

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

August 14, 2014

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, August 14, 2014 at 8:30 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee members present:

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

Others Present:

Steve Bochenek, Attorney
Kathy Yemm, Manager, Claims Division
Don Williams, Supervisor, Disability Section
Kerry Walker, Disability Section
Mike Noblet, Supervisor, Pension and Death Section
Cory Mitchell, Pension and Death Section
Alan Fowler, Manager, Accounting Division
Barbara Baird, Manager, Chicago Office
Joseph Maggio, Manager, Service and Refunds Division
Joseph Amato, Claimant
David Harris, Claimant Alan Rhine,
Attorney for David Harris Case
Matthew Balinski, Witness for Harris Case
Tricia Gudgel, Court Reporter for Harris Case
Jennifer Staley, Recording Secretary

Minutes of the Previous Meeting

The minutes of the July 10, 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 Vice Chairperson Laidlaw 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 July, 2014 were presented. Following review and discussion, the Routine Claims and Denials Report for the period of July, 2014, as prepared by staff, was received by the Executive Committee.

Old Business

Alice Short

Occupational Disability - Deferred

Alice Short works for a state agency and was granted a medical leave of absence. Ms. Short's claim for disability benefits was previously 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 claimed 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. That deposition was completed and referred to the Committee.

Attorney Berg accompanied Ms. Short to the July meeting. He signed a Waiver of Procedures form in regards to Ms. Short's case and introduced some additional evidence. Attorney Berg argued that the medical consultant who saw Ms. Short has never treated anyone with these problems and he (the consultant) ignored positive findings of other doctors.

Ms. Short stated that her job duty statement is incorrect and she does not always have help available to her when needed.

After hearing the facts on the case, the Committee determined they would need additional medical office notes from 2007 to the present from Ms. Short's psychiatrist. Mr. Berg indicated he would get the information. The Committee has deferred this case until any new information is received and reviewed.

David Harris

Pension – Alternative Formula Consideration

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, and Mr. Harris was present for an 11:00 hearing via video conference from the Chicago office. A court reporter was present at the Springfield office for the purpose of creating a verbatim transcript.

Matthew Balinski, acting HR Director for IDFPF through the Administrative Regulatory Shared Service Center for the Department of Revenue, was a witness in the case, as was Alan Fowler, manager of SERS' Accounting Division.

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 Section is seeking advice as to whether his "second" retirement would be calculated using the level income option since his "first" retirement was based on Mr. Hartnett selecting a level income option. Attorney Bochenek previously advised the Committee that the Pension Code was silent on this question but that there were difficulties in continuing with the initial election.

At the May Executive Committee meeting, Steve Bochenek, SERS' attorney, recommended working up figures on different scenarios to propose to Mr. Hartnett. Tim will send these scenarios to Attorney Bochenek for review and consideration of whether any new policies should be adopted by the Executive Committee regarding this issue.

The Committee deferred the case until further information is received.

Patricia Kimmel

Pension – Approval to Waive Overpayment

Patricia Kimmel is currently receiving a retirement annuity from SERS. Ms. Kimmel received wage credit for furlough days. When we adjusted her account, all the wages were included in the FAC, even though some of them should not have been. The error was made April 2011 and was found in December 2013. The staff is seeking direction from the Committee.

At the May Executive Committee meeting, the Committee suggested deferring this matter pending the possible passage of legislation dealing with the correction of errors. SB3309 passed, but has not been signed, that allows the collection of an overpayment three years forward from the mistake but the system cannot recoup if past 3 years. The case is deferred.

Frank Amato

Wrong Ceasing Date

Frank Amato worked for the Illinois Department of Transportation as a highway maintainer. Mr. Amato originally began an occupational leave January 25, 2008 due to an injury on the job. Because Mr. Amato was over 60 years old, he was entitled to 5 years of disability. His ceasing date was January 31, 2013.

Mr. Amato's workers' compensation benefits were stopped on January 31, 2009 causing our occupational disability benefits to stop at the same time. Mr. Amato's workers' compensation

benefits were reinstated February 1, 2009. His occupational disability benefits were also reinstated February 1, 2009; however, when his benefits were reinstated, the system incorrectly added a year on to his ceasing date resulting in an overpayment of \$10,068.51. Mr. Amato is appealing the overpayment.

Frank Amato appeared at the Chicago office for a personal hearing. Mr. Amato signed a "Waiver of Procedures" form before stating his case. Mr. Amato explained that paying back the overpayment would cause a further hardship on his family. We are currently not paying Mr. Amato a benefit. Based upon the current Pension Code and case law, it was decided to delay collection of the overpayment. Mr. Amato's request to have the overpayment waived was rescinded and will be considered at the time of his application for pension benefits.

Benito Walker

Disability Benefits Suspended - Deferred

Benita Walker works as an Account Clerk II for the Illinois Department of Corrections at Stateville Correctional Center. She last worked on January 6, 2014 and began her medical leave of absence on January 7, 2014.

Her file went for medical review on April 22, 2014. It was at that time determined that though this member did have a medical impairment, it was established that the severity and limitations due to the impairment did not preclude the performance of sedentary work as was described. It was therefore determined that the medical evidence in file did not substantiate the presence of a disabling impairment.

Her non-occupational disability claim went before the Executive Committee April 10, 2014 and was denied. Ms. Walker disagrees with the temporary denial of her benefits and is requesting a written appeal.

After some discussion, Chairman Iglarsh stated that the System needed neurological notes regarding Ms. Walker before making a decision. The matter was deferred.

Aubra Hall

Adult Disabled Child

Joyce Appling retired from the State of Illinois effective January 1, 2006. Upon her death on October 12, 2012, we were contacted by her son, Aubra Hall, indicating he wanted to apply for disabled adult child benefits on his mother's account.

Mr. Hall is receiving disabled child benefits from the Social Security Administration on his mother's account. When Joyce Appling originally returned her pension application she did not list any disabled adult children. Later, she listed Aubra Hall as a disabled adult child. Aubra Hall submitted medical information in order to qualify for benefits. Mr. Hall's file was reviewed by a SERS medical consultant, who stated the medical evidence in file does not establish the presence of a disabling impairment.

Mr. Hall has been unable to locate any tax forms to support his case; however, he sent in Social Security information showing he is disabled as of April 30, 1991 (now that his mother is deceased he is drawing off of his mother's account). A new medical was sent to our SERS physician to help

determine if Aubra Hall is disabled from a physical and/or mental standpoint. We have not received any medical information that substantiates that Aubra Hall is medically unable to work.

Don Williams attempted to get medical information on Mr. Hall from Social Security. Social Security said they had purged the medical they had and do not have a recent medical on file. Additional attempts were made to obtain additional information to document Aubra was dependent upon his mother at the time of her death. No new documentation supporting the claim was available. Aubra did acknowledge that he was not living with his mother at the time of death.

The case was referred to Steve Bochenek to develop a recommendation for presentation to the Committee at their next meeting.

New Business

Karen Olson

Wants to Receive a Pension

Karen Olson was receiving a non-occupational disability benefit, which should have ceased on February 29, 2012. The error was not caught until February 2014, resulting in an overpayment from March 1, 2012 through February 28, 2014 in the amount of \$44,388.00. The Pension Section sent the member a retirement application because the member was purchasing a qualifying period, unaware of the circumstances of the overpayment and 2 years of service credit was not due the member because of the disability cease date.

Her employing agency contacted SERS and it was discovered that Ms. Olson was not eligible for a pension until she was age 60 due to less than 15 years of service credit.

Ms. Olson is requesting to begin drawing her pension immediately as she was given misinformation and has made financial decisions based on the information. Ms. Olson is asking for a return of the money she used to purchase the qualifying period if her pension is not allowed to begin immediately.

Note: Ms. Olson has an overpayment due to a social security offset that she had been making payments on from her non-occupational disability. The payments made for the last two years are now also not due, resulting in a higher balance on the first overpayment. Ms. Olson is not eligible for a pension at this time. It was discussed and agreed that the overpayment will not be collected at this time.

Ms. Olson will be eligible to retire three years from now and it will be re-evaluated at that time. A motion was made by Chairman Iglarsh to deny the request for an immediate pension and to approve refunding the cost of purchasing the qualifying period, seconded by Executive Secretary Tim Blair. All were in favor.

Ron Harris

Wants to Purchase Sick and Vacation Days

Ron Harris requested an application for retirement in January 2014. Based on the number of sick and vacation days he said he had accumulated, it was determined he would be eligible for a pension using his sick and vacation days.

SERS received an Employer Statement showing that Mr. Harris resigned effective March 31, 2014 and had 12.50 months of unpaid sick days. The 3900 form also showed that Mr. Harris had not completed a Form 1404 to purchase service credit for his paid sick and vacation days. Mr. Harris is short 5.50 months from being eligible to retire.

Mr. Harris is requesting to purchase service credit for his paid sick and vacation days although he is past 90 days from his separation date. Mr. Harris would also like his pension to be effective April 1, 2014.

After some discussion, Chairman Loren Iglarsh made a motion to approve Ron Harris' request to purchase the service credit for his paid sick and vacation days and that his pension could be effective retroactive to April 1, 2014. This motion was seconded by Vice Chairperson Laidlaw, and all were in favor.

Jacey Strohecker

Waiver of Death Benefits

Michael Strohecker, an active state employee, passed away on July 25, 2003. SERS has been paying a survivor benefit to his spouse and two minor children. His youngest daughter, Jacey, turned 18 on March 11, 2012; however, she was not sent an application to apply for her own benefit. Jacey has been a full-time student since she turned 18 years old.

Jacey is requesting the Executive Committee approve her waiver of the survivor benefits from April, 2012 through July 31, 2014 so her mother will not incur an overpayment.

After some discussion, Executive Secretary Blair motioned to approve Jacey Strohecker's request to waiver her survivor benefits from April, 2012 through July 31, 2014, seconded by Chairman Iglarsh. Cory Michelle of the Pension Section will prepare a new Disclaimer to that effect for Jacey to sign.

Lance Banister

Waiver of Death Benefits

Michael Patterson passed away on August 29, 2005 while actively employed. His step son, Lance Banister, turned 18 on December 5, 2013 and does not wish to pursue benefits as a full time student so that his mother and the 2 remaining minor children will continue to receive 100% of the benefit. After some discussion, Vice Chairperson Laidlaw motioned to approve Lance Banister's wavier of benefits. The motion was seconded by Chairman Iglarsh and all were in favor

Joyce, John, and Kathleen Griffin

Waiver of Death Benefits

Gary Griffin, an active state employee, passed away on January 22, 2014. Mr. Griffin does not have any eligible survivors. A death benefit is payable in the amount of \$217,889.02. Mr. Griffin's three siblings are listed on the member's beneficiary form; Joyce is listed as #1, John is listed as #2, and Kathleen is listed as #3.

Joyce, John, and Kathleen are requesting the Executive Committee approve their agreement to split the death benefit equally between them, as that was the intent of their brother.

After some discussion, a motion was made by Chairman Iglarsh to approve the written agreement of the surviving siblings of Gary Griffin to divide the death benefit equally among them. The motion was seconded by Vice Chairperson Laidlaw and all were in favor.

Richard, Robert, Eric, and Melody Vinyard

Waiver of Death Benefits

Mary Vinyard, a state retiree, passed away on October 15, 2013. A death benefit is payable in the amount of \$500.00. Ms. Vinyard's four children are listed equally on the member's beneficiary form; Richard, Robert, Eric, and Melody Vinyard.

The four surviving children are requesting the Executive Committee approve their written waiver of the death benefit and to instead pay the benefit to the estate of Mary Vinyard in care of Melody Vinyard as executor of the estate.

After some discussion, a motion was made by Executive Secretary Blair to approve the request to have the benefit paid to the estate of Mary Vinyard in care of Melody Vinyard. The motion was seconded by Chairman Iglarsh and all were in favor.

Herbert Brust

Opinion Regarding SSO Election for a Retiree Re-retiring

Herbert Brust retired May 1, 2009. He elected the social security offset removal effective July 1, 2009. Mr. Brust returned to state employment on June 11, 2012. Mr. Brust has applied for a retirement benefit effective August 1, 2014 and has chosen to not participate in the social security offset removal this time.

The Pension Section is asking for direction on whether or not a member who is re-retiring can change their election on the social security offset removal. In this particular case, the member is still married and the spouse earns quite a bit more money subject to social security and there most likely would not be a social security offset for the survivor as a result.

After reviewing the facts of the case, Vice Chairperson Laidlaw motioned to reinstate the pension of Herbert Brust without the social security offset. Executive Secretary Blair seconded the motion and all were in favor.

John Frailey

Opinion Regarding Full-time Student Status

The Pension and Death Section is asking for direction regarding full-time student status when a survivor is homeschooled. John Frailey, an active state employee, passed away in December, 2013. He has a surviving spouse and 8 minor children. Mrs. Frailey homeschools all of her children using Illinois Virtual School as the curriculum. The oldest child turned 18 years old on March 19, 2014. Mrs. Frailey has certified that the child is homeschooled and he earned his High School Equivalency Certificate in May, 2013. The Pension and Death Section is asking if this information is acceptable for the child to be considered a full-time student in order to be eligible for a monthly benefit on their own account.

After some discussion, it was the Executive Committee's opinion that the 18 year old surviving child can receive a benefit on his own account if enrolled full-time at Lincoln Land Community College, or a similar educational institution, but not for home schooling.

Robert Jenner

Opinion Regarding \$1,000.00 Lump Sum

The Pension and Death Section is asking for direction regarding the \$1,000.00 lump sum payable to a survivor. If a member and the survivor pass away in the same month, should the \$1,000.00 lump sum be paid to the survivor's estate? Also, if the survivor is not eligible for a survivor annuity due to the fact the spouse did not live into the next month, is the \$1,000.00 lump sum payable?

Survivor annuities under 40ILCS 5/14-120 state that "Benefits under this Section shall accrue and be payable for whole calendar months, beginning on the first day of the month after the initiating event occurs and ending on the last day of the month in which the terminating event occurs."

Amount of survivor annuity under 40ILCS 5/14-121 states, "A survivors annuity beneficiary shall be entitled upon death of the member to a single sum payment of \$1,000.00, payable pro rata among all persons entitled thereto, together with a survivors annuity payable at the rates and under the conditions specified in this Article."

After discussing the issue, it was the Executive Committee's decision to pay \$1,000.00 to the survivor's estate based on the language of 40 ILCS 5/14-121.

Johnnie Jario

Opinion Regarding \$1,000.00 Lump Sum

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After discussing the issue, it was the Executive Committee's decision to pay \$1,000.00 to the survivor's estate based on the language of 40 ILCS 5/14-121.

James Pomeroy Jr.

12 month Waiver

James Pomeroy, Jr., is appealing the denial of his occupational disability benefits. Mr. Pomeroy was denied due to not applying within 12 months. While inquiring about retiring at 55, he received a packet and noticed he was missing 7 months of service credit. He was unaware he had to apply for

the occupational disability benefit and his SRS representative at his agency hadn't informed him he had to apply. Mr. Pomeroy is requesting the 12 month filing period be waived.

After some discussion, a motion was made by Chairman Iglarsh to approve the request to waive the 12 month filing period of Mr. Pomeroy's disability benefits. The motion was seconded by Executive Secretary Blair and all were in favor.

Gerald D. Dillow Jr.

Irrevocable Payroll Authorization

Mr. Dillow is attempting to change the terms of his Irrevocable Payroll Authorization of Permissive Service Credits or Redeposit of Contributions form that he completed on May 26, 2014. He misunderstood the \$387.06 payment amount to be monthly, not bi-monthly, and claimed having this deduction taken from his check bi-monthly would cause extreme hardship to his family.

After discussing the case, a motion was made by Chairman Iglarsh to deny Mr. Dillow's request, seconded by Vice Chairperson Laidlaw. All were in favor.

V. Policy – Disability Section

Opinion Regarding Offset of Future Medical

Kathy Yemm, Claims Manager, and Don Williams, Disability Supervisor, have been working on a policy regarding offset of future medical. They suggested to allow for either \$5,000 or \$10,000 without documentation. Anything over \$10,000 would need documentation. Don will write an Issue Memo with a recommendation to be presented at the September Executive Committee.

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

The next meeting of the Executive Committee is scheduled for Thursday, September 11, 2014, in the Springfield office, with video conferencing in Chicago.

Loren Iglarsh
Chairman

Lori Laidlaw
Vice Chairperson

Timothy Blair
Executive Secretary