

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

February 8, 2024

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, February 8, 2024, at 8:45 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members Present:

Marvin Becker, Chairperson
David Morris, Vice-Chairperson
Timothy Blair, Executive Secretary

Others Present:

Jeff Houch, Associate Executive Secretary
Samantha Goetz, General Counsel
Cory Mitchell, Supervisor, Pension Section
Jessica Blood, Recording Secretary
Aaron Evans, Attorney, Sorling Northrup
William Ness, Claimant (via Videoconference)
Sammy Peradotta, Claimant (via Videoconference)
Jerri Larrison, Claimant (via Teleconference)

Minutes of the Previous Meeting

The minutes of the Executive Committee's meeting on January 11, 2023, were presented by Chairperson Becker for approval. Copies of the minutes were previously emailed to Committee members for review. Chairperson Becker moved to approve the minutes as submitted. The motion was seconded by Vice-Chairperson Morris and passed unanimously.

Routine Claims Report

The Routine Claims Report for January 2024 was presented. Following a brief discussion, the Routine Claims Report for January 2024 as prepared by staff was received by the Committee.

Old Business

Love Moore – Appeal of Temporary Disability Benefit Claim Denial – Recommendation

Love Moore works for the Department of Children and Family Services as a Child

Protection Specialist. She last worked July 14, 2020. She reports a history of multiple work-related injuries but is not currently receiving any Workers' Compensation benefits.

Ms. Moore applied for SERS' Temporary disability benefit in September 2021. She was not timely in submitting Form 19(b) and she did not submit sufficient medical evidence to support her claim. In 2023, Ms. Moore submitted medical records and several CMS-95s that she had been submitting to her agency. Ms. Moore's file was then sent to MMRO, who denied her claim. Ms. Moore has been trying to obtain additional medical evidence to support her claim and states that the VA has found her unemployable and disabled since 2020.

Ms. Moore requested a personal appeal via teleconference. After hearing Ms. Moore present her appeal at their January 2024 meeting, the Committee decided to refer to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2024-1, to deny Ms. Moore's appeal. After a brief discussion, Executive Secretary Blair moved to adopt Recommendation No. 2024-1. The motion was seconded by Chairperson Becker and passed unanimously.

New Business

William Ness – Appeal to Waive Reduction to Pension – Personal Hearing – Videoconference – 9:00 a.m.

William Ness retired effective April 1, 2021, and his Final Average Compensation (FAC) period was April 1, 2017 through March 31 2021. When staff adjusted his FAC compensation record due to the back wages associated with the pay freeze under the Rauner Administration, it was determined that a payment of \$7,625.33 representing liquidated unused compensatory time was incorrectly added to his FAC calculation. Other amounts of pensionable compensation were added from the back wages, so the total amount of pensionable compensation earned during his FAC period was reduced by \$7,182.24, which reduced his monthly FAC calculation from \$14,809.44 to \$14,659.81. This reduced his current monthly gross SERS annuity from \$11,064.02 to \$11,013.20.

Title 80, Section 1540.190 b) of the Illinois Administrative Code provides that payments for compensatory time are assigned to the periods of service in which it was earned. 40 ILCS 5/14-148.1 requires the plan administrators to adjust the benefit to the correct level if the benefit was calculated at an incorrect level. Mr. Ness is also required to repay the overpayment because the mistake was identified within three years. Mr. Ness requested an informal personal hearing to appeal the correction of his FAC calculation.

After presenting his appeal and some discussion with the Committee, Mr. Ness agreed to withdraw his appeal and repay the overpayment in four continuous monthly installments, beginning March 2024.

Sammy Peradotta – Appeal to Waive Reduction to Pension – Personal Hearing –
Videoconference – 9:45 a.m.

Sammy Peradotta retired effective January 1, 2016. He received back wages for contractual pay raises that were initially frozen between July 1, 2011 and June 30, 2012. Such back wages were paid out over multiple years, which include 2013, 2014 and 2018. The back wages issued to Mr. Peradotta in August 2018 were never included in his original Final Average Compensation (FAC) calculation because he retired effective January 1, 2016.

Additionally, it was discovered that IDOC had incorrectly deducted retirement contributions from various lump sum payments representing liquidated unused holidays. 40 ILCS 5/14-103.10(b)(4) explicitly excludes lump sum payments for unused holiday as "pensionable" compensation.

Furthermore, it was discovered that Mr. Peradotta received payment for liquidating unused compensatory time. Title 80, Section 1540.190(b) provides that such compensation is assigned to the pay period in which it was earned, not paid, and \$4,039.98 was removed from your his FAC calculation.

The FAC calculation component of his pension calculation is the highest 48 consecutive months of compensation within his final 10 years of service. His FAC period was January 1, 2012 through December 31, 2015. His original and "inflated" monthly FAC calculation component was \$10,160.59. After SERS obtained the accurate payroll data from IDOC and adjusted the earnings records by removing the payments for liquidated holidays and assigning the back wages and payments for unused compensatory time to the pay periods they were actually earned, it was determined that his true FAC is \$9,267.04. His service credit leveraged a benefit multiplier amount of 30.6773%, and 30.6773% of \$9,267.04 is \$2,842.88, which represents his starting monthly pension amount.

Mr. Peradotta is appealing for his pension to be set back to the incorrect level as he contends this was not his mistake.

After hearing Mr. Peradotta present his appeal, the Committee decided to refer to external counsel for a recommendation.

Jerri Larrison – Appeal to Waive Overpayment of Disability Benefits – Personal
Hearing – Teleconference – 10:30 a.m.

Jerri Larrison has been on SERS' nonoccupational disability benefit since February 15, 2021. She was awarded SSA disability benefits and SERS received the notification of award on September 23, 2023. Her overpayment was calculated, and she was mailed a letter and the calculation sheet on October 30, 2023.

Ms. Larrison is appealing her overpayment. She feels she was given wrong information.

She also states the forms she initialed and signed were done while under the influence of pain medications, so she does not recall signing the form. She claims that she had to pay for home and vehicle repairs. She felt it was unprofessional of SERS to ask her what she did with the backpay received from SSA, even though this money was to be used to pay her SERS arrearage.

Ms. Larrison is requesting a personal appeal to waive the entire overpayment due to financial hardship.

After hearing Ms. Larrison present her appeal, the Committee decided to refer to external counsel for a recommendation.

Staff Direction – Request to Permit Estate of Deeann Hammack to Elect COLA Buyout Option

Deeann Hammack terminated service on July 31, 2023, as she intended to retire effective August 1, 2023. SERS received her retirement application on September 6, 2023, SERS issued confirmation of receipt of her retirement application and issued the COLA buyout election form on September 13, 2023. Mrs. Hammack passed away on October 29, 2023 without completing that election.

Michael Hammack is the surviving spouse and the representative and beneficiary of her estate and has attempted to elect such payment, but that election has not been processed because the election was made after the member's death. Staff is seeking direction on how to handle this situation.

After reviewing the case and some discussion, the Committee directed staff to process the COLA buyout upon receipt of the election form signed by Mr. Hammack.

Shavon Latham – Appeal to Reinstate Refund Payment to Receive Total Buyout Payment

Shavon Latham terminated service effective June 30, 2023. On September 19, 2023, SERS received a termination refund application. On September 22, 2023, SERS staff contacted Ms. Latham to inform her that she was eligible for a total buyout payment. SERS issued this notice to the email address and mailing address that she provided in her refund application. SERS received no response to this notification, and on November 8, 2023, her refund was transferred to her designated pre-tax account.

Ms. Latham is appealing to receive the balance between the amount of the gross total buyout amount and the amount of her gross refund. She contends that she was misinformed by SERS, and that misinformation coupled with her cognitive impairment prevented her from electing the total buyout payment option.

After reviewing the facts of the case, Executive Secretary Blair moved to deny Ms. Latham's appeal. The motion was seconded by Chairperson Becker and passed unanimously.

Linda Perry – Appeal Overpayment of Retirement Benefits and to Retain Original Retirement Date Prior to Purchase of Qualifying Period

Linda Perry elected to begin her retirement benefit effective March 1, 2023. During the retirement process, she was advised that she had the option to establish her qualifying period. Ms. Perry expressed interest in establishing her qualifying period well after March 1, 2023, and such transaction was completed on April 27, 2023.

On June 27, 2023, SERS issued Ms. Perry her first payment, which included her payments retroactive to March 1, 2023. However, given that she began the process to establish her qualifying period after March 1, 2023, it is SERS policy to adjust her retirement date to first of the month following the date in which the member establishes such service credit. Therefore, her retirement date is to be deemed May 1, 2023, and SERS has treated the payments issued to her for the months of March and April of 2023 as overpayments.

Ms. Perry is appealing to the Committee to waive her overpayment and allow her to retain her original retirement date of March 1, 2023.

After discussing the information provided, Executive Secretary Blair moved to deny Ms. Perry's appeal. The motion was seconded by Vice-Chairperson Morris and passed unanimously.

There being no further business to be brought before the Committee, the meeting was adjourned at 11:10 a.m.

The next meeting of the Executive Committee is scheduled for March 14, 2024, in the System's Springfield office.

Marvin Becker, Chairperson

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary