Acting Supervisor, Pension and Death Section
Alan Fowler, Manager, Accounting Division
Jessica Blood, Recording Secretary
Betty Coleman, Claimant
Arnold G. Rubin, Claimant's Attorney
Catherine Krenz-Doan, Claimant's Attorney
Marietta Shepard, Claimant
Ed Fisher, Claimant's Attorney
Kathryn Wilson, Claimant's Sister
Sandra Leonard, Claimant's Sister-in-Law

Minutes of the Previous Meeting

The minutes of the March 8, 2018 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, seconded by Executive Secretary Blair and by unanimous vote, the minutes were approved as submitted.

Routine Claims Report

The Routine Claims Report for the month of March 2018 was presented. Following review and discussion, the Routine Claims Report for the period of March 2018, as prepared by staff, was received by the Executive Committee.

Old Business

Betty Coleman – Disputing Overpayment – Personal Hearing – 9:00am Chicago

Betty Coleman works as a court reporter for the Illinois Department of Workers' Compensation Commission. She stopped working on February 28, 2013 and began a medical leave of absence on March 1, 2013. She began receiving SERS temporary disability benefits after meeting her 30-day waiting period. This benefit became effective on March 31, 2013 and ceased on November 20, 2013, as she returned to work on November 21, 2013.

Ms. Coleman was mailed information regarding SERS temporary benefits on July 25, 2013 and again on October 10, 2013. She signed SERS' temporary benefit signature form on July 29, 2013 acknowledging that she was aware that if she received an award by IWCC for the same time period, it would create an overpayment. She would then be responsible to repay SERS for the overage. On September 14, 2017 her IWCC was settled and she received a lump sum for the time period of March 1, 2013 through November 20, 2013. This created an overpayment of \$10,748.30. The overpayment was calculated in accordance with ILCS 40, 5/14-123.1 (d).

Ms. Coleman submitted a written Petition of Appeal dated November 29, 2017 explaining that she and her attorney would like a personal hearing with the Executive Committee. She reports that she does not have an alleged overpayment and did not receive the calculated amount.

After reviewing the facts of the case and discussion, it was agreed upon by the Executive Committee and Ms. Coleman's attorneys that Ms. Coleman would repay the overpayment within 30 days of receipt of a letter from SERS detailing the repayment agreement.

Bryan Monk – Request for Re-Appeal of Tier Determination

Bryan Monk was initially hired by the Department of Transportation (IDOT) in June 2003. At that time, employees were subject to serve a six (6) month qualifying period prior to being included in SERS membership, "A person entering service on or after January 1, 1984 shall, upon completion of 6 months of continuous service which is not interrupted by a break of more than 2 months, become a member as a condition of employment. Contributions shall begin the first month after the completion of the qualifying period." [40 ILCS 5/14-103.05] The following table shows Mr. Monk's initial employment history with IDOT:

From	Through	Service Period
June 2003	July 2003	2 months
May 2004	August 2004	4 months
May 2005	August 2005	4 months
May 2006	August 2006	4 months

May 2007	August 2007	4 months
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None of these short periods of employment meet the 6 months of continuous service which is not interrupted by a break of more than 2 months. Therefore, none of this service qualified Mr. Monk for membership within SERS.

When Mr. Monk was hired by IDOT in January 2012, he became a member of SERS as a condition of employment: “A person entering service on or after December 1, 2010 shall become a member as a condition of employment and shall begin making contributions as of the first day of employment.” [40 ILCS 5/14-130.05 (a-5)]

Additionally, the general provision of the Pension Code, related to Tier 2 membership would apply to Mr. Monk’s January 2012 employment: “The provisions of this Section apply to a person who on or after January 1, 2011, first becomes a member or participant under any reciprocal retirement system or pension fund established under this Code...” [40 ILCS 5/1-160]

Mr. Monk, like other members of SERS, has the option of purchasing his short periods of employment to enhance his pension. The optional service purchase would not change the fact that Mr. Monk first became a member of SERS or a reciprocal retirement system on or after January 1, 2011, which is the defining factor in tier determination.

Without additional wage data and member contributions to support earlier employment on a state payroll (or documentation of employment within a reciprocal system), the fact remains that Mr. Monk first became a member or participant of SERS in January 2012. This would place him within the Tier 2 membership of SERS.

Following a personal hearing at the December 2017 meeting, the Executive Committee referred the case to Attorney Bochenek for review and recommendation. At their January 2018 meeting, the Executive Committee voted to accept recommendation No. 2018-1 to deny Mr. Monk’s request to appeal his Tier 2 Determination.

A letter to SERS Board members dated April 3, 2018 states that Mr. Monk challenges the recommendation and subsequent denial of his request for Tier 1 status and requests that the Board grant his request.

After review and discussion of the case, the Executive Committee agreed that Attorney Bochenek should contact Mr. Monk’s attorney to see if they wanted a re-appeal before the Executive Committee or wanted the Board to make a decision with the opportunity for administrative review if the decision is not favorable.

Dr. Howard Paul – Request for Payment of Attorney Fees and Expenses Incurred

Dr. Howard Paul was a highly compensated employee of the State of Illinois Department of Mental Health and later the Department of Human Services. As such, he was subject to the Internal Revenue Code (IRC) Section 401(a) (17) limitation during his career.

When Dr. Paul retired, his pension was calculated prior to the reduction of the salary credits of his final calendar year of employment due to the IRC 401(a) (17) limitation. Essentially, his final year of salary was overstated in the calculation of his Final Average Compensation (FAC), making a recalculation of his pension necessary and creating an overpayment of the pension already paid to him.

When Dr. Paul was notified of this, he questioned whether he should ever have been subject to the IRC 401(a) (17) salary limitation. His contention is that he is exempt due to the “grandfathering” of the limitation for those members employed prior to 1996.

Although Dr. Paul repaid his resignation refund and reestablished his service from May 1984 through June 1986, the IRC 401(a) (17) is applied based on the Latest Date of Membership, which for Dr. Paul is May 1, 2001. This makes his salary subject to the limitation from the time that he was reemployed by the state through his retirement date.

Dr. Paul received annual notification of this limitation being applied to his retirement account. Additionally, he received the associated refund of the contributions he made. The file does not show that he ever inquired about the application of this limitation or raised this issue during his working career. Dr. Paul is appealing the reduction of his retirement benefit.

At the August 10, 2017 meeting of the Executive Committee, Dr. Paul’s attorney requested that the case be deferred until a formal hearing, including a court reporter, could be scheduled. The Executive Committee agreed and the case was deferred. The case was subsequently heard at a formal hearing on November 20, 2017. On motion by Chairman Iglarsh and seconded by Vice-Chairperson Morris, Dr. Paul’s appeal of the reduction of his pension was approved.

A letter later received from Dr. Paul’s attorney requests that SERS be held responsible for payment of his attorney fees and expenses incurred as the result of his appeal.

After some discussion, a motion was made by Chairman Iglarsh to deny Dr. Paul’s request that SERS pay his attorney fees and expenses. The motion was seconded by Executive Secretary Blair and all were in favor.

New Business

Marietta Shepard – Appeal for Survivor Benefit – Member: Ricky Shepard – Personal Hearing 9:30am - Springfield

Ricky Shepard retired effective January 1, 2003. He had a QILDRO on file and the alternate payee, Marietta Shepard, received a monthly benefit and the entire survivor contribution refund.

Marietta and Ricky remarried in 2014.

Mr. Shepard died on November 12, 2017. The survivor contribution refund was not repaid. A \$500.00 death benefit is due to his named beneficiary.

Marietta Shepard is requesting a survivor annuity.

After discussing the details of the case, it was decided by the Executive Committee to refer Ms. Shepard's case to Attorney Bochenek for a recommendation.

Thomas Kavelman – Re-Appeal of Pension Amount – Personal Hearing – 10:00am
Springfield

Thomas Kavelman retired with the Teachers' Retirement System in 2006. In 2008 he purchased his qualifying period of 5.25 months, giving him the necessary 12.00 months for a reciprocal pension. Mr. Kavelman appealed to the Executive Committee in October 2017 for a reciprocal pension. His appeal was approved for a reciprocal pension with payment for actual service credit accrued.

Mr. Kavelman is requesting a re-appeal as he believes his pension should be calculated using more service credit.

Due to a personal conflict, Mr. Kavelman was not able to attend his personal hearing and his case was deferred to a later date.

Kelly Hunt – Non-Occupational Disability – 90 Day Waiver

Kelly Hunt is appealing the denial of disability benefits based on the 90-day filing rule. She was removed from payroll August 29, 2017 and her medical leave of absence started on August 30, 2017. Her 90 days expired November 26, 2017. The notification came in from the agency on October 19, 2017. SERS sent her forms on October 20, 2017. Her application was received December 21, 2017. The medical documentation was received January 8, 2018. She has not returned to work.

Ms. Hunt indicated she thought she had 90 days from the date she received the packet.

Ms. Hunt's request was denied in accordance with ILCS, Chapter 40, 5/14-14.

Following a review of Ms. Hunt's case, a motion was made by Chairman Iglarsh to approve her request to waive the 90-day filing limitation. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Leannette Black – Non-Occupational Disability – 90 Day Waiver

Leannette Black works as a Quality Control Reviewer for HFS. She last worked on November 22, 2017. She began a leave of absence on December 4, 2017 due to a medical issue. Her disability application was received on March 9, 2018, which is 17 days over the 90-day filing limitation.

Ms. Black's request for disability benefits was denied in accordance with ILCS, Chapter 40, 5/14-124(5).

Ms. Black has requested a written appeal to the Executive Committee so that the 90-day filing limitation can be waived. She indicated that she was recovering from medical conditions during that time period.

After discussing the facts of the case, a motion was made by Vice-Chairperson Morris to approve Ms. Black's request to waive the 90-day filing limitation. The motion was seconded by Chairman Iglarsh and all were in favor.

Terry Wessel – Appeal of Pension Amount

Terry Wessel requested a pension estimate in November 2017. This estimate quoted a pension amount of \$3,410.14 per month with a retirement date of January 1, 2018.

Mr. Wessel retired February 1, 2018. When processing his pension, a Pension and Death Section staff member noticed an error in the service credit. It was discovered that Mr. Wessel had 87.25 months in the alternative formula that should have been under the regular formula.

Mr. Wessel is still eligible to retire on February 1, 2018. His pension amount however is now \$3,030.63 per month and an alternative formula refund is due to him in the amount of \$22,698.31.

Mr. Wessel is requesting his pension be calculated using the service credit as alternative formula as that was the amount quoted in an estimate and contributions were made at the higher alternative formula rate.

After reviewing the facts of the case and some discussion, a motion was made by Chairman Iglarsh to deny Mr. Wessel's appeal of his pension calculation. The motion was seconded by Executive Secretary Blair and all were in favor.

Eugene Frank Marchlewski – Request to Waive Death Benefit – Member: Mary Marchlewski

Mary Marchlewski, an active state employee, died on January 26, 2018. A death benefit is payable in the amount of \$69,427.76.

According to the computer system and her annual statements, Ms. Marchlewski completed a beneficiary form in November 2012 listing her two sons, Mickey and Timothy Gersch as primary beneficiaries. This form however cannot be located. The most recent beneficiary form that can be located is dated September 2010 which lists her two sons along with her father, Joseph Murray (now deceased) and her fiancé, E. Frank Marchlewski.

Mr. Marchlewski is requesting to waive his portion of the death benefit so it may be split equally between Mrs. Marchlewski's sons.

After some discussion, a motion was made by Vice-Chairperson Morris to approve Mr. Marchlewski's request. The motion was seconded by Executive Secretary Blair and all were in favor.

Funmi Moka – Request to Retire Reciprocally

Funmi Moka retired May 1, 2017. She did not choose reciprocity on her pension application.

Ms. Moka is asking to have her pension calculated reciprocally with the Municipal Employees Annuity and Benefit Fund of Chicago.

There would be no change to her benefit amount from SERS.

After reviewing the facts of Ms. Moka's case, a motion was made by Chairman Iglarsh to approve her request to retire reciprocally. The motion was seconded by Executive Secretary Blair and all were in favor.

Timothy Geiger – Request to Receive Retroactive Survivor Benefits – Member: Vickie Geiger

Vickie Geiger, an active state employee, died on January 13, 2017. A survivor annuity was due to her son, Timothy Geiger, as he was an unmarried, full-time student.

Mr. Geiger's benefit was suspended on October 31, 2017 because he did not return the semiannual student certification. The student certification states that "This certification must be returned by October 31, 2017 or benefits will be suspended. Certifications received after this date will result in the benefits being reinstated on the first of the month following receipt of the certification. You will not have Group Insurance coverage during periods of suspension."

Mr. Geiger recently submitted a transcript showing he is currently a full-time student and was a full-time student in the fall of 2017. His benefit was reinstated on February 1, 2018.

Mr. Geiger is requesting to be paid for the period of November 1, 2017 through January 31, 2018. There are no other payees receiving benefits from the account of Vickie Geiger.

After review and discussion, a motion was made by Chairman Iglarsh to approve Mr. Geiger's request to receive retroactive survivor benefits. The motion was seconded by Executive Secretary Blair and all were in favor.

Freida King – Opinion Needed Regarding Beneficiary Form

Freida King, an active state employee, passed away on March 16, 2018. SERS was informed of her death by an email from her agency, Public Safety Shared Services Center. Along with the email was a beneficiary form provided to the agency on March 6, 2018. The agency had not provided this form to SERS because they were waiting on additional forms to save on postage.

The beneficiary form on file at SERS is dated September 19, 2000 and lists four sons as beneficiaries. The form dated March 6, 2018 list three of her sons as beneficiaries.

The Pension and Death Section staff request the opinion of the Executive Committee regarding whether death benefit applications should be sent to three or four beneficiaries. The total death benefit amount payable is \$221,104.44.

Following a review of the facts of Ms. King's case, it was agreed by the Executive Committee to refer the matter to the Attorney General to file an interpleader.

Pamela Markusson – Request Reinstatement of Written-Off Account

Pamela Markusson's SERS membership account was written off due to her being removed from state payroll. Ms. Markusson has since returned to active state payroll.

The Accounting Division is requesting that Ms. Markusson's SERS membership account be reinstated so her prior service can be added to her current active service.

After some discussion, a motion was made by Chairman Iglarsh to approve the request to reinstate Ms. Markusson's written-off account. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Rosa Velez – Appeal of SSA Overpayment

Rosa Velez was approved for Non-Occupational disability benefits from SERS on November 1, 2015.

Mrs. Velez was approved for a retroactive Social Security award in the amount of \$25,779.00 effective July 1, 2016. The retroactive Social Security award caused an overpayment of \$25,669.00.

As stated in SERS Board Policy, the Overpayment Section is to deduct half the gross of any benefit being paid toward an overpayment owed to SERS. The overpayment due is in accordance with 5/14-125 ILCS of the Pension Code.

Mrs. Velez is currently receiving a gross monthly disability benefit of \$1,503.50. A deduction of \$152.50 federal tax withholding decreases her net payment to \$1,351.00. Once the overpayment is set up, a deduction of \$751.75 will be applied. This will decrease her net payment to \$599.25. Mrs. Velez is billed by CMS for insurance premiums in the amount of \$471.39 per month. She is currently receiving a monthly check from SSA disability in the amount of \$1,383.00.

Mrs. Velez is appealing the repayment of the overpaid benefit stating she was not aware she would have to return the check and was not told she would have to return it.

Mrs. Velez is eligible to retire. She has 18 years of service and is 66 years old.

After discussing the facts of the case, a motion was made by Executive Secretary Blair to deny Mrs. Velez's appeal of her SSA overpayment and to have SERS staff contact her regarding a repayment plan. The motion was seconded by Chairman Iglarsh and all were in favor.

Hussain Mesyef – Request Reinstatement of Written-Off Account

Hussain Mesyef's SERS membership account was written off due to him being removed from state payroll. Mr. Mesyef has since returned to active state payroll.

The Accounting Division is requesting that Mr. Mesyef's SERS membership account be reinstated so his prior service can be added to his current active service.

After some discussion, a motion was made by Chairman Iglarsh to approve the request to reinstate Mr. Mesyef's written-off account. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Jerald Doyle – Request to Reduce Overpayment Due to Expenses

Jerald Doyle was approved for a survivor benefit April 1, 2016.

The member, Mable Ann "Ginger" Miller, had received a widow/survivor contribution refund because she was single when she retired February 1, 2005. Ginger married Jerald Doyle on December 9, 2006. The widow/survivor contribution refund was never repaid.

Ginger died March 2, 2016. Since the widow/survivor refund portion was never repaid, Mr. Doyle was not eligible to receive survivor benefits. Due to an administrative error on the part of SERS, Mr. Doyle was approved for the monthly benefit.

An audit was done in 2017 and the error was discovered. Mr. Doyle was overpaid survivor benefits in the amount of \$11,215.81. Mr. Doyle was billed for the period of April 1, 2016 through September 30, 2017 and benefits to him ceased October 1, 2017.

Mr. Doyle sent SERS \$10,715.81. This amount is \$500.00 less than the billing. A letter from Mr. Doyle states that \$500.00 was deducted from the amount owed due to the cost of amended tax returns for two years and time and travel.

It is being presented to the Executive Committee to decide if the original overpayment amount should be reduced by the costs incurred by the survivor due to a SERS error.

Following some discussion, a motion was made by Executive Secretary Blair not to reduce the original overpayment by the amount of expenses incurred by Mr. Doyle. The motion was seconded by Chairman Iglarsh and all were in favor.

James Blades – Opinion Needed Regarding Refunding Contributions

James Blades appealed to the Executive Committee on November 9, 2017 to receive a pension effective September 1, 2017. His appeal was denied and he returned to work with his previous employer.

Mr. Blades' lump sum sick and vacation payment was issued by his agency when he left state service August 30, 2017. He had purchased service credit for these days. He was not required to return the lump sum payment to the agency as there was a break in service.

The Accounting Division has presented to the Executive Committee to determine whether the contributions should be refunded to the member and the service credit be removed from his account. If this is done, Mr. Blades would need to work an additional 3 months to be eligible for a pension.

After reviewing the facts of the case and some discussion, a motion was made by Executive Secretary Blair to allow Mr. Blades' contributions to remain with SERS. The motion was seconded by Chairman Iglarsh and all were in favor.

There being no further business to be brought before the Committee, the meeting was adjourned at 12:45p.m.

The next meeting of the Executive Committee is scheduled for May 10th, 2018, in the Springfield office with video conferencing in Chicago.

Loren Iglarsh, Chairman

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary