

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

November 14, 2024

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, November 14, 2024, at 8:45 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members Present:

Arnold Black, Vice-Chairperson
Timothy Blair, Executive Secretary

Committee Members Present via Videoconference:

Marvin Becker, Chairperson

Others Present:

Jeff Houch, Associate Executive Secretary
Samantha Goetz, General Counsel
Cory Mitchelle, Manager, Claims Division
Karen Brown, Supervisor, Disability Section
Jessica Blood, Recording Secretary
Aaron Evans, Attorney, Sorling Northrup

Others Present via Videoconference:

Tameka Hawkins-Floyd, Claimant
Todd Meli, Claimant
Imia Myles-Armstrong, Claimant

Minutes of the Previous Meeting

The minutes of the Executive Committee's meeting on October 10, 2024, were presented by Vice-Chairperson Black for approval. Copies of the minutes were previously emailed to Committee members for review. Executive Secretary Blair moved to approve the minutes as submitted. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Routine Claims Report

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

Old Business

Christina Petrites – Settlement Offer – Deceased Mbr: Stanley Petrites – Deferred

Stanley Petrites was the eligible survivor of SERS retiree Virginia A. Petrites. Virginia died November 19, 2011, and Stanley became eligible for a monthly survivor annuity on December 1, 2011.

Stanley Petrites was living in Indiana and died on December 1, 2015. His death was not reported to SERS, and he was not found on a monthly death match list until May 10, 2022, after SERS switched vendors to Lexis-Nexis.

On May 13, 2022, SERS suspended the survivor benefit of Mr. Petrites and researched the situation. Christina Petrites, daughter of Stanley Petrites, became POA for Stanley on September 2, 2015, and SERS received the POA on September 25, 2015. After the death of Stanley Petrites, Christina did not report the death and made several changes on behalf of Stanley, including a switch to hard copy checks from direct deposit, submitting affidavits for lost checks and submitting a change of address form.

After the death of Stanley Petrites, Christina Petrites received and cashed checks in the amount of \$97,478.36. SERS has recovered \$1,371.46 for a remaining balance of \$96,106.90. The Illinois Attorney General's Office is representing SERS in trying to recover these funds from Christina Petrites. Her attorney has offered that Christina is able to pay \$20,000 to settle the claim.

After discussing the facts of the case at their May 2024 meeting, the Committee decided to defer a decision, pending research into Ms. Petrites' assets.

After discussing a brief update from the Attorney General's office at their June 2024 meeting, the Committee decided to continue to defer a decision on the case pending discovery of Ms. Petrites' assets. After receiving no further updates on the case at their July and August 2024 meetings, the Committee again agreed to defer a decision.

Jeff Houch informed the Committee at their September meeting that SERS provided the Attorney General's Office with information regarding a PPP loan that Ms. Petrites had received, adding that SERS has requested that their office continue with the discovery of Ms. Petrites' assets. After hearing no new developments at their October meeting, the Committee again deferred a decision on Ms. Petrites' case.

Mr. Houch informed the Committee that there were no updates from the Attorney General's office and Ms. Petrites' case would continue to be deferred until the discovery of her assets is completed.

Gary Pignato – Appeal to Waive Overpayment of Occupational Disability Benefits - Deferred

Gary Pignato worked for the Department of Transportation and went on occupational disability leave in October 2016. He received a Temporary benefit from SERS from November 2016 through August 2021, when he exhausted his half-time and his benefit terminated.

Mr. Pignato requested to retire April 1, 2023. He received a WC settlement, so his Temporary benefit was converted to an occupational benefit. This created an overpayment. SERS also paid Mr. Pignato's temporary benefit from the time his half-time had terminated through March 31, 2023, just before his retirement date. This underpayment fully covered the overpayment which had been created.

The Pension Section recently contacted the Disability Section to see if we could pay occupational disability benefits for April and May 2023, as he had changed his retirement date to June 1, 2023.

Upon review, it was determined that Mr. Pignato was over the age of 60 when he went on his disability benefit in October 2016 and therefore was not eligible for benefits past October 2021. Therefore, all benefits paid November 1, 2021, through March 31, 2023, are overpaid.

Mr. Pignato is requesting a written appeal. He states since the funds already received have been either spent to pay outstanding debt or otherwise now used, he is requesting consideration from the Executive Committee to waive any overpayments. He notes that his letter from SERS dated July 30, 2024, states his overpayment was paid in full and therefore he should not owe SERS any other funds.

After reviewing the facts of Mr. Pignato's case at their September 2024 meeting, the Committee decided to defer a decision pending further research.

Cory Mitchell, Claims Division Manager, informed the Committee at their October meeting that she would have an update on the case once the SERS Accounting Division finishes an audit of Mr. Pignato's account. The Committee decided to defer a decision, pending the results of the audit.

After hearing an update on the case from Ms. Mitchell, the Committee decided to continue to defer a decision pending communication with Mr. Pignato and his agency regarding retroactive retirement.

Gwen Dowling – Appeal Termination of Temporary Disability Benefits – Recommendation

Gwen Dowling works as an Assistant Local Office Administrator for the Department of Human Services. She suffered a work-related injury on August 25, 2017, and a second injury on May 20, 2019. She received TTD benefits from Workers' Compensation (WC)

and an occupational benefit from SERS.

In November 2023 Ms. Dowling was found to be at Maximum Medical Improvement and was released to work full duty. Ms. Dowling did not return to work and is appealing against the termination of her TTD benefits.

She applied for a temporary disability benefit while she appealed her WC termination. Her case was sent to SERS' medical consultants for review. The MMRO reviewer determined that Ms. Dowling was not mentally or physically incapacitated from performing her job duties as an Office Administrator.

It was discovered by looking at the Gallagher Bassett website that Ms. Dowling received a WC settlement, which was signed May 8, 2024. This settlement required her to resign from her agency and they noted she was unable to return to work, but also stated this was a disputed settlement.

Ms. Dowling requested a personal telephone appeal of her denial for temporary disability benefits. However, because she has received a WC settlement, she would be ineligible for temporary benefits.

The question now is whether she is eligible for a future occupational disability benefit. She is currently 58.8 years of age and could potentially draw an occupational benefit from SERS until age 65. The medical consultant has found her not disabled, but a WC settlement has found her unable to return to work and made her resign her position. The settlement found her to have a 17% loss of the use of person as a whole, but then settled on a disputed basis.

Ms. Dowling requested a personal hearing by telephone to appeal the termination of her disability benefit.

After hearing Ms. Dowling present her case at their August 2024 meeting, the Committee decided to defer a decision pending receipt of additional medical documentation.

Mr. Houch informed the Committee at their September and October meetings that Ms. Dowling had not submitted further documentation to support her case, and the case was referred to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2024-12, to deny Ms. Dowling's appeal. Following a review of the facts presented, Chairperson Becker moved to adopt Recommendation No. 2024-12. The motion was seconded by Executive Secretary Blair and passed unanimously.

Diane Howard – Appeal to Waive Overpayment and SSDI Offset to Nonoccupational Disability Benefits – Recommendation

Diane Howard began receiving SERS nonoccupational disability benefits effective

October 1, 2023. On August 27, 2024, Ms. Howard was awarded Social Security Disability Insurance (SSDI) benefits retroactive to February 1, 2024, which created an overpayment.

Ms. Howard is appealing to the Committee to waive the overpayment and eliminate the offset because she contends that materials of the Program Operations Manual System (POMS), which is a primary source of information used by Social Security employees to process claims for Social Security benefits, exempts her SERS nonoccupational disability benefit from offset by the amount of her Social Security Disability Insurance (SSDI) because she is receiving a VA military pension.

The regulations summarized in these website citations that she referenced relate only to offsets applied to Social Security Disability Insurance (SSDI) payments, see DI52135.080 and DI52130.001. The content she's referenced states that SSDI payments are not offset by disability payments payable from SERS. Additionally, SSDI payments are not offset by a VA pension.

However, these regulations that she's referenced have no relation to the offsets applied to SERS benefits. As DI52130.001 states, SERS disability is not "Federal Public Disability Benefit (PDB) Payment. 40 ILCS 5/14-125 provides SERS nonoccupational disability benefits must be offset by a member's SSDI payment amount, and there is no Federal regulation to the contrary.

Ms. Howard presented her appeal at the Committee's October meeting and stated that her VA pension is part of the SSDI benefit awarded. She therefore believes that benefit is not eligible for offset. The Committee decided to refer to external counsel for a recommendation after staff communicated with SSA to determine a breakdown of Ms. Howard's SSDI benefit.

Attorney Evans presented Recommendation No. 2024-11, to deny Ms. Howard's appeal. After some discussion, Executive Secretary Blair moved to adopt Recommendation No. 2024-11. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Brian Adams – Appeal FAC Rate of Compensation – Interim Assignment Pay – Recommendation

Brian Adams retired under the Tier 1 alternative formula plan with a benefit start date of July 1, 2019. Mr. Adams' pension was recently adjusted because the IDOC payroll office indicated that they had initially certified his monthly "rate of compensation" at the rate which included his "interim assignment" pay. His actual monthly base rate was corrected, and this correction resulted in a reduction of Mr. Adams' pension. Mr. Adams is appealing that the "rate of compensation" option of his final average compensation (FAC) component of his retirement annuity calculation should include his interim assignment pay.

40 ILCS 5/14-103.11 provides that the "rate of compensation" is the actual rate upon which the compensation of an individual is calculated at any time as certified on a

payroll. 40 ILCS 5/14- 103.12(c) provides that for a Tier 1 alternative formula plan member, "final average compensation" can include "the monthly rate of compensation received by the person on the last day of eligible creditable service."

SERS administrators contend that their fiduciary duties obligate them to administer the plan to exclude interim assignment pay from the "rate of compensation". Additionally, Section 14-135.03 of the Pension Code authorizes the System to formulate policy for proper operation of the System. Title 80, Section 1540.30 a) 3) of the Illinois Administrative Code demonstrates that it has been a longstanding policy that the term "rate of compensation" means a member's "actual monthly base rate of pay".

Furthermore, in the Illinois Supreme Court ruling of Marconi vs. Chicago Heights Police Pension Board, the majority opinion stated that "perhaps the most important function of a pension board is to ensure adequate financial resources to cover the Board's obligations to pay current and future retirement and disability benefits to those who qualify for such payments." The majority opinion also stated that an important part of this responsibility is to provide measures "so that funds are not unfairly diverted". Excluding interim assignment pay from "rate of compensation" complies with this direction because if the administrators of that plan were to permit such pay to be included in the "rate of compensation", departments that employ Tier 1 alternative formula members could artificially and significantly increase such members' pension calculations and unfairly divert pension funds.

Finally, even if misinformation was provided by SERS representatives, it should be noted that when the 4th District Appellate Court of Illinois ruled on Desai v. State Universities Retirement System, 2014 IL App (4th) 130825-U, it stated that a retirement system cannot provide equitable relief to members who detrimentally relied on incorrect information provided by a retirement system because the Systems do not possess the statutory authority to do so.

After hearing Mr. Adams present his case at their October meeting, the Committee decided to refer to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2024-10, to deny Mr. Adams' appeal. After review and some discussion, Executive Secretary Blair moved to adopt Recommendation No. 2024-10. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Tameka Hawkins-Floyd – Appeal Termination of Nonoccupational Disability Benefits – Personal Hearing via Teleconference – 9:00 a.m.

Tameka Hawkins-Floyd is a toll collector/call taker for the Illinois Toll Highway Authority. She applied for a SERS occupational disability benefit in August 2023. Her 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, and 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 of \$3,660 by \$1,996.50.

She appealed this overpayment and her appeal was denied. She has paid the full amount of the arrearage, and she remained on disability with SERS.

Ms. Hawkins-Floyd submitted updated office visit notes for her July semi-annual certification period, and her file was sent to MMRO for review to see if she had experienced medical improvement and could return to her prior job. The MMRO report indicated that Ms. Hawkins-Floyd had experienced medical improvement and concluded that she was no longer incapacitated from performing her job duties. Her benefit was subsequently terminated.

Ms. Hawkins-Floyd is appealing against the termination of her SERS disability benefits. She is requesting a telephone appeal. She is requesting that her disability benefits be reinstated, as she feels she is unable to return to work at this time.

Ms. Hawkins-Floyd presented her case, noting that she had additional medical documentation to provide. The Committee decided to refer to external counsel for a recommendation upon receiving the additional documentation.

Todd Meli – Appeal of Retroactive SSA Award Overpayment – Personal Hearing via Teleconference – 9:45 a.m.

Todd Meli worked at the Department of Human Services as a Mental Health Technician. He went on an occupational disability benefit with SERS from March 25, 2020, through September 19, 2020, when his Workers' Compensation TTD benefits ceased.

Mr. Meli applied for SERS' temporary benefit and was approved. He was paid from September 20, 2020, through November 30, 2022. His temporary benefit ended because his half-time ceased.

Mr. Meli was approved for Social Security Administration disability benefits as of March 1, 2021.

SERS had to offset Mr. Meli's benefits from March 1, 2021, through November 30, 2022, which created an overpayment of benefits. Mr. Meli has not returned to work for the State of Illinois.

Mr. Meli requested a personal telephone hearing to appeal that his full overpayment be forgiven.

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

Doris Paino – Appeal of Retroactive SSA Award Overpayment and Offset to Nonoccupational Disability Benefits – Personal Hearing via Teleconference – 10:30 a.m.

Jeff Houch informed the Committee that Ms. Paino had requested to cancel her appeal and no action was required.

Imia Myles-Armstrong – Appeal to Waive Overpayment of Occupational Disability Benefits and Request Payment of Monies Owed – Personal Hearing via Videoconference – 11:15 a.m.

Imia Myles-Armstrong works for the Illinois Department of Corrections. She was injured at work on January 12, 2018 and April 24, 2018. She filed a claim with Workers' Compensation, which was originally denied. Therefore, her agency put her on a nonservice-connected leave of absence. She then applied with SERS for a nonoccupational disability benefit.

On her application, Ms. Myles-Armstrong stated that on April 14, 2024, she fell and broke her left fibula in three places. She underwent surgery on July 10, 2020. She did not indicate in this application that the injury happened at work or that she had filed a WC claim.

In September, SERS learned that Ms. Myles-Armstrong received a combined WC settlement for the injuries sustained in January and April 2018. Therefore, in accordance with 40 ILCS 5/14-124, SERS converted her nonoccupational disability benefit to an occupational disability benefit, which created an overpayment that is due to SERS.

Ms. Myles-Armstrong is requesting an appeal. She states that because her WC claim was originally denied, she had to pay for her surgery and medical care and use her own benefit time.

As a resolution, Ms. Myles-Armstrong is requesting all monies thought to be overpaid to be waived and for all monies owed to her be paid.

SERS is unsure of what monies she feels are owed to her. However, the conversion of benefits picked up her 30-day waiting period and SERS did owe her benefits and retirement contributions. The benefits owed were vouchered and applied to her overpayment, and the retirement contributions were added to her retirement account.

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

Roy Garcia – Appeal for Relief from Return-to-Work Restrictions

Roy Garcia began receiving his retirement annuity on November 1, 2006. SERS was recently notified that Mr. Garcia returned to active service on October 16, 2024. His monthly annuity has been suspended and SERS issued notice to Mr. Garcia and his "Alternate Payee" that October's payment must be repaid because he returned to service, see 40 ILCS 5/14-111.

Mr. Garcia is appealing this outcome.

After reviewing the facts presented, Executive Secretary Blair moved to deny Mr. Garcia's appeal. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Jobina Rogers – Appeal Termination of Nonoccupational Disability Benefits

Jobina Rogers worked for the Department of Human Services as a Mental Health Technician I. She last worked on September 25, 2023. She began a leave of absence due to medical issues and has not returned to work.

Ms. Rogers submitted medical evidence for her July certification period. The examiner felt Ms. Rogers had experienced medical improvement in her impairments and sent her file for a review by SERS' Medical Consultants.

The report from the consultant stated that the evidence did not support Ms. Rogers' continued inability to perform her job duties, and her benefits were terminated on August 31, 2024.

Ms. Rogers is requesting a written appeal against the termination of her benefits. She states she still suffers from medical issues and is now seeing a new practitioner. She states she is still unable to perform her job duties and has submitted additional medical evidence for her written appeal.

After discussing the facts of the case and some discussion, the Committee decided to defer a decision pending MMRO's review of additional medical evidence submitted.

Jonathan Reininger – Appeal Denial of Nonoccupational Disability Benefits

Jonathan Reininger works as an Information System Analyst I for the Illinois Department of Innovation and Technology. He last worked on May 17, 2024 and began a medical leave of absence with his agency on May 31, 2024 due to medical issues.

Mr. Reininger's nonoccupational disability claim was sent to SERS' Medical Consultants to review the medical evidence and determine if he is mentally or physically incapacitated from performing his job duties. The consultant's report concluded that Mr. Reininger did not meet the requirements for a disability benefit.

Furthermore, the reviewer concluded that it was unclear what precipitated his diagnosis as there are no medical records to support his claim.

After he was informed of the denial, Mr. Reininger submitted medical evidence from the medical source he sees for his condition. The case was sent back to SERS' medical consultants to review the newly submitted medical evidence and provide an addendum to the original report.

The consultant's addendum received October 15, 2024, still concluded that Mr. Reininger's diagnosis is not a permanently disabling condition. There was no evidence of him being treated by an appropriate practitioner, nor having been prescribed the standard treatment for his diagnosed condition. The addendum concluded that he is not disabled from performing his job.

Mr. Reininger is appealing against the denial of his claim. He states he was forced to resign from his position at DoIT because his doctor has indicated he is permanently disabled. SERS previously paid Mr. Reininger a nonoccupational disability benefit from January 2022 to August 2022. He returned to work from this leave of absence.

Mr. Reininger is requesting approval of his long-term disability and reinstatement of his health insurance.

After discussing the relevant information, Chairperson Becker moved to deny Mr. Reininger's appeal. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Anthony Ousley – Appeal for Installment Plan to Repay ARCP Interest and Employer Match Components

On November 1, 2006, an "Alternative Retirement Cancellation Payment" (ARCP) was issued to Anthony Ousley. Mr. Ousley returned to active service on October 7, 2024. Given these dynamics, 40 ILCS 5/14-108.6(f) requires repayment of the interest and employer match components of the ARCP payment within 60 days of his return to service.

Mr. Ousley has appealed to repay his overpayment via an installment plan.

After discussing the facts of the case, Chairperson Becker moved to approve a repayment plan for 20% of Mr. Ousley's gross income until the overpayment is repaid. The motion was seconded by Executive Secretary Blair and passed unanimously.

Michelle Lucius – Appeal Termination of Nonoccupational Disability Benefits

Michelle Lucius works for the Illinois Secretary of State as an Administrative Assistant II. She began receiving nonoccupational disability benefits from SERS in July 2023.

Ms. Lucius' file was referred to SERS' Medical Consultants for review of her continuing

disability after receiving her records for her July 2024 certification.

The MMRO consultant determined that the medical evidence showed a material improvement in her conditions such that she is no longer considered to be mentally or physically incapacitated from performing her job duties.

Ms. Lucius is appealing against the termination of her benefits and is requesting a written appeal. Ms. Lucius submitted a letter from her counselor supporting her continued disability leave.

After some discussion, Executive Secretary Blair moved to deny Ms. Lucius's appeal. The motion was seconded by Vice-Chairperson Becker and passed unanimously.

There being no further business to be brought before the Committee, the meeting was adjourned at 11:41 a.m.

The next meeting of the Executive Committee is scheduled for December 12, 2024, in the System's Springfield office.

Marvin Becker, Chairperson

Arnold Black, Vice-Chairperson

Timothy Blair, Executive Secretary