

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

August 10, 2017

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, August 10, 2017 at 8:30 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members:

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

Others Present:

Steve Bochenek, SERS Attorney  
Jeff Houch, Assistant Executive Secretary  
Don Williams, Supervisor, Disability Section  
Cory Mitchell, Acting Supervisor, Pension and Death Section  
Alan Fowler, Manager, Accounting Division  
Jessica Blood, Recording Secretary  
Dr. Howard Paul, Claimant  
Mary Paul, Claimant's Spouse  
Tracey Wolfe, Claimant's Attorney

Minutes of the Previous Meeting

The minutes of the July 13, 2017 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 Executive Secretary Blair, seconded by Vice-Chairperson Morris and by unanimous vote, the minutes were approved as submitted.

Routine Claims Report

The Routine Claims Report for the month of July, 2017 was presented. Following review and discussion, the Routine Claims Report for the period of July, 2017, as prepared by staff, was received by the Executive Committee.

## Old Business

### Joseph Nardiello – Non-Occupational Disability – Appeal Return to Work by IME

Joseph Nardiello works as a Toll Collector for the Toll Highway Authority. He last worked on September 16, 2015. He began his medical leave of absence on September 19, 2015 due to a medical issue.

Mr. Nardiello was sent to an IME with Dr. David Fetter who opined Mr. Nardiello could return to work as a Toll Collector. Mr. Nardiello's treating doctor, Dr. Ralph Everson continues to keep Mr. Nardiello off work due to his injury.

Mr. Nardiello's occupational benefits were suspended as of July 31, 2017. Mr. Nardiello appealed the SERS suspension at the July Executive Committee meeting. The appeal was discussed by the Executive Committee and it was determined Mr. Nardiello's file would be sent to MMRO for a file review. MMRO had the file reviewed by Joshua Herzog, M.D., a Board Certified Orthopedic Surgeon. After his review, Dr. Herzog determined Mr. Nardiello could return to his job as a toll collector.

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

### Wenona McKeown - Non-Occupational Disability – Deferred pending additional medical documentation

### Dave Oleson - Occupational Disability – Re-appeal for 12 Month Waiver - Deferred

### Brad Grotefendt - Occupational Disability – Waiver of 12 Month Filing Period - Deferred

### Julie Landrus – Occupational Disability – Waiver of 12 Month Filing Period - Deferred

### Claudia Kemple – Non-Occupational Disability – Waiver of 90 Day Filing Period - Deferred

### Venasa Veal – Occupational Disability – Waiver of 12 Month Filing Period – Deferred

### Karen Vaccaro – Non-Occupational Disability – Waiver of 90 Day Filing Period – Deferred

### James McGrady – Non-Occupational Disability – Waiver of 90 Day Filing Period - Deferred

### Carol Corgan – Appeal to Receive a Survivor Annuity – Member, Candice Kane

Candice Kane retired effective January 1, 2003. Ms. Kane did not have an eligible survivor and received a survivor contribution refund of \$9,352.77.

Ms. Kane was married in May, 2014. She did not repay the refund prior to her death on March 3, 2017. A \$500.00 death benefit was paid to Ms. Corgan as the named beneficiary.

Ms. Kane's wife, Carol, is requesting a survivor annuity.

Attorney Bochenek presented Recommendation No. 2017-5 to the Committee to deny the request of Ms. Corgan to receive a survivor annuity based on the facts of the case and the records provided by SERS. Chairman Iglarsh made a motion to accept Recommendation No. 2017-5. The motion was seconded by Executive Secretary Blair and all were in favor.

### New Business

#### Dr. Howard Paul – Appeal Reduction of Pension

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.

After some discussion 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.

### Normajejan Norris-Brantley – Reappeal of SSA Overpayment

Normajejan Norris-Brantley is appealing her SSA overpayment for a third time. Her first and second appeals (October 2016 and November 2016) were denied.

Ms. Norris-Brantley received Social Security disability retroactive to November 1, 2013, resulting in an overpayment of \$37,128.00. Ms. Brantley received \$8,297.00 from Social Security because she had a previous overpayment with Social Security due to working and receiving a disability benefit at the same time.

Ms. Brantley's balance as of July 1, 2017 is \$29,767.28. When the overpayment occurred, Ms. Brantley was sent notification but she failed to respond to requests to contact SERS regarding the money owed. Subsequently, the SERS Voucher Section offset her entire pension to collect the overpaid monies. Once she had appealed to the Executive Committee, her payment was reduced to \$560.00 per month (based on the balance of \$33,394.28 at the time of the decision, making the monthly payment \$5.00 short of what it should be), which allows her overpayment to be paid in five years per SERS policy.

Following a review of the case and some discussion, the Executive Committee agreed to refer the case to Attorney Bochenek for a recommendation.

### Mary Thomas – Appeal of SSA Overpayment Repayment Amount

Mary Thomas was approved for a non-occupational disability benefit November 1, 2014.

With the assistance of Midwest Disability, Ms. Thomas was approved for a retroactive Social Security disability benefit effective March 1, 2015. The retroactive benefit created an overpayment with SERS totaling \$38,484.00 for the period of March 1, 2015 through August 31, 2016. Midwest was sent \$5,909.00 in error from Social Security and Ms. Thomas was sent the balance (\$32,484.00). Midwest returned the money to Ms. Thomas stating that Social Security has sent the money to them in error.

SERS began notifying Ms. Thomas of the overpayment in September, 2016 but she did not respond. Due to staffing changes, the record was not reviewed again until May, 2017 and a notice was sent to Ms. Thomas stating that since there had been no response to the September, 2016 letter, SERS was going to offset her check by half of the gross of her disability benefit and apply it to the overpayment.

Ms. Thomas faxed and sent a certified letter dated May 22, 2017 to the Overpayment Section appealing the offset and requesting additional information regarding the overpayment. The Overpayment Accountant complied and sent all correspondence in regard to the overpayment in addition to the original letter sent in September 2016.

Ms. Thomas is appealing that she was not notified via certified mail regarding the deduction of half her gross check that would be effective in June, 2017. She states that this would be a financial hardship. She also stated that she had not received any correspondence regarding the overpayment prior to the letter she received from SERS in May 2017.

Based on the facts of this case and the information submitted, a motion was made by Executive Secretary Blair to deny Ms. Thomas' appeal of her SSA overpayment repayment amount. The motion was seconded by Chairperson Iglarsh and all were in favor.

### Michael Moton – Appeal of SSA Overpayment

Michael Moton was approved for a Non-Occupational benefit from SERS effective November 28, 2015.

Mr. Moton was approved for a retroactive Social Security disability benefit effective April 1, 2016. The retroactive benefit created an overpayment to SERS totaling \$20,345.00 for the time period of April 1, 2016 through April 30, 2017.

SERS sent the member a notification letter on June 5, 2017 explaining the calculation of the overpayment and what was due SERS.

His current disability benefit is \$744.49. SERS will begin deducting \$372.25 from the check he receives in August for his July benefit. This is half the gross of his disability benefit as required by SERS policy and will be the only deduction from his check. He is direct billed for his state insurance in the amount of \$185.61 per month for health, dental and optional life insurance.

Mr. Moton is appealing the SSA overpayment.

After review of the file and some discussion, a motion was made by Executive Secretary Blair to deny Mr. Moton's appeal. The motion was seconded by Vice-Chairperson Morris and all were in favor.

### Daniel Kerwin – Appeal to Modify Level Income Option

Daniel Kerwin retired effective July 1, 2010. He chose the level income option for age 66 years and 0 months. The level income option increased his pension by \$929.20 per month. Effective September 1, 2017, his pension will be reduced by \$2,013.00 for the level income option.

Mr. Kerwin is requesting to modify the level income reduction to \$1,408.00 as this is the amount he is receiving from Social Security.

Following some discussion, a motion was made by Executive Secretary Blair to deny Mr. Kerwin's appeal to modify his level income option. The motion was seconded by Chairman Iglarsh and all were in favor.

### Michael Knight – Appeal to Receive Death Benefits – Member Anthony Knight

Anthony Knight was an inactive member who died on October 6, 2014. A survivor annuity was due to his surviving spouse, Mynetha Lewis. A lump sum death benefit was due in the total amount of \$39,868.51 to his three named beneficiaries.

Mr. Knight's sister, Frankie Knight, applied for her portion of the death benefit in May, 2015. Her benefit was paid in July, 2015 because the other two beneficiaries had not responded to requests from SERS for application to receive death benefits.

In September, 2016, Mynetha Lewis applied for the survivor benefit and her portion of the lump sum death benefit. It was discovered then that Frankie had been paid half of the lump

sum death benefit instead of one-third. Mynetha Lewis was paid one-third of the death benefit and began receiving the survivor annuity.

In April, 2017, Michael Knight applied for his portion of the death benefit. The remaining contributions and interest were paid to Michael, but Frankie had received \$6,644.75 of Michael's lump sum amount.

Two letters have been mailed to Frankie Knight requesting repayment of the amount paid to her in error. SERS has not received a response.

Michael Knight is requesting to be paid the portion of the death benefit due to him as a named beneficiary in the amount of \$6,644.75.

After discussing the facts of the case, a motion was made by Chairman Iglarsh to approve Mr. Knight's request to receive the remainder of his father's death benefit due to him. The motion was seconded by Vice-Chairperson Morris and all were in favor.

#### Arthur Sutton – Request to Purchase Service Credit after Retirement

Arthur Sutton retired reciprocally with County Employees' Annuity and Benefit Fund of Cook County (CEA&BF) effective June 1, 2017.

Prior to his retirement, Mr. Sutton requested a reciprocal pension estimate with figures showing the impact of purchasing 11.75 months of service credit from a leave of absence. The estimate provided was incorrect because by not purchasing the leave of absence, Mr. Sutton did not have 20 years total and his pension would have been reduced to 1.67% instead of 2.5%. This created a reduction in benefits of \$1,198.11 per month as opposed to the amount provided in the estimate.

Mr. Sutton is requesting to establish enough service credit to obtain 20 years, although he has already retired.

After review of the case, a motion was made by Chairman Iglarsh to approve Mr. Sutton's request to purchase service credit after retirement, at the full amount with interest calculated through the date the original service purchase estimate was given. The motion was seconded by Vice-Chairperson Morris and all were in favor.

#### Arlene Brown – Appeal to Lower Monthly Deduction

Arlene Brown was approved for a Temporary Total Disability Occupational benefit effective July 8, 2016. She had received Non-Occupational benefits for the same time period. Since she received benefits under the Workers' Compensation Act, the Non-Occupational disability benefits received from SERS had to be converted to Occupational benefits.

For the period of July 8, 2016 through January 31, 2017, Ms. Brown's SERS Occupational disability benefit equaled \$9,917.55. Non-Occupational benefits paid to Ms. Brown from July 13, 2016 through January 31, 2017 equaled \$19,352.33. When subtracting the \$19,352.33 that was paid to Ms. Brown from the Occupational benefit of \$9,917.55 that was owed to Ms. Brown, the result was a SERS overpayment to Ms. Brown of \$9,670.91.

SERS began notifying Ms. Brown of the overpayment on February 17, 2017. She failed to respond. The file was reviewed again in June and a letter was sent to her on June 12, 2017. The contents of the letter stated that since there had been no response to the initial February 17, 2017 letter, SERS would begin deductions of \$732.01 from her disability annuity, which is half the gross of that check. The monthly payment is based on SERS policy.

As of July, 2017 the balance of the overpayment is \$8,702.77. Her monthly gross annuity is \$1,464.02. The \$732.01 payment for the overpayment is the only deduction from that check. She is direct billed for state insurance premiums in the amount of \$114.99 per month.

Ms. Brown is appealing to lower the monthly deduction but did not indicate her desired amount. She is not eligible for a pension at this time.

Based on a review of the file and information submitted, a motion was made by Chairman Iglarsh to deny Ms. Brown's appeal to lower her monthly deduction. The motion was seconded by Vice Chairperson Morris and all were in favor.

#### James Schink – Appeal to Opt Out of Participation in SERS

James Schink is the Commissioner of the Executive Ethics Commission. As an elected appointee who will likely only serve less than 10 years, Mr. Schink is questioning whether it is beneficial to him to participate in SERS. Mr. Schink is appealing to opt out of participation in SERS.

After reviewing the case and some discussion, a motion was made by Vice-Chairperson Morris to deny Mr. Schink's appeal to opt out of participation in 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 11:10 a.m.

The next meeting of the Executive Committee is scheduled for September 14, 2017, in the Springfield office, with video conferencing in Chicago.

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Loren Iglarsh, Chairman

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David Morris, Vice-Chairperson

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Timothy Blair, Executive Secretary