

MINUTES
OF THE MEETING OF
THE EXECUTIVE COMMITTEE
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS
September 10, 2015

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, September 10, 2015 at 8:30 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members Present:

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

Others Present:

Stephen Bochenek, 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
Alan Fowler, Accounting Manager
Nick Lakis, Claimant (Spfld. hearing)
Mark Mason, Claimant (Spfld. hearing)
Cynthia Mandel, Claimant (Chicago hearing)
Casey Evans, Internal Auditor
Jennifer Staley, Recording Secretary

Minutes of the Previous Meeting

The minutes of the August 13, 2015 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 August, 2015 was presented. Following review and discussion, the Routine Claims and Denials Report for the period of August, 2015, as prepared by staff, was reviewed by the Executive Committee. There being no additions or corrections, on motion by Chairman Iglarsh and seconded by Executive Secretary Blair, and by unanimous vote, the Routine Claims and Denials Report was approved as submitted.

Old Business

Brenda Sawyer – Temporary Disability - Deferred

Ms. Sawyer is employed by the Secretary of State as an Administrative Assistant III Case Worker. Ms. Sawyer last worked June 10, 2014 and began a medical leave of absence June 16, 2014. She was expected to be off work for 8 weeks but at this time she is still off work.

Ms. Sawyer filed a workers' compensation claim which was denied on June 20, 2014. She has applied for temporary disability benefits through SERS.

Ms. Sawyer had an allergic reaction at work on June 10, 2014. Ms. Sawyer was referred to Phillip Wuertz, LCSW, whom she has been seeing since September 2, 2014.

Ms. Sawyer's file was reviewed by Medical Consultant #70. Overall, the history demonstrates that she is an insightful and compliant person. There has been improvement since the initial event, and a good prognosis is anticipated. In my opinion the illness is not severe, and she is not considered to be disabled from performing the duties of her job.

Ms. Sawyer was seen by Louis B. Cady, M.D. It is his opinion she has continuously, since June 14, 2014, been unable to perform her position or, in fact, be engaged in any active employment. Given the circumstances, she is not able to perform the duties assigned to her at this time.

Medical Consultant #70 reviewed Dr. Cady's report and opined Ms. Sawyer has been diagnosed with an unusual illness, which may have work implications, but the other symptoms do not prevent the performance of work.

Ms. Sawyer was evaluated on March 31, 2015 by M.A. Park, M.D., at Mayo Clinic. Medical Consultant #70 reviewed Dr. Park's medical records and opined the latest medical data does not support the presence of a disability.

Ms. Brenda Sawyer was present at the May 14, 2015 meeting and gave an in-depth accounting of her illness. She stated she is still undergoing medical testing and depending on the outcome, will see if her condition could be treated or controlled.

After hearing the basis of the appeal at the May 14th Executive Committee, Attorney Reid-Peterson advised she will pass on the information to Attorney Bochenek.

Ms. Sawyer's agency was contacted regarding her working conditions to see if anything could be altered to accommodate her situation in the work environment. At the present time, nothing would be done.

After some discussion by the Executive Committee at its June, 2015 meeting, the case was referred to Attorney Bochenek for a recommendation to present at the July Executive Committee meeting.

At the July, 2015 Executive Committee meeting the Committee determined that since a medical basis, as well as a psychiatric basis, was being asserted as the reason for the disability, the Committee needed to refer this matter to one of the medical consultants for the System for their review and opinion.

At the August and September, 2015 Executive Committee meetings it was noted that no additional medical information had been submitted from the medical consultant. The case is deferred until such information is received.

Beth Rogers - Service Credit

Beth Rogers requested a personal appeal at the July, 2015 Executive Committee.

She is requesting that she be allowed to purchase service credit for time that she worked for the Illinois Farm Development Authority from May, 1993 to December 31, 2003 (10.5 years).

Article 5/14-103.04 defines Department as any department, institution, board, commission, officer, court, or any agency of the State having power to certify payrolls to the State Comptroller authorizing payments of salary or wages against State appropriations, or against trust funds held by the State Treasurer, except those departments included under the term "employer" in the State Universities Retirement System. "Department" includes the Illinois Development Finance Authority. "Department" also includes the Illinois Comprehensive Health Insurance Board.

Article 5/14-403.05 defines Employee as any person employed by a Department who receives salary for personal services rendered to the Department on a warrant issued pursuant to a payroll voucher certified by a Department and drawn by the State Comptroller upon the State Treasurer, including an elected official described in subparagraph (d) of Section 14-104, shall become an employee for purpose of membership in the Retirement System on the first day of such employment.

Article 5/14-103.06 defines Member as any employee included in the membership of the system; and any former employee who made contributions to the system and has not received a refund and who is not receiving a retirement annuity under this Article.

Ms. Rogers presented her case before the July, 2015 Executive Committee and the Committee agreed to consider her appeal. In particular, additional research was needed to see if Ms. Rogers should be considered as an employee of the Illinois Finance Authority for the period in question.

After reviewing the information submitted (at the September 10, 2015 Executive Committee meeting) a motion was made by Chairman Iglarsh to approve Ms. Rogers' request to be allowed to purchase the additional service credit, seconded by Vice Chairperson Morris. All were in favor.

New Business

Nicholas Lakis – Tier Determination Issue

Nicholas Lakis was initially hired as a state trooper in August, 2011. He had no prior service or contributions with SERS nor any other reciprocal system. The New Hire Tier Determination form that was completed upon his employment was submitted from his payroll office and noted no reciprocal service (Attachment A). Additionally, a review of the SURS Reciprocal Service Verification System displays no reciprocal service prior to 01/01/2011 (Attachment B). Per state

statute, he was coded as a Tier 2 member of SERS and his agency processed his retirement deductions as such.

In May of 2014, Mr. Lakis faxed to SERS a Settlement Agreement with the Illinois State Police (ISP) related to his hiring (Attachment C pages 1-6). In it, the ISP backdates his “seniority date” to 05/31/2009. There is no stipulation regarding a back pay award, retirement contributions, or “deemed” wages for any period prior to 01/01/2011, the Tier 2 effective date, that would provide a basis for Mr. Lakis’ inclusion as a Tier 1 member.

In the fall of 2014, Mr. Lakis participated in an informal conference with SERS to discuss the tier determination issues (Attachment D).

Membership in the retirement system is a condition of employment. Tier determination is based on the timing of the initial date of membership, allowing for earlier membership with a reciprocal system in order to meet the Tier 1 membership requirements. Seniority date is a function of personnel and is not defined or utilized within the Pension Code.

Without wages and contributions to support earlier employment on a state payroll (or documentation of employment within a reciprocal system), Mr. Lakis first became a member or participant on 08/01/2011. This would place him within the Tier 2 membership of SERS.

Nicholas Lakis was present at the September 10th Executive Committee meeting to present his case to become a Tier 1 member. The Executive Committee deferred for now. The Committee will take the matter under advisement and contact the Illinois State Police regarding the salary history (“deemed wages”) and employer contributions that would be necessary for Mr. Lakis, as well as two other ISP employees in the same situation, to be considered Tier 1.

Cynthia Mandel – Overpayment and reduction in survivor benefits

Alan Mandel, an active state employee, died on January 14, 2015. He had a surviving spouse, Cynthia Mandel, and a minor child, Alexandra Mandel, who is living with her mother, Francine Mandel.

His surviving spouse, Cynthia Mandel, completed her survivor application correctly and listed the minor child as a dependent and not under her care. The survivor benefit should have been split between Cynthia and Alexandra. Alexandra’s forms were received by SERS in August, 2015, which was when the error was discovered that Cynthia had been paid the entire survivor’s portion instead of the benefit being split.

This error created an overpayment for Cynthia for the period February 1, 2015 through August 31, 2015 in the amount of \$7,284.26 (this includes the monthly amount overpaid and the lump sum portion of \$1,000.00 that should have been split between Cynthia and Alexandra.)

Cynthia’s monthly benefit was in the amount of \$1,938.36 and is now reduced to \$959.18.

Alexandra is currently 16 years old and will be eligible for one-half of the survivor benefit until she is 18 years old. She can continue to receive this amount until she is 22 years old, as long as she is an unmarried, full-time student.

Cynthia Mandel is asking for the overpayment to be waived and the monthly benefit to remain at the higher amount. Cynthia made a personal appeal before the Executive Committee from Chicago via videoconference. After a review of the file and some discussion, the Executive Committee agreed to defer this matter pending agreement on a repayment schedule.

Mark Mason – Dis – SSA overpayment – reduced pay plan

Mark Mason is a security guard for the Secretary of State Police. Due to an illness, Mr. Mason had been at Mayo Clinic from December, 2014 through August, 2015.

Mr. Mason received social security disability effective November 24, 2014, creating an overpayment of nonoccupational disability benefits from November 24, 2014 through July 31, 2015 in the amount of \$10,728.03.

Mr. Mason doesn't believe any offset should be taken for his social security disability. He is appealing the overpayment and the requirement to pay it back.

Mr. Mason made a personal appeal at the September 10, 2015 meeting in Springfield. After hearing his reason for the appeal, the Executive Committee advised Mr. Mason to make an appointment with an advisor to see what his benefit options are and then work with him on the best scenario for him to repay the money.

Shawn Hanley – Reinstatement of Account

This account became eligible for a write-off in June, 2006. Contributions in the amount of \$3,092.25 were written off on June 23, 2006. Mr. Hanley has requested a refund.

After some discussion, a motion was made by Executive Secretary Blair to approve the reinstatement of account so that a refund can be paid, seconded by Chairman Iglarsh. All were in favor.

Joyce Fisher – Payment Plan

Joyce Fisher incurred an overpayment of her temporary disability benefits due to the approval of retroactive social security disability benefits (SSA) which were applied for by Midwest Disability on behalf of SERS.

Upon receipt of her second billing letter from the Vouchering Section, Ms. Fisher called SERS and stated that she did not know that she had to pay the funds back to SERS that she had received from SSA. At that time, Scott Ladendorf of the Vouchering section informed her that the longest repayment agreement that SERS could enter into would be for 60 months, which would equal \$635.00 per month. Ms. Fisher indicated that she wouldn't be able to pay her bills with that deduction amount and was then informed about the appeal process.

Ms. Fisher is now requesting a repayment plan in which the deduction would be anywhere from 10% to 15% of her current monthly disability benefit from SERS (currently \$1,840.00 after the SSA offset). A deduction of 10% would equal \$184.00 per month (taking over 17 years to repay), while a deduction of 15% would equal \$276.00, which would equal a repayment over approximately 11.5 years.

Ms. Fisher was eligible to begin drawing a pension effective October 1, 2014 at the rate of \$2,190.00 per month; however, she has remained on disability. Her current estimated gross pension benefit as of May 1, 2015 is \$2,300.00 per month.

A repayment contract would be required to cover both a current monthly installment payment amount and a higher repayment amount once she goes on pension. It would also include terms to cover payroll deduction if she would return to work, applying an amount payable to a survivor, as well as any lump sum refund or death benefit should one become payable. Based on Ms. Fisher's current retirement account, contributions are on deposit totaling \$41,193.57 and her overpayment balance is \$38,080.00.

The Vouchering Section is seeking the opinion of the Committee regarding a suggested monthly repayment amount that would be allowed, both currently while on disability and when Ms. Fisher begins receiving her pension benefit.

At the June 11, 2015 Executive Committee meeting a motion was made by Chairman Iglarsh to keep the repayment amount the same, seconded by Vice Chairperson Morris. All were in favor.

Since the June, 2015 meeting decision, Joyce Fisher again sent in a request to be considered to repay at a lower repayment rate. Any further decision will be deferred until a SERS representative talks to Ms. Fisher about her benefit plans (disability vs. pension). Cory Mitchell will follow-up with Ms. Fisher.

There being no further business to be brought before the Committee, the meeting was adjourned at 11:30 a.m.

The next meeting of the Executive Committee is scheduled for Thursday, October 8, 2015, in the Springfield office, with video conferencing in Chicago.

Loren Iglarsh, Chairman

David Morris, Vice Chairperson

Timothy Blair, Executive Secretary