

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

November 12, 2020

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, November 12, 2020 at 8:45 a.m. in the System's Springfield office at 2101 S. Veterans Parkway and by videoconference as allowed under Section 7(e) of the Open Meetings Act (5 ILCS 120/7(e)) and Executive Order 2020-7, as amended and reissued by Executive Orders 2020-33, 2020-44, and 2020-59.

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
Aaron Evans, Attorney, Sorling Northrup
Jessica Blood, Recording Secretary

Minutes of the Previous Meeting

The minutes of the October 8, 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 Vice-Chairperson Morris, seconded by Executive Secretary Blair and by unanimous vote, the minutes were approved as submitted.

Routine Claims Report

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

Old Business

Melissa Dahl – Appeal Denial of Nonoccupational Disability Benefit

Melissa Dahl works as an Educator for the Department of Corrections. She began a

medical leave of absence on April 24, 2020. On May 20, 2020, SERS received a nonoccupational disability benefit application from Ms. Dahl. She then returned to work with the Department on July 6, 2020.

Section 14-124(2) of the Illinois Pension Code [40 ILCS 5/14-124(2)] specifies that to be eligible for SERS nonoccupational disability benefits a member must, among other things, be “found upon medical examination to be mentally or physically incapacitated to perform the duties of the member’s position.”

A review of the case file by SERS staff resulted in the conclusion that there was not enough medical evidence provided to justify approval of a SERS nonoccupational disability benefit for Ms. Dahl. The case file was then sent to a medical consultant for an additional review. This review also resulted in a determination that there was not enough medical evidence provided to substantiate that the statutory requirements for approval of the nonoccupational disability benefit had been met.

Ms. Dahl requested a personal appeal of this decision via teleconference. After hearing Ms. Dahl present her case at its September meeting, the Committee agreed to defer its decision pending receipt of additional medical documentation. Mr. Eric Glaub, Manager of the SERS Claims Division, informed the Committee at its October meeting that Ms. Dahl had provided additional medical documentation, which would be reviewed by an independent medical consultant. The Committee decided to again defer Ms. Dahl’s case pending the results of the medical consultant’s review.

After reviewing the new information presented, the Committee decided to refer the case to outside counsel for a recommendation.

Thomas Hobgood - Request to Convert Military Service Credit to Alternative Formula

In 2011, Thomas Hobgood purchased 48 months of military service credit. When he began his career with the State, Mr. Hobgood was employed in a regular formula position; therefore, the service credit he purchased was regular formula service credit. Subsequently, Mr. Hobgood was employed in a position with the State that allowed him to earn alternative formula service credit.

In 2019, Mr. Hobgood requested information on the cost to upgrade the service credit purchased in 2011 to eligible creditable service as defined under Section 14-110 of the Illinois Pension Code [40 ILCS 5/14-110]. At that time, Mr. Hobgood decided not to purchase the upgraded service credit.

Mr. Hobgood is now requesting that the Executive Committee allow for the already purchased service credit to be converted to eligible creditable service on a pro-rated basis. In other words, Mr. Hobgood would like the amount that he has already paid for the purchase of regular formula service credit to be used instead for the retroactive purchase of eligible creditable service.

The Committee deferred a decision on the case at its October meeting pending further

research.

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

New Business

Jennifer Jackson – Appeal of Disability Benefit Overpayment Repayment Terms

Jennifer Jackson was approved for a nonoccupational disability benefit effective April 1, 2020.

On August 19, 2020, SERS was notified she returned to work with the State of Illinois on June 17, 2020, and this was also confirmed by her agency. Under subsection (e) of Section 14-124 of the Illinois Pension Code [40 ILCS 5/14-124(e)], a member's nonoccupational disability benefit is terminated when the member engages in "gainful employment," which the Board's administrative rules define to include engaging in any employment by or for the State of Illinois. Due to the untimely notification of Ms. Jackson's return to State employment on June 17, 2020, an overpayment was created for the period from June 17, 2020 through July 31, 2020.

SERS subsequently sent Ms. Jackson a notification letter on August 21, 2020 explaining the reason for the overpayment and the amount due.

Because Ms. Jackson is an active state employee, SERS would typically deduct \$200.00 per pay period (\$400.00 per month) to apply to the overpayment, which would allow the overpayment to be recovered in 6 months. Ms. Jackson has requested a payment plan of \$100.00 per pay period (\$200.00 per month), which would allow the overpayment to be recovered in 11 months.

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

Patty Brey-Webb – Appeal to Receive Lump Sum Death Benefit – Deceased Mbr: James Webb

James Webb died on July 5, 2020 and was an inactive member. He has a surviving spouse, Patty Brey-Webb, and two minor children that are receiving a survivor annuity. A lump sum death benefit was also paid to the named beneficiaries on file.

Ms. Brey-Webb is asking to receive the lump sum death benefit. However, under subsection (c) of Section 14-116 of the Illinois Pension Code, the death benefit is to be paid to "...such person as the member has nominated by written direction duly acknowledged and filed with the board[,] or if no such nomination [exists,] the estate of the member"

After reviewing the facts submitted and some discussion, a motion was made by Executive Secretary Blair to deny Ms. Brey-Webb's request. The motion was seconded by Vice-Chairperson Morris, and all were in favor.

Claims Division – Staff Direction for Occupational Disability Benefit Claim

The Committee heard a request for staff direction regarding situations in which a retirement coordinator is unable or unwilling to provide the information necessary for System staff to determine a member's eligibility for a disability benefit. The Claims Division is requesting direction from the Executive Committee to permit System staff to use other available State records in these situations to identify the information needed to make such determinations.

Following some discussion, the Committee agreed to permit staff the use of other available State records to make disability benefit eligibility determinations when a retirement coordinator is unable or unwilling to submit the documentation necessary to make these determinations.

Cathy Heckel – Appeal to Repay Survivor's Contribution Refund for Survivor's Benefit – Deceased Mbr: Jon Heckel

John Heckel, a retired member, died on September 23, 2020. At the time of his retirement, Mr. Heckel took a refund of his survivor's benefit contributions because he was unmarried and did not have any eligible survivor annuity beneficiaries. Mr. Heckel married Mrs. Heckel after his retirement, but he did not repay his contribution refund before his death. Mrs. Heckel inquired about a survivor's benefit, but she was told she was ineligible. Mrs. Heckel is requesting to be allowed to repay the refund to qualify for a survivor's benefit. However, subsection (c) of Section 14-130 of the Illinois Pension Code [40 ILCS 5/14-130(c)] prohibits a widow's or survivor's annuity from being paid upon the death of a person who has received the survivor's contribution refund, unless the refund is repaid with interest prior to the member's death.

After discussing the facts of the case, a motion was made by Executive Secretary Blair to deny Mrs. Heckel's request. The motion was seconded by Vice-Chairperson Morris, and all were in favor.

Ashney Cast – Appeal for Benefit Overpayment Repayment Plan

Ashney Cast received a temporary disability benefit from SERS under Section 14-123.1 of the Illinois Pension Code (40 ILCS 5/14-123.1) for the period from July 16, 2018, through May 26, 2019.

On March 29, 2020, the Illinois Workers' Compensation Commission approved a settlement agreement between Ms. Cast and the State of Illinois. After receiving notice of this settlement, SERS converted Ms. Cast's temporary disability benefit into an occupational disability benefit, as provided in subsection (d) of Section 14-123.1 of the Code [40 ILCS 5/14-123.1(d)]. That benefit conversion caused an occupational

disability benefit to become payable to Ms. Cast from June 16, 2018, through May 26, 2019, (rather than from July 16, 2018, through May 26, 2019), but it also opened the door for SERS to offset the amount of the occupational disability benefit by the net value of the workers' compensation settlement after being reduced by medical and legal expenses. *See* 40 ILCS 5/14-129 and 80 Ill. Admin. Code 1540.90.

Once the workers' compensation offset was applied for the relevant period, it became clear that SERS had paid excess benefits to Ms. Cast under Section 14-123.1 of the Code during the period when a temporary disability benefit was being paid and the workers' compensation offset was being applied. However, it also became clear that the System had underpaid Ms. Cast's occupational disability benefit for the period from June 16, 2018, to July 16, 2018, and that it still owed her some occupational benefits for periods when she had received only a temporary disability benefit and the workers' compensation offset had already been expended. Once these overpayments and underpayments were reconciled, Ms. Cast owed the System approximately \$6,999.60. The attorney for Ms. Cast, Mr. Jim Vainikos, is requesting that his client, Ms. Cast, be given the option to repay the balance due to the System by making 60 consecutive monthly payments of \$116.66 per month.

After discussing the facts of the case, a motion was made by Executive Secretary Blair to approve Ms. Cast's request. The motion was seconded by Vice-Chairperson Morris, and all were in favor.

There being no further business to be brought before the Committee, the meeting was adjourned at 9:40 a.m.

The next meeting of the Executive Committee is scheduled for December 10th, 2020, in the Springfield office.

Loren Iglarsh, Chairman

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary