

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
March 6, 2014

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, March 6, 2014 at 8:30 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members Present:

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

Others Present:

Steve Bochenek, Attorney
Kathy Yemm, Manager, Claims Division
Don Williams, Supervisor, Disability Section
Michael Noblet, Supervisor, Pension and Death 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 February 6, 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 Vice Chairperson Laidlaw, and by unanimous vote, the minutes were approved as submitted.

Routine Claims & Denial Report

The Routine Claims and Denials Report for the month of February, 2014 were presented. Following review and discussion, the Routine Claims and Denials Report for the period of February, 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.

This matter was deferred by the Committee.

Anna Galarza – Non-occupational Half Time Ceased

Anna Galarza works for a state agency, was granted a medical leave of absence and was receiving non-occupational disability benefits. An overpayment of benefits was created due to her half time ceasing.

Anna Galarza had a personal hearing at the February 6, 2014 meeting to appeal the termination/overpayment of her non-occupational disability benefit. Ms. Galarza asked for continued benefits until a decision was made by the Committee. Chairman Iglarsh made a motion, seconded by Executive Secretary Blair, to temporarily reinstate benefits until the end of March, 2014 and referred the case to the System's attorney, Steve Bochenek, for a recommendation.

At the March 2014 meeting of the Committee a recommendation was provided to the Committee for its consideration. The recommendation was that based upon the testimony of the Petitioner, the records of the System, records obtained by the System, and the statutes applicable to the System, the Committee should find that the Petitioner, Anna Galarza, is not entitled to non-occupational disability benefits through October, 2016 and therefore, must affirm the prior decision of the System's staff.

It was then suggested that the Committee consider waiving the overpayment of non-occupational disability benefits from the time the benefit should have ceased, March 1, 2013, through the present, March 31, 2014 because of the incorrect information provided by the System. The Committee was in favor and its attorney, Steve Bochenek, will amend the recommendation accordingly.

Following discussion on a motion made by Chairman Iglarsh and seconded by Trustee Laidlaw, the Committee unanimously accepted Recommendation No. 2014-02 as modified. A copy of this Recommendation has been made a part of this member's file.

Kimberly Cochran – Pension/Service

Kimberly Cochran requested a personal hearing at the November 14, 2013 meeting and appeared with her attorney, Mr. Randy Paswater. She requested to purchase the 6 month qualifying period which will give her 79.7499%, and that she be given the other .2501% to reach the 80% she has requested.

At the November 14, 2013 meeting Chairman Iglarsh stated that the Committee unanimously agreed that Ms. Cochran could purchase her 6 month qualifying period provided payment is made within 30 days of the billing notice. Attorney Bochenek then suggested the numbers be run again with a follow up with Illinois State Police to seek the most accurate information available.

Following a review of the file and some discussion, the appeal of Kimberly Cochran was deferred so SERS can re-calculate her pension once ISP confirms the number of unused sick and vacation days.

Ms. Kim Cochran and her attorney attended a follow up hearing on December 12, 2013 regarding Ms. Cochran's appeal. She and her attorney explained she was not happy with the calculations that Mr. Noblet had performed which gave her 79.5624% of her final rate of pay and she is still requesting to receive 80% of her final rate of pay.

The Committee agreed to refer this matter to the System's Attorney for a recommendation based on the facts and findings in file.

The Committee recommended that the appeal of the Petitioner, Kimberly Cochran, be granted as to the request to purchase service credit for the six month qualifying period and 4.25 months of accumulated benefit service credit but that it be denied as to the request to receive a retirement annuity equal to 80% of final rate of pay.

At its February, 2014 meeting the Committee received a proposed recommendation from attorney Bochenek. It was recommended that, based upon the testimony of the Petitioner and Petitioner's witnesses, the statements of Petitioner's attorney, the records of the System, records obtained by the System, and the statutes applicable to the System, that the Petitioner should be allowed to purchase her six month qualifying period and 4.25 months of service credit for accumulated benefit time but that Petitioner is not entitled to a monthly retirement annuity based upon 80% of final rate of pay.

Following discussion on a motion made by Chairman Iglarsh and seconded by Executive Secretary Blair the Committee unanimously accepted Recommendation No. 2014-01 in the matter of Kimberly Cochran allowing Ms. Cochran to purchase service credit for the six

month qualifying period and 4.25 months of accumulated benefit service credit, but denying her request to receive a retirement annuity equal to 80% of final rate of pay. A copy of this Recommendation has been made a part of this member's file.

Subsequent to receiving a copy of the Recommendation No. 2014-01, Ms. Cochran's attorney, Randy Paswater, asked that the Committee's decision to deny Ms. Cochran 80% of her final rate of pay be reconsidered at the March 6, 2014 meeting. Our attorney, Steve Bochenek, stated we do not have a reconsideration process; but that a request for a re-appeal could be filed. With no new evidence presented, there was nothing to reconsider at this time. Attorney Bochenek will talk to her attorney, Randy Paswater, and follow up with a letter to include in the Member's file.

David Harris

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.

New Business

Alisha Davis – Occupational Disability 12 Month Waiver

Alisha Davis works for a state agency and a service connected leave of absence was granted. Ms. Davis's claim for disability benefits was denied due to failure to apply for the benefit within the 12 month filing period.

Alisha Davis has requested a written appeal of the denial of her occupational disability due to the 12 month filing limitation. Information was received with the appeal request which lists the reasons the employee failed to file on a timely basis.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Alisha Davis. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Joseph Pagan – Non-occupational Disability – 90 Day Denial

Joseph Pagan works for a state agency and a medical leave of absence was granted.

Mr. Pagan's application for disability benefits was received on February 11, 2014. As he did not return his application within 90 days, his disability benefit became effective February 11, 2014, the date his application was received at SERS.

Joseph Pagan is requesting a written appeal of the 90 day filing limitation for disability benefits. Information was received with the appeal which lists the reasons the employee failed to file on a timely basis.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Joseph Pagan. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Madalina Ionica – Non-occupational Disability

Madalina Ionica works for a state agency and was granted a medical leave of absence from her agency on September 12, 2013 and returned to work on December 4, 2013. The member filed an application for disability benefits with the System.

The medical documentation received by the System was reviewed by the System's medical consultant who found the member was not disabled.

Madalina Ionica is requesting a written appeal of the denial of her claim for non-occupational disability benefits.

After review of the case and some discussion, Chairman Iglarsh moved denial of the appeal of Madalina Ionica, seconded by Trustee Laidlaw. All were in favor.

Kathleen Dechenne – Disability Overpayment

Kathleen Dechenne is requesting a written appeal of the overpayment of her non-occupational disability benefit. Ms. Dechenne received a retroactive social security award with benefits beginning October 2009. Our office collected the original overpayment but failed to adjust future checks. Ms. Dechenne was advised by letter that her checks would be reduced to \$366.50 due to the award; however, we continued to pay her the \$1,729.50 amount, resulting in an overpayment of \$59,972.00.

Chairman Iglarsh said the offset cannot be ignored and proposed we recalculate the overpayment based on her retiring at age 60, which would reduce the overpayment amount, and work out a repayment schedule. Chairman Iglarsh proposed to defer this matter at this time pending the staff discussing this matter further with the member. All were in favor.

William Gross – Service Purchase

William Gross is requesting a personal appeal of the denial of his request to purchase his 5.50 month qualifying period. Mr. Gross retired from the State of Illinois effective January 1, 2014 and had not purchased the service credit before retirement. Mr. Gross signed a Waiver of Procedures and elected to present his appeal to the Committee.

Based upon the facts of this case and after some discussion, Executive Secretary Blair moved approval of the appeal of William Gross to allow him to purchase the 5.50 month qualifying period, seconded by Vice Chairperson Laidlaw and all were in favor. The payment is due within 30 days from our billing notice.

Richard Hand – Pension

Richard Hand works for a state agency and was granted a medical leave of absence effective August, 2013.

Mr. Hand is requesting a written appeal of the denial to receive a retroactive pension effective October 1, 2013 and repay his disability payment for the months of October 1, 2013 through January 31, 2014. He came into our office in February 2014 and wanted to apply for a retirement benefit retroactive to October 1, 2013 when he first met the Rule of 85. He was initially told he could not retire prior to February 2014, but later told he could repay his disability payment and retire retroactive.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Richard Hand. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Terry Lemming – Reversionary

Terry Lemming worked for a state agency and elected a reversionary annuity at the time of retirement.

Terry Lemming is requesting a written appeal to rescind his original retirement election for a reversionary annuity and change his election to a regular pension and, requesting the amount of \$1,135.32 be added back into his pension. Mr. Lemming appealed the reversionary election immediately upon receiving his first retirement check.

After a review of the case and some discussion, Chairman Iglarsh moved approval of the request, seconded by Executive Secretary Blair and all were in favor.

Bhikkhu Mahinda – SS Offset

Bhikkhu Mahinda worked for a state agency and elected the social security offset at the time of retirement.

The Committee finds that Bhikkhu Mahinda began receiving his retirement annuity effective January 1, 2003 and elected the social security offset removal in 2009 when this option became available, thereby reducing his pension.

Bhikkhu Mahinda is requesting a written appeal to remove the social security offset as his spouse did not pay into social security. Due to the Government Pension Offset, she is not eligible to receive any money from social security as a widow, making the social security offset removal unnecessary.

After a review of the case and some discussion, Chairman Iglarsh moved approval of the request, seconded by Vice Chairperson Laidlaw and all were in favor.

Policy - Survivor Issue Regarding Step-children

This issue arose from a case involving a member who had two natural children with his wife, but the wife also had a child from a prior marriage who the member also helped raise, but had never adopted. The mother passed away more than a year before the member died. At the time of the member's (father) death, it was questioned whether the System would be liable to pay the "step-child" a survivor's annuity.

Our attorney, Steve Bochenek, stated that currently there is no definition in the Act of step-child. Legally, there would be no right of the step-child to inherit after death without adoption, as there was no legal relation. He also stated we may need to adopt a policy or clarification for use in future similar cases. He will research this area for the next meeting.

After much discussion, it was decided to go ahead and pay the natural children a smaller survivor's annuity as if it was being divided among **all** the children (including the step-child), then the System can adjust the payment after a final determination is made. Chairman Iglarsh motioned to defer the case until the next meeting, seconded by Vice Chairperson Laidlaw. All were in favor.

Dianna Barrows – Accounting/Service Credit

Dianna Barrows is requesting the Committee to grant her an additional .50 month of service credit for June 1981 so that she would be eligible to retire with SURS using SERS reciprocal time.

The payroll for the June 16 through June 30, 1981 shows that Ms. Barrows was paid \$339.09 for the period 06/17/81 – 06/30/81 which corresponds to time worked of 13.5 days. This entitled her to a half month of service credit. The payroll also indicates that there was \$41.16 in overtime pay for the pay period. Ms. Barrows states that this was her pay for 06/16/81. Overtime does not constitute time worked. If the \$41.16 classified on payroll as overtime pay was actually regular time worked, this member would be due the full 15 days of time worked and a full month of service credit for 06/1981. This would be an additional 0.50 month of service credit than she is currently credited with for the 06/1981 period.

After a review of the case and some discussion, Vice Chairperson Laidlaw moved approval of the request, 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 10:45 a.m.

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

Loren Iglarsh
Chairman

Lori Laidlaw
Vice Chairperson

Timothy Blair
Executive Secretary