

MINUTES  
OF THE MEETING OF  
THE EXECUTIVE COMMITTEE  
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS  
December 11, 2014

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, December 11, 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  
Don Williams, Supervisor, Disability Section  
Kerry Walker, Disability Section  
Michael Noblet, Supervisor, Pension & Death Section  
Cory Mitchelle, Pension and Death Section  
Joseph Maggio, Manager, Service and Refunds Division  
Vickie Wade, (Claimant)  
Cathy Formigoni, (Claimant)  
Jennifer Staley, Recording Secretary

Minutes of the Previous Meeting

The minutes of the November 13, 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 Executive Secretary Blair 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 November, 2014 was presented. Following review and discussion, the Routine Claims and Denials Report for the period of November, 2014, as prepared by staff, was reviewed by the Executive Committee. There being no additions or corrections, on motion by Executive Secretary Blair and seconded by Vice Chairperson Laidlaw, and by unanimous vote, the Routine Claims and Denials Report was approved as submitted.

## Old Business

### John Hartnett – Level Income – RTW - Deferred

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 Blair 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.

### Charlene Necco – Reduction in Payment Plan for Overpayment - Recommendation

Charlene Necco is currently receiving nonoccupational disability benefits from SERS.

With the assistance of Midwest Disability, Ms. Necco was approved for retroactive Social Security Disability benefits. This created an overpayment with SERS totaling \$26,690.00 for the period of August 1, 2012 through May 31, 2014.

Following the initial billing letter of \$26,690.00 dated June 19, 2014, Ms. Necco contacted SERS stating she did not have the funds to repay. She was advised a repayment agreement could be arranged for a period of up to five years with a monthly repayment amount of \$445.00.

On August 22, 2014 Attorney Terry Foster contacted SERS by letter indicating Ms. Necco needed to appeal the monthly repayment amount as she could not meet other financial obligations with a monthly repayment plan of \$445.00.

SERS received a letter dated September 16, 2014 from Attorney Foster requesting an extension for the appeal due to an unexpected hospitalization of Ms. Necco and stated the preferred monthly repayment amount of \$250.00.

Attorney Terry J. Foster requested a personal hearing with the Executive Committee in a letter dated October 8, 2014 regarding a reduced payment arrangement.

On October 14, 2014 SERS received correspondence from Attorney Foster along with extensive supporting documentation of Ms. Necco’s expenses, including bank statements, drug store receipts, utility bills, etc.

Full recovery of the requested monthly repayment amount of \$250 would take a total of 107 months, or 8 years and 11 months. Since the maximum time allowed for repayment is normally 60 months or five years, the Claims Division is requesting guidance on whether to accept the \$250 monthly payment.

Charlene Necco was present at the November hearing, along with her sister, Janet Cash. Ms. Necco signed a Waiver of Procedures waiving the formal hearing process. Ms. Necco presented her request and offered that she did not feel she could pay the higher repayment rate even with retiring and receiving a higher benefit effective November 1, 2014. Ms. Necco acknowledged that she had received her pension packet in the mail and had completed the application; however, she could not locate the pension application. She is willing and agreed to complete the application today, November 13, 2014, in order to apply for retirement benefits retroactive to November 1, 2014.

After reviewing the facts of this case and some discussion, Chairman Iglarsh made a motion to begin deducting \$400 per month from Ms. Necco's retirement annuity, resulting in the remaining balance being higher than if she remained on disability benefits with only a \$250 deduction as the member requested. This motion was seconded by Vice Chairperson Laidlaw. All were in favor.

After further discussion, the Committee recommended referring Ms. Necco's appeal to SERS' attorney.

At the December 11, 2014 meeting Attorney Bochenek presented a recommendation, No.2014-07. The Committee recommends that the appeal of the Petitioner, Charlene A. Necco, be denied. Further, the Committee recommends that the Vouchering Section of the System enter into a repayment schedule with Charlene A. Necco providing for a monthly repayment amount of \$400. Motion to approve was made by Chairman Iglarsh, seconded by Vice Chairperson Laidlaw. All were in favor.

