

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

July 9, 2020

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, July 9, 2020 at 8:45 a.m. in the System's Springfield office at 2101 S. Veterans Parkway and by videoconference as allowed under Executive Order 2020-7, as amended by Executive Orders 2020-33 and 2020-44.

Committee Members:

Loren Iglarsh, Chairman
David Morris, Vice-Chairperson
Timothy Blair, Executive Secretary

Others Present:

Jeff Houch, Assistant to the Executive Secretary
James Stivers, General Counsel
Eric Glaub, Manager, Claims Division
Steve Bochenek, System Attorney
Aaron Evans, Attorney, Sorling Northrup
Jessica Blood, Recording Secretary
Judith Lesser, Claimant
Kasia Bokina, Claimant's Associate

Minutes of the Previous Meeting

The minutes of the June 11, 2020 meeting of the Executive Committee were presented by Chairman Iglarsh for approval. Copies of the minutes were previously emailed to Committee members for review. There being no additions or corrections, on motion by Executive Secretary Blair, seconded by Vice-Chairperson Morris and by unanimous vote, the minutes were approved as submitted.

Routine Claims Report

The Routine Claims Report for the month of June 2020 was presented. Following review and discussion, the Routine Claims Report for the period of June 2020, as prepared by staff, was received by the Executive Committee.

New Business

Kimberly Garecht – Appeal of ARCP Repayment Terms

Kimberly Garecht terminated state employment on September 17, 2005 under the Alternative Retirement Cancellation Payment (ARCP) program established by Section 14-108.5 of the Illinois Pension Code (40 ILCS 5/14-108.5). This program allowed Ms. Garecht to receive a lump sum payment in an amount equal to her contributions to the System as of the date of termination, with regular interest, multiplied by two.

Ms. Garecht returned to state employment on January 16, 2020. SERS sent Ms. Garecht a notification letter on March 10, 2020 explaining her obligation, under subsection (f) of Section 14-108.5 of the Code, to repay to the System the amount by which the ARCP exceeded the amount of her refundable employee contributions. A second notice was sent on June 2, 2020.

Under Section 14-108.5 of the Code, a participant who receives an ARCP is required to make the repayment described in subsection (f) of Section 14-108.5 of the Code within 60 days of resuming State employment.

Ms. Garecht is an active state employee and 20% of her gross salary would repay the overpayment in 23 months. Ms. Garecht requested a revised repayment plan in the amount of \$220.00 per month, which would repay the overpayment in 60 months.

After discussing the facts of the case, a motion was made by Chairman Iglarsh to deny Ms. Garecht's request. The motion was seconded by Executive Secretary Blair and all were in favor.

Nina Watts – Appeal of Disability Benefit Overpayment Repayment Terms

Nina Watts was approved for a non-occupational disability benefit from SERS effective January 13, 2018. On February 20, 2020, SERS was notified Ms. Watts returned to work December 16, 2019. It was also confirmed by her agency. This untimely notification of Ms. Watts' return to work resulted in an overpayment of benefits for the period of December 16, 2019 through January 31, 2020.

SERS sent Ms. Watts a notification letter on February 24, 2020 to explain the reason for the overpayment and the amount due. A second letter was sent to Ms. Watts on May 29, 2020 to outline the proposed repayment terms.

Ms. Watts is an active state employee and 20% of her gross salary will repay the overpayment in 5 months. Ms. Watts requested a payment plan in the amount of \$300.00 per month, which would repay the overpayment in 21 months.

After some discussion, a motion was made by Chairman Iglarsh to approve the request. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Byron Takahashi – Request for Reappeal of COLA Buyout Decision

Byron Takahashi made a written appeal that was considered at the January 9, 2020 meeting of the Executive Committee. At retirement, Mr. Takahashi declined to take the Accelerated Pension Benefit Payment offered under Section 14-147.6 of the Illinois Pension Code (i.e., “the COLA buyout option”). However, a supplemental QILDRO order was later received by the System, which would have divided the Accelerated Pension Benefit Payment between Mr. Takahashi and an alternate payee. Mr. Takahashi appealed to receive the COLA buyout.

Mr. Takahashi’s appeal was denied, and the decision became final at the May 26, 2020 meeting of the Board of Trustees.

Per an email received on June 26, 2020, Mr. Takahashi is requesting a reappeal of his case. He would like a personal hearing to present facts regarding his medical condition and state of mind at the time of his COLA buyout election.

After reviewing the facts of the case and some discussion, a motion was made by Chairman Iglarsh to deny Mr. Takahashi’s request because no new evidence related to the substance of the appeal had been submitted. The motion was seconded by Executive Secretary Blair and all were in favor.

Joseph Gasparich – Request for Re-appeal of ARCP Repayment Decision

Joseph Gasparich made a written appeal that was considered at the November 14, 2019 meeting of the Executive Committee. Mr. Gasparich terminated State employment in October 2004 under the Alternative Retirement Cancellation Payment (ARCP) program established by Section 14-108.5 of the Illinois Pension Code (40 ILCS 5/14-108.5).

Mr. Gasparich returned to work for the State in October 2019. As a result, he was required, under subsection (f) of Section 14-108.5 of the Code, to repay to the System the amount by which the ARCP exceeded the amount of his refundable employee contributions. Mr. Gasparich appealed to reduce the terms of the overpayment created when he returned. However, his appeal was denied, and the decision became final at the January 14, 2020 meeting of the Board of Trustees.

Per an email received on June 30, 2020, Mr. Gasparich requested a reappeal of his repayment terms due to his current financial situation.

After some discussion, a motion was made by Executive Secretary Blair to deny Mr. Gasparich’s request. The motion was seconded by Chairman Iglarsh, and all were in favor.

Hon. Thomas Little – Request for Refund

In 2009, Judge Thomas Little, a prior SERS member who had previously taken a

refund of contributions, repaid that refund with charged interest to reestablish SERS pension credit that, under the Retirement Systems Reciprocal Act, could be used for purposes of the Judges Retirement System of Illinois.

Subsequently, Judge Little maximized his JRS benefits without use of the SERS service credit and requested a refund of the amount paid to reestablish SERS service credit, including those amounts that had been charged as interest.

After reviewing the facts of the case and determining that Judge Little had not initially been informed that he would not receive charged interest when receiving a refund, a motion was made by Chairman Iglarsh to approve his request. The motion was seconded by Vice-Chairperson Morris. Executive Secretary Blair recused himself from the vote due to prior communications with Judge Little regarding his case.

Michael Kolasa – Request to Waive Survivor Benefits – Deceased Mbr: Richard Kolasa

Richard Kolasa, a SERS annuitant, died on February 2, 2020. His wife, Anna Kolasa, survives him as does his son Michael Kolasa. When Mrs. Kolasa submitted her application for survivor benefits, she indicated that Michael was a dependent son over age 18 and was mentally or physically disabled and unable to work. Additionally, Michael initially applied for a survivor's benefit indicating that he was disabled. As a result, when SERS staff processed Mrs. Kolasa's survivor benefit, they reduced her portion to pay a benefit to Michael.

The Kolasa family stated that it does not intend to provide the medical reports necessary to qualify Michael for disability benefits. Additionally, Michael has executed a signed and notarized waiver of his rights to SERS survivor benefits. The Executive Committee was asked to determine whether to accept Mr. Kolasa's waiver of survivor benefits based on his execution of a benefit waiver and his failure to subsequently supply the System with the medical evidence necessary to establish his eligibility for a SERS survivor benefit.

After review and discussion regarding the family's intent not to provide medical documentation supporting his disability, a motion was made by Executive Secretary Blair to approve Michael Kolasa's waiver of SERS survivor benefits based on his execution of a benefit waiver and his failure to supply the System with the medical evidence necessary to establish his eligibility for a SERS survivor benefit. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Judith Lesser – Request to Waive Overpayment – Personal Hearing – Springfield 9:00am

Michael Lesser, a SERS annuitant, died on January 1, 2020. His surviving spouse is Judith Lesser. When Mr. Lesser retired, he did not elect the Social Security Offset removal option. When SERS staff applied the offset to Mrs. Lesser's benefit, they relied on forms that had been completed by the Mt. Prospect Social Security Administrative office. This form was not completed in the typical way, so staff sent the

forms for review to the local Social Security contact person who has more experience completing these forms.

Because SERS wanted to make sure that Mrs. Lesser began receiving a payment and insurance benefits, the System processed a survivor annuity for Mrs. Lesser with the information on hand at the time, and Mrs. Lesser began receiving a monthly SERS survivor benefit.

Once the revised forms were received from the local Social Security office, it was determined that the total amount Mrs. Lesser is eligible to receive from the Social Security Administration as a survivor was more than the original form had indicated. The Social Security offset that is applied to the SERS survivor benefit is determined by taking the amount the survivor can receive as a widow from Social Security, subtracting what the payee can receive on their own record, and then dividing that amount in half and subtracting the resulting quotient from the survivor's benefit. However, the offset cannot exceed 25% of the deceased member's retirement annuity.

Mrs. Lesser's first payment represented 3 months of survivor's benefits at the level that was based on incorrect information initially provided by the Social Security Administration, which created an overpayment of survivor benefits. Mrs. Lesser requested a personal hearing with the Executive Committee seeking to either waive the overpayment due to her contention that this was SERS's mistake or to enter into an affordable repayment plan.

After discussing the facts of the case and some discussion, the Committee decided to refer the matter to Attorney Bochenek for a recommendation.

Discussion on Procedures with Worker's Compensation Benefit Payouts - Update

The Committee discussed a meeting that SERS staff held with representatives of Central Management Systems and the Attorney General's Office concerning how the settlement of workers' compensation claims is impacting the System. Secretary Blair stated that all parties agreed to work together with their respective staffs to help improve the process.

Secretary Blair stated that all parties agreed and would work together with their respective staffs to help improve the process.

There being no further business to be brought before the Committee, the meeting was adjourned at 10:01 a.m.

The next meeting of the Executive Committee is scheduled for August 13, 2020, in the Springfield office.

Loren Iglarsh, Chairman

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary