

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
September 13, 2012

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, September 13, 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
Tina Cox, Hearing
George Aguilar, Hearing
Heather Brandt, Friend of Mr. Aguilar
Ralph Johnson, Hearing
Dawn Blakeman, Recording Secretary

Minutes of the Previous Meeting

The minutes of the August 9, 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 August, 2012 were presented for approval. Following review and discussion, Chairman Iglarsh moved acceptance of the Routine Claims and Denials Report for the period of August, 2012. On motion by Executive Secretary Blair seconded by Vice Chairperson Laidlaw 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 on May 7, 2012. 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 October 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.

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

George Aguilar requested and attended a personal hearing with the Executive Committee pursuant to the denial of disability benefits.

He explained he has resigned his position with the State of Illinois and cannot afford to go to the doctor for more medical treatment. However, he has an appointment with his doctor on September 24, 2012 and stated that he would send in the medical information to SERS after the exam.

The Executive Committee agreed to have Mr. Aguilar send the additional information to the Disability Supervisor for review.

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

Ralph Johnson Service Credit

Mr. Ralph Johnson left State employment in 1998 and at that time he requested and paid for his unused sick and vacation time to be applied to his retirement time.

In April 2012, Mr. Johnson requested and received an estimate for April 1, 2013 which indicated he could retire on 04/01/2013 and would receive health benefits. Mr. Johnson has received benefit statements annually since he resigned from state employment stating his first eligible date to retire is April 1, 2013 and with the alternative formula.

A review of the file at that time showed Mr. Johnson was not able to purchase his sick & or vacation time because he could not retire within 90 days. Mr. Mike Noblet, Supervisor of the Pension Department sent Mr. Johnson a letter explaining the error and stating he only had 19 years, 11 months and 3 weeks service and could not retire until 04/01/2018 with annuity of \$500.00 less than the previous estimate.

When Mr. Johnson was informed he did not have enough service to qualify for the alternative retirement annuity and, that a refund check would be mailed directly, he requested a personal hearing with the Executive Committee. He requested the Committee approve waiving the 90 day requirement for 1404 contributions.

Ralph Johnson appeared at the 09/13/2012 Executive Committee meeting.

Following a review of the file and some discussion, Executive Secretary Blair moved to approve the appeal of Ralph Johnson, Vice Chairperson Laidlaw seconded the motion, and all were in favor.

Terri Schultz Non-Occupational Disability

Terri Schultz works for a state agency. She was granted a medical leave of absence. Ms. Schultz's application for disability benefits was denied based upon the results of a review of medical information in her file.

Medical information on file was reviewed by the System's medical consultant on April 22, 2012 and again on July 11, 2012. Based upon this review, a disability was not documented. Based upon a review of the file and information submitted, the Executive Committee finds the employee's job description and work location are as stated and that she was granted a medical leave of absence.

Ms. Schultz's claim for non-occupational disability benefits was denied due to medical information failing to substantiate a disability. Ms. Schultz requested a written appeal pursuant to the denial of disability benefits.

The Disability Supervisor advised the Executive Committee that additional medical records were received and reviewed by the System's medical consultant and Ms. Schultz was found to be disabled. She was approved for Non-occupational disability benefits. No further action is required.

Christopher Hedges Survivor Disabled Adult Earnings Limitation

Christopher Hedges has been receiving survivor benefits as a disabled adult child on the account of his father, Rocky Hedges. Survivor disabled adult benefits were suspended due to earnings which exceeded the System's calendar quarterly earnings limitations.

Based upon a review of the file and information submitted, the Committee finds Christopher Hedges' survivor benefits were suspended based upon exceeding the System's calendar quarterly earnings limitation.

Mr. Hedges' Guardian and Conservator Mr. James C. Clark sent in a written appeal on the suspension of his benefits due to the earnings limitation. The overpayment created by the survivor exceeding the calendar quarterly earnings limitations is consistent with the System's Regulations (80 Ill. Admin. Code 1540.80(e)).

Based on the facts of this case and information submitted and after some discussion, the Committee recommends Christopher Hedges' appeal regarding the violation of the System's quarterly calendar earnings limitation be denied.

Mr. Hedges' Guardian and Conservator Mr. James C. Clark sent in a written re-appeal on the suspension of his benefits due to the earnings limitation.

After some discussion, due diligence and a review of the file, Chairman Iglarsh moved to approve the re-appeal of death benefits for Christopher Hedges and to defer for more information, Executive Secretary Blair seconded the motion, and all were in favor.

The Claim's Supervisor, Mr. Michael Noblet, investigated and discovered that a individual in Illinois was using Mr. Hedges' social security number. Mr. Hedges resides in Arizona.

After a review of the information, Chairperson Iglarsh moved to approve the appeal that Christopher Hedges' benefits be reinstated. Executive Secretary Blair seconded the motion and all were in favor.

Daisy Cotton Carothers Inquiry of Account

Daisy Cotton Carothers worked for a state agency and began receiving disability benefits January 1, 2001. Mrs. Carothers passed away on January 19, 2001.

Mr. Carothers is inquiring about his wife's contributions. Upon examination of the account, it appears that a portion of her contributions may have posted to a wrong social security number (SSN).

Following a review of the file and some discussion, Chairman Iglarsh moved to defer the approval of the reinstatement until research could be completed. Executive Secretary Blair seconded the motion and all were in favor.

During the September meeting, the Pension Section Supervisor reported that a wrong SSN was used by Mrs. Carothers' payroll department at the time she started working with the State. When it was discovered, a new account was started with the correct SSN but the two accounts had never been combined.

Following a review of the file and some discussion, Vice Chairperson Laidlaw moved to approve the reinstatement of the account with accrued interest and payment to Mr. Carothers of the total, Chairperson Iglarsh seconded the motion, and all were in favor.

New Business

Tina Cox

Service Credit

Tina Cox requested that the Executive Committee review her request to have the service credit from her unpaid sick leave, vacation, and personal days, calculated individually, rather than in aggregate. Her original request to the Accounting Division was denied. These days are reported to SERS from the employing state agency on the SERS Form 1404 (Retirement Contributions on Lump Sum Pay for Sick Leave, Vacation, and/or Personal Days).

The Illinois Compiled Statutes (40 ILCS 5/14-104.3) permit the granting of additional service credit upon payment of the required employee contributions. SERS has an established procedure which utilizes the information contained on the Form 1404 as the basis for the additional employee contributions and service credit. The standard form does not provide for a calculation of service credit for each benefit type individually, rather, the service credit is granted based upon the aggregate of the benefit time reported.

The Executive Committee reviewed the request, and it was denied based upon the established procedure which SERS has consistently followed since the statute was enacted.

In a written request Ms. Cox requested a re-appeal at the August 9, 2012 she stated she would like to appear before the Executive Committee to present additional information and documentation.

Following discussion, Chairman Iglarsh moved to approve the re-appeal of Tina Cox, Executive Secretary Blair seconded the motion, and all were in favor.

Ms. Cox attended the September meeting and has requested a procedure change to give the employee a choice on how the sick and vacation is computed at retirement time.

After some discussion, the Committee referred this matter to SERS Attorney for recommendation based on the facts and findings in file for presentation at the next meeting.

Timothy Tate Alternative Service Request

Timothy Tate works for a state agency and has requested in a written appeal that SERS consider his 100.25 months of service credit earned from the period of November 1983 through March 1997, as eligible for the alternative retirement benefit formula.

According to his payroll information from IDOT he did not meet the statutory definition of a "State highway maintenance worker" therefore based upon the lack of certification of this time by IDOT his request was denied.

Following a review of the file and some discussion, Executive Secretary Blair moved that the written appeal of Timothy Tate be denied. Chairperson Iglarsh seconded the motion, and all were in favor.

Kelly Purlee Non-occupational Disability/90 day

Kelly Purlee works for a state agency and a medical leave of absence was granted.

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

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

The System did not receive the employee's application for disability benefits until August 8, 2012. Since the application was received beyond the ninety day filing limitation as noted in 40 ILCS 5/14-124, the application was denied.

Ms. Purlee requested a written appeal pursuant to the denial of disability benefits due to the late filing. Information was received with the appeal request which lists the reasons the employee did not file on a timely basis.

Based on the facts of this case and information submitted, the Committee recommends approving Kelly Purlee's appeal for disability benefits.

Following a review of the file and some discussion, Vice Chairman Laidlaw moved approval of the appeal of Kelly Purlee for a waiver of the 90 day filing limitation for non occupational disability benefits. Chairman Iglarsh seconded the motion and all were in favor.

Margarita Lopez Refund/Felony Conviction

Margarita Lopez was convicted of a felony arising out of her duties as a state employee and has forfeited her retirement benefits and is only eligible for a refund.

Ms. Lopez is requesting a refund of her contributions.

Following a review of the file and some discussion, Executive Secretary Blair moved that the appeal of Margarita Lopez be approved for a refund of contributions subsequent to her conviction while in service with the State of Illinois. Chairman Iglarsh seconded the motion, and all were in favor.

Krista Mills Non-occupational Disability

Krista Mills works for a state agency and was granted a medical leave of absence.

Ms. Mills' claim for disability benefits was denied based on a review of medical documentation from treating medical sources.

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

Medical documentation was obtained from medical sources listed in the employee's file. This documentation was reviewed by the System's medical consultant on July 8, 2012. Based on the medical documentation available, Ms. Mills' claim for disability benefits was denied.

Ms. Mills sent in a written appeal pursuant to the denial of disability benefits.

The entire file was again reviewed by the System's medical consultant on August 18, 2012. The medical information failed to substantiate a disabling condition.

After discussion regarding her job description and the nature of her disability, Chairman Iglarsh moved approval of the appeal of Krista Mills for non occupational disability benefits. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Yvonne Yance Non occupational Disability/Overpayment

Yvonne Yance works for a state agency and she was granted a medical leave of absence.

Ms. Yance received a retroactive disability benefit from the Social Security Administration (SSA) paying her for 6 months. This created an overpayment of non occupational disability benefits being paid by SERS. The amount of the overpayment to SERS was for seven months due to one additional monthly SERS disability check paid to her prior to calculating her overpayment. Ms. Yance paid SERS the amount that she received from SSA for six months, however she still owes SERS for one additional month of disability. Ms. Yance is requesting the Executive Committee waive the second overpayment and, if that is denied, she is requesting a payment schedule.

Based upon a review of the file and information submitted, the Committee finds the employee's work location is as stated and she was granted a medical leave of absence.

Following a review of the file and some discussion, Chairman Iglarsh moved to deny the request to waive the disability overpayment and to approval the appeal for a payment schedule to accommodate Ms. Yance within reason. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Martin Thompson Death Benefit Waiver

Martin Thompson passed away on July 18, 2012.

Mr. Thompson has no spouse, children or living parents. There are six living siblings which would be eligible for benefits under the estate laws. Three of the siblings have sent a written request to waive their rights to the lump sum death benefits.

The waiver of all benefits was executed on August 11, 2012 by siblings Antoinette Guzman, Floyd Thompson and Arnold Thompson.

Based on the facts of this case and information submitted, the Committee recommends approving the executed waivers.

Following a review of the file and some discussion, Executive Secretary Blair moved approval of the waiver of lump sum death benefits. Vice Chairperson Laidlaw seconded the motion and all were in favor.

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. Chairman Iglarsh seconded the motion and all were in favor.

Todd Hill Pension

Todd Hill began a retirement annuity on July 1, 2012.

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

Mr. Hill came into the SERS Springfield office 2 times and requested estimates if he purchased his sick and vacation time and was quoted 2 different time frames. The first quote gave him 5.75 months of service credit, the second quote gave him 6.25 months of credited sick and vacation.

Mr. Hill's pension was calculated using 5.25 months of sick and vacation service credit. He is requesting that his pension be recalculated using the 6.25 credit.

Following a review of the file and some discussion, Executive Secretary Blair moved to deny the appeal of Todd Hill, Vice Chairperson Laidlaw seconded the motion and all were in favor.

Kelly Moore Reinstatement of Account

Kelly Moore passed away on April 17, 2012.

He has no surviving spouse or children at the time of his death.

Mr. Moore listed six (6) primary beneficiaries and one (1) of the named beneficiaries; Ronald Moore, has sent a written appeal letter stating he would like to waive his portion so the benefit could be split amongst the remaining primary beneficiaries.

The waiver of benefits was executed on August 27, 2012.

Based on the facts of this case and information submitted, the Committee recommends approving the waiver.

Following a review of the file and some discussion, Chairman Iglarsh moved approval of the appeal of Allison Miller for a waiver of survivor benefits. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Susan Hughes Widow/Survivor Refund Request

Based upon a review of the file and information submitted, the Executive Committee finds Ms. Susan Hughes has been receiving a retirement annuity since September 1, 2011, and during the application process for her retirement annuity she indicated she had a dependent child which was a full time student.

Ms. Hughes telephoned SERS in August 2012 stating she recently discovered her daughter was not a full time student when she retired. She is appealing for a refund of her widow/survivors contributions.

Staff investigated by calling Lincoln Land Community College. It was discovered that Ms. Hughes' daughter had dropped back her hours to less than full time but not until November 2011. Therefore her daughter was a full time student on the effective date of her pension.

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

Dean Murphy Death Certificate Correction

Mr. Murphy, a state retiree, passed away on March 16, 2009. His daughter, Ms. Lorre Chapman, has submitted an application for the \$500.00 death benefit along with a copy of

the member's death certificate. The death certificate lists the member's date of death as March 16, 2008. The certifying physician signed the certificate on March 27, 2009 and the local health officer signed the form on March 30, 2009. A search for Mr. Murphy's obituary listed his date of death as March 16, 2009. Ms. Chapman's attorney submitted an affidavit stating the member's date of death as March 16, 2009 and is requesting that SERS accept the death certificate as submitted because it is not financially worthwhile to apply for a corrected death certificate when the benefit payable is only \$500.00.

Based on the facts of this case and information submitted, Executive Secretary Blair moved approval of the appeal of Lorre Chapman. Vice Chairperson Laidlaw seconded the motion, and all were in favor.

Lynda Thompson

Widow/Survivor Refund

Lynda Thompson retired on September 1, 2002. At the time of her retirement she was single and requested her widow/survivor refund.

Based on a review of the file and information submitted, the Committee finds Lynda Thompson worked for a state agency and retired on September 1, 2002 with no survivor.

On July 12, 2011 Ms. Thompson entered into a Civil Union. One year later, on July 12, 2012, she telephoned SERS to inquire about the cost to repay her widow/survivor refund. The total cost to repay the widow/survivor refund by July 31, 2012 was \$9,683.86. This amount is for the contributions of \$5,238.78 and interest totaling \$4,445.08.

Ms. Thompson has sent in a written request dated July 31, 2012 asking the committee to waive the interest.

Following a review of the file and some discussion, Executive Secretary Blair moved that the appeal of Lynda Thompson to waive the interest on repayment of a widow/survivor refund be denied. Vice Chairman Laidlaw seconded the motion, and all were in favor.

James Bray

Occupational Disability/12 month

James Bray'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 Mr. Bray works for a state agency and a service connected leave of absence was granted.

Mr. Bray 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, Chairman Iglarsh moved approval of the appeal of James Bray for a waiver of the twelve month filing time limit for occupational disability. Vice Chairperson Laidlaw seconded the motion, and all were in favor.

