

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
March 9, 2017

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, March 9, 2017 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:

Emily Reid-Peterson, SERS Attorney
Kathy Yemm, Manager, Claims Division
Don Williams, Supervisor, Disability Section
Cory Mitchell, Acting Supervisor, Pension and Death Section
Joe Maggio, Manager, Service & Refunds Division
Alan Fowler, Manager, Accounting Division
Jessica Blood, Recording Secretary

Minutes of the Previous Meeting

The minutes of the February 9, 2017 meeting of the Executive Committee were presented by Vice-Chairperson Morris 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 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 February, 2017 was presented. Following review and discussion, the Routine Claims and Denials Report for the period of February, 2017, as prepared by staff, was reviewed and received by the Executive Committee.

Old Business

Loren Purnell – Request Removal from Level Income Option

Mr. Purnell retired effective January 1, 2003. At retirement, he elected to receive his pension using the level income option for age 62 years and 1 month, which is intended to provide a retiring member with a higher pension earlier in retirement until the member is eligible to receive Social Security and then reduce the pension from SERS based upon the amount of the member's Social Security benefit. In accordance with Mr. Purnell's selection, the level income option increased his pension by \$322.19 per month, but, effective August 1, 2014, upon his eligibility for receipt of Social Security benefits, his pension was reduced by \$1,010.00.

Mr. Purnell sought to revoke his prior selection of the level income option for his pension. SERS staff indicated to Mr. Purnell that the level income option was not revocable and that his request could not be granted. Based upon this information, Mr. Purnell requested the opportunity to make a personal appeal to the Committee in connection with his request.

Attorney Reid-Peterson presented Recommendation No. 2017-3 to the Committee to deny the request of Mr. Purnell to revoke his prior selection of the level income option for his pension based on the facts of the case, the records of SERS, and the records obtained by SERS. Chairman Iglarsh moved to accept Recommendation No. 2017-3, seconded by Vice-Chairperson Morris. All were in favor.

Ryan Coughlin – Request Appeal of Tier 2 Determination

Mr. Coughlin was hired by the Illinois Department of Healthcare and Family Services (HFS) on April 1, 2012 and became a member of SERS on that date. As a result, he was coded on HFS payroll as a Tier 2 regular formula member since his start date.

Mr. Coughlin requested that SERS reclassify him as a Tier 1 member rather than a Tier 2 member on account of his being on active duty in 2008 as a member of the Illinois National Guard. SERS staff, based upon the information presented to the staff and the statutory provisions applicable to SERS, denied Mr. Coughlin's request. As a result, Mr. Coughlin requested the opportunity to present an appeal to the Committee.

Attorney Reid-Peterson presented Recommendation 2017-2 for the Committee to deny Mr. Coughlin's request to appeal SERS staff's classification of Mr. Coughlin as a Tier 2 regular formula member based upon the facts of the case, the records obtained by SERS, and the statutes applicable to SERS. Vice Chairperson Morris moved to accept Recommendation No. 2017-2, seconded by Executive Secretary Blair. All were in favor.

New Business

James Shales – Denial of Temporary Benefits – Deferred

Royce Brown-Reed – Reduction of Payback for SSA Overpayment

Royce Brown-Reed worked as a Healthcare Unit Administrator for the Illinois Department of Corrections, Statesville Correctional Center. She last worked April 28, 2014. She began her service connected leave of absence on April 29, 2014 due to an injury occurring at work on November 1, 2013. Workers Compensation stopped paying her on October 9, 2014.

Though Workers Compensation stopped paying her, she was unable to return to work due to a medical issue. Ms. Brown-Reed applied for SERS non-occupational disability benefits on November 25, 2014. This benefit began on October 1, 2014 and member is still receiving monthly benefits currently.

Ms. Brown-Reed received notice June 27, 2016 that she was awarded Social Security Administration (SSA) benefits. SSA determined that she was disabled as of October 1, 2014. As a result, she received a lump sum payment of retroactive benefits in the amount of \$35,670.00 around July 3, 2016. Her SSA monthly benefit amount as of October 1, 2014 is \$2,385.00. Illinois statute requires that the amount of any SERS non-occupational disability benefit be offset by the SSA monthly benefit amount. Due to the fact that SERS already paid Ms. Brown-Reed the full amount of her non-occupational disability benefit for the months of 10/15/14 through 12/31/16, which did not account for the SSA monthly benefit amount, an overpayment of benefits occurred in the amount of \$63,317.90.

Ms. Brown-Reed advised SERS that she was not receiving the monthly amount from SSA that SERS had calculated. After speaking with SSA it was determined that Ms. Brown-Reed in fact was not receiving the monthly amount calculated by SERS; she was receiving \$321.00 less than that amount because SSA believed Ms. Brown-Reed was receiving Workers Compensation. However, Ms. Brown-Reed was not receiving Workers Compensation for the time in question, but for an earlier time period. She is now in the process of having SSA correct the situation and repay her the correct amount.

Ms. Brown-Reed did not pay off any of the \$63,317.90 overpayment with the \$35,670.00 lump sum payment she received from SSA.

Ms. Brown-Reed requested an extended repayment period for her to repay the \$63,317.90 overpayment beyond 60 months.

Based on the facts of the case and information submitted, a motion was made by Executive Secretary Blair to deny Ms. Brown-Reed's request for an extended repayment period, seconded by Chairman Iglarsh. All were in favor.

Nikki Rogers – Occupational Disability 12 Month Waiver

Nikki Rogers works as a Public Service Administrator for the Department of Employment Security. She last worked on May 9, 2014. She began a medical leave of absence on June 15, 2014 due to an injury.

Ms. Rogers applied for occupational disability benefits from SERS more than 12 months after her disability commenced. Ms. Rogers requested that the 12 month filing limitation be waived. She was paid temporary total disability for the time period beginning May 30, 2014 through the present.

After reviewing the facts of the case, a motion was made by Chairman Iglarsh to approve Ms. Rogers request to waive the 12 month filing period, seconded by Vice-Chairperson Morris. All were in favor.

Riley Blair – Appeal to Receive Unreduced Pension

Riley Blair retired on January 1, 2017.

Prior to his retirement, he visited the SERS office on September 15, 2016 and met with a field services representative. He was provided with a rule of 85 retirement date of January 1, 2017 assuming he purchased his paid sick and vacation days, qualifying period and three months of military service.

This estimate was incorrect however because the 54 sick days and 12 paid sick days were added together and used as 76 days (4 months of service credit) instead of 66 days (3.25 months of service credit). This leaves the member .50 months short of meeting the rule of 85.

Mr. Blair is requesting an unreduced pension effective January 1, 2017 as he was told by a representative of the Field Services Division that he was eligible to retire on this date.

Following some discussion a motion was made by Chairman Iglarsh to approve Mr. Blair's request for an unreduced pension, seconded by Executive Secretary Blair. All were in favor.

Mark Adams – Request to Reinstate Account

The account of Mark Adams became eligible for write-off in June, 2009. Contributions in the amount of \$13,647.65 and 160.50 months of creditable service were written off.

Mr. Adams died on August 15, 2016.

The Pension and Death Section is requesting the Executive Committee approve reinstatement of this account so that a lump sum death benefit can be paid to Mr. Adams' mother.

After review of the information submitted a motion was made by Vice-Chairperson Morris, seconded by Executive Secretary Blair to approve reinstatement of Mr. Adams' account. All were in favor.

Margie Tossell – Request to Purchase Service Credit after 90 days separation

Margie Tossell is currently receiving an occupational disability benefit. This will cease upon attainment of age 65 in October, 2017.

Ms. Tossell resigned on January 10, 2011. She was paid for 47.5 vacation days and 30.5 sick days.

Ms. Tossell is requesting to establish service credit for her paid sick and vacation days although her pension is over 90 days from her separation.

Based on the facts of the case a motion was made by Executive Secretary Blair to deny Ms. Tossell's request to purchase service credit after 90 days separation, seconded by Chairman Iglarsh. All were in favor.

Yolanda Peppers – Social Security/Non-Occupational Repayment Appeal

Yolanda Peppers is currently receiving a non-occupational disability benefit from SERS.

With the assistance of Midwest Disability, Ms. Peppers was approved for a retroactive Social Security disability benefit. The retroactive benefit created an overpayment with SERS totaling \$49,456.00 for the pay period of October 1, 2014 through July 31, 2016.

Ms. Peppers appealed the repayment of the \$49,456.00 overpayment and was denied by the Executive Committee in January, 2017.

Ms. Peppers entered into a Repayment Contract with SERS in January 2017 wherein she agreed to repay the overpayment through a deduction of \$830.00 per month from her monthly SERS benefit, except if she returned to work, in which case she agreed to repay the overpayment through a post-tax payroll deduction of \$1,500.00 per month. The rule is that a member's repayment amount will double upon returning to work because the member's pay will double. In this case, the back-to-work payment amount should have been \$1,660.00, but was erroneously calculated at \$1,500.00 and was agreed between Ms. Peppers and SERS.

Ms. Peppers is appealing the \$1,500 per month repayment amount that will be required upon her future return to work, which is the amount that she agreed to pay in the Repayment Contract with SERS. Her appeal requests a repayment amount of \$850.00 per month, if she returns to work, rather than the amount she agreed to in the Repayment Contract.

Following a review of the case a motion was made by Executive Secretary Blair to deny Ms. Peppers' appeal for a reduced repayment of her SERS overpayment, seconded by Vice-Chairperson Morris. All were in favor.

George Alex – Request to Purchase Service Credit after separation

Mr. Alex has requested a written appeal that he be allowed to purchase his 5.25 month qualifying period even though he retired effective December 1, 2016.

After some discussion a motion was made by Vice-Chairperson Morris to deny Mr. Alex's appeal to purchase service credit after his separation, seconded by Executive Secretary Blair. All were in favor.

Willie Barnes – Waiver of Death Benefits

Roberta McClanahan, a retired state employee, died on January 17, 2017. A death benefit is payable in the amount of \$500.00.

Ms. McClanahan listed her six children as beneficiaries. One of her sons, Willie Barnes, is requesting a waiver of his portion of the death benefit.

After review of the information submitted a motion was made by Vice-Chairperson Morris to approve Mr. Barnes' request to waive his portion of his mother's death benefit, seconded by Chairman Iglarsh. All were in favor.

Pamela Brawner – Occupational Disability 12 Month Waiver

Pamela Brawner works as an Information System Analyst II for the Department of Human Services. She last worked on December 20, 2013. She began a medical leave of absence on December 31, 2013.

Ms. Brawner has requested a written appeal so that the 12 month filing limitation for requesting a SERS occupational disability benefit can be waived. She was paid temporary total disability from December 31, 2014 through February 23, 2014.

After some discussion a motion was made by Chairman Iglarsh to approve Ms. Brawner's request to waive the 12 month filing limitation, seconded by Vice-Chairperson Morris. All were in favor.

Kenya Monroe – Occupational Disability 12 Month Waiver

Kenya Monroe is a Mental Health Tech II at Elizabeth Ludeman Center. Ms. Monroe has been off work since December 5, 2015 due to an injury that occurred on May 19, 2015 and has been receiving temporary total disability from workers compensation since that time.

Ms. Monroe stated that she was unaware of an occupational benefit available through SERS and is requesting that the 12 month filing limitation for requesting a SERS occupational disability benefit be waived.

After discussion a motion was made by Chairman Iglarsh to approve Ms. Monroe's request to waive the 12 month filing limitation, seconded by Executive Secretary Blair. All were in favor.

Gainful Employment Letter

Kathy Yemm presented a draft letter to the Executive Committee regarding the suspension of disability benefits if a member has exceeded the quarterly earnings limitation for the calendar year. After some discussion, the Committee decided to refer the letter to SERS Attorneys Bochenek and Reid-Peterson for review and revision.

Reinstatement of the Contribution Write-Off Policy

Alan Fowler presented the Executive Committee with a request to reinstate the Contribution Write-Off Policy regarding membership accounts with a contribution balance or a balance in the credited interest accrued. To be written off, an account containing a contribution or credited interest balance must meet the following criteria:

1. The account must be inactive for at least five (5) years.
2. The account does not have a valid address on file with SERS.

The write-off would take place annually and would occur prior to the accrual of credited interest at the end of the fiscal year.

The reinstatement policy would still apply, thus allowing an account to be reinstated if the member (or survivor) is located. If a member is located, the write-off procedure does not prevent the money to be paid out to the rightful owner. The write-off policy is a control on accounts with no activity for a significant period of time. The write-off is a transfer of funds from the employee reserve to the employer (future) reserve, which remain part of the trust fund.

After some discussion a motion was made by Chairman Iglarsh to adopt the reinstatement of the Contribution Write-Off policy, seconded by Vice-Chairperson Morris. All were in favor.

There being no further business to be brought before the Committee, the meeting was adjourned at 10:15 a.m.

The next meeting of the Executive Committee is scheduled for April 13, 2017, in the Springfield office, with video conferencing in Chicago.

Loren Iglarsh, Chairman

David Morris, Vice Chairperson

Timothy Blair, Executive Secretary