

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

February 8, 2018

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, February 8, 2018 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:

Jeff Houch, Assistant Executive Secretary  
Steve Bochenek, SERS Attorney  
Kathy Yemm, Manager, Claims Division  
Karen Brown, Supervisor, Disability Section  
Don Williams, Contractor, Disability Section  
Cory Mitchell, Acting Supervisor, Pension and Death Section  
Jessica Blood, Recording Secretary

Minutes of the Previous Meeting

The minutes of the January 11, 2018 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 Morris, seconded by Executive Secretary Blair and by unanimous vote, the minutes were approved as submitted.

Routine Claims Report

The Routine Claims Report for the month of January 2018 was presented. Following review and discussion, the Routine Claims Report for the period of January 2018, as prepared by staff, was received by the Executive Committee.

Old Business

J. Stephen Frank – Appeal to Use FAC from IMRF -Recommendation

James Frank retired reciprocally with the Illinois Municipal Retirement Fund (IMRF) effective June 1, 2017.

Mr. Frank's last employment was with IMRF and the average earnings from IMRF were used to calculate the SERS retirement benefit.

IMRF has been reporting wages incorrectly to SERS. They have been including wages paid after the member left employment. Some of this money is wages from the last payroll, however it also includes sick and vacation pay that SERS cannot use in the calculation of a Final Average Compensation. IMRF is unable to provide a breakdown of wages to show the amount that is salary, so SERS excludes the last month of earnings and includes one previous month of earnings to compute a FAC.

IMRF reported wages in June, 2017 for Mr. Frank in the amount of \$38,791.25. SERS excluded this month and added on the earnings from June, 2013.

IMRF is using a FAC of \$8,853.08 due to a 125% cap. SERS is using a FAC of \$8,480.88. If SERS used the wages provided by IMRF, the cap would also be applied by our system. This would increase the member's retirement annuity by \$193.79.

Mr. Frank is appealing the calculation of the FAC and requesting SERS use the earnings credited in June, 2017.

Update: Per the City of Springfield Department of Public Utilities, out of the \$38,791.25 paid to Mr. Frank in June, 2017, \$5,879.68 was for regular wages and comp time. If SERS used these wages for June, 2017 instead of the wages for June, 2013, his pension would decrease by \$8.27 per month.

Total compensation from July, 2013 through June, 2017 - \$405,736.50/48 = \$8,452.84  
FAC \* 29.4686% = \$2,490.93

Attorney Bochenek presented recommendation No. 2018-4 to the Committee to deny Mr. Frank's request to apply the FAC from IMRF toward his pension. After reviewing the facts of the case and some discussion, a motion was made by Chairman Iglarsh to accept recommendation No. 2018-4. The motion was seconded by Vice-Chairperson Morris and all were in favor.

#### Patricia Nolin-Winkler – Appeal of SSA Overpayment

Patricia Nolin-Winkler works as a Registered Nurse II for the Illinois Department of Veterans' Affairs. She stopped working on July 15, 2014 and began a medical leave of absence on July 16, 2014 due to multiple medical issues. She has not returned to work.

Mrs. Nolin-Winkler is currently receiving a SERS non-occupational disability benefit. She began this benefit on August 15, 2014 at age 62 ½. One year later, on September 8, 2015, SERS sent Mrs. Nolin-Winkler a letter referring her to Midwest Disability Law firm asking her to apply for SSA disability benefits. While her disability claim was pending a decision, she was advised by the Field Office Representative that she could begin receiving her unreduced retirement amount as of November 1, 2015 at age 63 ½. The benefit was in the amount of \$1,448.00 per month.

Mrs. Nolin-Winkler received a letter dated April 25, 2016 from SSA notifying her that she was awarded disability benefits, with a date of entitlement as of January 1, 2015. This benefit is in the amount of \$1,693.00 per month. Mrs. Nolin-Winkler also has two other

family members in her household receiving SSA disability benefits. After speaking with a representative at the SSA Field Office, she was advised that her family would receive a greater benefit amount if she switched her benefit back to her prior unreduced retirement benefit, rather than receive the disability benefit. They explained that though her disability benefit amount was higher than the unreduced retirement benefit amount, as a family they would receive a higher benefit amount if she collected her unreduced retirement amount. Mrs. Nolin-Winkler decided to go back to the original benefit amount of \$1,448.00.

Once made aware of Mrs. Nolin-Winkler's SSA disability award, SERS began offsetting the disability benefit amount as of January 1, 2015, her date of entitlement.

Mrs. Nolin-Winkler's non-occupational disability benefit is currently offset by her Social Security disability benefit at a monthly rate of \$1,693.00. She currently has a \$54,176.00 overpayment. She submitted a letter of appeal and had a personal hearing with the Executive Committee on January 11, 2018.

The Claims Division is asking the Executive Committee to determine if SERS is required to collect the disability benefit amount as of her date of entitlement on January 1, 2015 or if the member can continue receiving her unreduced retirement amount without offsetting until she turns age 66. Her new unreduced retirement benefit would be \$1,732.00 per month.

After reviewing the facts of the case and some discussion, the Committee agreed to defer the case pending notification to Mrs. Nolin-Winkler of a recalculated lower overpayment total and her decision regarding repayment moving forward.

### **New Business**

#### **Terry Kellough – Appeal to Receive Survivor Annuity – Mbr: Berner Kellough**

Berner Kellough, a state retiree, died November 11, 2000.

His surviving spouse, Jeanne Kellough, applied for and received a survivor annuity. When she applied for the benefit, she did not indicate a disabled adult child was dependent upon Mr. Kellough at the time of his passing.

Jeanne Kellough died October 30, 2017.

Stephen Kellough is the Power of Attorney for his brother, Terry Kellough. Stephen is requesting a survivor annuity for Terry as a disabled adult child. For Terry to be eligible for the benefit, he must have been at least 50% financially dependent upon his father at the time of his father's death (40 ILCS 5/14-120 (f)). Typically, this is proven through tax returns, but Stephen is unable to access returns from this time.

After discussing the facts of the case, a motion was made by Executive Secretary Blair to deny Mr. Kellough's request for a survivor annuity for his brother Terry. The motion was seconded by Vice-Chairperson Morris and all were in favor.

### Patricia Quitno – Appeal to Receive Retroactive Survivor Annuity – Mbr: Curtis Quitno

Curtis Quitno, a retired state employee, died on September 25, 2013. A survivor annuity packet was mailed to Patricia Quitno on October 15, 2013 and again on May 21, 2014.

Patricia Quitno's Power of Attorney, Amber Quitno, completed the required forms and they were received in our office on December 26, 2017. The Pension and Death Section started the survivor annuity effective January 1, 2018 in accordance with ILCS 5/14-103.18.

Amber Quitno is appealing on behalf of Patricia Quitno, to receive a retroactive survivor annuity dating back to October 1, 2013.

After reviewing the facts of the case and some discussion, a motion was made by Chairman Iglarsh to approve Ms. Quitno's request for a retroactive survivor annuity for Patricia Quitno dating back to October 1, 2013. The motion was seconded by Vice-Chairperson Morris and all were in favor.

### Nathaniel Bryant – Re-Appeal to Revoke Level Income

Nathaniel Bryant retired effective January 1, 2013. He chose the level income option for age 66 years and 0 months. The level income option is increasing his pension by \$741.80 per month. Mr. Bryant applied for Social Security benefits at age 62. Effective December 1, 2018, his pension will be reduced by \$1,417.00 for the level income option.

Mr. Bryant's appeal to revoke the level income option from his pension was denied at the October 12, 2017 Executive Committee meeting. He is requesting a re-appeal to revoke the level income option.

Finding no new evidence or information from Mr. Bryant, a motion was made by Executive Secretary Blair to deny Mr. Bryant's request to re-appeal. The motion was seconded by Vice-Chairperson Morris and all were in favor.

### Laura McCombs – Appeal to Reduce SSA Overpayment Repayment Amount

Laura McCombs was approved for a non-occupational disability benefit from SERS effective June 1, 2016.

Ms. McCombs was approved for a retroactive Social Security disability benefit effective June 1, 2017. The retroactive benefit created an overpayment to SERS totaling \$5,485.00 from June 1, 2017 through October 31, 2017.

SERS sent a notification letter to Ms. McCombs on November 9, 2017 explaining the calculation of the overpayment and what was due SERS.

As stated in the SERS Board policy, the Overpayment Section is to deduct half the gross of any benefit being paid toward an overpayment owed to SERS. The overpayment due is in accordance with 5/14-125 ILCS of the Pension Code.

Ms. McCombs' current monthly gross disability payment is \$721.00. Monthly deductions of \$52.90 federal tax and half the gross of her monthly benefit in the amount of \$360.50, reduces the net pay to \$307.60.

Ms. McCombs is eligible to retire January 1, 2020.

Ms. McCombs is appealing to reduce the repayment amount of \$360.50 to a lower amount. A payment of \$360.50 was applied in January reducing the overpayment to \$5,124.50. By paying the current amount, the overpayment will be paid in fifteen months. A payment of \$91.42 would repay the overpayment within five years.

After some discussion, a motion was made by Chairman Iglarsh to approve Ms. McCombs' request and to reduce the amount of her SSA overpayment repayment to \$200.00 per month. The motion was seconded by Vice-Chairperson Morris and all were in favor.

#### Sylvia Munguia – Appeal Repayment of SSA Overpayment

Sylvia Munguia was approved for a non-occupational disability benefit from SERS effective January 1, 2014.

Ms. Munguia was approved for a retroactive Social Security disability benefit effective November 16, 2013. The retroactive benefit created an overpayment with SERS totaling \$75,008.00 from January 1, 2014 through August 31, 2017.

SERS sent Ms. Munguia a notification letter on November 29, 2017 that explained the calculation of the overpayment and what was due SERS.

As stated in the SERS Board policy, the Overpayment Section is to deduct half the gross of any benefit being paid toward an overpayment owed to SERS. The overpayment due is in accordance with 5/14-125 ILCS of the Pension Code.

Ms. Munguia's current monthly gross pension payment is \$1,138.11. Monthly deductions of \$60.60 federal tax and \$183.26 state insurance reduce the net pay to \$894.25. Because half the gross in the amount of \$596.06 will not repay the overpayment required by guidelines (within five years), SERS will have to offset the full gross in the amount of \$1,138.11. Group Insurance premiums will be direct billed to her by CMS.

Ms. Munguia retired September 1, 2017. She is appealing the repayment of her SSA overpayment.

After reviewing the facts of the case and some discussion, a motion was made by Chairman Iglarsh to deny Ms. Munguia's request to forgive the repayment of the overpayment altogether, but allow half of her gross benefit as the repayment amount per SERS Board policy. The motion was seconded by Executive Secretary Blair and all were in favor.

#### Michael Watson – Non-Occupational Disability – 90 Day Waiver

Michael Watson works as a Correctional Officer for IDOC. He last worked on May 26, 2017. He began a medical leave of absence on May 27, 2017 due to multiple medical

issues. Mr. Watson has been in physical therapy from May 2017 until present. He stated the reason he was late applying for the non-occupational disability benefit is that his mail was mistakenly sent to his father as they share the same name.

Mr. Watson has requested a written appeal to the Executive Committee so that the 90-day filing limitation can be waived.

After discussing the facts of the case, a motion was made by Chairman Iglarsh to approve Mr. Watson's request to waive the 90-day filing limitation. The motion was seconded by Vice-Chairperson Morris and all were in favor.

#### Wanda Shorty – Appeal Change to SSA Overpayment Repayment Plan

Wanda Shorty was approved for non-occupational disability benefits from SERS in August of 2010.

Approval of a retroactive Social Security award cause an overpayment of benefits. Her half time ceased August 1, 2011 but SERS continued to pay her a disability benefit through April 30, 2012 causing a second overpayment of benefits.

The retroactive Social Security award caused an overpayment of \$8,310.37 and overpaid disability benefits created an additional overpayment of \$9,316.44 for a total overpayment of \$17,626.81. Various payments applied to the overpayment through present total \$9,516.30 reducing the amount owed to \$8,110.51 as of January 1, 2018.

Ms. Shorty retired August 1, 2011. She retroactively retired due to the half time cease date.

Initial correspondence from SERS stated a payment of \$25.00 per month would be allowed application to the overpayment but only \$10.00 per month is currently deducted. Ms. Shorty's file was recently audited and no signed contract agreement was in place. As stated in the SERS Board policy, the Overpayment Section is to deduct half the gross of any benefit being paid toward an overpayment owed to SERS. A letter was sent to Ms. Shorty on January 12, 2018 explaining the policy and new payment to be deducted from her annuity effective February 2018.

Ms. Shorty is appealing this change in her monthly repayment amount. As explained in the letter sent to her, deductions of \$293.79 will enable her to repay the overpayment in 28 months. If SERS continues to allow the \$10.00 or \$25.00 per month payment, the overpayment will not be paid within the five-year allowable guideline. A payment of \$135.17 would allow her to repay the overpayment within five years.

Ms. Shorty is currently receiving a monthly retirement annuity of \$587.58. Deductions of \$20.00 federal tax withholding, \$10.00 toward SERS overpayment, \$3.00 to AFSCME and \$.70 for child life are currently decreasing her net payment to \$553.88.

After reviewing the case and some discussion, a motion was made by Vice-Chairperson Morris to approve a monthly deduction of \$25.00 toward her overpayment. The motion was seconded by Executive Secretary Blair and all were in favor.

There being no further business to be brought before the Committee, the meeting was adjourned at 10:35 a.m.

The next meeting of the Executive Committee is scheduled for March 8<sup>th</sup>, 2018, 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