

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

May 11, 2023

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, May 11, 2023, 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:

David Morris, Vice-Chairperson
Timothy Blair, Executive Secretary

Committee Members Present via Videoconference:

Marvin Becker, Chairperson

Others Present:

Jeff Houch, Associate Executive Secretary
Eric Glaub, Manager, Claims Division
Karen Brown, Supervisor, Disability Section
Aaron Evans, Attorney, Sorling Northrup
Jessica Blood, Recording Secretary
Tara Kulavic, POA for Martha Kohlrus
Glenn Strow, Claimant
Lindsey Bolanos, Claimant

Minutes of the Previous Meeting

The minutes of the Executive Committee's meeting on April 13, 2023, were presented by Chairperson Becker for approval. Copies of the minutes were previously e-mailed to Committee members for review. Executive Secretary Blair 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 April 2023 was presented. Following a brief discussion, the Routine Claims Report for April 2023 as prepared by staff, was received by the Committee.

Old Business

Bette Ziegler – Appeal to Receive Pension Annuity after Required Minimum Distribution – Deferred

Bette Ziegler was notified on February 10, 2021 that she met the criteria for a Required Minimum Distribution (RMD) from her retirement account, in accordance with Section 401(a)(9) of the Internal Revenue Code, because she attained age 72. She was informed that failure to act would result in a forced refund of her retirement contributions. The letter also informed her she was eligible for a retirement annuity if interested.

After receiving no response, SERS staff sent a second and final notice via certified mail on March 16, 2021 to inform Ms. Ziegler she needed to act by April 1, 2021. The returned certified mail card was received with a March 20, 2021 date of delivery. Nothing further was received by the deadline and on April 5, 2021 a letter was sent to inform Ms. Ziegler that an involuntary refund was being issued to her. A letter with the payment details was sent on April 9, 2021, and the refund was issued on April 14, 2021.

Prior to this, Ms. Ziegler was notified on January 2, 2020 that she met the criteria for a RMD from her retirement account because she was aged 70½. The letter also informed her she was eligible to apply for a retirement annuity. However, the RMD process was halted by the IRS because of the global pandemic and no follow up or refund took place.

Ms. Ziegler had previously applied to retire and on May 14, 2019 her application was returned to her requesting completion of the survivor contribution refund question and a copy of her birth certificate. A second request was sent on August 23, 2019. This notice was sent again via certified mail once the account was flagged for RMD as noted above in 2020. No responses were ever received, and the pension claim was later purged.

Bette Ziegler is appealing to receive a retirement annuity two years after her RMD was paid out. Attorney Amy Cramer presented the appeal on behalf of Ms. Ziegler at the Committee's April 2023 meeting, where it was deferred pending further research into the applicable statute.

After discussing Ms. Ziegler's case in more detail, the Committee decided to defer a decision pending further research into Ms. Ziegler's options for an annuity after RMD.

Michelle Billhorn-Hartford – Appeal of Nonoccupational Disability Benefit Claim Denial – Deferred

Michelle Billhorn-Hartford works as a Public Service Representative at Driver Services for the Secretary of State. She last worked 10/29/2021 and began a leave of absence on 11/2/2021 due to medical issues. She has applied for a SERS nonoccupational disability benefit.

Ms. Billhorn-Hartford's case was reviewed by SERS' medical consultants and was

denied for lack of medical evidence to support her inability to perform her job duties. She supplied additional medical records with her request for an appeal of her denial to the Executive Committee.

The additional medical records provided were submitted to the medical consultants, who were asked to re-review her claim. The claim was again denied.

Ms. Billhorn-Hartford is requesting a personal hearing in the Springfield office to appeal the denial of her disability claim.

Ms. Billhorn-Hartford presented her claim at their April 2023 meeting and informed the Committee that she had further medical documentation to provide to the Committee, though it was not with her at the time. After hearing Ms. Billhorn-Hartford's appeal, the Committee decided to defer a decision pending receipt of the additional medical documentation.

After discussing the additional medical documentation provided by Ms. Billhorn-Hartford, the Committee decided to defer a decision pending an additional medical opinion from MMRO.

Venus Brown – Appeal of Nonoccupational Disability Benefit Claim Denial

Venus Brown applied for SERS' nonoccupational disability benefit. Her case was sent to the medical consultants for review and determination of disability. The returned report indicated that Ms. Brown was not incapacitated from performing her job duties.

Ms. Brown is appealing the denial, stating she wasn't told what she needed to submit to be approved. Ms. Brown also questioned why she wasn't given the opportunity to provide additional documentation and why SERS did not request additional information after Ms. Brown provided a release of information form.

Ms. Brown is requesting a Zoom hearing and states all documentation has been provided to SERS through her Examiner.

During Ms. Brown's presentation of her appeal at the Committee's April 2023 meeting, she noted that she had additional medical documentation to provide to the Committee. After a brief discussion, the Committee decided to defer a decision pending receipt of the additional medical documentation.

After determining that Ms. Brown had not provided any additional substantive medical documentation, the Committee decided to refer her case to external counsel for a recommendation.

Tara Kulavic (POA) – Appeal of Nonoccupational Disability Benefit SSA Overpayment – Mbr: Martha Kohlrus – Personal Hearing – Springfield – 9:00 a.m.

Martha Kohlrus was on SERS' nonoccupational disability benefit and was required to

file for Social Security disability benefits. She was approved with an entitlement date of February 1, 2021. SERS then applied an offset of her nonoccupational disability benefit from February 1, 2021 through November 30, 2022. This offset created an overpayment of benefits.

Ms. Kohlrus is appealing the total amount of her overpayment, as she did not receive the full amount of the offset for these same months from Social Security. She did not receive her full back pay, as she had been receiving widow/survivor benefits under her deceased husband's account.

Ms. Kohlrus, through her daughter and POA Tara Kulavic, is appealing to have her overpayment reduced to the amount she received from SSA for her disability from February 1, 2021 through November 30, 2022.

Ms. Kohlrus's disability half time ceased, and she will begin receiving her pension. She has requested a personal hearing in Springfield. Ms. Kohlrus' appeal was deferred at the Committee's April 2023 meeting due to a scheduling conflict.

Tara Kulavic, POA, presented the appeal on behalf of Ms. Kohlrus. After reviewing the facts presented and some discussion, the Committee decided to defer a decision pending research into the possibility of a retroactive retirement for Ms. Kohlrus to February 2021. Eric Glaub informed the Committee that he would be in contact with Ms. Kulavic regarding estimates for the retroactive pension.

New Business

Glenn Strow – Appeal of Adjustment to Monthly Pension Amount – Personal Hearing via Videoconference – 9:45 a.m.

Glenn Strow retired June 1, 2018. His file was recently reviewed for a back wage adjustment from retirement contributions that were posted to his account after he retired. The contributions were the result of payments made for the Quinn era wage freezes.

The review led to Mr. Strow's FAC being decreased because when many of the earnings from the Quinn back wage payments were spread into the months in which they were earned, many of the earnings used in the initial calculation fell outside the final FAC range.

Additionally, there were comp time earnings paid in lump sums that had to be respread into the months they were earned. This also reduced the FAC because many of the earnings initially included were for earnings months outside of the final FAC range.

The decreased FAC led to a decrease in his pension amount. In accordance with Section 14-148.1 of the Illinois Pension Code, Mr. Strow's gross monthly pension benefit amount has been corrected, and the overpaid monies cannot be collected.

Glenn Strow is appealing the adjustment to his monthly pension annuity.

After hearing Mr. Strow present his case and some discussion, the Committee decided to refer to external counsel for a recommendation.

Lindsey Bolanos – Appeal of Temporary Disability Benefit Conversion Overpayment – Personal Hearing via Videoconference – 10:30 a.m.

Lindsey Bolanos was on SERS' 6P Temporary disability benefit from February 19, 2022 through December 31, 2022. SERS received information from IWCC that she was awarded TTD starting February 19, 2022. SERS is converting her 6P Temporary benefit to a 7T Occupational benefit, which created an overpayment.

In addition, SERS had previously learned that Workers' Compensation had changed the TTD rate they were paying, which created an additional overpayment of SERS benefits.

Ms. Bolanos is appealing her overpayment and states she was required to pay attorney fees and expenses that were not considered in her overpayment calculation. She states her WC claim is pending a hearing after she has recovered from a recent surgery.

Ms. Bolanos is asking the Executive Committee to reduce the amount of her overpayment considering attorney fees and expenses. She is also asking for an extension to pay back any claimed overpayment until her WC claim is settled. Alternatively, she requests a payment plan. It should be noted that the Disability Section has since reduced Ms. Bolanos' overpayment considering attorney fees and expenses.

After discussing the facts of Ms. Bolanos' appeal, Executive Secretary Blair moved to defer collection efforts on her overpayment until her Worker's Compensation case is resolved, and then resume collection efforts according to agency policy. The motion was seconded by Vice-Chairperson Morris and passed unanimously.

Neal McDaniel – Appeal of Adjustment to Monthly Pension Amount

Neal McDaniel retired June 1, 2018. His file was recently reviewed for a back wage adjustment from retirement contributions that were posted to his account after he retired. The contributions were the result of payments made for the Quinn era wage freezes.

The review led to Mr. McDaniel's FAC being decreased because when many of the earnings from the Quinn back wage payments were spread into the months in which they were earned, many of the earnings used in the initial calculation fell outside the final FAC range.

Additionally, there were comp time earnings paid in lump sums that had to be respread into the months they were earned. This also reduced the FAC because many of the

earnings initially included were for earnings months outside of the final FAC range.

The decreased FAC led to a decrease in his pension amount. In accordance with Section 14-148.1 of the Illinois Pension Code, Mr. McDaniel's gross monthly pension benefit amount has been corrected, and the overpaid monies cannot be collected.

Mr. McDaniel is appealing the adjustment to his monthly pension annuity.

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

Christine Butler – Appeal of Temporary Disability Benefit Termination

Christine Butler was on SERS' occupational disability benefit from November 2020 through July 2022. Workers' Compensation terminated her TTD and her SERS benefit was subsequently stopped. Ms. Butler appealed the termination of benefits and has never returned to work. She was on SERS' temporary disability benefit from July 2022 through March 31, 2023.

Ms. Butler submitted medical evidence for her January certification that suggested she had medically improved and could possibly return to her past job. Her claim was referred to MMRO, who found that Ms. Butler is no longer incapacitated from performing the duties of her state position. SERS terminated her benefit March 31, 2023, due to no longer being disabled.

Ms. Butler states that because of her underlying medical condition, she is unable to wear an N95 mask or surgical mask at work. The agency states she must wear a mask if she were to return. Ms. Butler is appealing the denial of her temporary benefits. She would like to continue to receive her temporary benefits until her WC claim is settled. She states she has a hearing for some time in May 2023.

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

John Gordon – Appeal to Purchase Service Credit for Period of Contractual Employment

John Gordon is an active Tier 2 member who recently inquired about establishing service credit in accordance with Public Act 94-0612, which permits members to establish up to 8 years of service credit for employment with the Visually Handicapped Managers of Illinois (VHMI). During his inquiry, Mr. Gordon mentioned he was employed by that group on a contractual basis. His request to establish such credit was denied by staff because of his status as a contractor with that employer.

Section 14-104(p) of the Illinois Pension Code (40 ILCS 5/14-104(p)), permits a member

to establish service credit for time spent "employed by the Visually Handicapped Managers of Illinois." The phrase "employed by" is used frequently throughout the governing statutory provisions applicable to SERS, and the System's position is that such term means that an individual is a payroll employee of an employer, who is eligible for wages and other employment benefits.

The System contends that although Public Act 94-0612 permits a member to establish service credit for service in which a member was employed as payroll employee of VHMI, it was not the legislature's intent to permit a member to establish service credit for time in which he or she rendered contractual services to VHML. Had the legislature intended to also permit a member to establish service credit for time in which the member rendered "contractual services", they would have included language similar to the language contained in subsections (s), (t), and (v) of Section 14-104 of the Illinois Pension Code.

Mr. Gordon is appealing to the committee to be allowed to purchase such credit given the nature of his employment relationship with VHML.

After discussing Mr. Gordon's appeal, the Committee decided to defer a decision pending discussion with SERS' Accounting Division regarding identifying potential eligible periods for service purchase.

Deveda Francois – Appeal to Reduce Gainful Employment Overpayment with Interest Accrued by Erroneous Purchase of Service Credit

Deveda Francois applied to retire effective March 1, 2023. Between October 1, 2022 and February 23, 2023, Ms. Francois received non-occupational disability benefits. Staff discovered that during the 4th quarter of Calendar Year 2022, Ms. Francois exceeded the "gainful employment" quarterly limitation amount of \$3,660.00. Section 1540.85 b) of Title 80 of the Illinois Administrative Code provides that Ms. Francois is liable to reimburse SERS for the amount exceeding the gainful employment limit.

Ms. Francois initially established service credit for her qualifying period effective January 18, 2012. However, staff mistakenly allowed her to purchase the qualifying period a second time, which was completed on January 8, 2018. Staff corrected this mistake by transferring the overpaid contribution to her Deferred Compensation plan on January 9, 2023 and removed the additional 5.5 months of service credit that were mistakenly added to her account.

In response to the disability benefit overpayment notification, Ms. Francois is appealing for that overpayment to be reduced by the amount of interest the mistaken purchase leveraged. Arguably, her overpaid contribution leveraged interest when it became part of the trust fund through the date it was refunded to her.

The only benefits under the plan that directly pay interest are death benefits. The interest component of the death benefit is added annually on June 30th and is equal to 6.5%.

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

Germaine Manning – Appeal to Purchase Service Credit for Period Not Actively Employed

Germaine Manning was receiving temporary disability benefits until March 31, 2023, due to the half-time ceasing rule found in Section 14-123.1(b)(6) of the Pension Code. Mr. Manning recently inquired about establishing 2 months of service credit for gaps in service that occurred between September 1, 2016 and October 2016, and between January 1, 2017, and January 30, 2017.

Mr. Manning received occupational disability between May 19, 2014, and August 31, 2016, as he received TTD benefits under the Workers' Compensation Act. His TTD benefits were stopped effective August 31, 2016, which stopped his occupational disability benefits. Mr. Manning returned to work in late October of 2016.

Mr. Manning incurred another disabling condition on December 19, 2016, but was subject to the statutory 31 day waiting period before his temporary disability could begin, see 40 ILCS 5/14-123.1(b). Mr. Manning continues to receive temporary disability benefits because his appeal of Workers' Compensation's denial of his benefits has yet to be decided. If he is awarded Workers' Compensation benefits, he will receive service credit for the period between January 1, 2017, through January 30, 2017, because he will be awarded occupational disability benefits retroactive to December 20, 2016.

Mr. Manning is appealing to the Committee to allow him to establish service credit for these gaps in service. The System contends that there is no statutory provision that authorizes him to purchase the gap in service between September 1, 2016, and the end of October of 2016. This same dynamic applies to the gap in service between January 1, 2017, and January 30, 2017. However, if he is awarded Workers' Compensation benefits, it is likely that such award would be retroactive to December 20, 2016, and would leverage service credit for that period.

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

Yvonne James – Appeal to Waive Pension Annuity Overpayment to Member's Estate – Deceased Mbr: Mary Jefferson

Mary Jefferson was a retired annuitant who passed away on December 5, 2022. Her estate was eligible to receive the payment for December 2022, but the System mistakenly issued a payment by direct deposit to her bank account on January 19, 2023. The System notified the bank that such amount was overpaid and requested for the funds to be returned to SERS. However, the bank indicated that the account had

insufficient funds to comply with that request.

SERS notified Ms. Jefferson's estate about the overpayment and the estate's liability to SERS for that amount. Yvonne James, the estate representative, is appealing to the Committee for such overpayment to be waived. Her appeal provides no details on where the funds went.

After some discussion, Executive Secretary Blair moved to deny the appeal. The motion was seconded by Chairperson Becker and passed unanimously.

There being no further business to be brought before the Committee, the meeting was adjourned at 12:30 p.m.

The next meeting of the Executive Committee is scheduled for June 15, 2023, in the System's Springfield office.

Marvin Becker, Chairperson

David Morris, Vice-Chairperson

Timothy Blair, Executive Secretary