

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
October 11, 2012

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, October 11, 2012, at 8:30 A.M. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee members present:

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

Others Present:

Steve Bochenek, Attorney
Michelle P. Clatfelter, Attorney
Kathy Yemm, Manager, Claims Division
Nicholas Merrill, Manager, Accounting Division
Chris Silver, Supervisor, Disability Section
Michael Noblet, Supervisor, Pension & Death Section
Kerry Walker, Assistant Supervisor, Disability Section
Cory Mitchell, Assistant Supervisor, Pension & Death Section
Michelle Flowers, Hearing
Daryl Flowers, Spouse to Michelle Flowers
Jim Fainikos, Attorney for Michelle Flowers
Dawn Blakeman, Recording Secretary

Minutes of the Previous Meeting

The minutes of the September 13, 2012 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 Vice Chairperson Laidlaw 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 September, 2012 were presented for approval. Following review and discussion, Chairman Iglarsh moved acceptance of the Routine Claims and Denials Report for the period of September, 2012. On motion by Chairman Iglarsh seconded by Executive Secretary Blair and by unanimous vote, the Routine Claims and Denials were approved as submitted.

Old Business

Robert Ruiz

Pension

Robert Ruiz requested a personal hearing with the Executive Committee in a letter dated November 19, 2009, regarding the reciprocal agreement be cancelled so he can still collect his pension benefits from the County Employees' Annuity & Benefit Fund of Chicago pension fund.

Mr. Ruiz through a telephone conversation in December, 2011 with Michael Noblet, Supervisor of the Pension and Death Division has requested another hearing continuance. Accordingly, this case continues to be deferred.

Vicki Chambliss

Non-occupational Disability

Vicki Chambliss works for a state agency and a medical leave of absence was granted.

Based upon a review of the file and information submitted, the Committee finds Ms. Chambliss works for a state agency, and was granted a medical leave of absence.

Medical data was obtained from sources listed in the employee's file and then reviewed by the System's medical consultant. Based on the information in Vicki Chambliss' file, a disabling condition was not documented. Therefore the request for disability was denied. Vicki Chambliss requested an appeal pursuant to the denial of disability benefits.

Based on the facts of this case and information submitted, the Committee recommends deferring the appeal of Vicki Chambliss until additional information can be obtained and reviewed by the system's medical consultant.

Ms. Chambliss requested her case be deferred until the November meeting.

George Aguilar

Non-occupational Disability

George Aguilar works for a state agency and a medical leave of absence was granted.

Based upon a review of the file and information submitted, the Committee finds Mr. Aguilar works for a state agency, and was granted a medical leave of absence.

He attended an Independent Medical Exam on January 23, 2012. The physician who conducted the evaluation stated he was able to return to work. At that time Mr. Aguilar sent in additional medical records with an appeal letter. His file was reviewed by the System's medical consultant on 4/22, 5/28 and 7/24/2012. Based on the information in George Aguilar's file, a disabling condition was not documented. Therefore, the non-occupational disability benefits were suspended on 04/30/2012. George Aguilar requested an appeal pursuant to the denial of disability benefits.

George Aguilar requested and attended a personal hearing on September 13, 2012 with the Executive Committee pursuant to the denial of disability benefits.

He explained that he would be seeing a medical specialist for a comprehensive examination and would forward a copy of the exam notes to the Disability supervisor.

The Executive Committee agreed to have Mr. Aguilar send the additional information to the Disability Section after his appointment.

The additional medical information was submitted and reviewed by the SERS medical consultant. It was determined that Mr. Aguilar continued to have a disabling condition and the Disability staff approved the reinstatement of benefits.

This matter was removed from the agenda.

Warren Engle Survivor Benefit/SS Removal

Warren Engle began a survivor annuity effective May 1, 2012.

Based upon a review of the file and information submitted, the Executive Committee finds Survivor Warren Engle is receiving a survivor annuity.

Mr. Engle receives a Railroad Retirement benefit and therefore is not eligible to receive any type of annuity from social security. He is requesting the Committee remove the social security offset.

Following a review of the file and some discussion, Vice Chairperson Laidlaw moved to defer the appeal of Warren Engle for a waiver of social security offset on his survivor annuity so that Mr. Engle could appear in person. Chairman Iglarsh seconded the motion and all were in favor.

SERS Attorney, Stephen Bochenek, reviewed the facts in this case and recommended approval of the appeal. Following a review of the file and some discussion, Vice Chairperson Laidlaw moved approval of the appeal of Mr. Engle to remove the social security offset against his survivor's benefit. Chairman Iglarsh seconded the motion and all were in favor.

Tina Cox Service Credit

The System's attorney submitted a recommendation to deny based on the facts and findings on file in this case for the Committee's review. Following discussion, on motion by Vice Chairperson Laidlaw, seconded by Chairman Iglarsh, and by unanimous vote, the Committee accepted Recommendation No. 2012-5

A copy of this recommendation has been made a part of the member's file.

New Business

Michelle Flowers Occupational Disability

Michelle Flowers works for a state agency and a medical leave of absence was granted.

Based upon a review of the file and information submitted, the Committee finds Ms. Flowers works for a state agency, and was granted a medical leave of absence.

On June 10, 2012 the System's medical consultant reviewed the entire file. The review indicated the medical information in the file failed to substantiate a disability.

Pursuant to the denial of disability benefits Michelle Flowers requested and attended a personal hearing with the Executive Committee pursuant to the denial of disability benefits.

Ms. Flowers explained the job duty statement was incorrect and that she would get more medical information.

The Committee agreed to have Ms. Flowers complete a new job duty statement. SERS also agreed to have her supervisor do the same. The information would then be sent to the Disability Supervisor for review. Ms. Flowers also agreed to send additional medical records for review.

The Committee agreed to defer this matter at this time in order to obtain the additional information.

Sam Sparacino Occupational Disability/12months

Sam Sparacino works for a state agency and a service connected leave of absence was granted.

Mr. Sparacino's claim for prior disability benefits was denied due to failure to apply for occupational disability benefits within the proper time frame.

Based upon a review of the file and information submitted, the Committee finds Sam Sparacino works for a state agency and a service connected leave of absence was granted.

The System did not receive the employee's application for disability benefits until 06/15/2012. Since the application was received beyond the twelve month filing limitation as noted in 40 ILCS 5/14-123, the application was denied.

Mr. Sparacino requested a written appeal pursuant to the denial of disability benefits due to late filing. Information was received with the appeal request which lists the reasons the employee failed to file on a timely basis.

Based on the facts of this case and information submitted, the Committee recommends approving Mr. Sam Sparacino's appeal for a waiver of the twelve month filing limitation.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Sam Sparacino for a waiver of the 12 month filing limitation for occupational disability benefits. Vice Chairman Laidlaw seconded the motion and all were in favor.

Christina Mullen works for a state agency and a service connected leave of absence was granted.

Ms. Mullen's claim for disability benefits was denied due to failure to apply for occupational disability benefits within the proper time frame.

Based upon a review of the file and information submitted, the Committee finds Christina Mullen works for a state agency and a service connected leave of absence was granted.

The System did not receive the employee's application for disability benefits until 10/01/2012. Since the application was received beyond the twelve month filing limitation as noted in 40 ILCS 5/14-123, the application was denied.

Ms. Mullen requested a written appeal pursuant to the denial of disability benefits due to late filing. Information was received with the appeal request which listed the reasons the employee failed to file on a timely basis.

Based on the facts of this case and information submitted, the Committee recommends approving Ms. Christina Mullen's appeal for a waiver of the twelve month filing limitation.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Christina Mullen for a waiver of the 12 month filing limitation for occupational disability benefits. Vice Chairman Laidlaw seconded the motion and all were in favor.

Carolyn Tennort-Hines works for a state agency and a service connected leave of absence was granted.

Ms. Tennort-Hines claim for disability benefits was denied due to failure to apply for occupational disability benefits within the proper time frame.

Based upon a review of the file and information submitted, the Committee finds Carolyn Tennort-Hines works for a state agency and a service connected leave of absence was granted.

The System did not receive the employee's application for disability benefits until 9/04/2012. Since the application was received beyond the twelve month filing limitation as noted in 40 ILCS 5/14-123, the application was denied.

Ms. Tennort-Hines requested a written appeal pursuant to the denial of disability benefits due to late filing. Information was received with the appeal request which lists the reasons the employee failed to file on a timely basis.

Based on the facts of this case and information submitted, the Committee recommends approving Ms. Carolyn Tennort-Hines' appeal for a waiver of the twelve month filing limitation.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Carolyn Tennort-Hines for a waiver of the 12 month filing limitation for occupational disability benefits. Vice Chairman Laidlaw seconded the motion and all were in favor.

Sean Gardner Occupational Disability/12months

Sean Gardner works for a state agency and a service connected leave of absence was granted.

Mr. Gardner's claim for disability benefits was denied due to failure to apply for occupational disability benefits within the proper time frame.

Based upon a review of the file and information submitted, the Committee finds Sean Gardner works for a state agency and a service connected leave of absence was granted.

The System did not receive the employee's application for disability benefits until 8/30/2012. Since the application was received beyond the twelve month filing limitation as noted in 40 ILCS 5/14-123, the application was denied.

Mr. Gardner requested a written appeal pursuant to the denial of disability benefits due to late filing. Information was received with the appeal request which lists the reasons the employee failed to file on a timely basis.

Based on the facts of this case and information submitted, the Committee recommends approving Mr. Sean Gardner's appeal for a waiver of the twelve month filing limitation.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Sean Gardner for a waiver of the 12 month filing limitation for occupational disability benefits. Vice Chairman Laidlaw seconded the motion and all were in favor.

Lorrae Hicks Non-occupational Disability

Lorrae Hicks works for a state agency and a medical leave of absence was granted.

Ms. Hicks' disability benefit was suspended based on the results of an independent medical evaluation and medical data from treating sources listed in file.

Based upon a review of the file and information submitted, the Committee finds Lorrae Hicks works for a state agency, and was granted a medical leave of absence.

Medical data was obtained from sources listed in the employee's file. On August 2, 2012 the employee participated in an independent medical evaluation at the

System's request. Based on the results of the independent medical evaluation and the medical data from the treating sources, disability benefits were suspended.

On September 28, 2012 the entire file was reviewed by the System's medical consultant who determined that the medical information failed to substantiate a disabling condition.

Following a review of the file and some discussion, Executive Secretary Blair moved to deny non-occupational disability benefits to Lorrae Hicks. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Linda Koslofski

Pension/Level Income

Linda Koslofski began a retirement annuity on September 1, 2006.

Based upon a review of the file and information submitted, the Executive Committee finds Mr. Linda Koslofski is receiving a retirement annuity.

During the application process for her retirement annuity, Ms. Koslofski indicated she wanted to retire under the level income option. Ms. Koslofski was notified by mail in accordance with the election at the time of retirement that her benefit would be reduced starting March 1, 2012 per her request on the pension application (age 62).

The office received a written appeal request from Ms. Linda Koslofski dated September 12, 2012 stating she was on several medications at the time she was applying for her pension and had not realized her pension check would go down \$800.00 dollars. Not knowing exactly what Ms. Koslofski wanted SERS staff to do, a call was placed by Assisting Supervisor Cory Mitchell.

Ms. Mitchell spoke with both Mrs. Koslofski and Mr. Koslofski (spouse & POA) and asked what they wanted SERS to do. Linda Koslofski stated she wanted the amount that was reduced for level income added back onto her pension check. She also states she is unable and unwilling to repay the amount that was added onto her pension payment from the level income option.

Following a review of the file and some discussion, Vice Chairperson Laidlaw moved to deny the appeal of Linda Koslofski to change her level income request, Executive Secretary Blair seconded the motion and all were in favor.

Kent J. Smith

Pension/Reciprocal

On June 1, 2012, Mr. Smith retired under the State Employees' Retirement System (SERS). He did not request to retire under the Reciprocal provision with the State Universities Retirement System (SURS).

Based upon a review of the file and information submitted, the Executive Committee finds Mr. Smith is receiving a retirement annuity as of June 1, 2012 and during the application process for his retirement annuity, he did not indicate he wanted to retire under the reciprocal option.

Mr. Smith would like to respectfully appeal to the Executive Committee of the State Employees' Retirement System to allow him to retire reciprocally with the State Universities Retirement System (SURS) with which he has 3 years of service credit. He was provided with an estimate of combined monthly pension with SERS and SURS of approximately 684.49 if he retired reciprocally, and a combined monthly pension of 648.00 from both systems if he retired independently. Since the reciprocal estimate was higher he would like to retire reciprocally instead of independently.

Following a review of the file and some discussion, Vice Chairman Laidlaw moved that the appeal of Kent J. Smith be approved. Chairman Iglarsh seconded the motion, and all were in favor.

Rita Saathoff Deceased

Death Benefit Change Request

Ms. Rita Saathoff began receiving a retirement annuity in 2001 and passed away on August 26, 2012. She listed her Trust as her named beneficiary for the death benefits.

Ms. Saathoff's son, James Saathoff, II and his Attorney, James W. Ackerman, claim that Ms. Saathoff failed to set up a trust account while living. They are asking that the death benefit be paid to the member's estate instead.

Following a review of the file and some discussion, Chairman Iglarsh moved that the appeal of James Saathoff, II be approved. Executive Secretary Blair seconded the motion, and all were in favor.

Linda Bassett

Pension eligibility

Linda Bassett has applied for a retirement annuity from the System to be effective July 1, 2012.

Ms. Bassett wants to retire reciprocally with State Employees' Retirement System (SERS) and with State Universities Retirement System (SURS).

Based on a review of the file and information submitted, the Committee finds Linda Bassett worked for a state agency and resigned from her position.

Prior to application for her retirement annuity, Ms. Bassett received two unaudited retirement annuity estimate. This estimate indicated Ms. Bassett qualified for a retirement annuity under the "Rule of 85." When Ms. Bassett's pension was ready to be calculated, it was discovered that two (2) months of service were concurrent, which left Ms. Bassett 1.50 months short of meeting the Rule of 85.

If Ms. Bassett's retirement annuity application was processed without the "Rule of 85" it would cause her retirement annuity to be reduced for age because she is short of meeting the "Rule of 85" by 1.5 months of service credit.

Linda Bassett has submitted a written appeal requesting that her retirement annuity be calculated without the reduction for age.

After discussion the Committee recommended approval of Linda Bassett's appeal to retire without the reduction for age.

Following a review of the file and some discussion, Chairman Iglarsh moved to approve the appeal of Linda Bassett. Executive Secretary Blair seconded the motion and all were in favor.

David Harris

Service Request

Mr. Harris has sent in a written request asking the committee to consider his first eligible date for the "Controlled Substance Inspector" (CSI) position, and by extension, his inclusion in the alternate retirement benefit formula to be August 1, 1987. Based upon the multiple certifications in the file which indicate he has been certified to be in the CSI position since January 1989, SERS employees have denied his request. He is now appealing to the Executive Committee, through his attorney, to have the original decision overturned.

The Accounting Division is requesting that the Executive Committee review the documentation in Mr. Harris' file as well as the information which he and his attorney have provided, for determination as to the appropriate date upon which to consider Mr. Harris as a CSI employee.

Following a review of the file and some discussion, Vice Chairman Laidlaw moved that the appeal of David Harris be denied. Chairman Iglarsh seconded the motion, and all were in favor.

Application of the Illinois Administrative Procedure Act to SERS

Mr. David Sharp contacted SERS and requested an estimate. The estimate included 15 years and 10 months of alternative formula service and 7 years 10.50 months under the regular formula with a total of 23 years 8.50 months of state service. In order to qualify for the alternative formula, you need 20 years of service in that formula. Mr. Sharp did not qualify for the alternative formula. Upon receiving his estimate Mr. Sharp contacted the SERS office and began the pension application process to retire April 1, 2011.

During an internal audit it was discovered Mr. Sharp was being paid incorrectly. His pension was computed using the alternative formula (3.0%) instead of the regular formula (2.2%). As a result of this error Mr. Sharp has an overpayment. Mr. Sharp has appealing his denial to participate in the alternative formula. Mr. Sharp and his attorney Carl Draper attended the April 12, 2012 Executive Committee meeting and is requesting the alternative formula be given to Mr. Sharp. The Committee recommended referring Mr. Sharp's appeal for a retirement annuity under the alternative formula in accordance with 40 ILCS 5/14-109 to SERS attorney.

The System's attorney submitted a recommendation to deny based on the facts and findings on file in this case for the Committee's review. Following discussion, on motion by Secretary Blair, seconded by Chairman Iglarsh, and by unanimous vote, the Committee accepted Recommendation No. 2012-04 in the matter of David Sharp.

On August 29, 2012 Mr. Sharp's Attorney filed a complaint for Administrative Review, case No. 2012-MR-000725, alleging, among other things, the State Employees' Retirement System ("SERS") has violated various provisions of the Illinois Administrative Procedures Act ("APA"). The System's attorney distributed and

reviewed a memorandum analyzing the applicability of the APA to the SERS Board of Trustees and Executive Committee.

There being no further business to be brought before the Committee, the meeting was adjourned at 12:00PM. The next meeting of the Executive Committee is scheduled for Thursday November 81, 2012, in the Springfield office, with video conferencing in Chicago if needed.

Loren Iglarsh
Chairman

Lori Laidlaw
Vice Chairperson

Timothy Blair
Executive Secretary