

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

December 14, 2023

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, December 14, 2023, 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
Karen Brown, Supervisor, Disability Section
Cory Mitchelle, Supervisor, Pension Section
Aaron Evans, Attorney, Sorling Northrup
Jessica Blood, Recording Secretary
Charlotte Kauffman, Claimant

Minutes of the Previous Meeting

The minutes of the Executive Committee's meeting on November 9, 2023, were presented by Chairperson Becker for approval. Copies of the minutes were previously emailed to Committee members for review. Vice-Chairperson Morris moved to approve the minutes as submitted. The motion was seconded by Executive Secretary Blair and passed unanimously.

Routine Claims Report

The Routine Claims Report for November 2023 was presented. Following a brief discussion, the Routine Claims Report for November 2023 as prepared by staff was received by the Committee.

Old Business

Vera Jackson – Appeal of Nonoccupational Disability Benefit Overpayment – Recommendation

Vera Jackson was on SERS' nonoccupational disability benefit beginning in July 2021.

In May 2023, SERS learned from the IDES report that Ms. Jackson had exceeded the quarterly earnings limitation of \$3,660 in the first quarter of 2023. According to the IDES report, Ms. Jackson worked for another employer and earned \$4,250.10 in the first quarter. This is \$590.10 over the earnings limitation.

On May 10th, 2023, the Disability Section sent Ms. Jackson a letter informing her of the overpayment and a copy of the Earnings Limitation Agreement she was to sign and return within 30 days. This letter indicated she would soon be receiving a billing letter with instructions on how to remit her payment. On May 17th, Benefit Support sent Ms. Jackson her billing letter.

Ms. Jackson failed to pay her overpayment and did not sign and return her Earnings Limit Agreement. Therefore, her benefit was terminated effective March 31, 2023. In addition to the \$590.10 overpayment, Ms. Jackson was now responsible for paying back all disability benefits paid after March 31, 2023.

On July 17th, the Disability Section sent Ms. Jackson a letter stating that her failure to repay the amount that her wages exceeded the quarterly limitation along with not completing and returning a signed agreement resulted in the termination of her benefit March 31st which increased her total arrearage to \$5,414.30.

On July 18th, her billing letter and copies of her original letters were mistakenly sent to another member. This member sent Ms. Jackson the misdelivered correspondence.

Ms. Jackson is appealing her arrearage. She states she never received the May letters, or she would have paid the original debt of \$590.10. Ms. Jackson has not returned to work for the state. She is not requesting that her benefits be reinstated.

After discussing the case at their October 2023 meeting, the Committee decided to defer a decision pending continued research into Ms. Jackson's gainful activity.

The Committee reviewed Ms. Jackson's earnings for all available quarters of 2023 at their November 2023 meeting. Following some discussion regarding the new information provided, the Committee decided to refer Ms. Jackson's case to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2023-21 to deny Ms. Jackson's appeal. After a brief discussion, Executive Secretary Blair moved to adopt Recommendation No. 2023-21. The motion was seconded by Chairperson Becker and passed unanimously.

Whitney Lee – Appeal of Nonoccupational Disability Benefit Overpayment – Recommendation

Whitney Lee applied for a nonoccupational disability benefit from SERS in November 2020. When her file was processed for her first payment, her previous time on both occupational and nonoccupational was not fully considered. This error artificially extended her half time ceasing date.

An audit of Ms. Lee's file showed that her benefit should have ended due to half time ceasing in May 2021. Ms. Lee was paid benefits that she was not eligible to receive from June 1, 2021, through March 31, 2023.

Ms. Lee is appealing against the overpayment of benefits and the amount of her repayment plan because she is disabled and is currently unable to work. She states that the requested repayment amount is beyond what she can financially afford at this time.

Ms. Lee is appealing to have the balance due and monthly obligation reduced.

After hearing Ms. Lee present her case at their November 2023 meeting, the Committee decided to refer to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2023-22 to deny Ms. Lee's request. After a brief discussion, Vice-Chairperson Morris moved to adopt Recommendation No. 2023-22. The motion was seconded by Executive Secretary Blair and passed unanimously.

Stacy Pitts – Appeal Suspension of Disabled Adult Survivor Benefit – Gainful Activity – Deferred

Stacey Pitts began receiving survivors' benefits from State Employees' Retirement System (SERS) as a disabled surviving daughter on January 1, 2002. Given her status, she is subject to the gainful activity limitation, which occurs when the survivor receives employment wages in a calendar quarter that exceed \$3,660.00. 40 ILCS 5/14-120(d)(2) and Title 80, Section 1540.85 c) of the Illinois Administrative code provide that the survivor benefit is to be suspended when a disabled, unmarried son or daughter over age 18 engages in gainful activity.

Records obtained through the Illinois Department of Employment Security (IDES) indicate that her employment wages exceeded that level for the third consecutive calendar quarter. Ms. Pitts' survivor's annuity was suspended effective November 1, 2023.

Ms. Pitts is appealing the suspension, and although SERS disputes her claim that she did not exceed such limitation as her employer has corroborated the IDES records, SERS concedes that the previous survivor application and annual eligibility verification materials did not inform such beneficiaries of the gainful activity limitation. It should be mentioned that such materials have been updated to inform such beneficiaries of this dynamic.

It should also be mentioned that Ms. Pitts exceeded the limitation during the 4th quarter of 2010 and the 2nd quarter of 2011. The Executive Committee approved her appeal for benefit reinstatement on March 15, 2012, provided that SERS recoup the amount of employment wages that exceeded the earnings limitation.

After discussing the facts presented at their November 2023 meeting, the Committee decided to defer a decision pending research of the petitioner's gainful activity.

After further discussion regarding the facts of the case, Executive Secretary Blair moved to approve reinstatement of Ms. Pitts' benefit if medical documentation supports continued disability, and upon receipt of her signed earnings limitation agreement. Chairperson Becker seconded the motion, which passed unanimously.

Renee John – Appeal Suspension of Disabled Adult Survivor Benefit – Gainful Activity – Deferred

Renee John began receiving survivors' benefits from the State Employees' Retirement System (SERS) as a disabled surviving daughter on November 1, 2008. Given her status, she is subject to the gainful activity limitation, which occurs when the survivor receives employment wages in a calendar quarter that exceed \$3,660.00. 40 ILCS 5/14-120(d)(2) and Title 80, Section 1540.85 c) of the Illinois Administrative code provide that the survivor benefit is to be suspended when a disabled, unmarried son or daughter over age 18 engages in gainful activity.

Records obtained through the Illinois Department of Employment Security (IDES) indicate that Ms. John's employment wages exceeded that level for the third consecutive calendar quarter. Her benefit has been suspended effective November 1, 2023.

Ms. John is appealing this suspension, and SERS concedes that the previous survivor application and annual eligibility verification materials did not inform such beneficiaries of the gainful limitation. It should be mentioned that that such materials have been updated to inform such beneficiaries of this dynamic.

After discussing the facts presented at their November 2023 meeting, the Committee decided to defer a decision pending research of the petitioner's gainful activity.

After further discussion regarding the facts of the case, Executive Secretary Blair moved to approve reinstatement of Ms. John's benefit if medical documentation supports continued disability, and upon receipt of her signed earnings limitation agreement. Chairperson Becker seconded the motion, which passed unanimously.

Edward Zaretsky (Guardian) – Appeal Suspension of Disabled Adult Survivor Benefit – Gainful Activity – Survivor: Nicole Zaretsky – Deferred

Nicole Zaretsky began receiving survivors' benefits from State Employees' Retirement System (SERS) as a disabled surviving daughter on February 1, 2007. Given her status, she is subject to the gainful activity limitation, which occurs when the survivor receives employment wages in a calendar quarter that exceed \$3,660.00. 40 ILCS 5/14-120(d)(2) and Title 80, Section 1540.85 c) of the Illinois Administrative code provide that the survivor benefit is to be suspended when a disabled, unmarried son or daughter over

age 18 engages in gainful activity.

Records obtained through the Illinois Department of Employment Security (IDES) indicate that Ms. Zaretsky's employment wages exceeded that level for the third consecutive calendar quarter. Her survivor's annuity will be suspended effective December 1, 2023.

Ms. Zaretsky is appealing the suspension and is indicating that she will take measures to ensure that she will not exceed such limitation moving forward.

After discussing the facts presented at their November 2023 meeting, the Committee decided to defer a decision pending research of the petitioner's gainful activity.

After further discussion regarding the facts of the case, Executive Secretary Blair moved to approve reinstatement of Ms. Zaretsky's benefit if medical documentation supports continued disability, and upon receipt of her signed earnings limitation agreement. Chairperson Becker seconded the motion, which passed unanimously.

Daniel Friesner – Appeal Suspension of Disabled Adult Survivor Benefit – Gainful Activity – Deferred

Daniel Friesner began receiving survivors' benefits from State Employees' Retirement System (SERS) as a disabled surviving son on May 1, 1995. Given his status, he is subject to the gainful activity limitation, which occurs when the survivor receives employment wages in a calendar quarter that exceed \$3,660.00. 40 ILCS 5/14-120(d)(2) and Title 80, Section 1540.85 c) of the Illinois Administrative code provide that the survivor benefit is to be suspended when a disabled, unmarried son or daughter over age 18 engages in gainful activity.

Records obtained through the Illinois Department of Employment Security (IDES) indicate that Mr. Friesner's employment wages exceeded that level for the third consecutive calendar quarter. His survivor's annuity will be suspended effective December 1, 2023.

Mr. Friesner is appealing the suspension of his benefits. It should be mentioned that he exceeded the limitation during 2002, 2003, 2011, and 2015 when such limitation was significantly lower. The Executive Committee approved his appeals for benefit reinstatement at their July 7, 2005, and May 10, 2012, meetings, provided that SERS recoup the amount of employment wages that exceeded the earnings limitation. His survivor benefit was not suspended in 2015 because he exceeded such earning limitation by \$6.76, which is not considered an overpayment under SERS' policy.

After discussing the facts presented at their November 2023 meeting, the Committee decided to defer a decision pending research of the petitioner's gainful activity.

After further discussion regarding the facts of the case, Executive Secretary Blair moved to approve reinstatement of Mr. Friesner's benefit if medical documentation

supports continued disability, and upon receipt of his signed earnings limitation agreement. Chairperson Becker seconded the motion, which passed unanimously.

Channe Ford – Appeal Suspension of Disabled Adult Survivor Benefit – Gainful Activity – Deferred

Channe Ford began receiving survivors' benefits from State Employees' Retirement System (SERS) as a disabled surviving daughter on August 1, 2007. Given her status, she is subject to the gainful activity limitation, which occurs when the survivor receives employment wages in a calendar quarter that exceed \$3,660.00. 40 ILCS 5/14-120(d)(2) and Title 80, Section 1540.85 c) of the Illinois Administrative code provide that the survivor benefit is to be suspended when a disabled, unmarried son or daughter over age 18 engages in gainful activity.

Records obtained through the Illinois Department of Employment Security (IDES) indicate that Ms. Ford's employment wages exceeded that level for the third consecutive calendar quarter. Her survivor's annuity was suspended effective November 1, 2023.

Ms. Ford is appealing the suspension, as she contends that she terminated employment with Shree 2nd Generation on July 30, 2022.

After discussing the facts presented at their November 2023 meeting, the Committee decided to defer a decision pending research of the petitioner's gainful activity.

After further discussion regarding the facts of the case, Executive Secretary Blair moved to approve reinstatement of Ms. Ford's benefit if medical documentation supports continued disability, and upon receipt of her signed earnings limitation agreement. Chairperson Becker seconded the motion, which passed unanimously.

Beth Brown – Appeal for May 1, 2023 Pension Effective Date

Beth Brown received nonoccupational disability benefits from August 2017 through September 2023. SERS received her retirement application on October 20, 2023. She requested a retirement annuity start date of May 1, 2023, but was denied because she received disability benefits through September 30, 2023.

Ms. Brown is appealing to the committee to allow her to begin her retirement annuity effective May 1, 2023 provided that she repay the gross amount she received in disability benefits beginning from May 1, 2023 through September 30, 2023.

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

Paige Houston – Appeal for Release of SERS Contribution Refund

Paige Houston was on SERS' nonoccupational disability benefit from September 2021 through June 2023. Her benefit ended because of her half-time ceasing.

Ms. Houston's claim was referred to and accepted by Midwest Disability in April 2023 to assist her in filing for Social Security Administration disability benefits, as is required of SERS members that have been on a disability benefit for 12 consecutive months.

Ms. Houston has filed for a refund of her contributions. It was explained to her that SERS would not release her refund until her SSA disability claim has been resolved, as there could be money owed back to SERS.

Ms. Houston is appealing this decision and is requesting that the Executive Committee agree to release her refund due to financial hardship.

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

Sheronda Williams – Appeal of Nonoccupational Disability Benefit Claim Denial

Sheronda Williams works as a Mental Health Technician 3. She last worked on April 12, 2023, and began a medical leave of absence on April 13, 2023 due to job stress.

Ms. Williams' claim was sent to MMRO for a disability determination. MMRO determined that Ms. Williams' records did not show her to be mentally or physically incapacitated from performing her job duties.

Ms. Williams is requesting a written appeal for the denial of her claim. She states she suffers from various ailments.

Ms. Williams provided a note from her AFSCME PCP counselor, who stated Ms. Williams has been seen for counseling since May 1, 2023. She also provided a note from another doctor which states she can return to work on November 29, 2023 and that she has been totally incapacitated from work since April 13, 2023.

After reviewing the facts of the case, Vice-Chairperson Morris moved to deny Ms. Williams' appeal. The motion was seconded by Executive Secretary Blair and passed unanimously.

Charlotte Kauffman – Appeal Correction of FAC Calculation due to Back Wages Adjustment – Personal Hearing – Springfield – 9:30 a.m.

Charlotte Kauffman retired effective February 1, 2017, and her Final Average Compensation (PAC) period was February 1, 2013 through January 31, 2017. Like

thousands of other SERS members, the contractual pay raises that were due between July 1, 2011 and June 30, 2012 were initially frozen, but were eventually paid in the form of back wages. Such back wages were issued over multiple years, which include 2013, 2014 and 2018.

The back wages issued to Ms. Kauffman in August 2018 were never included in her original FAC calculation because she had already retired. Her original "inflated" monthly FAC calculation component included the full amount of the back wages issued in 2013 and 2014. However, after staff adjusted the earnings records by assigning the back wages to the pay periods they were earned, her true FAC slightly decreased.

40 ILCS 5/1-109, 40 ILCS 5/14-103.10(b), and Title 80, Section 1540.190 c) of the Illinois Administrative Code provide that compensation is 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. Ms. Kauffman is not required to repay the overpayment because the mistake was not identified within three years.

Ms. Kauffman has requested an informal personal hearing to appeal the correction of her FAC calculation, which also impacted her proportional annuity payable from SURS.

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

Add-on: Marni Sanders – Staff Direction on Nonoccupational Disability Claim

Marni Sanders began receiving SERS' nonoccupational disability benefits on April 28, 2016. In April of 2018, Ms. Sanders was also awarded Social Security disability benefits retroactive to September 1, 2016, which created an overpayment of SERS disability benefits.

Ms. Sanders' benefit was suspended as of March 31, 2018, due to failure to submit her recertification documents. She remained inactive and her case was sent to the Attorney General's office for collection on the overpayment. The Attorney General's office remanded the case back to SERS with a recommendation to reinstate Ms. Sanders' disability benefits.

Ms. Sanders supplied additional medical documentation and her file was referred to the System's physician network for review on October 17, 2023. The physician recommended the denial of Ms. Sanders' case due to insufficient medical documentation.

The Disability section is seeking direction from the Executive Committee as to whether Ms. Sanders' benefit should be reinstated, since she is still receiving SSA disability benefits. After some discussion, the Committee unanimously determined that the disability benefits should not be reinstated because the physician determined that such condition did not meet the eligibility requirements.

There being no further business to be brought before the Committee, the meeting was adjourned at 10:27a.m.

The next meeting of the Executive Committee is scheduled for January 11, 2024, in the System's Springfield office.

Marvin Becker, Chairperson

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary