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

April 14, 2022

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, April 14, 2022, at 8:45 a.m. in the System's Springfield office at 2101 S. Veterans Parkway and by videoconference as allowed under Section 7(e) of the Open Meetings Act (5 ILCS 120/7(e)).

Committee Members Present:

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

Others Present:

Jeff Houch, Assistant to the Executive Secretary
Eric Glaub, Manager, Claims Division
Aaron Evans, Attorney, Sorling Northrup
David Rolf, Attorney, Sorling Northrup
Jessica Blood, Recording Secretary
Laura Bautista, Assistant Attorney General
Brenda Zeitler, Stenographer
Stephen Yokich, Attorney, AFSCME 31 and Illinois Federation of Teachers
Sue Taylor, President, Illinois Federation of State Office Educators
Ed Graham, Attorney, Illinois State Board of Education
Deneen Taylor, Illinois Federation of Teachers
Dennis Williams, Claimant
Mark Wancket, Claimant
Elizabeth Minder, Claimant
Sally Cray, Claimant
Carl Holman, Claimant
Raymond Bouton, Claimant
Linda Collins, Claimant
Clayton Zamudio, Claimant's Attorney
Debbie Bault, SERS Member
Kimberly Beachy, SERS Member
Lori Holman, Member of the Public

Minutes of the Previous Meeting

The minutes of the Executive Committee's meeting on March 10, 2022, were presented by Chairperson Becker for approval. Copies of the minutes were previously e-mailed to

Committee members for review. Chairperson Becker moved to approve the minutes as submitted. The motion was seconded by Executive Secretary Blair, and by unanimous vote, the minutes were approved by the Committee members present.

Routine Claims Report

The Routine Claims Report for March 2022 was presented. Following review and discussion, the Routine Claims Report for March 2022 as prepared by staff, was received by the Committee.

Old Business

Illinois State Board of Education Accelerated Compensation Program

The Committee heard arguments from Stephen Yokich on behalf of Mark Wancket and Dennis Williams regarding the Illinois State Board of Education's Accelerated Compensation Program. The Committee then heard arguments from Laura Bautista, Assistant Attorney General, on behalf of the Illinois State Employees' Retirement System.

The oral proceedings were recorded by a stenographer, Brenda Zeitler, and the transcriptions shall be provided to the affected petitioners and the Executive Committee.

Mark Wancket – Appeal to Waive Reduction to Pension due to ISBE Accelerated Compensation Program – Formal Hearing via Videoconference - 9:00 a.m. – Deferred

Dennis Williams – Appeal to Waive Reduction to Pension due to ISBE Accelerated Compensation Program – Formal Hearing - 9:45 a.m. – Deferred

Teralandur Venkatesh – Appeal to Waive Reduction to Pension due to ISBE Accelerated Compensation Program - Deferred

Carl Holman – Appeal to Waive Reduction to Pension due to ISBE Accelerated Compensation Program – Deferred

Martha Darling – Appeal to Waive Reduction to Pension due to ISBE Accelerated Compensation Program - Deferred

Judith Shafer – Appeal to Waive Reduction of Pension and Overpayment of Benefits due to ISBE Accelerated Compensation Program – Deferred

Sally Cray – Appeal to Waive Reduction to Pension and Overpayment of Benefits due to ISBE Accelerated Compensation Program - Deferred

Elizabeth Minder - Appeal to Waive Reduction of Pension and Overpayment of Benefits due to ISBE Accelerated Compensation Program - Deferred

Yeashea Figgures-Lawton – Appeal of Non-occupational Disability Benefit Claim Denial – Deferred

Yeashea Figgures-Lawton works as a Correctional Officer II for the Illinois Department of Corrections. She last physically worked on February 3, 2021. A medical leave of absence was started on February 16, 2021. She applied for a non-occupational disability benefit. The medical report received indicated an onset date of February 3, 2021. There was no release date for her return to work, no medical diagnosis for her pain, and no restrictions were given.

Additional medical records were requested and received. The case file was sent to a medical consultant for review. The medical consultant indicated that the medical evidence in the file supported disability, but not until June 29, 2021.

Ms. Figgures-Lawton started a maternity leave on July 12, 2021. Therefore, she was not disabled for 30 days before she received full payment from her agency for the 10 weeks of maternity leave. She did not return to work after her maternity leave and has not supplied additional medical evidence to support her inability to return to work. As a result, the non-occupational disability claim was denied.

Ms. Figgures-Lawton is appealing the denial of her non-occupational disability claim. She is requesting her claim be approved effective February 2021, as well as for her current time away from work.

After hearing Ms. Figgures-Lawton present her case at their November 2021 meeting, the Committee decided to defer a decision pending receipt of further medical documentation to support her disability from April 2021 through present.

Mr. Glaub had previously provided additional medical documentation that had been reviewed by an independent medical examiner to the Committee. After discussing the independent medical examiner's review, the Committee decided to refer Ms. Figgures-Lawton's case for a recommendation.

Raymond Bouton – Appeal of Adjustment to Monthly Pension Amount – Formal Hearing – 10:30 a.m. - Deferred

Raymond Bouton retired June 1, 2015. His pension required review because additional contributions were posted from back wages paid out by his former agency.

During the review, it was determined that Mr. Bouton's final average compensation (FAC) had been calculated incorrectly as a consequence of his employing agency's inclusion of non-pensionable lump-sum payments for holidays in its initial reporting of his compensation.

However, lump-sum salary payments for holidays are not pensionable under Article 14 of the Illinois Pension Code, so the agency should not have withheld retirement contributions on those payments to the member. See 40 ILCS 5/14-103.10 and 14-103.12. Consequently, the System must refund the excess contributions to Mr. Bouton and recalculate and adjust his monthly pension benefit in accordance with Section 14-148.1 of the Illinois Pension Code.

When the System performed that recalculation, it resulted in a lower final average compensation than the System had used to calculate Mr. Bouton's pension at retirement. Consequently, the System determined that Mr. Bouton's monthly pension benefit had been overpaid. However, since the mistake was undiscovered for more than 3 years and was not caused by incorrect information he supplied, the overpayment was not required to be repaid by Mr. Bouton. Instead, his monthly pension was adjusted to the correct level as required under Section 14-148.1 of the Illinois Pension Code. Mr. Bouton is appealing the adjustment to his monthly pension amount.

After hearing Mr. Bouton present his case, Laura Bautista presented the response on behalf of SERS.

These oral proceedings were recorded by a stenographer, Brenda Zeitler, and the transcriptions shall be provided to Mr. Bouton and the Executive Committee.

Roy Garcia – Appeal for Reimbursement of Overpaid Dependent Insurance Premiums – Formal Hearing – 11:15 a.m. - Deferred

Roy Garcia began receiving retirement benefits effective November 1, 2006. On February 18, 2014, Mr. Garcia sent an email to an employee of SERS notifying her that he had divorced his wife, Jean. On that same day, that employee responded to him that he needed to provide proof of that divorce. SERS contends that Mr. Garcia never provided proof of divorce as there is no such record on file.

Prior to October 1, 2016, designated SERS employees were authorized to remove dependents from the member's State Group Insurance coverage with their access rights in the CMS system. However, before these SERS employees could perform such action, the member was required to provide supporting evidence that an "event" had occurred that warranted such insurance coverage. Mr. Garcia never provided this documentation to SERS, even after he was told it had not been received by the System.

On June 13, 2014, SERS received a QILDRO calculation order, which directed the System to divide his monthly retirement annuity so that Jean Garcia would receive $1,896.47 per month as his alternate payee. The System implemented this order.

On May 1, 2017, Mr. Garcia reached out to SERS with a request to drop Jean from his insurance coverage. Mr. Garcia was informed that he would need to perform that transaction with the "My Benefits" group at CMS. Mr. Garcia was able remove Jean from his insurance beginning May 1, 2017, but he is now appealing to the Committee to be reimbursed by SERS for the premiums "mistakenly" withheld from his pension payments during the period of February 2014 through April 2017, which total $11,578.06. His logic is that his email notification to SERS staff of his divorce, coupled with the delivery of his QILDRO calculation order to SERS should have automatically resulted in the removal of his ex-spouse from his Group Insurance coverage.

