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

July 10, 2025

A meeting of the Executive Committee of the State Employees' Retirement System of Illinois was held on Thursday, July 10, 2025, at 8:45 a.m. in the System's Springfield office at 2101 S. Veterans Parkway.

Committee Members Present:

Marvin Becker, Chairperson
Arnold Black, Vice-Chairperson
Timothy Blair, Executive Secretary

Others Present:

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

Minutes of the Previous Meeting

Chairperson Becker presented the minutes of the Executive Committee's meeting on June 12, 2025, 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 Vice-Chairperson Black and passed unanimously.

Routine Claims Report

The Routine Claims Report for June 2025 was presented. Following a brief discussion, the Routine Claims Report for June 2025, as prepared by staff, was received by the Committee.

Old Business

Brad Floerke – Appeal to Waive Reduction to Pension and Overpayment of Benefits – Removal of Stipend for Insurance Plan Implementation – Recommendation

Brad Floerke retired effective August 1, 2024, and SERS recently discovered that he received a $5,000 stipend as restitution for the elimination of an insurance plan available only to members of certain collective bargaining groups. Since this payment was not "renumeration for personal services performed", it was removed from his "Final Average Compensation" (FAC) calculation component, which reduced his monthly pension amount, see 40 ILCS 5/14-103.10(b).

SERS is obligated to correct mistakes in benefit calculations and since the mistake was discovered withing 3 years, the overpayment must also be recouped, see 40 ILCS 5/14-148.1. Mr. Floerke is appealing the reduction to his pension and the overpayment of his benefits.

Following the presentation of Mr. Floerke's appeal by his attorney Donald Craven at their June 2025 meeting, the Committee referred his appeal to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2025-7, to deny Mr. Floerke's appeal. Following a brief discussion, Chairperson Becker moved to adopt Recommendation No. 2025-7. The motion was seconded by Executive Secretary Blair and passed unanimously.

<u>Joann Pingsterhaus – Appeal Adjustment to Retirement Annuity – Recommendation</u>

Joann Pingsterhaus received occupational disability benefits from September 26, 2019 through January 12, 2020 and retired effective July 1, 2021. Her agency issued her back wages for the pay periods of December 17, 2019 through January 12, 2020. That transaction resulted in her attaining retroactive "gainful employment", which not only created an overpayment of occupational disability benefits but also lowered her Final Average Compensation (FAC) calculation regarding her retirement annuity as the actual back wages replaced the compensation that was credited to her account, see 40 ILCS 5/14-125. The adjusted FAC calculation required a downward adjustment to her monthly retirement annuity.

Ms. Pingsterhaus is appealing the adjustment to her retirement annuity.

After hearing Ms. Pingsterhaus present her case at their June 2025 meeting, the Committee referred her appeal to external counsel for a recommendation.

Attorney Evans presented Recommendation No. 2025-8, to deny Ms. Pingsterhaus's appeal. Following a review of the facts presented, Executive Secretary Blair moved to adopt Recommendation No. 2025-8. The motion was seconded by Chairperson Becker and passed unanimously.

<u>Michael Adams – Appeal Denial of Nonoccupational Disability Benefits - Deferred</u>

Michael Adams works as a Shift Supervisor for the Illinois Department of Corrections. He last worked on December 30, 2024. He began a medical leave of absence on January 2, 2025, due various medical conditions.

Additional medical records were requested, which Mr. Adams provided. His file was sent to SERS' medical consultants to determine if Mr. Adams is mentally or physically incapacitated from performing his job duties. The consultant determined that the objective medical evidence did not support any real restrictions due to his medical conditions and therefore determined there was insufficient evidence to find him incapacitated from performing his job duties.

Mr. Adams is appealing the denial of nonoccupational disability benefits. He states he is currently receiving treatment and medication for his conditions and provided additional medical documentation. His case was sent back to MMRO for further review and was again sent back as a denial.

After some discussion regarding the information provided, Executive Secretary Blair moved to deny Mr. Adams' appeal. The motion was seconded by Chairperson Becker and passed unanimously.

Amanda Lewis – Appeal Denial of Nonoccupational Disability Benefits – Deferred

Amanda Lewis works as a Child Protection Specialist at the Illinois Department of Children and Family Services. She last worked on January 21, 2025. She began a leave of absence January 22, 2025 due to stressful working conditions.

Ms. Lewis' file was sent to MMRO for determination on her claim. The medical consultant indicated there was no support that the member is incapacitated from performing her job duties. The consultant pointed to progress notes indicating improvement in her symptoms. The reviewer felt the intensity of services with visits with her doctor once a month and with her counselor weekly was not a frequency of services typical for an individual who has incurred this type of impairment.

Ms. Lewis is requesting a written appeal for the denial of disability benefits. She states she is incapacitated from performing her current work duties, as indicated by her physician. She provided additional information from her doctors, including a statement as to her disability. Her case was sent back to MMRO for an addendum to consider the new medical evidence submitted. It was denied again. Ms. Lewis is seeking approval of her disability claim.

Following a review of the information provided, it was discovered that Ms. Lewis does not meet the 18-months of service threshold required by statute to obtain a nonoccupational disability benefit. Based on this and the medical consultant's denial, Executive Secretary Blair moved to deny Ms. Lewis' appeal. The motion was seconded by Chairperson Becker and passed unanimously.

New Business

Michael Otto – Appeal to Calculate SERS Proportional Payment Utilizing "Uncapped" JRS Earnings Credits

Jeff Houch, Associate Executive Secretary, informed that Committee that Mr. Otto's appeal would be deferred.

Marie White – Appeal Regarding Termination Refund

Marie White received a termination refund on April 13, 1984, which represented 68 months of service credit. While both SERS and the Office of the Illinois Comptroller have limited records regarding this transaction, records support that such payment was issued and that such payment warrant did not escheat.

Ms. White has repeatedly requested documentation from SERS that she cashed this payment, but she is not satisfied with the information she has received. She began contributing to the Teachers' Retirement System (TRS) on July 1, 2017 and has 9 months of service with TRS. SERS representatives have told her that she is not eligible to reinstate her refund unless she establishes 2 years of service under a reciprocal retirement system, see 40 ILCS 5/14-130(b) and 40 ILCS 5/20-118.

SERS staff interprets that she is appealing for her SERS service to be immediately reinstated. However, SERS staff contend that the evidence supports that Ms. White received the termination refund that was issued to her on April 13, 1984 and that while her SERS service was forfeited when her termination refund was issued, she will become eligible to reinstate that credit after she earns 2 years of service in the Teachers' Retirement System (TRS) and pays the costs required by 40 ILCS 5/14-130(b) and 40 ILCS 5/20-118.

After reviewing the case and some discussion, Chairperson Becker moved to deny Ms. White's appeal. The motion was seconded by Vice-Chairperson Black and passed unanimously.

Estate of Louis Miller – Request to Reappeal Death Benefit Amount

Louis Miller passed away on June 27, 2001. There were no eligible survivors and both of his nominated death benefit beneficiaries predeceased him, so the lump sum death benefit is payable to his estate. SERS issued notice to the estate of the available benefit multiple times, and such notices erroneously added interest accruals after Mr. Miller's death. It is SERS' longstanding policy that interest accruals for a death benefit cease at the time of the member's death.

Mr. Miller's estate is appealing that his death benefit should include interest accruals after his death.

On June 12, 2025, the Executive Committee unanimously denied the appeal of the estate of Louis Miller to receive a death benefit payment including interest accruals applied after Mr. Miller's death. The estate is requesting a reappeal.

Following some discussion, no member moved to allow further consideration of the request for reappeal from Mr. Miller's estate.

Ninoslave Novakovic – Appeal Overpayment of Nonoccupational Disability Benefits – Gainful Employment

A review of the IDES report for the first quarter of 2025 showed that Ninoslave Novakovic earned income from a company called Uzivati, INC. This income exceeded the quarterly earnings limitation and caused an overpayment of benefits.

Mr. Novakovic was sent a letter along with a copy of the overpayment calculation and the IDES report of earnings. Mr. Novakovic called his examiner and stated the money is from his own business where his annual owners' compensation this year was paid entirely in the first quarter.

Mr. Novakovic was asking if there was a way to allocate those payments over the year, as no other income will be received from his business for the remainder of the year. His examiner suggested he appeal the overpayment with the Executive Committee.

Mr. Novakovic is requesting a written appeal, requesting that his payments not be classified as "earned income" and that his overpayment be reversed.

Mr. Novakovic has explained the business structure in his letter of appeal and has also provided the Annual Corporate Reports, a Payroll Summary, IRS forms and his W-2.

After reviewing the documentation provided, the Committee decided to defer a decision pending further research into Mr. Novakovic's role in his business.

Deborah Phillips – Appeal to Remove Social Security Offset

Deborah Phillips began receiving a survivor annuity effective January 1, 2019. The survivor benefit is subject to a social security offset. The Social Security Administration (SSA) has advised that Mrs. Phillips became eligible to receive SSA benefits at age 60.

An offset was applied to her June 2025 survivor payment, and Ms. Phillips is appealing the offset.

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

Brandy Perkins – Appeal to Receive Survivor Contribution Refund after Retirement

Brandy Perkins retired March 1, 2025. She completed her application stating she was divorced. There was a dependent name written but then crossed out and initialed by the member for the change. The box was marked that she did not want to receive the survivor contribution refund.

Ms. Perkins is appealing to receive the survivor contribution refund after retirement.

Following a review of the information provided, Chairperson Becker moved to deny Ms. Perkins' appeal. The motion was seconded by Executive Secretary Blair and passed unanimously.

David Bogard – Appeal to Remove Social Security Offset

David Bogard retired effective May 1, 1998. On April 18, 2009, Mr. Bogard elected the Social Security Offset Removal option, which reduced his SERS pension by 3.825% and would have eliminated the SSA survivor's pension offset from the SERS survivor's annuity that would be payable to his surviving spouse.

The Social Security Fairness Act of 2024 repealed the Windfall Elimination Program (WEP), and Governmental Pension Offset (GPO), and such Act will increase the Social Security (SSA) retirement pension and/or SSA survivors pension for individuals who receive a governmental pension from a non-coordinated retirement plan.

Mr. Bogard contends that this Act will lessen the offset that would have been applied to his spouse's potential SERS survivor's annuity before this Act was enacted as his wife's SSA retirement pension will increase due to such Act. Mr. Bogard is appealing to revoke the offset.

After reviewing the facts and some discussion, Executive Secretary Blair moved to approve Mr. Bogard's appeal pending receipt of a signed agreement that Mr. Bogard understands the repercussions with regards to his spouse's potential survivors' benefit. The motion was seconded by Chairperson Becker and passed unanimously.

Add-on: John Champley – Appeal of Overpayment Recoupment Terms

John Champley began receiving nonoccupational disability benefits effective September 17, 2022. He began receiving Social Security Disability benefits (SSDI) on February 1, 2023. This outcome created an overpayment of his SERS benefits. SERS began recouping the overpayment in May of 2025 and will continue such recoupment through April of 2030.

Mr. Champley's estimated eligible retirement date is September 1, 2026, and assuming continuous service through that date, his estimated gross monthly pension amount will be considerably higher than his current SERS benefit after the recoupment. Mr. Champley is appealing for short-term relief of the current monthly recoupment amount up until the date of his retirement.

Following some discussion regarding the information provided, Chairperson Becker moved to approve Mr. Champley's appeal and offer a recoupment amount of $500 per month until the date of his retirement, upon which the recoupment amount would be adjusted to a monthly figure that will recoup the full overpayment by the end of April 2030. 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 10:14 a.m.

The next meeting of the Executive Committee is scheduled for August 7, 2025, in the System's Springfield office.

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Marvin Becker, Chairperson

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Arnold Black, Vice-Chairperson

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Timothy Blair, Executive Secretary