

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

September 13, 2018

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, September 13, 2018 at 8:45 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:

Jeff Houch, Assistant Executive Secretary
Steve Bochenek, SERS Attorney
Kathy Yemm, Manager, Claims Division Manager
Cory Mitchell, Acting Supervisor, Pension and Death Section
Karen Brown, Supervisor, Disability Section
Casey Evans, Internal Auditor
Becky Glazier, Recording Secretary

Minutes of the Previous Meeting

The minutes of the August 9, 2018 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, seconded by Chairman Iglarsh and by unanimous vote, the minutes were approved as submitted.

Routine Claims Report

The Routine Claims Report for the month of August 2018 was presented. Following review and discussion, the Routine Claims Report for the period of August 2018, as prepared by staff, was received by the Executive Committee.

Old Business

Wayne Chamberlain – Appeal to Waive SSA Overpayment - Recommendation

Wayne Chamberlain was approved for a non-occupational benefit from SERS effective October 19, 2016.

Mr. Chamberlain was approved for a retroactive Social Security disability benefit effective February 1, 2017. The retroactive benefit created an overpayment from SERS totaling \$16,335.00 from February 1, 2017 through December 31, 2017.

SERS sent Mr. Chamberlain a notification letter on January 29, 2018 that explained the calculation of the overpayment and what was due SERS.

Mr. Chamberlain's non-occupational benefit ended April 30, 2018 due to half time ceasing. To repay this overpayment in 5 years would require a monthly payment of \$273.00. He is not vested and not eligible for retirement.

Mr. Chamberlain is appealing his request for a waiver for the SSA overpayment.

Attorney Bochenek presented recommendation No. 2018-8 to deny Mr. Chamberlain's request to waive the overpayment. The recommendation further suggests if Mr. Chamberlain permits the balance of contributions in his retirement account to be applied to the overpayment, that staff work with Mr. Chamberlain to establish an agreeable repayment plan for the remaining balance of the overpayment.

After review and discussion, Chairman Iglarsh moved to adopt recommendation 2018-8 and deny the appeal. Executive Secretary Blair seconded the motion, which passed by unanimous vote.

Thomas Kavelman – Appeal of Service Credit Calculation

At the July Executive Committee meeting, Thomas Kavelman presented his re-appeal during a personal hearing. In 1990, Mr. Kavelman received a Workers' Compensation settlement agreement that totaled \$50,000. Mr. Kavelman contends that such agreement was the solution to terminate his employment with the Illinois Department of Corrections (IDOC). It is his understanding that such agreement represented 11 months of salary. He contends that he is entitled to 11 additional months of service credit due to this settlement agreement.

SERS staff have sought records from IDOC, Central Management Services, Workers' Compensation Commission and the Office of the Attorney General and no supporting information regarding Mr. Kavelman's settlement agreement can be located. Furthermore, Mr. Kavelman was unable to obtain such information from his attorney.

Attorney Bochenek presented Recommendation No. 2018-9 that Mr. Kavelman be granted approval of a reciprocal pension but denied as to the additional 11 months of service credit. After review and discussion of the facts presented, Vice Chairperson Morris moved to adopt Recommendation No. 2018-9 as presented. Executive Secretary Blair seconded the motion which passed by unanimous vote.

Lisa Anderson – ReAppeal Overpayment Deduction

Mrs. Anderson was approved for a temporary Non-Occupational benefit from SERS effective December 16, 2015.

Mrs. Anderson was approved for a retroactive Social Security disability benefit effective April 1, 2016. The retroactive benefit created an overpayment to SERS totaling \$38,862.00 from April 1, 2016 through September 30, 2017.

SERS sent the member a notification letter on October 30, 2017 that explained the calculation of the overpayment and what was due SERS.

As stated in the SERS Board Policy, the Overpayment Section is to deduct $\frac{1}{2}$ the gross of any benefit being paid toward an overpayment owed to SERS. The overpayment due is in accordance with **5/14-125 ILCS** of the Pension Code.

The Benefit Support Overpayment Section was instructed to delay offset of the disability benefit for the overpayment until further notice.

Mrs. Anderson's current monthly gross disability payment is \$1,587.00. There are no monthly deductions from the check currently. CMS Premium Collection unit is billing her \$148.70 per month for insurance coverage. Half of the gross disability payment is \$793.50 when applied to the overpayment.

Mrs. Anderson's $\frac{1}{2}$ time cease is October 21, 2022, and is eligible to retire June 1, 2023.

Mrs. Anderson's appeal is to repay at \$600 per month instead of \$793.50. Six hundred per month would not repay the balance within the 5 year allowed repayment time. Her appeal states that she is repaying a settlement from the State in the amount of \$3,000 per month but that is the offset (\$2,159) of her annuity that SERS is currently offsetting and that deducting $\frac{1}{2}$ her annuity at this time would be a hardship.

Mrs. Anderson sent via email on September 6, 2018 a request that her benefits be restored and any back payment owed be suspended until her settlement agreement that puts her on full disability is signed and paid.

Following a review and discussion of the information presented, a motion was made by Vice Chairperson Morris to reduce the monthly deduction to \$300 until the settlement is resolved. The motion was seconded by Chairman Iglarsh and all were in favor.

New Business

Michael Srbljan – Appeal SSA Offset Removal

Michael Srbljan retired November 1, 2010. He was not married and received a survivor contribution refund.

Mr. Srbljan married on June 17, 2017. He has entered into a repayment agreement to repay the survivor contribution refund. The refund will be repaid on September 30, 2023.

Mr. Srbljan is requesting the Social Security Offset removal be applied to his pension.

Following a review of the information presented and some discussion, a motion was made by Executive Secretary Blair to deny Mr. Srblijan's appeal of the SSA offset removal. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Marikim Santarelli – Appeal SSA Offset Removal

Marikim Santarelli retired November 1, 2017. She was unmarried, but chose to waive the survivor contribution refund. The retirement application on file is marked “no” for participating in the Social Security Offset Removal.

Ms. Santarelli is requesting to apply the 3.825% reduction to her pension as she is planning to get married next year and does not want an eligible survivor to have an offset for Social Security.

Following a review of the information presented and some discussion, a motion was made by Executive Secretary Blair to deny Ms. Santarelli's appeal of the SSA offset removal. The motion was seconded by Vice Chairperson Morris and all were in favor.

James Smith – Non-Occupational Disability – 90 Day Waiver

James Smith works as a Correctional Officer for IDOC. He last worked on 2/01/18. He began a medical leave of absence on 4/5/18.

He has requested a written appeal to the Executive Committee so that the 90 day filing limitation can be waived.

The member's request was denied in accordance with **Chapter 40 Pensions 5/14-124(5)**.

Following a review of the information presented and some discussion, a motion was made by Chairman Iglarsh to approve his request and waive the 90 day filing limitation. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Ronald Miller – Occupational Disability – 12 Month Waiver

Ronald Miller is appealing the denial of disability based on the one year filing rule. He was removed from pay roll 12/27/05. His one year expired 12/27/2006. The notification came in from the member 06/21/2018. SERS sent his forms 6/21/18. His application was received 08/6/18. The medical was received 08/6/18. He returned to work 2/4/06.

The member's appeal was denied in accordance with Chapter 40 ILCS 5/14-123(a).

Following a review of the information presented and some discussion, a motion was made by Chairman Iglarsh to approve his request and approve the 12 month waiver. The motion was seconded by Vice-Chairperson Morris and all were in favor.

Reasonable Suspicion of Fraudulent Activity

40 ILCS 5/1-135 provides that any person who knowingly falsifies any record in an attempt to defraud the retirement system is guilty of a Class 3 felony. The law requires that any reasonable suspicion of a falsified record shall require notification by the System Board to the State's Attorney of the jurisdiction where the alleged fraudulent activity occurred for investigation.

Two cases were identified and were discussed at some length. Per policy adopted by the Board, Vice Chairperson Morris directed Executive Secretary Blair to refer one of the matters to the appropriate State's Attorney. The second matter is already under investigation by the State Policy so it was not referred.

There being no further business to be brought before the Committee, the meeting was adjourned at 10:35 a.m.

The next meeting of the Executive Committee is scheduled for October 11th, 2018, in the Springfield office with video conferencing in Chicago.

Loren Iglarsh, Chairman

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary