

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
June 12, 2014

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, June 12, 2014 at 8:30 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members Present:

Loren Iglarsh, Chairperson
Timothy Blair, Executive Secretary

Absent: Lori Laidlaw, Vice Chairperson

Others Present:

Steve Bochenek, Attorney
Emily Reid-Peterson, Attorney
Kathy Yemm, Manager, Claims Division
Don Williams, Supervisor, Disability Section
Kerry Walker, Disability Section
Cory Mitchell, Pension and Death Section
Joseph Maggio, Manager, Service & Refunds Division
Jennifer Staley, Recording Secretary

Minutes of the Previous Meeting

The minutes of the May 8th, 2014 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 Chairman Iglarsh and 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 May, 2014 were presented. Following review and discussion, the Routine Claims and Denials Report for the period of May, 2014, as prepared by staff, was received by the Executive Committee.

Old Business

Alice Short – Occupational Disability

Alice Short works for a state agency and was granted a medical leave of absence. Ms. Short's claim for disability benefits was denied based on a review of medical documentation.

Alice Short had a personal hearing at the February 6, 2014 meeting, represented by her attorney Steven W. Berg, to appeal the denial of occupational disability benefits.

Based on her job duty descriptions, our medical consultant did not find Ms. Short to be disabled from performing the duties of her job. Ms. Short claims the Job Duty Statement was not completed accurately.

At the February 6, 2014 meeting, Ms. Short's appeal was deferred and it was decided that SERS would request a new job duty statement from Ms. Short's supervisor and set up another evaluation with the System's medical consultant using the new job duty statement.

SERS received an updated job duty statement and it was sent to our medical consultant for review. Ms. Short's agency indicated that help is available to her for heavy and above the shoulder lifting. Our medical consultant reviewed the updated job description and the agency's willingness to provide assistance when needed and opined she could return to work. It was agreed that Attorney Berg will be given an opportunity to depose our medical consultant. That deposition was completed and referred to the Committee.

The Committee agreed that this matter should be put on the July agenda and Mr. Berg advised that he can appear and present his client's position for consideration.

David Harris – Pension

David Harris worked at the Department of Financial and Professional Regulations before he retired. The System previously denied Mr. Harris' request to be allowed to retire under the alternative formula. Mr. Harris appealed to the circuit court and this matter was remanded to the System for additional consideration.

Mr. Rhine, Mr. Harris' attorney, is requesting a pre-hearing conference for Mr. Harris. Our attorney, Steve Bochenek, advised Mr. Rhine that such a conference could be set up either at our Springfield office or via video conference with Chicago. Mr. Rhine was advised to contact Mr. Bochenek with suggested dates.

The Committee agreed that there is no further action to take until the pre-hearing conference requested by attorney Rhine is scheduled.

This matter was deferred by the Committee.

John Hartnett – Level Income – RTW

John Hartnett originally retired May 1, 2003 electing the Level Income Option and subsequently returned to work September 4, 2012. Upon his return, SERS refunded his ERI contributions and adjusted his service credit. Mr. Hartnett is currently working and is contemplating retiring again.

The Pension Section is seeking advice as to whether his “second” retirement would be calculated using the level income option since his “first” retirement was based on Mr. Hartnett selecting a level income option. Attorney Bochenek advised the Committee that the Pension Code was silent on this question but that there were difficulties in continuing with the initial election.

At the May Executive Committee meeting, Steve Bochenek, SERS’ attorney, recommended working up figures on different scenarios to propose to Mr. Hartnett. Tim will send these scenarios to Attorney Bochenek for review and consideration of whether any new policies should be adopted by the Executive Committee regarding this issue.

The Committee deferred the case until further information is received.

Aubra Hall – Adult Disabled Child

Aubra Hall requested a personal hearing in a letter received by this office on April 17, 2014, regarding the decision that he does not have a disabling impairment. Mr. Hall signed a Waiver of Procedures form.

Joyce Appling retired from the State of Illinois effective January 1, 2006. Upon her death on October 12, 2012, we were contacted by her son, Aubra Hall, indicating he wanted to apply for disabled adult child benefits on his mother’s account.

Mr. Hall is receiving disabled child benefits from the Social Security Administration on his mother’s account. When Joyce Appling originally returned her pension application she did not list any disabled adult children. Later, she listed Aubra Hall as a disabled adult child.

Aubra Hall submitted medical information in order to qualify for benefits. Mr. Hall’s file was reviewed by a SERS medical consultant, who stated the medical evidence in file does not establish the presence of a disabling impairment.

Mr. Hall has follow-up appointments with his physicians on May 29th. SERS will fax medical release forms to the doctors and to Mr. Hall to take to his appointments. Also, Mr. Hall will look for school records and any tax information he can find that may help support his case.

The Committee has deferred this case until any new information is received for review.

Patricia Kimmel – Pension – Approval to Waive Overpayment

Patricia Kimmel is currently receiving a retirement annuity from SERS. Ms. Kimmel received wage credit for furlough days. When we adjusted her account, all the wages were included in the FAC, even though some of them should not have been. The error was made April 2011 and was found in December 2013. The staff is seeking direction from the Committee.

At the May Executive Committee meeting, the Committee suggested deferring this matter pending the possible passage of legislation dealing with the correction of errors. SB3309 passed, but has not been signed, that allows the collection of an overpayment three years forward from the mistake; cannot recoup if past 3 years. The case is deferred for now.

Rhonda Swinney – Vouchering

Ms. Swinney incurred an overpayment of her nonoccupational disability in the amount of \$30,366.00 due to the approval of retroactive social security disability benefits. SERS began applying her gross disability benefit effective with her check issued in July, 2012. At the time her benefit ceased in January, 2014, there remained a balance of \$24,091.25.

Ms. Swinney is now requesting a voluntary repayment arrangement at the rate of \$200.00 per month, which would take approximately 10 years to satisfy the overpayment.

SERS has drafted a Repayment Contract which allows for collection of the overpayment balance in the event Ms. Swinney would receive any future benefit payment, leave state service and take a refund, or her survivor(s) would receive a benefit upon Ms. Swinney's death.

Since a \$200.00 per month repayment amount would take over five years to repay, the Vouchering Section is seeking the opinion of the Committee regarding the proposed repayment plan.

At the May Executive Committee, it was suggested by the Committee to find out if she had any other source of income to possibly modify the agreement. Information Ms. Swinney sent in showed that her only source of income is social security. She will be eligible for a pension at a later date. Following a review of the file and some discussion, Chairman Iglarsh moved approval of the repayment rate by Rhonda Swinney of \$200.00 per month. Executive Secretary Blair seconded the motion.

New Business

Stefanos Vasilakis – Temporary Disability Benefit

Mr. Vasilakis is requesting a written appeal with the Executive Committee. He was receiving Temporary Disability from SERS. Mr. Vasilakis' disability was reviewed by a medical doctor at SERS' request and his benefits were terminated October 31, 2013.

Mr. Vasilakis' Temporary Disability benefit is a zero sum due to the amount he receives from Social Security. He is asking we continue his service credit to his pension.

After a review of the file and some discussion, a motion was made by Chairman Iglarsh to suspend benefits effective March 31, 2014, and to defer further action to allow the member to submit additional medical information and the System's consultant to review all medical documentation. Executive Secretary Blair seconded the motion.

Vijai Darsipudi – Nonoccupational 90 Day Waiver

Vijai Darisipudi works as a Corrections Medical Technician for Stateville Correctional Center. He last worked on September 7, 2013. He began a medical leave of absence on October 2, 2013 due to left patella tendinitis. He returned to work on February 3, 2014.

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

After review of the case and some discussion, Chairman Iglarsh moved to approve Mr. Darisipudi's waiver of the 90 day filing limitation. Executive Secretary Blair seconded the motion.

David Daughtrey – Pension – Waive Death Benefit

David Daughtrey, a state retiree, passed away on January 28, 2014. A Qualified Illinois Domestic Relations Order (QILDRO) is on file to pay the alternate payee, Janet Richards, a portion of the \$500.00 death benefit.

Janet is requesting the Executive Committee approve her waiver to the death benefit and to instead pay the two surviving children.

Four beneficiaries are listed equally on the member's beneficiary form; his ex wife, and three children. Jarad Daughtrey, one of the children, passed away one day after the member. Our policy is to pay the beneficiary's estate if the beneficiary outlives the member; however, Jarad caused the death of our member and it is also our policy to not pay beneficiaries who killed the member.

The Pension Section is asking for direction from the Executive Committee in disbursement of benefits.

Based on the amount, Chairman Iglarsh moved to allow the waiver of payment to the alternate payee and the death benefit will be divided between the two surviving children. Executive Secretary Blair seconded the motion.

Rosalind Fuller – Pension – Opinion If Beneficiaries Can Be Paid

Rosalind Fuller, a state retiree, passed away on October 25, 2010. At the time of her death, she had an 18 year old son, Paul Fuller. Paul signed a waiver of survivor benefits so his older brothers, Bruce and Carlton, who were the beneficiaries, could receive a lump sum death benefit after retirement. This waiver was approved at the February, 2012 Executive Committee meeting.

Shortly after the approval of the waiver, Paul telephoned our office wanting to rescind the waiver, indicating he was pressured into signing it.

The two beneficiaries have been calling our office wanting to know if they can receive the lump sum death benefit now that Paul turned 22 in March, 2014.

Paul Fuller has not been in contact with SERS regarding his student status. A certified letter was sent to his last known address and it was returned by the Post Office marked “vacant”.

The Pension Section would like the Executive Committee’s opinion on how to proceed with this claim.

After review of the case and some discussion, Chairman Iglarsh made a motion to pay the lump sum death benefit to the two brothers. Executive Secretary Blair seconded the motion.

Patricia Borowski – Pension – Level Income

Patricia Borowski has applied for a retirement benefit effective May 1, 2014. She has chosen the level income option for age 66 years and 0 months.

Our policy is that a member cannot choose the level income option if their pension will be reduced to less than \$10.00 when they reach the age they chose for level income.

Under the current law with the 3% compounded increases, Ms. Borowski’s pension would be reduced to a monthly gross of \$112.85 at age 66. Under the new legislation with the reduced cost of living increase, Ms. Borowski’s pension would be reduced to a monthly gross of \$2.93 at age 66.

The situation was explained to Ms. Borowski and she still wishes to retire under the level income option. The Pension Section is asking for direction on this case regarding allowing Ms. Borowski to receive the level income option.

It was discussed that due to the “stay” on the new legislation, under current law Ms. Borowski should be allowed to elect the level income option. The motion to allow the payment under level income was made by Chairman Iglarsh, seconded by Executive Secretary Blair.

Alice Shelton – Waiver of Overpayment

Alice Shelton has been receiving a Survivors' Annuity from SERS since April 1, 2001. At the time of her initial award from SERS, Ms. Shelton received a higher initial monthly payment due to the fact that she had two minor children under her care. In 2004, when one of the minor children attained the age of 18, incorrect amounts were used to calculate the future benefits payable to both Alice and the child. This miscalculation created an overpayment for Alice Shelton covering the time period of August 1, 2004 through October 31, 2007 and totaling \$3845.17.

Effective February, 2008, Ms. Shelton entered into a repayment plan allowing SERS to deduct \$50.00 per month from her benefit payment in order to satisfy the overpayment.

In July, 2008, Ms. Shelton contacted SERS and requested a reduced repayment plan due to the fact that the income that she was receiving from Social Security was being reduced. Effective September 2008, SERS agreed to a reduced monthly deduction in the amount of \$25.00.

In January, 2012, Ms. Shelton again contacted SERS stating that she was having financial hardship and inquired if her overpayment deductions could be suspended for a year or two. SERS advised her in a letter that we were unable to do so and her monthly deduction of \$25.00 has remained in place through the current date.

Ms. Shelton is now requesting that the \$1770.17 balance of her overpayment be waived due to the fact that the overpayment was through no fault of her own, combined with the fact that she is now suffering financial hardship as a result of her disability and her medical needs, both of which have forced her to file for bankruptcy (copy included).

Ms. Shelton's current gross monthly benefit amount is \$556.87. The only deduction from her check is \$25.00, which is being applied to the overpayment, leaving a net benefit payment from SERS of \$531.87.

If granted a waiver, the overpayment will be adjusted to equal the amount paid. However, if an amended repayment plan is required, a monthly payment of \$10.00 is suggested and a repayment contract would be mailed. This monthly payment amount will satisfy the balance in a total of 177 months, or 14.75 years.

After a review of the case and some discussion, Executive Secretary Blair made a motion to deny the request of Ms. Shelton to forgive the balance of the overpayment or to reduce her \$25.00 per month overpayment deduction. This motion was seconded by Chairman Iglarsh.

Patricia Hunter – SSA Overpayment

Patricia Hunter originally was eligible for SSA in August 2007, creating an overpayment of her nonoccupational disability, which she paid back to SERS.

When she went on her second disability in May of 2011, SSA benefits were not offset from her nonoccupational disability benefits creating another overpayment. SERS began deducting \$1,682.00 from her monthly checks to satisfy the overpayment.

Ms. Hunter is appealing the overpayment and offset from her disability payments SERS is taking due to her receiving SSA benefits.

After a review of the case and some discussion, Executive Secretary Blair made a motion to deny Patricia Hunter's appeal of the offset to satisfy the overpayment and negotiate a \$500 a month payment plan. Chairman Iglarsh seconded the motion.

Gerald F. Downes – Reinstatement of Write-off

This account became eligible for a write-off in June, 1997. Contributions in the amount of \$97.86 and 4.00 months of service credit were written off June 30, 1997. Mr. Downes has requested a refund. The Service and Refunds Division is requesting his account be reinstated so that a refund may be paid.

After review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Gerald Downes for reinstatement of account. The motion was seconded by Executive Secretary Blair.

Deana Painter – Service LOA

Deana Painter is attempting to establish creditable service for a leave of absence. The law requires that a leave of absence occur after January 1, 1982, and before less than one year. Based upon the position of her employing agency there is no period of leave for less than one (1) year. Litigation is pending that could impact the length of Ms. Painter's leave.

After discussing the case, it was determined there was nothing at this time to appeal. The issue is between her and her agency. At this point, Ms. Painter needs to pursue her court action.

20% Rule for Future Medical In Regards to Offsets

Staff sought guidance from the Executive Committee regarding an alleged policy of the System allowing a member to reduce a workers' compensation for future medical expenses equal to 20 percent of the award.

Don Williams, the Disability Supervisor, would like a policy in writing. SERS' attorney, Steve Bochenek, suggested checking to see what policies are in other systems. The committee deferred this until they can get some more information regarding this.

Policy – Suspension of Disability Benefits

Staff sought guidance from the Executive Committee regarding reinstating disability benefits for members who were non-compliant during the semi-annual certification process. The Disability Section has a case where a member is requesting to certify disability benefits for the last three years. The Committee advised that as long as the member has complied and meets all requirements, including documentation of a continuous disability, the disability may be paid retroactive to the suspension of benefits date. The Disability Section will further detail this information in the Disability Policy Manual.

There being no further business to be brought before the Committee, the meeting was adjourned at 10:25 a.m.

The next meeting of the Executive Committee is scheduled for Thursday, July 10th, in the Springfield office, with video conferencing in Chicago.

Loren Iglarsh
Chairman

Lori Laidlaw
Vice Chairperson

Timothy Blair
Executive Secretary