

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

March 14, 2024

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, March 14, 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
Jessica Blood, Recording Secretary
Aaron Evans, Attorney, Sorling Northrup
Sarah Jahn, Claimant (via Teleconference)

Minutes of the Previous Meeting

The minutes of the Executive Committee's meeting on February 8, 2024, 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 Executive Secretary Blair and passed unanimously.

Routine Claims Report

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

Old Business

Sammy Peradotta – Appeal to Waive Reduction to Pension – Recommendation

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 at their February 2024 meeting, the Committee decided to refer to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2024-2, to deny Mr. Peradotta's appeal. After reviewing the facts presented, Vice-Chairperson Morris moved to adopt Recommendation No. 2024-2. The motion was seconded by Chairperson Becker and passed unanimously.

Jerri Larrison – Appeal to Waive Overpayment of Disability Benefits – Recommendation

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 at their February 2024 meeting, the Committee decided to refer to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2024-3, to deny Ms. Larrison's appeal. After a brief discussion, Executive Secretary Blair moved to adopt Recommendation No. 2024-3. The motion was seconded by Vice-Chairperson Morris and passed unanimously.

New Business

Sarah Jahn – Request to Lower SSA Overpayment – Personal Hearing via Teleconference – 9:00 a.m.

Sarah Jahn worked for the Department of Insurance. She started a nonoccupational disability benefit with SERS in April 2021. In January 2024, SERS was notified that Ms. Jahn was approved for Social Security disability benefits beginning January 1, 2022.

SERS must offset Ms. Jahn's benefit for every month she also received an SSA disability benefit. The overpayment was from January 1, 2022, through December 31, 2023, a total of 24 months.

Ms. Jahn is appealing the calculation of her overpayment. She states her backpay check from SSA only covered from January 2, 2022, through October 31, 2023, and that SERS should have only calculated an overpayment of 22 months.

By the time SERS was notified of the SSA award, Ms. Jahn would have received monthly payments from SSA for November and December 2023. SERS had also paid her for November and December 2023 without the SSA offset, so the calculation of 24 months is correct.

Ms. Jahn is requesting in her appeal for the calculation of the overpayment to be figured on only 22 months. In addition, she is requesting that SERS reduce the amount of the final overpayment due to her financial hardship.

After hearing Ms. Jahn present her appeal, the Committee decided to review Ms. Jahn's payment history from SSA and refer to external council for a recommendation.

Ronald Faltin – Appeal Termination of Nonoccupational Disability Benefit and Overpayment of Benefits – Exceeded Earnings Limitation

Mr. Faltin has been on SERS' nonoccupational disability benefit since December 2021.

Mr. Faltin exceeded the quarterly earnings limitation in the second quarter of 2023 by \$372. On August 23, 2023, he signed an Earnings Agreement.

Mr. Faltin exceeded the quarterly earnings limitation by \$1,118.55 in the third quarter of 2023. This makes him gainfully employed. Therefore, he owes all benefits paid after he exceeded the first time, which would be benefits from July 1, 2023, through November 30, 2023. His benefit was terminated June 30, 2023.

Mr. Faltin is appealing the overpayment and termination of his benefits. He has requested a written hearing.

After discussing the facts of Mr. Faltin's appeal, the Committee decided to defer a decision pending further research into Mr. Faltin's overpayment and agency earnings limitation policy.

Jeanne Wood – Appeal Correction of FAC Calculation and Request SERS Compensation for TRS Overpayment

Jeanne Wood retired effective November 1, 2016. She 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 her in August 2018 were never included in her original Final Average Compensation (FAC) calculation because she retired effective November 1, 2016.

The FAC calculation component of her pension calculation is the highest 48 consecutive months of compensation within her final 10 years of service. Ms. Wood's FAC period is November 1, 2012, through October 31, 2016. Her original and "inflated" monthly FAC calculation component was \$8,049.65. After SERS obtained the accurate payroll data from IDOC and adjusted the earnings records by assigning the back wages to the pay periods they were earned, it was determined that her true monthly FAC is \$7,911.46. Her service credit leveraged a benefit multiplier amount of 28.177%, and 28.177%, of \$7,911.46 is \$2,229.21, which represents her true starting monthly pension amount.

Ms. Wood is appealing for her SERS pension to be set back to the incorrect level, and for SERS to compensate TRS for her overpayment in TRS pension payments caused by this mistake.

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

Tameka Hawkins-Floyd – Appeal Overpayment of Nonoccupational Disability Benefits – Exceeded Earnings Limitation

Ms. Hawkins-Floyd is a toll collector/call taker for the Illinois Toll Highway Authority. She applied for occupational disability benefits in August 2023. Her occupational claim

was denied by Workers' Compensation. She chose not to appeal this and applied for a nonoccupational disability benefit.

Her application and medical form were received on October 23, 2023. A letter was sent to her on October 24, 2023, requesting additional medical evidence to support her claim. Her file was sent to MMRO for a medical review on November 16, 2023. The report approving her disability claim was received November 29, 2023. On December 1, 2023, her payment for benefits from August 27, 2023, to October 31, 2023 was processed and her first check went out on December 12, 2023.

Ms. Hawkins-Floyd appeared on the IDES list of SERS members on an active disability benefit that also had posted earnings. It was determined that Ms. Hawkins-Floyd exceeded the quarterly earnings limitation by \$1,996.50.

Ms. Hawkins-Floyd is requesting a written appeal regarding her overpayment. She states at the time she was working her secondary job she was not receiving SERS benefits and did not know if her SERS benefit was going to be approved. She had been out of work since August 2023 and did not receive her first check from SERS until December.

She states she had to work part-time during the decision-making process to survive. She states she is willing to sign the earnings agreement but would like the full amount of the overpayment forgiven.

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

Jerome Grand – Request to Establish Service Credit for Leave of Absence Not Less Than One Year

Jerome Grand recently applied to establish service credit for a leave of absence (LOA) that was 365 days, which occurred from August 1, 2019, through July 31, 2020. SERS denied his application because Section 14-104(l) of the Pension Code provides that a LOA can be established if it was less than one year, see 40 ILCS 5/14-104(l). SERS contends that because Mr. Grand's LOA was exactly one year in length, no portion of that LOA can be established into service credit.

Mr. Grand is appealing to be permitted to establish service credit equal to 50 weeks of his LOA.

After discussing the facts of the case, Chairperson Becker moved to deny Mr. Grand'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 10:08 a.m.

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

Marvin Becker, Chairperson

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary