

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
December 10, 2015

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, December 10, 2015 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:

Stephen Bochenek, Attorney
Jeff Houch, Assistant Executive Secretary
Kathy Yemm, Claims Manager
Don Williams, Supervisor, Disability Section
Cory Mitchelle, Pension and Death Section
Joe Maggio, Service and Refunds Manager
Jennifer Staley, Recording Secretary

Minutes of the Previous Meeting

The minutes of the November 12, 2015 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 Morris, 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, 2015 was presented. Following review and discussion, the Routine Claims and Denials Report for the period of November, 2015, as prepared by staff, was reviewed and received by the Executive Committee.

Old Business

Brenda Sawyer – Temporary Disability - Deferred

Ms. Sawyer is employed by the Secretary of State as an Administrative Assistant III Case Worker. Ms. Sawyer last worked June 10, 2014 and began a medical leave of absence June 16, 2014. She was expected to be off work for 8 weeks but at this time she is still off work.

Ms. Sawyer filed a workers' compensation claim which was denied on June 20, 2014. She has applied for temporary disability benefits through SERS.

Ms. Sawyer had an allergic reaction at work on June 10, 2014. Ms. Sawyer was referred to Phillip Wuertz, LCSW, whom she has been seeing since September 2, 2014.

Ms. Sawyer's file was reviewed by Medical Consultant #70. Overall, the history demonstrates that she is an insightful and compliant person. There has been improvement since the initial event, and a good prognosis is anticipated. In my opinion the illness is not severe, and she is not considered to be disabled from performing the duties of her job.

Ms. Sawyer was seen by Louis B. Cady, M.D. It is his opinion she has continuously, since June 14, 2014, been unable to perform her position or, in fact, be engaged in any active employment. Given the circumstances, she is not able to perform the duties assigned to her at this time.

Medical Consultant #70 reviewed Dr. Cady's report and opined Ms. Sawyer has been diagnosed with an unusual illness, which may have work implications, but the other symptoms do not prevent the performance of work.

Ms. Sawyer was evaluated on March 31, 2015 by M.A. Park, M.D., at Mayo Clinic. Medical Consultant #70 reviewed Dr. Park's medical records and opined the latest medical data does not support the presence of a disability.

Ms. Brenda Sawyer was present at the May 14, 2015 meeting and gave an in-depth accounting of her illness. She stated she is still undergoing medical testing and depending on the outcome, will see if her condition could be treated or controlled.

After hearing the basis of the appeal at the May 14th Executive Committee, Attorney Reid-Peterson advised she will pass on the information to Attorney Bochenek.

Ms. Sawyer's agency was contacted regarding her working conditions to see if anything could be altered to accommodate her situation in the work environment. At the present time, nothing would be done.

After some discussion by the Executive Committee at its June, 2015 meeting, the case was referred to Attorney Bochenek for a recommendation to present at the July Executive Committee meeting.

At the July, 2015 Executive Committee meeting the Committee determined that since a medical basis, as well as a psychiatric basis, was being asserted as the reason for the disability, the Committee needed to refer this matter to one of the medical consultants for the System for their review and opinion.

At the August and September, 2015 Executive Committee meetings it was noted that no additional medical information had been submitted from the medical consultant. The case was deferred until such information is received.

At the October, 2015 meeting it was noted that there was new medical information on Ms. Sawyer. SERS provided the system attorney with the new medical information for review and referred the matter to the system's attorney for recommendation at the November, 2015 meeting.

The morning of the November Executive Committee meeting the disability supervisor received new information on Ms. Sawyer. The case will be deferred until all new information can be reviewed.

Mark Mason – SSA Overpayment - Recommendation

Mark Mason is a security guard for the Secretary of State Police. Due to an illness, Mr. Mason had been at Mayo Clinic from December, 2014 through August, 2015.

Mr. Mason received social security disability effective November 24, 2014, creating an overpayment of nonoccupational disability benefits from November 24, 2014 through July 31, 2015 in the amount of \$10,728.03.

Mr. Mason doesn't believe any offset should be taken for his social security disability. He is appealing the overpayment and the requirement to pay it back.

Mr. Mason made a personal appeal at the September 10, 2015 meeting in Springfield. After hearing his reason for the appeal, the Executive Committee advised Mr. Mason to make an appointment with an advisor to see what his benefit options are and then work with him on the best scenario for him to repay the money.

Prior to the October 8th, 2015 Executive Committee meeting, Cory Mitchell, of the Pension Section, gave Mr. Mason three different benefit options and explained how the overpayment repayment process would work for each scenario. Mr. Mason has until November 4, 2015 to decide which option he will take. The case is deferred until an option is chosen.

At the November 12, 2015 Executive Committee meeting, Cory Mitchell, of the Pension Section, stated that she had gone over the benefit choices with Mr. Mason and he has not decided on any options at this time and still wants his overpayment to be waived. The case was referred to Steve Bochenek, the system's attorney, for a recommendation.

At the December, 2015 meeting, Attorney Bochenek presented a Recommendation No. 2015-08 for the Committee to deny the appeal of Mark Mason as to request that he receive nonoccupational disability benefits without a social security offset and to waive the overpayment. The Vouchering Section will put together a Repayment Agreement for Mr. Mason.

After some discussion, Executive Secretary Blair moved approval of Recommendation No. 2015-08, seconded by Chairman Iglarsh. All were in favor.

New Business

Cheryl Collins – Waiver of Death Benefits – Member, Susan South

Susan South, a retired state employee, died on October 20, 2015. A death benefit is payable in the amount of \$500.

Ms. South listed two beneficiaries: one is her sister, Beverly Harrison, and the other is her cousin, Cheryl Collins.

Cheryl Collins is requesting a waiver of death benefits.

After some discussion, Executive Secretary Blair moved to approve the request of Cheryl Collins to waive her portion of the death benefit, seconded by Chairman Iglarsh. All were in favor.

William Sternau – 12 Month Waiver for Occupational Disability Benefits

William Sternau works as a Highway Maintainer for the Department of Transportation District #8 in Collinsville, IL. He last worked on June 24, 2013 and began his service connected leave of absence effective that day due to a work injury on June 21, 2013. He returned to work on November 18, 2013 and never applied for an occupational benefit with SERS until October 15, 2015.

Mr. Sternau was unaware of his right to file for an occupational benefit at the time he was receiving TTD benefits and is therefore appealing the one year filing limitation.

After some discussion, Chairman Iglarsh moved to approve the request of Mr. Sternau to waive the 12 month filing period for disability benefits, seconded by Vice Chairperson Morris. All were in favor.

Kelley McBean-Delaney – Nonoccupational Disability Benefits

Kelley McBean-Delaney works as a Case Manager for the Department of Human Services. She last worked on July 20, 2015. She began a medical leave of absence on September 9, 2015 due to pregnancy. She delivered by C-section on July 21, 2015, which would entitle her to nonoccupational disability benefits until September 14, 2015. She states her disability needs continued beyond September 14, 2015 due to related circumstances.

The file was reviewed by a SERS medical consultant on October 22, 2015. It was determined the medical evidence in file was insufficient to establish the presence of a disability beyond September 14, 2015.

She has requested a written appeal to the Executive Committee.

After reviewing the case, a motion made by Executive Secretary Blair to deny Kelly McBean Delaney's request for disability benefits beyond September 14, 2015. The motion was seconded by Chairman Iglarsh. All were in favor.

Vickie Adkins – Request for a Survivor Benefit - William Adkins, Member

William Adkins, an active state employee, died in May, 1999. A nonoccupational lump sum death benefit was paid to his spouse, Vickie Adkins, in the amount of \$105,571.14. Ms. Adkins claims she was never given the option between a monthly survivor benefit and a lump sum benefit including the state's portion.

SERS is unable to locate any paperwork regarding the application for the death benefit. Ms. Adkins is asking to receive a survivor benefit.

After some discussion, a motion was made by Executive Secretary Blair to deny Vickie Adkin's request to receive a survivor benefit, seconded by Vice Chairperson Morris. All were in favor.

Brenda Gold – Request for Pension Adjustment and Survivor Contributions Reinstated

Brenda Gold originally retired October 1, 2007 with a reduced pension. In 2011, Ms. Gold won a Settlement Agreement and the Illinois Department of Transportation (IDOT) reinstated her employment from October 1, 2007 through March 31, 2009. This created an overpayment in pension benefits totaling \$36,523.44.

Due to the reinstatement of employment, she was granted enough service credit to meet the Rule of 85 and an adjustment was due her in the amount of \$27,426.62 for the period of April 1, 2009 through February 28, 2011. The adjustment payment was applied toward the overpayment and the difference was paid by IDOT.

The adjustment payment was applied toward the overpayment, leaving a balance that was paid for by IDOT as stated in the terms of the Settlement Agreement.

Ms. Gold re-retired effective May 1, 2014. Her pension was calculated as if she had not retired previously. Her entire pension was not repaid, so her first pension should have been added onto her second pension. The pension amount effective May 1, 2014 should have been \$3,821.33; instead, her pension was paid at \$4,857.08 per month. This has created an overpayment of \$12,891.55 for the period of May 1, 2014 through May 31, 2015.

This error was discovered because Ms. Gold wrote an appeal letter to the Executive Committee regarding her survivor contributions. When Ms. Gold re-retired, she waived her survivor contribution refund. She did not repay the survivor contribution refund she received when she first retired. Ms. Gold believes that IDOT was supposed to have repaid her entire pension and the survivor contribution refund. She states her pension was correctly paid at \$4,857.08 per month and IDOT should have repaid the survivor contribution refund.

An informal conference was conducted by telephone on December 2, 2015 with Ms. Gold and her Attorney, Robert Cohen. Ms. Gold's file was discussed and the two separate issues were

explained; one problem is the survivor contribution refund and the other is her monthly pension amount.

Ms. Gold reiterated that IDOT had assured her she would be made “whole” so she thought her entire pension had been repaid by IDOT. She stated that she relied on the pension estimate provided to her and insisted at the time the estimate be signed by the employee providing her with the figure. Ms. Gold indicated that had she known the correct monthly pension amount, she would have applied for a disability benefit instead of retiring.

The Claims Division will schedule a personal appeal as requested by Ms. Gold.

Jerold Davidson – Request to Purchase 1 Month of Service (1404 Purchase)

Jerold Davidson retired reciprocally with the Teachers’ Retirement System and the Chicago Teachers’ Pension Fund effective April, 2014.

Mr. Davidson retired with 95.25 months of service with SERS, .75 months shy of 8 years. He did not complete a Form 1404 to purchase his vacation days. Mr. Davidson has 12 years combined service with the reciprocal systems.

Mr. Davidson is not eligible for state insurance unless he has 8 years of service with SERS. Mr. Davidson was incorrectly given state insurance for free when he retired. He recently inquired about his insurance premiums and it was discovered that he was not eligible for state insurance.

Mr. Davidson is requesting to purchase 1 month of service credit from his vacation days after the 90 day limitation so he will be eligible for state insurance.

After some discussion, a motion was made by Chairman Iglarsh to approve Jerold Davidson’s request to purchase 1 month of service credit thereby making Mr. Davidson eligible for state insurance, seconded by Executive Secretary Blair. All were in favor.

Pamela Wendt – Gainful Employment

Ms. Wendt has been receiving occupational benefits from SERS since April 2009.

She worked for Kevin Elliot Counseling and exceeded the quarterly earnings limit of \$2,490.00 the 4th quarter of 2013 and the 1st quarter of 2014. Ms. Wendt’s gainful employment was not reported on the October 2014 IDES report; however, it was reported on the April 2015 IDES report as a possible gainful employment. The Disability Section staff began the process of collecting paystubs April 15, 2015. The paystubs were eventually received in July 2015 and staff 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; she signed and returned the agreement to SERS July 29, 2015. The \$966 was collected through reducing her disability benefit payments by the Vouchering Section.

A review of the October 2015 IDES report indicated no earnings for Ms. Wendt. Casey Evans, SERS Internal Auditor, researched further and found 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. A letter has been drafted to Ms. Wendt giving her 30 days to appeal the suspension and also advises her we may pursue referring this case to the State's Attorney of Champaign County to determine whether to pursue fraud charges. The letter also advises that repayment of the \$19,559.68 overpayment is required immediately. SERS will await a response from Ms. Wendt to see what course of action to take.

Daniel Friesner – Gainful Employment Policy – Donald Friesner, Member

Daniel Friesner began receiving a disabled adult child survivor benefit May 1, 1995.

He exceeded the earnings limitation in 2003 and 2004 and again in 2011. His mother, Sharon Friesner, appealed on his behalf in both of these instances and the Executive Committee approved Daniel to continue receiving survivor benefits. An agreement was mailed on June 15, 2012 that was to be signed by Sharon and Daniel acknowledging they understood the earnings limitation and that benefits would be suspended if the limit was exceeded in the future. This agreement was not returned to SERS.

Mr. Friesner exceeded the earnings limitation in the second quarter of 2015 by \$6.76.

The Pension and Death Division is asking for direction regarding the earnings limitation for disabled adult survivors.

A policy was approved by the Executive Committee on May 8, 2003 that overpayments of less than \$10.00 per month will not be set up or collected.

Please give direction if a similar policy should be adopted for the earnings limitation.

The case was reviewed and since Daniel's overpayment is under \$10.00 there will be no collection; however, these cases should be brought to the attention of the Executive Committee. An agreement will again be sent to the Friesners for their completion. It was determined that SERS needs to adopt a gainful employment policy for survivors the same as other claims.

Joseph Zappa – Attorney General's Opinion Regarding Felony

Joseph Zappa was convicted of a felony on July 7, 1995 which was directly related to his employment with the Secretary of State. He was sentenced to a term of 36 months of probation. He successfully completed his sentence on July 2, 1998. He returned to state employment and has continuously been employed with the Illinois Environmental Protection Agency since June 16, 1999. Based upon an unofficial opinion of the Attorney General (requested by SERS), Mr. Zappa only forfeits his accrued retirement benefits for his state employment prior to his July 1995 conviction. If the Executive Committee agrees to accept this opinion, Mr. Zappa will be eligible for a retirement annuity effective September 1, 2020 (age 60).

In November, Mr. Zappa applied to establish optional service, including the repayment of a refund for service prior to his felony conviction. The Committee discussed the Attorney General's unofficial opinion and the proper response to the member's request to establish optional service credit. It was decided the matter would be deferred pending further discussion.

There being no further business to be brought before the Committee, the meeting was adjourned at 11:30 a.m.

The next meeting of the Executive Committee is scheduled for January 14, 2016, in the Springfield office, with video conferencing in Chicago.

Loren Iglarsh, Chairman

David Morris, Vice Chairperson

Timothy Blair, Executive