



Illinois Municipal Retirement Fund

Suite 500 2211 York Road Oak Brook IL 60523-2337

Member Services Representatives 1-800-ASK-IMRF

www.imrf.org

MEETING NO: 14-07-D

BENEFIT REVIEW COMMITTEE

The Regular Meeting of the Benefit Review Committee of the Board of Trustees was held Thursday, July 24, 2014. Present at the meeting were Committee members, Piechocinski, Kuehne, Stanish, and Stulir, IMRF staff members, Janicki Clark, Dixon, O'Brien and Rockett.

Absent: Trustee Copper

(14-01-01)(Visual roll call)

Mr. Stulir presided as chairperson and called the meeting to order at 10:30 a.m.

(14-01-02)(Approval of prior meeting minutes)

The Benefits Supervisor presented the minutes from the Committee meeting held on April 24, 2014.

After discussion, Mr. Stulir moved to approve the minutes. Seconded by Mr. Piechocinski.

Motion passed by unanimous voice vote

Trustee Stanish joined the meeting

(14-01-03)(Denial of Omitted Service -Gerald Ponio – Central Stickney #5458)

BACKGROUND

Mr. Ponio currently participates in IMRF as a firefighter with Bedford Park. He has a total of 23.75 years of service beginning in 1986. Bedford Park is a Group III municipality and it does not have a fire pension fund, thus allowing Mr. Ponio to participate in IMRF (3.85 B. 3, AA Manual). Prior to working for Bedford Park, Mr. Ponio worked as an on-call firefighter for Central Stickney Fire Protection District (CSFPD) from January 1981 to approximately June of 1986. CSFPD is in Group I, meaning that none of its firefighters participate in IMRF since it is required by law to establish a fire pension fund when it employs a full-time firefighter (40 ILCS 5/4-103). CSFPD joined IMRF (for its administrative staff) in 1982 and it established a fire pension fund on October 12, 1981 (per the Department of Insurance). Therefore, when CSFPD joined IMRF in 1982, Mr. Ponio was not in a qualifying position under Section 7-109(2) (b) since CSFPD had a fire pension fund and Mr. Ponio was performing fire protection duties.



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Mr. Ponio filed an omitted service form 6.05 on March 18, 2014 which was not signed by the AA for CSFPD. IMRF rejected this form. IMRF denied the omitted service application because it was not signed by the Employer. The Employer refused to sign the application (see letter dated March 27, 2014) due to Mr. Ponio's ineligibility to participate in IMRF when he was employed by CSFPD.

ISSUE

Whether Mr. Ponio is entitled to IMRF omitted service for the period from January 1, 1981 through June 20, 1986 (assuming he met the hourly standard that was in effect at that time - 600)?

SCOPE OF REVIEW

The Committee heard comments from Mr. Ponio. The Committee heard the comments from staff. Finally, the Committee reviewed the written materials that were submitted to the Committee by staff and Mr. Ponio.

FINDINGS AND CONCLUSIONS

CSFPD established a fire pension fund in October of 1981 and joined IMRF for its administrative staff in 1982. (R.12)

Sections 4-101 and 4-103 of the Illinois Pension Code required CSFPD to form a fire pension fund. (40 ILCS 5/4-101-4-103)

Mr. Ponio worked as an on call fire fighter for CSFPD from January 1981 through approximately June of 1986. (R 1-7,12)

From January of 1981 through October of 1981 CSFPD did not have a fire pension fund.

CSFPD did not join IMRF until January 1, 1982.

Section 7-137 of the Illinois Pension Code provides that employees of IMRF participating municipalities or instrumentalities who meet the hourly standard for participation must be enrolled in IMRF. Section 7-109 (2)(b) states that "Employee" does not include persons who:

(b) Are designated by the governing body of a municipality in which a pension fund is required by law to be established for police and firemen, respectively, as performing police or fire protection duties..." (40 ILCS 5/7-109(2)(b))

Mr. Ponio could not have joined IMRF from January of 1981 through October of 1981 (the time period that he worked as a firefighter with no fire pension fund) because CSFPD was not an IMRF employer.



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From October 1981 (IMRF adopted on January 1, 1982) through June 1986, Mr. Ponio performed fire protection duties for a "municipality" (40 ILCS 7-105) that had established a fire pension fund and therefore (assuming he even worked the requisite hourly standard) he would not be considered an IMRF eligible employee for that period under 7-109 (2)(b).

MOTION

After further discussion, the Committee recommended to uphold the staff decision denying Mr. Ponio's application for omitted service credit for the period of time he served as a paid on-call firefighter for Central Stickney Fire Protection District.

Motion: Kuehne
Second: Piechocinski
Ayes: Piechocinski, Kuehne, Stulir, Stanish
Nays: None
Motion Passed: 4-0

O'Brien left the meeting
(14-01-04)(Temporary Disability Eligibility – Gordon Sunderlage– Village of East Dundee #0462)

Mr. Sunderlage appeared by telephone.

ISSUE

Does Mr. Sunderlage meet the qualifications for eligibility for an IMRF temporary disability benefits under Section 7-146 ?

SCOPE OF REVIEW

The Committee heard comments from Mr. Sunderlage. The Committee heard the comments from staff. Finally, the Committee reviewed the written materials that were submitted to the Committee by staff and Mr. Sunderlage.

FINDINGS AND CONCLUSIONS

Section 7-146 (b)(6) of the Illinois Pension Code sets forth the qualifications for IMRF disability and provides in pertinent part:

(b) A temporary disability benefit shall be payable to a temporarily disabled employee provided:



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(6) He is not separated from the service of the participating municipality or instrumentality thereof or participating instrumentality which employed him on the date his temporary disability was incurred...40 ILCS 5/7-146 (b)(6)

Section 5.40 C of the AA Manual discusses the application for IMRF disability process and states:

Form 5.42, "Physician Statement - Disability Claim," (Exhibit 5G) A licensed and practicing physician who has examined the member and can verify the nature and extent of disability should complete Form 5.42 and submit it to IMRF along with associated office visit notes/medical records.

Download and Print Form 5.42

Diagnosis, treatment dates, services rendered and dates of disability are required to process the member's claim. The member should also ensure that the first treatment date is noted on the form. IMRF cannot accept doctor's statements that certify a disability for a date prior to the member's visit or for a date in the future. (Emphasis added)

Mr. Sunderlage's last day of work was August 20, 2013 and he was not seen by a doctor until September 30, 2013 when he was not declared disabled. He was not declared disabled until December of 2013 with a disability date of August 2013. IMRF does not allow a disability to be certified for a date prior to the member's visit. Mr. Sunderlage does not meet the eligibility qualifications for IMRF temporary disability benefits as he was separated from the service of his IMRF employer on the date his disability was incurred. Mr. Sunderlage separated from his IMRF employment on August 20, 2013 and was not seen by a doctor and disabled until December of 2013. He did see a doctor in September of 2013 and he was not then disabled.

MOTION

After further discussion, the Committee recommended to uphold the staff decision finding that Mr. Sunderlage was not eligible for temporary disability benefits under Section 7-146.

Motion: Stanish
Second: Piechocinski
Ayes: Kuehne, Stulir, Piechocinski, Stanish
Nays: None
Motion Passed: 4-0

Kosiba joined the meeting



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Seputis joined the meeting

(14-01-04)(Recalculation of ECO Pension Benefit – Micheal Drea – Christian County #2989)

Micheal Drea, his attorney John F. Stevens and a court reporter appeared before the Committee. The Committee and staff heard comments from Mr. Drea, Mr. Stevens and Christian County board and attorney, James Bateman, Rebecca Bateman, Paul Schmitz and Fred Curtain. Mr. Drea answered questions from the Committee. The Committee heard comments from staff. Finally, the Committee reviewed the written materials that were submitted to the Committee by staff.

After further discussion, the Committee recommends that the Board defer making a determination to deny Mr. Drea's request to rescind his retirement, allowing his ECO pension to be recalculated using the higher salary of County Treasurer, pending the State of Illinois' response to Mr. Drea's FOIA request for telephone records.

Motion: Kuehnei
Second: Piechocinski
Ayes: Kuehne, Stulir, Piechocinski, Stanish
Nays: None
Motion Passed: 4-0

O'Brien rejoined the meeting

Kosiba left the meeting

(14-01-05)(Definition of Earnings – Rock Island #3385)

Attorney John Doak appeared before the Committee along with retirees Gordon and Champagne. Hawes and Phillips did not appear. The City did not appear but was notified of the hearing by the Associate General Counsel.

IMRF learned that the City of Rock Island had been reporting 401 (a) contributions paid to the ICMA supplemental pension plan as earnings. IMRF communicated with Mr. John Thorson, the Personnel Director for the City, regarding their misinterpretation of Section 3.96N of the AA Manual. (Kosiba letter dated August 20, 2013). P. 1-2 Rock Island had interpreted the 2004 and 2009 versions of 3.96N as allowing the reporting of 401(a) contributions (such as IMRF itself and ICMA's 401 (a) supplemental pension plan).

The versions of the AA Manual at issue (2004-2010) both state the same thing: that 401 (a) contributions are not reportable unless the employer is making mandatory member contributions on behalf of an employee.



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The language of the AA manual did change in 2010 to state that "contributions to other supplemental retirement plans (except 401(k), 403 (b) and 457 plans) are not reported to IMRF." IMRF did not believe this was a substantive change. It was done to make the section clear and concise.

Based on the information received from the City, IMRF contacted the impacted retirees Gordon, Champagne, Hawes and Phillips in November of 2013 and advised that their pensions were being adjusted to remove the improperly reported 401 (a) earnings and that a prepayment of benefits existed.

It is from the November 2013 letter that the retirees appealed.

ISSUE

Should the pension amounts of the above retirees be adjusted?

SCOPE OF REVIEW

The Committee heard comments from Attorney Doak and Ms. Gordon and Mr. Champagne. The Committee heard the comments from staff. Finally, the Committee reviewed the written materials that were submitted to the Committee by staff and attorney Doak.

FINDINGS AND CONCLUSIONS

The City of Rock Island voluntarily reported that it had been reporting amounts deposited into 401 (a) accounts as IMRF earnings.

The IMRF board determines what constitutes earnings for IMRF purposes. 40 ILCS 5/7-114

IMRF does not consider these amounts to be earnings although the language of the AA manual prior to 2010 is somewhat unclear.

The City has ceased reporting these amounts as earnings.

MOTION

After discussion, the Committee recommended that the Board overturn the staff's determination to remove the 401(a) contributions, recalculate the pension and create a prepayment of benefits.

Motion: Stanish

Second: Piechocinski

Ayes: Piechocinski, Stulir, Stanish
Nays: Kuehne
Motion Passed: 3-1

O'Brien left the meeting

Seputis left the meeting

(14-01-06)(Temporary Disability Eligibility - Jeanne Williams - Lockport SD #0205)

Jeanne Williams appeared before the Committee via teleconference. The Committee heard comments from Ms. Williams regarding her condition. Ms. Williams answered questions from the Committee. The Committee heard comments from staff. Finally, the Committee reviewed the written materials that were submitted to the Committee by staff.

After further discussion, the Committee recommends that the Board uphold staff's determination to deny Temporary disability benefits.

Motion: Piechocinski
Second: Kuehne
Ayes: Piechocinski, Stulir, Stanish, Kuehne
Nays: None
Motion Passed: 4-0

(14-01-07)(Total and Permanent Disability Eligibility – Carol Michalowski – Lagrange SD # 1743)

Carol Michalowski and her husband, Lawrence appeared before the Committee. The Committee heard comments from Mr. and Mrs. Michalowski regarding her condition. Ms. Michalowski answered questions from the Committee. The Committee heard comments from staff. Finally, the Committee reviewed the written materials that were submitted to the Committee by staff.

After further discussion, the Committee recommends that the Board uphold staff's determination to deny Total and Permanent disability benefits.

Motion: Piechocinski
Second: Kuehne
Ayes: Piechocinski, Stulir, Stanish, Kuehne
Nays: None
Motion Passed: 4-0

(14-01-08)(Public Comments)

There were no public comments made

(14-01-09)(Adjournment)

Mr. Piechocinski made a motion to adjourn at 3:25 p.m. Seconded by Mr. Kuehne.

Motion passed by unanimous voice vote

The next regular scheduled meeting of the Committee will be at 11:00 a.m. on Thursday August 21, 2014.

2014-07-Board Summary



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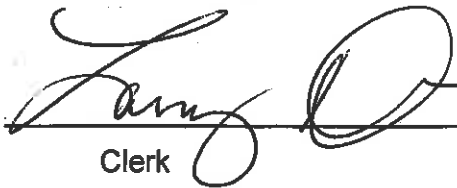
The next regular scheduled meeting of the Committee will be at 11:00 a.m. on Thursday August 21, 2014.




Chairperson



Date



Clerk



Date

2014-07-Board Summary