### **New Business**

#### **Chad Kaufman – Nonoccupational – Waiver of 90 day filing period.**

Chad Kaufmann works as a tax specialist II for the Department of Revenue. Mr. Kaufmann's last day worked was September 10, 2012. Mr. Kaufmann writes he was not aware or informed of disability benefits. He is asking that the 90 day filing period be waived. He suffers from major depressive disorder and obsessive compulsive disorder.

After reviewing the information, Mr. Kaufmann's appeal was approved by Chairman Iglarsh, seconded by Vice Chairperson Laidlaw. All were in favor.

### Peter Paluzzi - Nonoccupational - Request for re-appeal of overpayment

Peter Paluzzi works as a Highway Maintainer for Department of Transportation District #2. He last worked on February 13, 2008. Mr. Paluzzi has a \$78,540.94 overpayment that he appealed to the Executive Committee on October 7, 2014. His appeal was denied.

His Attorney, Francine White, is now asking for a re-appeal. She is basing the re-appeal on a letter sent to Mr. Paluzzi dated July 27, 2009 from Chris Silver. In the last paragraph of the letter it states "Your monthly nonoccupational disability benefits will continue." Ironically, the letter was explaining the overpayment from March 14, 2008 through April 24, 2009, when the nonoccupational disability was converted to an occupational disability.

Chris interpreted the award as an award for the left leg only which had resolved itself, thus ending workers' compensation benefits. If you read the award further the arbitrator drew a causal connection to the right knee being a workers' compensation injury, continuing workers' compensation benefits until June 15, 2014. Mr. Paluzzi was also receiving nonoccupational disability benefits from March 14, 2008 through March 31, 2013.

Ms. White's contention is that Mr. Paluzzi didn't know he shouldn't be getting a 50% disability from SERS and 66 2/3rds% benefit from workers' compensation. Neither Ms. White nor Mr. Paluzzi are new to this process and they have already paid back one overpayment when a 6B claim was converted to a 7T claim. Mr. Paluzzi's workers' compensation claim is still open with the IWCC.

Ms. White and Mr. Paluzzi would like to make a personal appeal to the Executive Committee.

Vice Chairperson Laidlaw, seconded by Chairman Iglarsh, made a motion to grant a personal re-appeal. All were in favor.

### Alice Short - Occupational - Request For Re-appeal of Denied Benefits

Alice Short worked as an Administrative Assistant II for the Office of Management and Budget. Ms. Short last worked October 23, 2013. Ms. Short has been returned to work at a sedentary level. OMB has said they would accommodate her at a sedentary work level and provide her assistance. Ms. Short and her attorney, Mr. Berg, have made personal appearances.

The Executive Committee requested additional medical from Fareed Tabatabai, M.D. The medical was reviewed by Medical Consultant #70. The SERS medical consultant opined Ms. Short's depressive symptoms would not prevent her working at a sedentary job.

At the October 7, 2014 Executive Committee meeting the Executive Committee accepted the recommendation of Attorney Stephen Bochenek. The Committee approved occupational disability benefits from January 16, 2013 through September 22, 2013. The Committee denied temporary disability benefits starting October 23, 2013.

Mr. Berg is now requesting a re-appeal. In his e-mail he states there is some new information and in addition, that he was never provided the opportunity to address with the

Executive Committee the impact of Ms. Short's psychological sequelae of her injury as noted by Dr. Tabatabai.

In considering this request, the Committee did not see any new information from her attorney that would serve as the basis for a re-appeal.

Vice Chairperson Laidlaw moved to deny Ms. Short's request for re-appeal, seconded by Chairman Iglarsh. All were in favor.

#### Vickie Wade - Pension - Personal Appeal

Vickie Wade was originally on nonoccupational disability and forfeited her disability March 31, 2008 to begin receiving her pension effective April 1, 2008. On her retirement application she listed her 21 year old son as a dependent child and therefore was not issued a widow/survivor refund.

Ms. Wade had heard from another state worker about a widow/survivor refund and wants to go before the Committee to explain her situation and inquire if she could be eligible for this refund also if she would have stayed on disability and retired later. The Committee discussed her options and discovered that in the long run Ms. Wade came out ahead receiving the higher amount of her pension (due to the election of the level income option) than had she stayed on disability past the date her son turned 22 and then gone on a pension. Due to the election of the level income option at retirement, her benefit will be reduced by the estimated Social Security amount at age 62.

Cory Mitchell, of the Pension Section, worked up some figures to go over with Ms. Wade to explain the situation to her.

After further discussion, the Committee recommended referring Ms. Wade's case to SERS' attorney for a recommendation.

#### Cathy Formigoni - Vouchering - Repayment of Funds – Personal Hearing

Cathy Formigoni withdrew her funds from SERS under the Alternative Retirement Cancellation Payment (ARCP) buyout in 2004. The total ARCP distribution paid was \$52,704.24. Ms. Formigoni returned to permanent employment with the Office of the Attorney General effective October 1, 2014.

Ms. Formigoni was notified of the legislative 60 day repayment requirement on October 2, 2014. On November 13, 2014 SERS received a written response from Ms. Formigoni explaining she was unable to meet the 60 day repayment requirement. Included in her written response was a requested installment repayment amount of \$439.20 or \$219.60 per pay period to extend over a ten year period.

On November 14, 2014 Ms. Formigoni spoke with the SERS ARCP repayment specialist, Jennifer Paoni. Ms. Formigoni clarified she no longer had the ARCP funds available for a lump sum repayment. Ms. Paoni discussed that due to the size of the ARCP payout, the maximum repayment plan would be 5 years (60 months). The monthly repayment of \$878.40 or \$439.20 per pay period would be required.

Ms. Formigoni indicated the 5 year repayment plan would make it impossible for her to meet her financial obligations and requested an opportunity to appeal for an extension as outlined in her November 13, 2014 letter.

Ms. Formigoni was present at the December 11, 2014 meeting to explain why she didn't feel she could make the payments over a 5 year period and meet her financial obligations.

The Committee referred this matter to the System's attorney for a recommendation for the January meeting.

#### Earl Rucker - Overpayment of Survivor Benefits

Earl Rucker is the recipient of a monthly survivors' annuity payable on behalf of deceased member Tina Rucker. Based on eligibility at the time of the member's passing, Earl was approved for SERS survivors' benefit that included himself and their two children Selena and Cheyenne Rucker.

In May 2014 the annual small roll questionnaire was mailed requesting Mr. Rucker to certify whether or not the minor children were still under his care. Mr. Rucker placed a call to SERS on May 20, 2014 indicating that due to a domestic dispute, the children were no longer under his care and this his nephew, Bruce Rucker, was granted Guardian of the Person and Estate for Selena and Cheyenne Rucker.

On June 10, 2014 SERS received a copy of the guardianship from Bruce Rucker with a certified file date of October 25, 2013. Based on the date of appointment, Earl Rucker was no longer eligible to receive the survivor benefits that included the allocation for the two minor children effective November 1, 2013. The reallocation of survivor benefits created an overpayment for Earl Rucker from November 1, 2013 through May 31, 2014 totaling \$2,681.25.

Following notification of the overpayment, on August 18, 2014, Mr. Rucker contacted SERS' benefit overpayment specialist Scott Ladendorf indicating he did not agree with the overpayment. Mr. Ladendorf advised Mr. Rucker of the procedure for appealing the overpayment and followed up the same day with detailed written instructions for the appeal process.

On September 2, 2014 SERS received Mr. Rucker's letter indicating he still had the same expenses even though the children were not living with him. However, no supporting documentation was included. A follow-up letter was mailed to Mr. Rucker on September 3, 2014 requesting that the supporting documentation be submitted.

On October 15, 2014 another follow-up for the appeal evidence was mailed stating that further delay in providing supporting documentation for the appeal would result in the gross amount of future benefits being applied to the overpayment.

On November 6, 2014 SERS received a loan billing statement and a copy of what appears to be an online banking statement. Although the appeal letter dated August 26, 2014, received on September 2, 2014, and the supporting evidence, received on November 6, 2014, is not clearly stating his disagreement with the overpayment, it is apparent Mr. Rucker does not agree with being required to repay the overpayment.

Mr. Rucker did not provide any further documentation regarding current employment; however, based on the documented call to Mr. Ladendorf on August 18, 2014, Mr. Rucker has limited income.

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

It was suggested Mr. Rucker repay the overpayment for 5 years at \$45 per month. A repayment contract will be mailed to Mr. Rucker for the amount to be directly deducted from his ongoing survivors' benefit payment.

#### Sharon Simmons - Denial Widow/Survivor Refund

Sharon Simmons retired effective January 1, 2014. At the time of application she was married and no widow survivor contribution refund was paid. While attending a retiree workshop, they were advised that a survivor can only receive benefits on one member's account. Her husband James is already receiving a survivor annuity on his first wife Christi's account. The amount of his benefit is \$1,875.99. The amount of benefit he would receive from Sharon Simmons would only be at most \$466.09 at this time. He would never receive a higher benefit on Sharon's account.

Because at the time of retirement she did not have a survivor who would be eligible for benefits, Mrs. Simmons is asking that the refund be paid. The amount of the refund would be \$2,764.79.

The law at 40 ILCS 5/14-130 states: "A member no longer in service who is **unmarried and** does not have an eligible survivor annuity beneficiary on the date of application therefor is entitled to a refund of contributions for widow's annuity or survivors annuity purposes, or both as the case may be, without interest." (The bold and underling was added.)

She is appealing to the Executive Committee to approve the refund of the contributions.

After reviewing the case, Executive Secretary Blair made a motion to deny the appeal, seconded by Chairman Iglarsh. All were in favor.

#### Simeon Fleming - Denial Survivor Benefits

Simeon Fleming retired effective March 3, 2005 at which time he did not have a qualified survivor. He was paid a refund of widow survivor contributions on April 22, 2005 totaling \$3,302.80. He entered into a civil union with Leonard Kolesar on June 8, 2011. Mr. Kolesar asserts that Simeon was advised that if they joined in the civil union, Mr. Kolesar would be eligible for a monthly benefit, but they were not told that the widow survivor contributions needed to be repaid. The widow survivor refund was \$3,302.80. Mr. Kolesar was sent a survivor application packet in error on October 21, 2014. When our error was discovered, he was sent a letter dated November 5, 2014 explaining the situation and denying survivor benefits.

Mr. Kolesar is asking that in order to receive monthly benefits as a survivor he be allowed to repay the widow/survivor refund from monthly benefits to be paid by the System.

After some discussion and based on the statutory language regarding the repayment of the refund, Executive Secretary Blair motioned to deny the appeal of Mr. Fleming, seconded by Vice Chairperson Laidaw. All were in favor.

#### Frank Loscuito - Refunds – Reinstatement of Account

This account became eligible for a write-off in June, 2006. Contributions in the amount of \$139.21, widow/survivors' in the amount of \$17.39, and 2.25 months of creditable service were written off on June 23, 2006. Mr. Loscuito has returned to work and he has requested that his account be reinstated.

The Service & Refunds Division is requesting the Executive Committee to approve the reinstatement of this account.

After some discussion, a motion was made by Chairman Iglarsh to approve reinstatement of Mr. Loscuito's account, seconded by Vice Chairperson Laidlaw. All were in favor.

#### Carmen Jimerson - Partial Refund of Optional Service Credit

Carmen Jimerson is requesting a written appeal before the Executive Committee. She is requesting the return of \$707.22 that she paid for a 6.25 month refund.

On January 24, 2014 we billed Ms. Jimerson for the repayment of a refund (6.25 months) and a qualifying period (6.00 months). She made the payment by deferred comp transfer. Even though her pension would be increased by \$25.88, Ms. Jimerson wants the refund.

After some discussion, Vice Chairperson Laidlaw made a motion to grant Ms. Jimerson's request and issue her a check. This motion was seconded by Chairman Iglarsh. All were in favor.

#### Jeffrey Berry – Service

Jeffrey Berry retired effective January 1, 2013. He was 1 month short of the rule of 85. His agency failed to withhold the required contributions for the additional service credit on paid vacation days. SERS failed to reduce his monthly pension. This error was just recently discovered by SERS when reviewing files for increases due in January 2015.

Mr. Berry is requesting he be allowed to purchase the service credit on his paid vacation days.

After some discussion, Vice Chairperson Laidlaw made a motion to approve Mr. Berry's request to purchase the service credit, seconded by Chairman Iglarsh. All were in favor.



There being no further business to be brought before the Committee, the meeting was adjourned at 11:05 a.m.

The next meeting of the Executive Committee is scheduled for Thursday, January 8, 2015, 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