

***Stanislaus County Employees'
Retirement Association***



UNDERPAYMENT OF BENEFIT POLICY

Policy 3005

August 28, 2020

Purpose

To provide a framework that StanCERA can use as a basis for resolving erroneous underpayments of benefits to StanCERA members and their beneficiaries.

Authority

Department Head Approval

Procedure

Pursuant to Government Code §31525 and §31539, the Executive Director may take whatever action deemed necessary to correct any errors in a retiree monthly benefit, which violates Federal or State laws or Internal Revenue Service code rules and regulations or policy.

StanCERA shall take all reasonable steps to reimburse the full amount of underpayments made to any retiree/beneficiary. The underpayment shall be made as soon as reasonably possible following the discovery of the underpayment.

If a retiree/beneficiary, who was underpaid benefits, has died prior to the payment of the lump sum amount due, then StanCERA shall process those payments based on the following circumstances:

- Retiree/Beneficiary with Designated Beneficiary
 1. If retiree/beneficiary has named a designated beneficiary, the payment will be made to the designated beneficiary. (Government Code §31452.7)

- Retiree/Beneficiary without Designated Beneficiary
 1. If there is an open estate, payment will be made to the estate.
 2. If final distribution of the estate has already been made, StanCERA will review the order for final distribution to determine how assets that were unknown, at the time of final distribution are to be distributed, under the order. Payment will then be made in compliance with the order for final distribution, if possible.
 3. If an estate was not established, distribution will be made in accordance with any applicable and valid Affidavit for Payment of Personal of Property on file with StanCERA. (Probate Code §13101)
 4. StanCERA shall make any reasonable efforts to locate the person(s) entitled to payment by sending a letter by certified mail, return receipt requested, to the last known address of each such person, or by other means of similar intended effect. The letter shall request written confirmation that the person entitled to the payment still resides at that address and will accept payment. Upon receipt of such written confirmation, the payment will be mailed to that person at that address. (Government Code §31783.5(b))
 5. If, after taking the above steps, StanCERA has not been able to locate the person entitled to payment, StanCERA shall hold the funds on behalf of that person for five (5) years. If the funds are not claimed within five (5) years, the funds may be transferred

into the system's pension reserve fund. If someone later appears to claim the funds, the Board of Retirement will consider such claims on a case-by-case basis. (Government Code §31783.5(c))

StanCERA will maintain a permanent record of all amounts of outstanding refunds of underpayments and any amounts that have been transferred into the pension reserve fund.

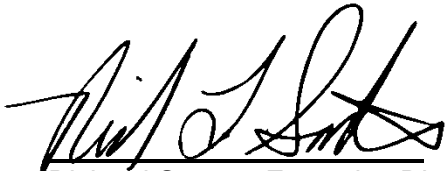
In cases when there is no designated beneficiary, and the total amount of the underpayment is less than \$50 (fifty), StanCERA need not take proactive measures to locate the person(s) entitled to such funds. All claims presented to StanCERA, however, will be considered regardless of size.

Policy Review

This policy shall be reviewed at least every three years.

Policy History

Policy reviewed August 28, 2020.

A handwritten signature in black ink, appearing to read 'Richard Santos', written over a horizontal line.

Richard Santos, Executive Director

POLICY APPROVAL DATE: August 28, 2020