Ms. Paris was sent a billing statement in July 2012, and indicated that she would complete a Time Payment Agreement (TPA) in order to pay off the balance due of \$34.99. An employee of the Accounting Division contacted Ms. Paris on July 31, 2012, and she said that she was faxing a TPA to her payroll officer. The TPA was never received and the member passed away on August 27, 2012. The Accounting Division Manager, Nicholas Merrill is seeking the Executive Committee's guidance as to whether to permit her survivor to pay the amount billed, which would establish another .5 month of service credit for the calculation of the Survivor's benefit. Without this repayment, her total service credit is 19.75 months.

Based on the facts of this case and information submitted, the Committee recommends approving the Accounting Division Manager, Nicholas Merrill's appeal for Mr. Paris to complete the TPA because the directed approval request was made prior to the death of Violet Paris.

Following a review of the file and some discussion, Chairman Iglarsh moved to approve the completed payment of the Time Payment Agreement. Vice Chairperson Laidlaw seconded the motion and all were in favor.

Mr. Warkins worked for the Illinois Department of Corrections (IDOC) at the time of his retirement.

Donald Warkins completed and signed a "Retirement Contribution on Lump Sum Pay for Sick Leave, Vacation, and/or Personal Days", Form 1404 and elected to have his contributions deducted on a pretax basis. However, IDOC payroll department did not process his lump sum payment for sick leave, vacation, and/or personal days in a time frame that allowed for the proper preparation of his payroll. The 1404 form was not received in a timely manner by SERS.

After reviewing Mr. Warkins account it was noted that, although he had been employed by IDOC, he only had 110.00 months of service credit (all in the coordinated alternative formula). Since he was not eligible to retire under the alternative formula, and has the option to pay the employee retirement contributions on his lump sum salary payment to establish an additional 1.25 months of service credit, the Accounting Division is requesting that he be billed at the regular coordinated retirement benefit formula of 4%, rather than the coordinated alternative formula rate of 8½%, which would result in the refunding of 4½% of the contributions which he would have just submitted.

Since the transaction would be on a post-tax basis it will not affect his pre-tax/post tax wage reporting. This would expedite the posting of the transaction and service credit to his account, allowing him to receive his full pension benefit.

Following a review of the file and some discussion, Executive Secretary Blair moved to approve the Accounting Division to request the 4%. Chairman Iglarsh seconded the motion and all were in favor.

Equipment Capitalization Policy

During the Fiscal Year 2011 audit, a question arose regarding the amount of capital assets (i.e. furniture, fixtures, equipment etc.) reported to the Illinois Office of the Comptroller (IOC), on the State of Illinois GAAP Package.

According to the IOC Statewide Accounting Management System (SAMS) Manual, the capitalization threshold to be used for equipment is \$5,000.00, other asset categories have differing threshold amounts (see attached IOC SAMS Manual Section 03.30.30, page 1 of 8).

The State Finance Act stipulates that "...The item "equipment," when used in an appropriation act, shall mean and include all expenditures, having a unit value exceeding \$100.00..." (see attached 30 ILCS 105/20).

The State Employees' Retirement System (SERS) has always followed the State Finance Act threshold of capitalizing all equipment purchases of \$100.00 or more in its financial statements. This memorandum documents that the Capitalization Policy of SERS has been based on this lower dollar value, memorializes that for past, present and future financial reports, this shall be the Capitalization Policy utilized until such time as it is modified by the SERS Board of Trustees.

Based on the facts of this case and information submitted, Executive Secretary Blair moved to approve the request of the Accounting Division Manager Nicholas Merrill's request to keep the policy the same. Vice Chairperson Laidlaw seconded the motion, and all were in favor.

There being no further business to be brought before the Committee, the meeting was adjourned at 12:20PM. The next meeting of the Executive Committee is scheduled for Thursday October 11, 2012, in the Springfield office, with video conferencing in Chicago if needed.

Loren Iglarsh
Chairman

Lori Laidlaw
Vice Chairperson

Timothy Blair
Executive Secretary