Staff contends that Mr. Garcia never provided the necessary documentation that supported that the divorce was finalized. When the SERS employees had permission to make such changes to Group Insurance program, they were required to obtain official documentation that supported the change outside of the benefits choice period. Furthermore, it should be mentioned that staff cannot assume that a QILDRO is the result of a divorce because QILDROs can be issued in other scenarios as described under 40 ILCS 5/1-119(b)(1). Additionally, there are no statutory provisions that require a retirement system to remove a dependent who becomes an alternate payee from the insurance plan after it receives a QILDRO calculation order. It should also be mentioned that Mr. Garcia received annual statements from CMS as it relates to his insurance coverage from 2014 through 2017, and those statements indicated that he was still carrying Jean as a dependent.

Clayton Zamudio, attorney for Mr. Garcia, presented arguments on his behalf. Laura Bautista then presented arguments on behalf of SERS.

These oral proceedings were recorded by a stenographer, Brenda Zeitler, and the transcriptions shall be provided to Mr. Garcia and the Executive Committee.

Abigail Robinson – Appeal of Tier 2 Status - Deferred

Abigail Robinson is a Tier 2 member employed by the Department of Transportation (IDOT) who first became a contributing member of SERS on September 1, 2011. Before she became a contributing member, Ms. Robinson was employed by the Illinois Tollway Authority for two separate periods. The first period began June 1, 2008 and ended August 31, 2008, and the second period began May 16, 2010 and ended August 15,2010. During these periods, she made no contributions to SERS as a former statute that required employees to complete a 6-month probationary period before qualifying for eligibility to participate in SERS was still in effect. The probationary period was repealed by Public Act 96-1490, effective January 1, 2011.

The repealed probationary period is contained in Section 14-103.05(a), and provided that between January 1, 1984 and December 31, 2010, an employee needed to accrue 6 continuous months of service before he or she was eligible to participate in SERS. Once the employee became eligible for coverage under SERS, he or she would be eligible to purchase the "probationary period" or "short periods". Short periods include periods of state employment prior to becoming a contributing member in which the employee didn't complete his or her probationary period.

Ms. Robinson purchased her "short periods" and contends that such periods qualify her to be grandfathered into the Tier I plan. Furthermore, she points to her member services account screen that identifies her membership date as June I, 2008.

The staff contends that she did not begin making contributions to SERS until

September 1, 2011, 9 months after the Tier 2 plan took effect. Section 1-160(a) of the Pension Code provides that the Tier 2 plan applies to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code.

Ms. Robinson is appealing to the Executive Committee to grant her Tier 1 status due to her short periods that occurred before January 1, 2011 that she has purchased.

Mr. Houch informed the Committee that Ms. Robinson had requested to defer her case.

Linda Collins – Appeal to Waive Reduction to Pension – Personal Hearing via Videoconference 1:00 p.m. - Deferred

Linda Collins retired January 1, 2017. Her file was recently reviewed for a back wage adjustment from retirement contributions that posted to her account after she retired. The contributions were the result of payments made for both the Quinn era and Rauner era wage freezes.

The review led to Ms. Collins's FAC being reduced because when the earnings from her back wage payments were spread into the months in which they were earned, earnings used in the initial calculation fell outside her FAC range.

This reduced FAC led to a reduction in her pension amount. The initial calculation resulted in a monthly annuity amount of $4,578.68 and the adjustment resulted in a new initial monthly annuity amount of $4,577.78 for her pension benefit.

In accordance with Section 14-148.1 of the Illinois Pension Code, Ms. Collins's gross monthly pension benefit amount has been corrected. She was overpaid $58.65 in pension benefits because of this error. However, per Section 14-148.1 of the Illinois Pension Code, these monies cannot be collected as the error occurred over three years ago.

Linda Collins is appealing the reduction to her monthly pension annuity.

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

New Business

Robert Johnson – Appeal to Waive Reduction to Pension

Robert Johnson began receiving retirement benefits effective May I, 2015. During Mr. Johnson's Final Average Compensation (FAC) period, he received a total of $33,283.65 for liquidating unused holidays. Because Section 14-103.I0(b)(3) provides that lump sum payments for unused holidays shall not be recognized as "compensation" for all purposes under the SERS article of the Illinois Pension Code, the aggregate total of$33,283.65 in payments he received for unused holidays were mistakenly added to his

FAC calculation and his pension calculation.

SERS determined that the inclusion of these lump-sum payments for unused vacation days created an overpayment of$31,744.36 of pension benefits from May I, 2015, through October 31, 2021. Furthermore, his current monthly gross pension payment has been changed from $6,856.80 to $6,439.22, a reduction of$417.58. 40 ILCS 5/14-148 requires the reduction to his current payment, but collection efforts on the overpaid amount must be waived since the mistake was discovered by the System after 3 years after it was made.

Mr. Johnson is appealing to the committee that this reduction be waived because he contends that he made his agreement with the State to retire on May I, 2015, based on figures from SERS representatives that were erroneously inflated due to no fault of his own. Furthermore, this correction creates a hardship for his family.

After reviewing the facts of the case, Chairperson Becker moved to deny Mr. Johnson's request. The motion was seconded by Vice-Chairperson Morris and passed unanimously.

<u>Heather Riley – Appeal of SSA Award Overpayment Repayment Terms</u>

Heather Riley was approved for a temporary disability benefit from SERS effective July 11, 2017.

In December 2019, SERS was notified Ms. Riley was approved for a retroactive Social Security Administration (SSA) disability benefit effective March 1, 2018. The retroactive benefit created an overpayment of SERS disability benefits from March 1, 2018 through December 31, 2019 in the amount of $32,560.00. The overpayment due is in accordance with Section 14-123.1 of the Illinois Pension Code.

Ms. Riley was sent a letter on January 30, 2020 to explain the reason for the overpayment and the amount due. A second letter was sent on March 4, 2020 regarding the repayment requirement. An Involuntary Withholding Order was placed on the member, and the current balance is $21,233.32.

SERS is to deduct 20% of the member's monthly gross pay to be applied to the overpayment. Ms. Riley is an active state employee. The current repayment plan will repay the overpayment in 22 months (1 year, 10 months). Ms. Riley also receives $1,660.00 per month from SSA.

Ms. Riley is requesting the overpayment be forgiven, or a payment plan of $300.00 per month ($150.00 per pay), which the overpayment will be paid in 70 months (5 years, 10 months).

After a brief discussion, Chairperson Becker motioned to deny Ms. Riley's request and grant a repayment plan that will repay the overpayment in 60 months (5 years). The motion was seconded by Executive Secretary Blair and passed unanimously.

Jessina White – Appeal of SSA Award Overpayment Repayment Terms

Jessina White was approved for a nonoccupational disability benefit effective July 7, 2015.

In December 2020, SERS was notified Ms. White was approved for a retroactive Social Security Administration (SSA) disability benefit effective October 1, 2016. The retroactive benefit created an overpayment of SERS disability benefits for the period of October 1, 2016 through November 30, 2020 in the amount of $112,350.00. The overpayment due is in accordance with Section 14-125 of the Illinois Pension Code.

Ms. White was sent a letter on December 23, 2020 to explain the reason for the overpayment and the amount due. A response was sent to an email inquiry she sent on January 28, 2021 outlining the repayment process. SERS is to offset the full gross benefit to be applied to the overpayment. The current balance is $88,466.40.

Ms. White's monthly gross disability benefit is $1,887.96. The current repayment plan will repay the overpayment in 47 months (3 years, 11 months). Ms. White also receives $2,247.00 per month from SSA.

Ms. White has requested a repayment plan in the amount of half of her disability benefit, $943.98 per month, which would repay the overpayment in 94 months (7 years, 10 months). Her disability benefit half time cease date is November 30, 2023. She is a Tier 1 Alternative Formula member and will be eligible for a pension benefit effective February 1, 2025.

After discussing the facts of the case, Chairperson Becker motioned to deny Ms. White's appeal and grant a repayment plan that will repay the overpayment in 60 months (5 years). The motion was seconded by Executive Secretary Blair and passed unanimously.

There being no further business to be brought before the Committee, the meeting was adjourned at 1:42 p.m.

The next meeting of the Executive Committee is scheduled for May 12, 2022, in the System's Springfield office.

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Marvin Becker, Chairperson

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary