

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

January 10, 2019

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, January 10, 2019 at 8:50 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
Cory Mitchell, Acting Supervisor, Pension and Death Section
Peggy Budd, Disability Section
Becky Glazier, Recording Secretary

Minutes of the Previous Meeting

The minutes of the December 13, 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 December 2018 was presented. Following review and discussion, the Routine Claims Report for the period of December 2018, as prepared by staff, was received by the Executive Committee.

Old Business

Laura Cadagin – Appealing Refund Repayment Amount

In 2005, Laura Cadagin requested the cost to purchase 219 months of SERS service credit for time spent working for the Illinois Finance Authority (IFA). Ms. Cadagin was notified the cost of the purchase would be \$58,928.62, representing employee contributions and interest. She made this contribution and was notified on February 28, 2005 that the payment had been received and that 219 months of service credit would be added to her account. On April 27, 2005, Ms. Cadagin was notified that a mistake was made in the calculation of the cost of her IFA service credit (required employer contribution was excluded) and that she owed an additional \$77,033.10.

On August 11, 2005, Ms. Cadagin appealed to the Executive Committee to ask the committee to affirm that all 219 months of service credit had been purchased by February 28, 2005, and that no additional contributions were required. On September 8, 2005 the Executive Committee adopted a recommendation to affirm the additional contributions were required in order to establish the entire 219 months of service credit, or that Ms. Cadagin could instead choose to establish 94 months of service credit and not make the additional contributions.

In June 2018, Ms. Cadagin requested the cost to purchase the additional 125 months of IFA service credit. She was provided with a cost of \$231,727.46, representing employee and employer contributions at the current rate, and interest at 2.5% annually.

Ms. Cadagin was present at the December 13, 2018 meeting with her attorney, Carl Draper, to appeal the amount of the required contribution. Attorney Draper reported he would send additional information to SERS' attorney and the committee agreed to defer the case until the new information was received from Attorney Draper for review.

The new information was received and reviewed by the Committee. Executive Secretary Blair moved to refer the matter for recommendation. Vice Chairperson Morris seconded the motion. All were in favor.

Michael Horve – Appealing the Conversion of Non-Occupational Disability to Occupational Disability

Michael Horve worked as a yard maintenance worker for the Secretary of State. He went off work on October 20, 2016. He began a service connected leave of absence on October 21, 2016.

Mr. Horve filed for an occupational disability claim with SERS on May 26, 2016, citing a work related injury on May 5, 2016. SERS paid occupational disability benefits to Mr. Horve while he received TTD from Tristar. SERS stopped his benefit on October 2, 2016 because his TTD benefits were ceased by Tristar.

On January 17, 2017, Mr. Horve filed for SERS Temporary disability benefit and signed a Required Signature for Temporary Disability form. Mr. Horve entered into a settlement for his injury on April 16, 2018. Based on this settlement, SERS converted his Temporary benefit to an Occupational benefit. This created an overpayment due to SERS.

Mr. Horve is requesting SERS to cease attempts to collect the overpayment, claiming that this period of disability was not work related. Further, his attorney feels that the settlement did not include any payment to Mr. Horve for temporary total disability benefits for the period in which he received SERS disability payments.

Mr. Horve and his attorney, Hugh Rowden, were present at the December 13, 2018 Executive Committee meeting to appeal the conversion of Temporary Disability benefits to Occupational Disability benefits. The case was referred back to the disability staff for review and verification of the medical(s) on file.

Disability staff reviewed and verified that the additional information supported the staff decision. Chairman Iglarsh moved to refer for a recommendation. Vice Chairperson Morris seconded the motion. All were in favor.

Kristen Longino – Appealing Denial of Non-Occupational Disability

Kristen Longino works as a Motor Vehicle Cashier for the Secretary of State. She last worked September 9, 2017. She began a medical leave of absence on September 9, 2017. She has not returned to work.

The SERS medical consultant has reviewed the file and has found there is insufficient evidence in the file to substantiate a disabling condition.

Ms. Longino wishes to appeal the denial of Non-Occupational Disability benefits. She was scheduled to appear before the December 13, 2018 Executive Committee but was unable to attend. Her case was deferred.

After review and discussion, the Committee agreed to defer this matter until additional medical information is submitted.

New Business

Raymond Smith – Service Credit Update

Public Act 100-611 provides that certain members who were participating under the alternative formula prior to being transferred from IDOC/IDJJ to CMS or DoIT as a result of certain executive orders shall receive service credit under the alternative formula for service after the transfer.

In November of 2011, Raymond Smith was transferred to CMS by such an executive order. Mr. Smith remained at CMS through November of 2013, then took another position at the Department of Insurance. In May of 2015, Mr. Smith returned to the Department of Corrections.

It should also be mentioned that Mr. Smith won a grievance for the period of August 2014 through May 2015 that awarded him alternative formula service credit for a portion of his employment at the Department of Insurance. He is in the process of completing the purchase for that upgrade, which represents 10 months of service at the Department of Insurance.

Staff informed Mr. Smith of the cost necessary to upgrade such service, and the amount of service credit that would be upgraded. In conversations with Mr. Smith, he was informed that his employment at the Department of Insurance is not eligible for the upgrade as a result of this Public Act. He disagreed and stated that the language below (which is in PA 100-611) provides that he is entitled to alternative service for all his service following the date of his transfer, including his time at the Department of Insurance.

A person under paragraph (20) is entitled to eligible creditable service for service credit earned under this Article on and after his or her transfer by Executive Order No. 2003-10, Executive Order No. 2004-2, or Executive Order No. 2016-11.

There is 9 months of service in dispute, all which was with the Department of Insurance. The question is, despite the language of the law referenced above, when Mr. Smith left CMS to take a position at Department of Insurance, would the provisions of PA 100-611 apply to service credit earned at the Department of Insurance.

Mr. Smith was present at the meeting and distributed materials including back up exhibits in support of his request.

After review and discussion, Chairman Iglarsh moved to refer the matter to SERS Attorney Bochenek for further review. Vice Chairperson Morris seconded the motion, and all were in favor.

Aaron Anderson – Beneficiary Form Received After Death

Aaron Anderson was an active state employee when he died on October 13, 2018. Mr. Anderson had not previously completed a beneficiary form, so by default, the beneficiary was his estate.

A beneficiary form signed by Mr. Anderson on October 10, 2018 was received in the office on October 15, 2018, two days after his death. This form designated his father, Aaron T. Anderson as the primary beneficiary.

The beneficiary form was completed and submitted to his payroll officer at the Department of Corrections on October 10, 2018 and then the form was forwarded to SERS.

Aaron T. Anderson is requesting the death benefit be paid to him as named beneficiary and not to the member's estate.

After review and discussion, Chairman Iglarsh moved to approve the request from Aaron T. Anderson the death benefit be paid to him as named beneficiary. Vice Chairperson Morris seconded the motion, and all were in favor.

David Campbell – Appeal of Pension Amount

David Campbell retired on April 1, 2018. While processing his pension, it was discovered that there were earnings in the amount of \$37,168.32 posted in the month of January, 2014.

The member's employer was contacted regarding this large payment. A payment of \$26,148.32 was made to the member for vacation days and accrued holidays. This check

should have been issued as a lump sum with no retirement contributions deducted. The erroneous contributions of \$2,222.61 were refunded to the member.

Mr. Campbell is requesting the payment of vacation and holidays be included in the calculation of his final average compensation.

After review and discussion, Executive Secretary Blair moved to deny Mr. Campbell's request. Chairman Iglarsh seconded the motion, and all were in favor.

Ernest Marten – Occupational Disability – 12 Month Filing Limitation

Ernest Marten works as a Correctional Officer for the Department of Corrections. His last day worked was December 10, 2016 and he began a service connected leave of absence on December 15, 2016 due to an injury. He has returned to work May 29, 2017. He was paid TTD.

Mr. Marten was on Occupational Disability and did not believe he needed to file separate paperwork to continue payment into his SERS retirement account. After he reviewed his 2018 benefit statement, he contacted SERS staff to find out why his account had not been credited. Mr. Marten is appealing the 12-month filing limitation as he didn't realize he had to file separately with SERS.

The member's request was denied in accordance with Chapter 40 ILCS 5/14-123(a).

After review and discussion, Chairman Iglarsh moved to approve Mr. Marten's request. Vice Chairperson Morris seconded the motion, and all were in favor.

Bridget Moomey – Requesting Lower SSA Repayment

Ms. Moomey was approved for a temporary Non-Occupational benefit from SERS effective May 1, 2015.

Ms. Moomey was approved for a retroactive Social Security disability benefit effective September 1, 2015. The retroactive benefit created an overpayment to SERS totaling \$62,966.00 from September 1, 2015 through October 31, 2018.

SERS sent the member a notification letter on November 14, 2018 that explains the calculation of the overpayment and what was due SERS.

As stated in the SERS Board Policy, the Overpayment Section is to deduct ½ of 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. Moomey's monthly gross disability payment is \$1,033.00. Monthly deductions from the check is \$57.00 for federal tax leaving a net of \$976.00 paid to the member. She is currently opted out of the State of Illinois Group Insurance Program with basic state paid life only.

Mrs. Moomey's half time cease is January 25, 2020 and she is eligible to retire February 1, 2035.

To repay the \$62,966.00 in the required 60 months/5-year period, SERS would offset the net of her check and it would be paid in 65 months. Ms. Moomey is requesting a payment of \$200 per month which would result in a repayment plan of 26 years. There is an email exchange dated November 14, 2018 between SERS Disability Case Specialist Lori Benedict and Midwest regarding attorney fees that would be released to the member in the amount of \$15,437.25.

After review and discussion, Executive Secretary Blair moved to deny Mrs. Moomey's appeal and request that she send SERS the \$15,437.25 payment she will be receiving in order to assist in reducing her total overpayment and then, SERS may be in a position to reduce her re-payment amount. Chairman Iglarsh seconded the motion, and all were in favor.

Nikita Jones – Requesting Lower SSA Repayment

Mr. Jones was approved for Non-Occupational disability benefits from SERS effective July 1, 2016.

Mr. Jones was approved for a retroactive Social Security disability benefit effective January 1, 2017. The retroactive benefit created an overpayment to SERS totaling \$26,049.00 from January 1, 2017 through July 31, 2018. As of December 19, 2018, the amount has reduced to \$25,558.00.

SERS sent the member a notification letter on August 24, 2018 that explains 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.

Mr. Jones' monthly gross disability payment is \$982.00. Monthly deductions from the check are \$1.90 for federal tax and half of the gross of the disability payment of \$491.00 is deducted and applied to the overpayment leaving a net of \$489.00 paid to the member. CMS Premium Collection unit is billing him \$252.70 per month for insurance coverage.

Mr. Jones' half time cease is August 1, 2021 and he is eligible to retire August 1, 2022 in accordance with ILCS 5/14-126.

Mr. Jones' appeal includes his willingness to repay \$7,000 or \$8,000 to reduce his payment to \$250.00 per month. If he pays \$8,000 toward the \$25,558.00, the balance will reduce to \$17,558.00. To repay this amount in 60 months (5 years), the monthly payment would be \$292.63.

After review and discussion, Chairman Iglarsh moved to deny Mr. Jones' request but offer a reduction of his monthly payment to \$292.63 if he makes payment of \$8,000 to SERS. Executive Secretary Blair seconded the motion, and all were in favor.

Danielle McChristian – Requesting Lower SSA Repayment

Ms. McChristian was approved for a Non-Occupational benefit from SERS effective September 18, 2014. Ms. McChristian was approved for a retroactive Social Security disability benefit effective February 1, 2015. The retroactive benefit created an

overpayment to SERS totaling \$22,610.00 from February 1, 2015 through August 31, 2016. Deductions were taken from her disability check and the current overpayment amount has reduced to \$14,087.00

SERS sent the member a notification letter on September 14, 2016 that explains the calculation of the overpayment and what is due to SERS. Ms. McChristian's Non-Occupational benefit ended July 1, 2018 due to half time cease of SERS benefits.

Ms. McChristian is appealing the monthly amount quoted to repay the debt. To repay the debt in 60 months (5 years), she would be required to pay SERS \$235.00 per month. Her request is to pay \$20.00 per month.

Ms. McChristian currently has 135.75 months of service and is eligible for a pension on May 1, 2033. Ms. McChristian included her monthly expenses in her appeal letter.

After review and discussion, Chairman Iglarsh moved to approve Ms. McChristian's request of \$20 per month until she is eligible for retirement and then SERS will collect ½ of her pension amount until paid in full. Vice Chairperson Morris seconded the motion, and all were in favor.

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 February 14, 2019, in the Springfield office, with video conferencing in Chicago.

Loren Iglarsh, Chairman

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary