

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

July 12, 2018

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, July 12, 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, Pension and Death Section
Cory Mitchell, Acting Supervisor, Pension and Death Section
Karen Brown, Supervisor, Disability Section
Jessica Blood, Recording Secretary
Suzanne Warren, Claimant (via teleconference)
Thomas Kavelman, Claimant
Elizabeth Kavelman, Claimant's Spouse

Minutes of the Previous Meeting

The minutes of the June 14, 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 Chairman Iglarsh and by unanimous vote, the minutes were approved as submitted.

Routine Claims Report

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

Old Business

Dina Roberts – Appeal to Receive Survivor Annuity – Member: Dennis Settles - Recommendation

Dennis Settles, an active state employee, died on July 20, 1995. His surviving spouse, Dina Settles, was 27 years old and ineligible for a survivor annuity until age 50.

A letter was mailed to Ms. Settles on February 5, 2018 to confirm her address and to inquire about remarriages as her 50th birthday was approaching.

Ms. Settles had remarried in 1997 and again in 2000. This was prior to Public Act 91-0887 which eliminated the terminating provision due to remarriage before age 55 for marriages that occur on or after July 6, 2000.

Ms. Roberts (Settles) is requesting a survivor annuity.

After hearing Ms. Roberts' testimony and reviewing the facts of her case at the June 2018 meeting, the Committee referred to Attorney Self for a recommendation.

Attorney Bochenek presented recommendation No. 2018-7 to deny Ms. Roberts' appeal to receive a survivor annuity. Following a review of the recommendation and some discussion, a motion was made by Executive Secretary Blair to accept recommendation No. 2018-7. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Wayne Chamberlain – Appeal to Reduce SSA Overpayment

Wayne Chamberlain was approved for a non-occupational benefit from SERS effective October 19, 2016.

Mr. Chamberlain was approved for a retroactive Social Security disability benefit effective February 1, 2017. The retroactive benefit created an overpayment from SERS totaling \$16,335.00 from February 1, 2017 through December 31, 2017.

SERS sent Mr. Chamberlain a notification letter on January 29, 2018 that explained the calculation of the overpayment and what was due SERS.

Mr. Chamberlain's non-occupational benefit ended April 30, 2018 due to half time ceasing. To repay this overpayment in 5 years would require a monthly payment of \$273.00. He is not vested and not eligible for retirement.

Mr. Chamberlain is appealing the total amount he owes for the overpayment. A copy of a certification form submitted by Mr. Chamberlain, signed August 14, 2017, alerted SERS that he was receiving SSA benefits, but the SERS benefit was not adjusted until January 1, 2018.

Mr. Chamberlain is represented by John Erbes, Attorney at Law, who presented his case during a teleconference personal hearing at the June 2018 meeting.

After review and discussion regarding Mr. Chamberlain's appeal, the Committee agreed to refer his case to Attorney Bochenek for recommendation.

Bryan Monk – Re-appeal of Tier 2 Determination

Bryan Monk worked part-time at the Department of Transportation (IDOT) during several periods from June 2003 through August 2007, but did not complete the six-month qualifying period required for SERS membership.

Mr. Monk first started with IDOT full time on January 16, 2012. He was no longer obligated to serve a qualifying period and became a member of SERS for the first time. On January 18, 2012, Mr. Monk completed and signed the New Hire Tier Determination Form (1002) and his payroll office signed and submitted to SERS for review and determination of Mr. Monk's Tier. On January 25, 2012, a SERS employee reviewed the SERS database and the SURS reciprocal website and correctly determined that based on Mr. Monk's data, he is a Tier 2 member of SERS. The employee marked the 1002 form with the Tier 2 designation, initialed and dated it. The form was then faxed to the IDOT payroll office so Mr. Monk's first payroll would close out with the proper retirement code ("B"). Mr. Monk's completed 1002 form was imaged as part of his SERS file.

Mr. Monk's first payroll record with contributions (pay period January 16-31, 2012) was posted to the SERS Active Member Database with the correct retirement code of "B", indicating Tier 2. Due to an error within the legacy IMS system, a membership record incorrectly marked "Tier 1" was sent to Mr. Monk along with a beneficiary form to be completed and returned to SERS. This is the only time Mr. Monk received documentation from SERS stating he was a Tier 1 member.

Mr. Monk's statement for fiscal year 2014, generated by the new active membership system SRS Central, showed his inclusion in the Tier 2 membership of SERS. Following a call from Mr. Monk on April 25, 2017 questioning his Tier 2 status, an account review was conducted by Alan Fowler, SERS Accounting Division Manager. Mr. Fowler's review confirmed that Mr. Monk's Tier 2 determination was correct based on state statute.

Mr. Monk appeared for a personal hearing at the December 14, 2017 Executive Committee meeting to appeal his Tier 2 determination. Following a review of Mr. Monk's case, it was referred by the Committee to SERS Attorney Bochenek for a recommendation. At the January 2018 meeting of the Executive Committee, Attorney Bochenek presented recommendation No. 2018-1 to deny Mr. Monk's request to appeal his Tier 2 determination, which the Committee accepted.

Mr. Monk is requesting a re-appeal of his Tier 2 determination. After review of new documentation submitted, a motion was made by Chairman Iglarsh to grant Mr. Monk's request to re-appeal his Tier 2 determination. After additional discussion it was determined that Mr. Monk was not eligible for Tier 1 and that although someone from the agency may have indicated that Mr. Monk could participate in Tier 1 that no one from the System had indicated to Mr. Monk that he could participate in Tier 1 prior to Mr. Monk accepting employment with the State. Based on this discussion Chairman Iglarsh moved to deny Mr. Monk's request to participate in Tier 1. The motion was seconded by Executive Secretary Blair and all were in favor.

Peter Barbera – Appeal to Retire with the Level Income Option

Peter Barbera retired effective December 1, 2017. He chose the level income option on his retirement application. When initially processing Mr. Barbera's pension, the calculation used indicated that he was not eligible for the level income option. Mr. Barbera's

pension is reduced because he does not meet the Rule of 85. Due to the reduced pension, cost of living increases do not begin until the January following his 60th birthday (January 2023). Initial calculation showed his monthly gross pension amount, with accumulated increases on November 1, 2029 as \$1,288.99, which is not large enough to reduce by \$2,000.00 for level income.

Mr. Barbera requested an appeal to receive the level income option at the March 2018 meeting of the Executive Committee, which was denied.

Upon further review of Mr. Barbera's file, it was discovered that a miscalculation was made with regards to his pension. New calculation shows that he is eligible for the level income option.

Based on new information submitted, a motion was made by Vice-Chairperson Morris to reverse the previous denial of Mr. Barbera's appeal and allow him the level income option. The motion was seconded by Chairman Iglarsh and all were in favor.

New Business

Suzanne K. Warren – Appeal Suspension of Benefits for Gainful Employment

Suzanne K. Warren worked as a Highway Maintainer for the Illinois Department of Transportation, Division of Highways, District 3. She last worked on July 1, 2009 due to a medical condition. Ms. Warren began a medical leave of absence on August 25, 2009 through March 1, 2018, when her benefit was ceased due to exceeding the earnings limitation a second time. It is noted that there are medical records on file stating that Ms. Warren has no restrictions. However, her agency would not allow her to return to work due to her medical condition.

Ms. Warren exceeded the earnings limitation in the third quarter of 2012 and the second and third quarters of 2013, creating an overpayment of \$425.79. She paid the overpayment and signed a Disability Earnings Agreement on May 2, 2014 stating that she fully understands that exceeding the System's quarterly limitations a second time shall be considered gainful employment as defined in the System's Rules and Regulations (80 ILL. Adm. Code 1540.80(e)) which will necessitate termination of benefits as of the end of the quarter in which gainful employment occurred. She understands and agrees that any benefits paid subsequent to gainful employment shall be recovered by the System. She recently exceeded the earnings limitation again in the fourth quarter of 2017 and the first quarter of 2018, creating an overpayment of \$12,591.89. Ms. Warren's non-occupational benefit was ceased on March 31, 2018 due to gainful employment.

Ms. Warren is requesting a personal hearing via teleconference to appeal her cessation of benefits.

After review and discussion of the information submitted, a motion was made by Chairman Iglarsh to approve Ms. Warren's appeal of the suspension of her benefits due to gainful employment on the condition that she pay to the System the amount of the excess earnings for the periods in question. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Thomas Kavelman – Request for Additional Service Credit

Thomas Kavelman retired with the Teachers' Retirement System in 2006. In 2008 he purchased his qualifying period of 5.25 months, giving him the necessary 12.00 months for a reciprocal pension. Mr. Kavelman appealed to the Executive Committee in October 2017 for a reciprocal pension. His appeal was approved for a reciprocal pension with payment for actual service credit accrued.

Mr. Kavelman is requesting a re-appeal as he believes his pension should be calculated using more service credit.

After reviewing the documentation provided, the Committee agreed to defer Mr. Kavelman's case pending receipt of the worker's compensation settlement agreement referenced in his case.

Edward B. Green – Occupational Disability – 12 Month Waiver

Edward B. Green worked as a Stationary Engineer for the Illinois State Department of Corrections, Logan Correctional Center. He last worked on January 17, 2017, the date of his injury at work. He was placed on a service connected leave of absence on January 25, 2017 and remains off work to date. Mr. Green has been receiving TTD benefits from Tristar as of January 25, 2017.

Mr. Green's request for occupational disability benefits was denied in accordance with Chapter 40 of Illinois Pension Code 5/14-124(5). He is requesting that the Executive Committee waive the 12-month filing limitation.

Based on the facts submitted, a motion was made by Chairman Iglarsh to approve Mr. Green's request to waive the 12-month filing limitation. The motion was seconded by Executive Secretary Blair and all were in favor.

Stephen Gichura – Occupational Disability – 12 Month Waiver

Stephen Gichura works as a Certified Veterans Nursing Assistant for Veterans Affairs. He last worked on April 27, 2016. He began a medical leave of absence on May 5, 2016 due to multiple medical conditions. He was paid TTD for this time period.

Mr. Gichura's request was denied in accordance with Chapter 40 of Illinois Pension Code 5/14-124(5). He is requesting that the Executive Committee waive the 12-month filing limitation.

After reviewing the information provided, a motion was made by Vice-Chairperson Morris to approve Mr. Gichura's request to waive the 12-month filing limitation. The motion was seconded by Chairman Iglarsh and all were in favor.

Janice Farmer – Appeal to Reinstate Account

Janice Farmer's account became eligible for a write-off in June 2017. Contributions in the amount of \$18,992.81 and 74.50 months of creditable service were written off.

Ms. Farmer has supplied SERS with a current address and proper identification. She is requesting that her account be reinstated so she can apply for a reciprocal pension benefit.

Following some discussion, a motion was made by Executive Secretary Blair to approve the reinstatement of Ms. Farmer's account. The motion was seconded by Chairman Iglarsh and all were in favor.

Katherine Jeffries – Appeal to Waive Overpayment – Member: Angrous Jeffries

Angrous Jeffries, a state retiree, died on September 13, 2017. A surviving spouse, Katherine Jeffries, was eligible for the survivor annuity. A Social Security offset was applicable at age 60 according to the documents received at the time of her application.

The Pension and Death Section annually send a questionnaire to survivors to determine if they are receiving Social Security benefits as a disabled widow. Ms. Jeffries returned the questionnaire stating she was receiving these benefits. This created an overpayment from October 1, 2017 through June 30, 2018 in the amount \$1,869.60.

Ms. Jeffries is requesting the overpayment be dismissed as she does not have the funds to repay the money.

Following a discussion of the information submitted, the Committee agreed to defer the case pending further communications with Ms. Jeffries.

Lisa Anderson – Request to Lower Overpayment Repayment Amount

Lisa Anderson was approved for a temporary disability benefit from SERS effective December 16, 2015.

Mrs. Anderson was approved for a retroactive Social Security disability benefit effective April 1, 2016. The retroactive benefit created an overpayment to SERS totaling \$38,862.00 from April 1, 2016 through September 30, 2017.

SERS sent Mrs. Anderson a notification letter on October 30, 2017 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 is due in accordance with 5/14-125 ILCS of the Pension Code.

The Benefit Support Overpayment Section was instructed to delay offset of the disability benefit for the overpayment until further notice.

Mrs. Anderson's current monthly gross disability payment is \$1,587.00. There are no monthly deductions from the check currently. CMS Premium Collection Unit is billing Mrs. Anderson \$148.70 per month for insurance coverage. Half of the gross disability payment is \$793.50 when applied to the overpayment.

Mrs. Anderson's half time cease date is October 21, 2022 and she is eligible to retire June 1, 2023.

Mrs. Anderson is appealing to repay \$600.00 per month instead of \$793.50. \$600.00 per month would not repay the balance within the 5-year allowed repayment time. Her appeal states that she is repaying a settlement from the State in the amount of \$3,000.00 per month, but that is the amount of her pension (\$2,159.00) that SERS is currently

offsetting. Mrs. Anderson states that deducting half of her annuity at this time would cause a financial hardship.

Following a review of the facts provided and some discussion, a motion was made by Executive Secretary Blair to deny Mrs. Anderson's request for a lower repayment amount. The motion was seconded by Chairman Iglarsh and all were in favor.

Lisa Thomas – Appeal SSA Overpayment

Lisa Thomas was approved for non-occupational disability benefits from SERS effective June 26, 2017.

Ms. Thomas was approved for a retroactive Social Security disability benefit effective June 1, 2017. The retroactive benefit created an overpayment to SERS totaling \$12,997.04 from June 26, 2017 through January 31, 2018. An additional overpayment occurred when Ms. Thomas returned to work and a check for March had already been issued. The amount of the return to work overpayment is \$1,053.03. Ms. Thomas's total overpayment is \$14,050.07.

SERS sent Ms. Thomas a notification letter on May 23, 2018 that explains the calculation of the overpayment and what is due SERS. Ms. Thomas's non-occupational benefit ended March 19, 2018 due to her return to work.

Ms. Thomas has made no attempt to repay the debt and is now appealing the amount of the debt. To repay the debt in 5 years, she would have to pay SERS \$234.18 per month. Her current gross monthly salary is \$4,570.00. She pays \$166.15 per month for health, dental and life insurance premiums.

Ms. Thomas can retire May 1, 2036 under a reduced retirement or May 1, 2041 under unreduced retirement benefits.

Ms. Thomas is appealing the total amount she owes for the overpayment.

Following a review of the information presented and some discussion, the Committee agreed to defer the case pending receipt of additional documentation pertaining to Ms. Thomas's case.

Billy Holmes – Request to Reinstate Account

Billy Holmes's account became eligible for write-off in June 2006. Contributions in the amount of \$13,781.82 and 138.00 months of creditable service were written off.

Mr. Holmes has supplied SERS with a current address and proper identification. He is requesting that his account be reinstated so he can apply for a pension benefit.

Following some discussion, a motion was made by Executive Secretary Blair to approve the reinstatement of Mr. Holmes's account. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Brandon Rodriguez – Request to Reinstate Account

Brandon Rodriguez's account was written off in June 2017. Since then, Mr. Rodriguez has returned to an active state payroll.

The Accounting Division is requesting that the Executive Committee approve the reinstatement of Mr. Rodriguez's account so his written off prior service can be added to his current active service.

After some discussion, a motion was made by Chairman Iglarsh to approve the reinstatement of Mr. Rodriguez's account. The motion was seconded by Executive Secretary Blair and all were in favor.

John Zook – Appeal for Retirement Effective Date of June 1, 2018

John Zook applied for a reciprocal retirement annuity to being on June 1, 2018.

Prior to his retirement, Mr. Zook came into the SERS office on January 23, 2018 and May 16, 2018 and was provided an estimated retirement date effective June 1, 2018, assuming he had 54 sick days and 11 vacation days.

Once Mr. Zook's retirement was being calculated it was discovered that he did have 54 sick days total, but some of those days were payable. This gave him 3.50 months of service credit for sick and vacation instead of the estimated 4.00 months. Mr. Zook is short for the Rule of 85 by .50 month.

Mr. Zook is requesting a retirement effective date of June 1, 2018.

Following a review of the facts presented, a motion was made by Executive Secretary Blair to approve Mr. Zook's request for a retirement date effective June 1, 2018. The motion was seconded by Chairman Iglarsh and all were in favor.

There being no further business to be brought before the Committee, the meeting was adjourned at 11:45 a.m.

The next meeting of the Executive Committee is scheduled for August 9th, 2018, in the Springfield office with video conferencing in Chicago.

Loren Iglarsh, Chairman

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary