

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
March 10, 2016

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, March 10, 2016 at 8:30 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members:

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

Others Present:

Steve Bochenek, SERS Attorney
Jeff Houch, Assistant Executive Secretary
Kathy Yemm, Claims Manager
Don Williams, Supervisor, Disability Section
Cory Mitchell, Pension and Death Section
Joe Maggio, Service and Refunds Manager
Jennifer Staley, Recording Secretary

Minutes of the Previous Meeting

The minutes of the February 11, 2016 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 Executive Secretary Blair and seconded by Vice Chairperson Morris, 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, 2016 was presented. Following review and discussion, the Routine Claims and Denials Report for the period of February, 2016, as prepared by staff, was reviewed and received by the Executive Committee.

Old Business

Cynthia Hogueisson – Half Time Ceasing Date and Overpayment

Upon checking the half time ceasing tickler (60 days prior to the ceasing date) it was discovered the system generated an incorrect ceasing date as January 9, 2016. The correct half time ceasing date was April 30, 2015.

Ms. Hogueisson's benefits were stopped November 1, 2015. This has created an overpayment of \$15,206.25.

During the course of Ms. Hogueisson's disability she was sent an income verification letter that gave a ceasing date of October 31, 2016.

Ms. Hogueisson has been sent a letter explaining how half time ceasing dates are calculated.

Ms. Hogueisson was unable to attend her personal hearing in January and February. She was rescheduled for the March meeting and was unable to attend that meeting as well. The disability supervisor will follow-up with Ms. Hogueisson to see if she would like to schedule a written appeal.

Pamela Wendt – Gainful Employment - Deferred

Pamela Wendt was present at the February Executive Committee to appeal her suspension of occupational disability benefits due to gainful employment. Pamela Wendt worked for Kevin Elliot Counseling and exceeded the quarterly earnings limit of \$2,490.00 in the 4th quarter of 2013 and the 1st quarter of 2014.

Ms. Wendt's gainful employment did not show up on the October 2014 IDES report. The April 2015 IDES report reflected a possible gainful employment for Ms. Wendt. Disability began the process of collecting paystubs April 15, 2015. We eventually received paystubs July 2015 and determined Ms. Wendt had exceeded the 4th quarter of 2013 by \$565 and the 1st quarter of 2014 by \$401, for a total of \$966. A disability Earnings Agreement was sent to her on July 15, 2015, which she signed and returned to SERS July 29, 2015. The \$966 was collected by Vouchering.

A review of the October 2015 IDES report indicated no earnings for Ms. Wendt. Our internal auditor did research on Ms. Wendt and it was determined she had started her own counseling business. Further research revealed Ms. Wendt had at least exceeded the \$2,490 limit the 3rd quarter of 2014 and the 2nd and 3rd quarter of 2015 from billings to Health Alliance alone. These earnings do not reflect any income she may have made through billing other insurance companies or cash billings to clients.

Occupational benefits have been suspended as of November 1, 2015. If disability benefits are suspended retroactively to April 1, 2015, there will be an overpayment in the amount of \$19,559.68.

Ms. Wendt said she works for, but does not own, a counseling company called Creative Solutions. It is a family owned business and she is the sole contractor of the business and

earns \$2,000 per quarter. She stated it may appear she makes more due to when the billing actually goes through for payment.

In order to better understand the whole situation, SERS is asking Ms. Wendt to send in any information that will support her claim, and to supply SERS with 2015 corporate and individual tax records. The case will be deferred until we receive such information.

Derrek Fromm – Service - Recommendation

Derrek Fromm was present for a personal appeal before the Executive Committee at the February meeting. Mr. Fromm was coded wrong by his agency under the regular formula, as opposed to the alternative formula. The error was subsequently corrected; however, our billing letters were calculated as if he was under the regular formula. When the errors were discovered, we billed Mr. Fromm for the additional money due for the alternative formula. He contends that he should not have to pay the additional contribution and interest for the military service credit (48 months) for which he was billed.

The case was referred to our attorney, Steve Bochenek, for a Recommendation.

At the March, 2016 meeting, Attorney Bochenek presented a Recommendation No. 2016-02 for the Committee to deny the appeal of Derrek Fromm as to his request that he be entitled to 4 years of military service credit under the alternative formula when the military service credit was purchased at regular formula rates.

After some discussion, Executive Secretary Blair moved to adopt Recommendation No. 2016-02, seconded by Vice Chairperson Morris. All were in favor. The Service and Refunds manager will provide the options available to Mr. Fromm.

New Business

Joseph Zappa – Felony Conviction/Disability Opinion

Joseph Zappa is an Environmental Specialist III for EPA. The member has applied for a nonoccupational disability benefit and his agency has approved him for a medical leave of absence.

Mr. Zappa has previously been convicted of a felony. The Disability Section is asking for the Executive Committee's opinion in regards to his eligibility for a nonoccupational disability benefit.

The Executive Committee requested staff to handle based on its usual procedure for handling such requests when the member has been convicted of a felony.

Linda Vono – Appeal To Have Overpayment Waived

Linda Vono retired reciprocally with the Illinois Municipal Retirement Fund (IMRF) effective December 1, 2012.

Ms. Vono's last employment was with IMRF and the average earnings from IMRF were used to calculate the SERS retirement benefit.

IMRF has been reporting wages incorrectly to SERS. They have been including wages paid after the member left employment. Some of this money is wages from the last payroll; however, it also includes sick and vacation pay that SERS cannot use in the calculation of a Final Average Compensation. IMRF is unable to provide a breakdown of wages to show the amount that is salary so SERS has begun to exclude the last month of earnings and include one previous month of earnings to compute a FAC.

This created an overpayment for Ms. Vono for the period of December 1, 2012 through December 31, 2015 in the amount of \$547.78. Her monthly pension was reduced by \$14.38.

Ms. Vono is requesting the overpayment be removed and her pension returned to the original amount.

After some discussion, Chairman Iglarsh moved to deny Linda Vono's request to remove the overpayment and return the pension to the original amount, seconded by Vice Chairperson Morris. All were in favor.

Nanette LaGrange – Request to purchase service credit after retirement

Nanette LaGrange retired reciprocally with the Illinois Municipal Retirement Fund (IMRF) effective September 1, 2015. Ms. LaGrange retired with 239.00 months of service with SERS; 1.00 month short of 20 years.

Ms. LaGrange is requesting to purchase her qualifying period after retirement so she will have 20 years of service for insurance premium calculation purposes.

After discussing the case, Executive Secretary Blair moved to deny the request of Ms. LaGrange to purchase her qualifying period, seconded by Chairman Iglarsh. All were in favor.

Sylvester L. Pollard – Reinstatement of Account

This account became eligible for a write-off in June, 2008. Contributions in the amount of \$1,050.80 were written off on June 27, 2008. Mr. Pollard has provided identifying information and has requested a refund.

After some discussion, Chairman Iglarsh motioned to approve the reinstatement of account, seconded by Vice Chairperson Morris. All were in favor.

Sheldon Woodcock – Request To Purchase 6 Month Qualifying Period

Mr. Woodcock has requested a written appeal with the Executive Committee. He is requesting that he be allowed to purchase his 6 month qualifying period even though he retired effective December 1, 2015. Previously SERS had informed Mr. Woodcock that the payment had to be made before retirement and supplied him the name, address, and instructions for a Deferred Compensation payment. Documentation in the file appears that Mr. Woodcock tried to purchase the qualifying period prior to retirement and it is not clear why that purchase was not processed.

After discussing the case, Vice Chairperson Morris moved for approval to allow Mr. Woodcock to purchase his 6 month qualifying period in the amount of \$3,369.10 (provided the payment was received within 30 days of our notification), seconded by Chairman Iglarsh. All were in favor.

Bryan Schneider – Return of Contributions

Bryan Schneider is requesting return of \$625.47 that he paid for the purchase of his 6 month qualifying period.

He should not have had a qualifying period since he was a member of SURS at the time of his appointment. Article 14-103.05 Employee states “The qualifying period of 6 months of service is not applicable to: (1) a person who has been granted credit for service in a position covered by the State Universities Retirement System, the Teachers’ Retirement System of the State of Illinois, the General Assembly Retirement System, or the Judges’ Retirement System of Illinois unless that service has been forfeited under the laws of those systems”. Since he paid for the qualifying period, interest free, it is our contention that he is not eligible for a refund. His employment would be considered as concurrent employment by law.

After some discussion, Chairman Iglarsh made a motion to deny Mr. Schneider’s request for the return of \$625.47 he paid for the purchase of his qualifying period, seconded by Executive Secretary Blair. All were in favor.

There being no further business to be brought before the Committee, the meeting was adjourned at 10:30 a.m.

The next meeting of the Executive Committee is scheduled for April 14, 2016, in the Springfield office, with video conferencing in Chicago.

Loren Iglarsh, Chairman

David Morris, Vice Chairperson

Timothy Blair, Executive Secretary