

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
February 9, 2017

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, February 9, 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
Kathy Yemm, Manager, Claims Division
Don Williams, Supervisor, Disability Section
Cory Mitchell, Acting Supervisor, Pension and Death Section
Joe Maggio, Manager, Service & Refunds Division
Alan Fowler, Manager, Accounting Division
Jessica Blood, Recording Secretary
Jennifer Staley, Administrative Assistant

Minutes of the Previous Meeting

The minutes of the January 12, 2017 meeting of the Executive Committee were presented by Vice Chairman Morris 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 January, 2017 was presented. Following review and discussion, the Routine Claims and Denials Report for the period of January, 2017, as prepared by staff, was reviewed and received by the Executive Committee.

Old Business

Kimberly Hannold – Recommendation from Attorney

Kimberly Hannold works as a Juvenile Justice Specialist for the Illinois Department of Juvenile Justice, Illinois Youth Center in St. Charles. She last worked on January 28, 2016 and began a medical leave of absence on February 8, 2016.

Medical records were requested and received from her physician on September 30, 2016. Her file was reviewed by SRS Medical Consultant #70 on October 22, 2016. It was of the medical consultant's opinion that Ms. Hannold retains the ability to perform all the duties of her job as delineated, based on the medical evidence in file as of that date. Ms. Hannold is requesting a personal appeal for the denial of temporary disability benefits for the timeframe of January 28, 2016 to the present.

A recommendation was provided by Attorney Steve Bochenek that Ms. Hannold be found disabled for the period from February 8, 2016 through March 15, 2016 and be found not to have been disabled subsequent to March 15, 2016, with further recommendation that the denial of temporary disability benefits period beginning March 15, 2016 be upheld. After reviewing the facts of the case and the recommendation presented by Attorney Bochenek, a motion was made by Executive Secretary Blair to approve recommendation No. 2017-1, seconded by Vice-Chairperson Morris. All were in favor.

Nikki Woolverton – Occupational Disability 12 Month Waiver

Nikki Woolverton works as a Social Service Program Planner II for the Public Health Department. Her last day worked was May 8, 2015 and she began a service connected leave of absence on May 16, 2015 due to an injury. She returned to work August 17, 2015. She was paid TTD.

Ms. Woolverton is appealing the one year filing limitation.

Due to Vice Chairperson Morris's association with Ms. Woolverton, he recused himself from the case.

Based on a review of the case, a motion was made by Chairperson Iglarsh to approve Ms. Woolverton's request to appeal the one year filing limitation, seconded by Executive Secretary Blair. All were in favor.

New Business

Loren Purnell – Request Removal from Level Income Option

Mr. Purnell retired effective January 1, 2003. He chose the level income option for age 62 years and 1 month. The level income option increased his pension by \$322.19 per month. Effective August 1, 2014, his pension was reduced by \$1,010.00 for the level income option.

Mr. Purnell is requesting to revoke the level income option from his pension.

After discussion of the case, the Executive Committee agreed to defer the case and refer to SRS attorney for recommendation.

Ryan Coughlin – Request Appeal of Tier 2 Determination

Mr. Coughlin was hired by the Illinois Department of Healthcare and Family Services (HFS) on April 1, 2012 and became a member of the State Employees' Retirement System (SERS) on that date. He has been coded on HFS payroll as a tier 2 regular formula member since his start date. Mr. Coughlin also has a TRS membership date of July 1, 2011.

Tier 2 Provision – Article 1

The Illinois Pension Code contains the definition of who is a tier 2 member of a retirement system. A person who on or after January 1, 2011, first becomes a member of or a participant under any reciprocal retirement system or pension fund is considered a tier 2 member of the retirement system (40 ILCS 5/1-160). There is no statutory provision that allows an optional service purchase to qualify a person as a tier 1 member. So even though a tier 2 member has a right to purchase optional service credit, the purchase does not change the fact that the person first became a member of a reciprocal retirement system on or after January 1, 2011.

Article 14 Definitions – Employee, Department and Member

The SERS definition of “employee” is in the SERS Article of the Pension Code: “Any person employed by a Department who receives salary for personal services rendered to the Department on a warrant issued pursuant to a payroll voucher certified by a Department and drawn by the State Comptroller upon the State Treasurer.” The National Guard does not meet the Article 14 definition of a “department” nor are those paid by the National Guard paid pursuant to a payroll voucher drawn by the State Comptroller.

Finally, tier eligibility is determined by membership date, and the definition of “member” within the Pension Code is: “Any employee included in the membership of the system; and any former employee who made contributions to the system and has not received a refund and who is not receiving a retirement annuity.”

After discussion of the case, the Executive Committee agreed to defer the case and refer to SRS attorney for recommendation.

Joel Schultze – Request Reinstatement of Account for Refund

Mr. Schultze's account became eligible for a write-off in June, 2006. Contributions in the amount of \$2,757.09 were written off on June 23, 2006. Mr. Schultze has requested a refund.

After review of the case, a motion was made by Chairperson Iglarsh to approve Mr. Schultze's request for reinstatement of his account, seconded by Vice-Chairperson Morris. All were in favor.

Brian Breagel – Non-Occupational Disability 90 Day Waiver

Mr. Breagel is appealing the denial of disability based on the 90 day rule. He was removed from payroll January 13, 2016. His 90 days expired on April 12, 2016. The application came in from the member on December 20, 2016. SERS sent agency forms December 20, 2016. The medical was received December 20, 2016. He returned to work November 21, 2016.

After reviewing the facts of the case, a motion was made by Chairperson Iglarsh to approve Mr. Breagel's request to waive the 90 day filing period, seconded by Vice-Chairperson Morris. All were in favor.

Policy – Direct Deposits to Trust

Section 1-106 of the Illinois Pension Code (40 ILCS 5/1-106) provides upon direction by an annuitant for direct deposit of an annuity by the System to an account held for the benefit of the annuitant by a bank, savings and loan association, or other financial institution insured by an agency of the federal government. Under the provisions of Section 1-106 that authority was extended to certain trust accounts. The System construes those provisions to give the System the authority to make a direct deposit to a trust account established by the annuitant for the benefit of the annuitant which account is held by a bank, savings and loan association or trust company, and which entity or the annuitant is the trustee. The annuitant has the right to withdraw the direction to direct deposit at any time.

After some discussion, Chairperson Iglarsh recused himself from a vote due to personal interest. A motion was then made by Executive Secretary Blair to to adopt the policy, seconded by Vice-Chairperson Morris. All were in favor.

SERS Collections Policy

Executive Secretary Blair proposed the following policy:

This collections policy applies to all members of the State Employees' Retirement System (SERS) of Illinois who are indebted to SERS due to receiving retirement, disability or survivor benefits in excess of those provided by Article 14 of the Pension Code.

The purpose of this collections policy is to fulfill the fiduciary obligation of the SERS Board of Trustees and staff by recouping excessive payments from members of SERS in a fair and timely manner.

Effective immediately, it is the policy of SERS to withhold the net amount of any monthly retirement, survivor, disability or death benefit, and any refund of employee contributions, payable to a member indebted to SERS, except in instances when the member's indebtedness is created by a SERS error, SERS will withhold 20% of any net monthly benefit payable or a monthly amount that eliminates the debt within 5 years, whichever is greater.

After discussion, the Executive Committee agreed to defer adoption of the policy until further review by Attorney Bochenek and to address the policy at next month's meeting.

There being no further business to be brought before the Committee, the meeting was adjourned at 10:48 a.m.

The next meeting of the Executive Committee is scheduled for March 9, 2017, in the Springfield office, with video conferencing in Chicago.

Loren Iglarsh, Chairperson

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary