

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

January 12, 2012

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, January 12, 2012, at 9:00 A.M. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee members present:

Loren Iglarsh, Chairman
Lori Laidlaw, Vice Chairperson
Timothy Blair, Executive Secretary

Others Present:

Steve Bochenek, Attorney
Kathy Yemm, Manager, Claims Division
Joseph Maggio, Manager, Service & Refunds Division
Nicholas Merrill, Manager, Accounting Division
Chris Silver, Supervisor, Disability Section
Michael Noblet, Supervisor, Pensions & Deaths Section
Kerry Walker, Assistant Supervisor, Disability Section
Dawn Blakeman, Recording Secretary
Marilyn Newton, Hearing
Friend of Ms. Newton's

Minutes of the Previous Meeting

The minutes of the December 8, 2011 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 Laidlaw seconded by Executive Secretary Blair and by unanimous vote, the minutes were approved as submitted.

Routine Claims & Denial Report

The Routine Claims and Denials Report for the month of December, 2011 were presented for approval. Following review and discussion, Chairman Iglarsh moved acceptance of the Routine Claims and Denials Report for the period of December, 2011. On motion by Vice Chairperson Laidlaw seconded by Executive Secretary Blair and by unanimous vote, the minutes were approved as submitted.

Old Business

Robert Ruiz

Pension

Robert Ruiz requested a personal hearing with the Executive Committee in a letter dated November 19, 2009, regarding the reciprocal agreement be cancelled so he can still collect his pension benefits from the County Employees' Annuity & Benefit Fund of Chicago pension fund.

Mr. Ruiz through a telephone conversation in December, 2011 with Michael Noblet, Supervisor of the Pension and Death Division has requested another hearing continuance.

Accordingly, this case continues to be deferred.

Diane Pignato

Non-Occupational Disability

Diane Pignato works for a state agency. She was granted a medical leave of absence. Ms. Pignato's application for disability benefits was denied based upon the results of a review of medical information in her file.

Medical information on file was reviewed by the System's medical consultant on July 8, 2011 and again on September 22, 2011. Based upon this review, a disability was not documented. Based upon a review of the file and information submitted, the Executive Committee finds the employee's job description and work location are as stated and that she was granted a medical leave of absence.

Ms. Pignato's claim for non-occupational disability benefits was denied due to medical information failing to substantiate a disability. Ms. Pignato requested a written appeal pursuant to the denial of disability benefits.

During the October 6, 2011 meeting, the Committee agreed to defer Ms. Pignato's appeal so that additional medical records could be provided.

Johnny Rigdon

Survivor-Beneficiaries

Johnny Rigdon passed away on August 15, 2011 at the time of his death he was receiving an occupational disability benefit. At the time of his death he had a qualified survivor.

Surviving spouse Julie Rigdon's mother and Power of Attorney completed the survivor application for Mrs. Rigdon who is the sole survivor and beneficiary of Johnny Rigdon.

On September 12, 2011 before any benefits were paid Julie Rigdon passed away. Since Mrs. Rigdon died subsequent to Mr. Rigdon, her benefits would be payable to her named beneficiary son Cory Michael Glispie.

Johnny Rigdon's two children are appealing to the committee to have the benefits paid to them instead.

Following discussion, the Committee agreed to defer this matter at this time.

Jill Gordon Non-Occupational Disability

In a letter dated October 13, 2011, Ms. Gordon's attorney, Steven Berg requested a deposition with SERS medical consultant regarding the decision to deny non-occupational disability benefits to his client.

In a letter to Mr. Berg dated October 25, 2011, from Claims Manager, Kathy Yemm explaining the current System's policy on interviewing SERS physicians.

At the November 10, 2011 meeting Ms. Yemm explained a deposition has been scheduled between both parties and the results will be available at a later date. The Committee agreed to defer the appeal.

Per Mr. Berg's request on December 16, 2011 a deposition was held in SERS Springfield office, Mr. Berg cross examined SERS medical consultant.

Following a review of the file and some discussion, the Committee agreed to refer this matter to SERS Attorney for a recommendation based on the facts and findings in file for presentation at the February 8, 2012 meeting.

Occupational Death Staff Inquiry

SERS Attorney reviewed Law regarding occupational deaths and agreed that the disabled adult child previously ineligible does not become eligible due to the law change in 1986.

New Business

Patsy Morton Non-Occupational Disability

Patsy Morton works for a state agency and a service connected leave of absence was granted.

Ms. Morton's claim for disability benefits was denied due to failure to apply for occupational disability benefits within the proper time frame.

Based upon a review of the file and information submitted, the Committee finds Patsy Morton works for a state agency and a service connected leave of absence was granted.

The System did not receive the employee's application for disability benefits within the time limitation pursuant to occupational disability benefits as noted in 40 ILCS 5/14-123, Therefore the application was denied.

Patsy Morton requested a written appeal pursuant to the denial of disability benefits due to late filing. Based on the facts of this case and information submitted, the Committee recommended denying Patsy Morton's appeal for a waiver of the twelve month filing limitation.

Following a review of the written request the file and some discussion, Executive Secretary Blair moved to deny the written request of Patsy Morton for occupational disability benefits Chairman Iglarsh seconded the motion and all were in favor.

Ronald Tuttle Occupational Disability

Ronald Tuttle works for a state agency and a service connected leave of absence was granted.

Mr. Tuttle's claim for disability benefits was denied due to failure to apply for occupational disability benefits within the proper time frame.

Based upon a review of the file and information submitted, the Committee finds Ronald Tuttle works for a state agency and a service connected leave of absence was granted.

The System did not receive the employee's application for disability benefits within the time limitation pursuant to occupational disability benefits as noted in 40 ILCS 5/14-123, therefore the application was denied.

Ronald Tuttle requested a written appeal pursuant to the denial of disability benefits due to late filing. , Information was received with the appeal request which lists the reasons the employee failed to file on a timely basis.

Mr. Tuttle retired on 09/30/11 and now is considered "no longer a member".

Following a review of the written request the file and some discussion Chairman Iglarsh moved to deny the written request of Ronald Tuttle for occupational disability benefits Vice Chairperson Laidlaw seconded the motion and all were in favor.

Loretta Chambers Non-Occupational Disability

Ms. Chambers works for a state agency and was granted a medical leave of absence.

Loretta Chambers has received non-occupational disability benefits since September 12, 2006. She became eligible to receive her full Social Security

Retirement benefit on February 1, 2009. However, SERS was not aware of this until April 2011. Her unreduced social security retirement benefit should have been subtracted from the monthly amount of her SERS non-occupational disability check.

This oversight has created an overpayment of non-occupational disability benefits being paid by SERS.

Based upon a review of the file and information submitted, the Executive Committee finds the employee's work location is as stated and Loretta Chambers was granted a medical leave of absence.

Ms. Loretta Chambers requested an appeal of the amount of the overpayment of non-occupational disability benefits stating she was not aware of the age difference for disability recipients.

After discussion the Executive Committee agreed to defer this matter at this time in order to obtain additional information.

James Hooper

Non-Occupational Disability

James Hooper works for a state agency and a medical leave of absence was granted.

Mr. Hooper's claim for disability benefits was denied due to failure to apply for non-occupational disability benefits within the proper time frame.

Based upon a review of the file and information submitted, the Committee finds James Hooper works for a state agency, and was granted a medical leave of absence.

The System did not receive the employee's application for disability benefits in a timely manner. Since the application was received beyond the ninety day filing limitation as noted in 40 ILCS 5/14-124, the application was denied.

Mr. Hooper requested a written appeal pursuant to the denial of disability benefits due to the late filing. Information was received with the appeal request which lists the reasons the employee did not file on a timely basis.

Based on the facts of this case and information submitted, the Committee recommends approving Mr. Hooper's appeal for disability benefits.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of James Hooper for a waiver of the 90 days limitation for non-occupational disability benefits. , Executive Secretary Blair seconded the motion and all were in favor.

Gary L. Underfanger

Pension

Gary L. Underfanger began a retirement annuity on November 1, 2011.

Based upon a review of the file and information submitted, the Executive Committee finds Gary Underfanger is receiving a retirement annuity.

Prior to his retirement annuity application process, Mr. Underfanger inquired and was told that with at least one sick day on the books he would have enough service credit for 14 full years.

During a routine file audit, it was noted by SERS accounting division that there was a duplication of one (1) month of service. Instead of 14 years of service he had only 13 years 11 months which added 5% more on his insurance charges.

He has requested a hearing to appeal the error and is asking the Executive Committee to approve the purchase of one (1) month of creditable service. Mr. Underfanger states "he should not be punished for SERS employee's errors".

However, he did a "no show" for his hearing. Mr. Noblet, Supervisor for the Pension/Death Division explained his case and stated that Mr. Underfanger has previous time he could purchase if the Executive Committee approved his request.

Following a review of the file and some discussion, Chairman Iglarsh moved to approve the appeal of Gary L. Underfanger to purchase one month of creditable service. Vice Chairman Laidlaw seconded the motion and all were in favor.

Marilyn Newton Pension

Marilyn Newton has been receiving a retirement annuity from the System since May 1, 2010.

After a file audit it was noted 2 errors in computations had been made during the retirement annuity process. The "final average compensation" was incorrect. The pension amount should have been reduced for age because she was .25 month short of meeting the rule of 85, which has now caused an overpayment.

Based upon a review of the file and information submitted, the Executive Committee finds Ms. Newton is receiving a retirement annuity.

Ms. Newton requested and attended a hearing. She is requesting that the overpayment which resulted from our error be overturned, that when she came to the office to inquire about retirement she was informed she could retire on May 1, 2010 that she would meet the "rule of 85" so at that time Ms. Newton applied and retired. After 1½ years on retirement she was informed by a letter dated December 23, 2011 that an error had been made on computing her pension and that she did not meet the "rule of 85" so a substantial overpayment had been made.

Ms. Newton feels that this was an “employee error” and that she should not be penalized for our error, that in good faith she came to SERS office 1½ years ago to inquire about her pension to get the information face to face and was informed she would be eligible for a retirement annuity through the ‘rule of 85’ as of April 2010.

After some discussion it was agreed that if approved Ms. Newton had time she could purchase to meet the rule of 85 that after applying the month the overpayment would be substantially lower.

Based upon the facts of this case, the information submitted and after some discussion the Executive Committee approved allowing Ms. Newton to purchase sufficient leave time on a retroactive basis to the date of her retirement to allow her to have met the Rule of 85s as of the date of her retirement and to recalculate the overpayment on that basis.

Rosalind Fuller (deceased member) Survivor Benefit Waiver/Paul Fuller

Rosalind Fuller passed away on October 25, 2010.

Ms. Fuller’s surviving son Paul Fuller (under 22) has sent in a written request to waive his rights to survivor benefits; he is over eighteen and not a full time college student.

If approved the remaining monies would be split equally among the named beneficiaries.

Mr. Noblet, Supervisor of the Pension/Death Division requested this matter be deferred until additional documentation could be obtained from Mr. Paul Fuller at the System’s Chicago office.

Based on the facts of this case and information submitted and after some discussion the Executive Committee has agreed to defer the request to waive survivor benefits.

Michael Acciari Service/Refund

Mr. Acciari is requesting a written appeal before the Executive Committee. He is requesting a return of the money he paid to purchase his 6 month qualifying period and a 28 month refund in October, 2005.

Mr. Joe Maggio, Manager of the Service and Refunds Division is recommending we return the money to Mr. Acciari. While the Municipal Employees’ Annuity and Benefit Fund of Chicago is a reciprocal system the 34 months purchased creditable service is concurrent time.

Following a review of the file and some discussion, Chairman Iglarsh moved to approve the written appeal of Michael Acciari. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Kelley Miller works for a state agency and a medical leave of absence was granted.

Ms. Miller's claim for disability benefits was denied due to failure to apply for nonoccupational disability benefits within the proper time frame.

Based upon a review of the file and information submitted, the Committee finds Kelley Miller works for a state agency, and was granted a medical leave of absence.

The System did not receive the employee's application for disability benefits in a timely manner. Since the application was received beyond the ninety day filing limitation as noted in 40 ILCS 5/14-124, the application was denied.

Ms. Miller requested a written appeal pursuant to the denial of disability benefits due to the late filing. Information was received with the appeal request which lists the reasons the employee did not file on a timely basis.

Based on the facts of this case and information submitted, the Committee recommends approving Ms. Miller's appeal for disability benefits.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Kelley Miller for a waiver of the 90 days limitation for non-occupational disability benefits. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Peter Rafferty works for a state agency and a service connected leave of absence was granted.

Mr. Rafferty's claim for disability benefits was denied due to failure to apply for occupational disability benefits within the proper time frame.

Based upon a review of the file and information submitted, the Committee finds Peter Rafferty works for a state agency and a service connected leave of absence was granted.

The System did not receive the employee's application for disability benefits within the time limitation pursuant to occupational disability benefits as noted in 40 ILCS 5/14-123, therefore the application was denied.

Peter Rafferty requested a written appeal pursuant to the denial of disability benefits due to late filing, information was received with the appeal request which lists the reasons the employee failed to file on a timely basis.

Based on the facts of this case and information submitted, the Committee recommends approving Peter Rafferty's appeal for a waiver of the twelve month filing limitation.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Peter Rafferty for a waiver of the twelve month filing time limit for occupational disability benefits. Vice Chairperson Laidlaw seconded the motion and all were in favor

Debra Dickinson

Pension/Level Income

Debra Dickinson is currently receiving a retirement annuity from the System.

Based upon a review of the file and information submitted, the Executive Committee finds Debra Dickinson retired under the 2002 early retirement incentive (ERI) and she began receiving a retirement annuity as of June 1, 2005. Also, during the application process for her retirement annuity, Ms. Dickinson did not mark her application to elect to participate in the level income option.

Ms. Dickenson stated during the application process for her retirement annuity that no one explained the level income option. She became aware of the level income option only after her friends indicated they were receiving a greater amount under the level income option. Ms. Dickenson believes she was treated unfairly because no one explained the level income option to her.

Ms. Dickenson has now submitted a written appeal asking the Executive Committee to approve her request for her retirement annuity to be retroactively calculated under the level income option.

After discussion, the Executive Committee recommended denial of Debra Dickinson's appeal to participate in level income.

Following a review of the file, Vice Chairperson Laidlaw moved to deny the written appeal of Debra Dickinson. Executive Secretary Blair seconded the motion and all were in favor.

Harold H. Scheller

Survivor Refund

Harold Scheller is currently receiving a retirement annuity from the System.

Based upon a review of the file and information submitted, the Executive Committee finds Harold Scheller is receiving a retirement annuity as of December

1, 2010 and during the application process for his retirement annuity he indicated that he had just married in October 23, 2010.

In an appeal letter, Mr. Scheller indicated SERS advised him he had to take the widow/survivor refund because he had not been married a year prior to retirement. He was also advised that after one year of marriage he could put the money back in the system so his spouse would be eligible for a survivors benefit. However, after contacting SERS about repaying the refund he was informed that he could have waived the refund. After receiving the paperwork he noted an interest penalty with the refund.

Mr. Scheller feels this whole process was unnecessary and that he should not be charged the interest penalty on the widow's and survivor's refund and, that because it was SERS error we should cover the interest.

Based upon the facts of this case and the information submitted, the Executive Committee recommends denying Harold H. Scheller's request.

Following a review of the file and some discussion, Executive Secretary Blair moved to deny the appeal of Harold H. Scheller. Vice Chairperson Laidlaw seconded the motion, and all were in favor.

Account Billing Statements

Snowbirds

When Public Act (P.A.96-1490), took effect on December 1, 2010, employees who were in the process of serving a qualifying period, became a member of the system immediately. Since this Public Act was not signed by the Governor until December 30, 2010, a number of employees, primarily seasonal help hired by the Illinois Department of Transportation (IDOT), commonly referred to as "snow birds", became members in December, 2010.

Unfortunately, many of these employees were not on the payroll long enough to pay their billing amount or set up a Time Pay Agreement (TPA). As a result, there are approximately 520 billing statements which are ready to send to these members. Since this is their 3rd and final notice (before involuntary withholding), the notice must be sent by certified mail. The cost to send these billing notices would be around \$3,000.00.

Most of these members are not full-time state employees, and generally do not have any other service credit for which a benefit will accrue.

The Accounting Division is proposing that the Executive Committee permit the write-off of these balances due for the IDOT snow birds with the caveat that if they ever would establish enough service credit for a benefit, this amount must be paid before the payment of any benefits (i.e. disability, retirement, etc.), would occur.

An indicator code would be placed on their computer file to ensure that no benefits would be paid prior to payment of the amount due.

After discussion, the Executive Committee recommended approval of the “Account billing statements” for the IDOT snow birds.

Executive Secretary Blair moved to approve the written appeal by Nicholas Merrill, Manager of the Accounting Division. Vice Chairperson Laidlaw seconded the motion and all were in favor.

There being no further business to be brought before the Committee, the meeting was adjourned at 12:15pm. The next meeting of the Executive Committee is scheduled for Thursday February 9, 2012, in the Springfield office.

Loren Iglarsh
Chairman

Lori Laidlaw
Vice Chairperson

Timothy Blair
Executive Secretary