

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



CONTRIBUTION POLICY

Policy 3006

February 17, 2016

Purpose

To provide framework and guidelines regarding contributions made by individual members into the StanCERA retirement system.

Authority

Department Head Approval

Procedure

Member Contributions

Contributions shall be made in accordance with the 1937 Act and this Policy.

Separate normal and cost-of-living contributions shall be made on the compensation earnable of the employees in Tiers 1, 2, 4, 5. A combined single rate contribution shall be made on pensionable compensation of the employees in Tier 6.

Partial contributions are prohibited.

Refund of Contributions

A member who is terminating membership may withdraw accumulated contributions. StanCERA may withhold payment for a period not to exceed six (6) months after the date of separation. (Government Code §31628)

“Termination” means the member has not been paid for a minimum of two (2) consecutive pay cycles immediately following separation of employment and is not actively on the payroll of a StanCERA employer at the time of refund.

Pursuant to Government Code §31527(d), members who receive a refund of contributions may receive a lower amount than the full regular interest credited on the member's contributions due to a withdraw charge, up to the amount of the interest credited to the member's contributions. Currently, the Board of Retirement has set the member crediting interest rate for refund of contributions at 0.25% compounded semi-annually.

A deferred member shall, upon written request, receive a refund of contributions pursuant to Government Code §31701 as follows:

- If not covered under the provisions of a reciprocal retirement system, upon receipt of completed distribution packet request.
- If covered under the provision of a reciprocal retirement system, upon receipt of completed distribution packet and certification of refund of contribution from subsequent reciprocal system, request will be processed.

The contributions paid to StanCERA are non-refundable except as explicitly provided in the Government Code. No refund of any member contributions shall be made while the member is employed with any StanCERA covered employer in any capacity, or while receiving a retirement allowance from StanCERA.

Service Purchase/Buy-back

A member may pay for a service related buy-back through an installment plan on a "period for period" basis, or double the number of pay periods being purchased, but not to exceed five (5) years. All buy-backs must be completed prior to retirement. (Government Code §31641.2)

An allowable conversion of service time will be treated the same as a buy-back.

In the event of a death of a member prior to retirement, but before completing an existing buy-back, the member's designated beneficiary shall have one hundred twenty (120) calendar days, after the date of death, to complete the buy-back. If the beneficiary wants to complete the buy-back, the retirement benefit will be delayed until the buy-back payments are completed. If the beneficiary does not want to continue the payments, the monies will be refunded.

In the event the member terminated prior to completion of an open buy-back, the member has thirty (30) days from the date of termination to pay the remaining balance in full. If the member is unable to pay the remaining balance in full within thirty (30) days, any monies StanCERA has received to purchase the permissive service credits will be refunded to the member.

A member may use rollovers via direct trustee-to-trustee transfers to purchase permissive service credit.

Rollovers via direct trustee-to-trustee transfers to pre-tax monies will be accepted from the following:

- Traditional IRA's;
- Government 457 Deferred Compensation Plans;
- Qualified 401(a);
- Qualified 401(k);
- Stanislaus County sponsored PARS; and
- Qualified 403(b).

The following types of rollovers via direct trustee-to-trustee transfers are not accepted:

- Indirect rollover from Government 457 Deferred Compensation Plan;
- Indirect rollover from qualified 401(a);
- Indirect rollover from qualified 401(k);
- Keogh Plan;
- Roth IRA;
- Partial distributions from any account, which contains both pre-tax and post-tax monies;
- Any other type of rollover, direct or indirect, via trustee-to-trustee transfer not specifically noted above.

Non-members are not eligible to rollover, transfer, or buy-back any amounts excepted as expressly authorized in the 1937 Act.

It shall be incumbent upon the member to provide acceptable documentation on the suitability of

any rollover or trustee-to-trustee transfer. The Executive Director shall have final determination on acceptable documentation.

All rollovers or trustee-to-trustee transfers shall occur in accordance with appropriate Internal Revenue Service rules and limitations, including Internal Revenue Code 415. When an error is found in a member's contribution amount from regular payroll contributions, the Executive Director shall correct the error as soon as reasonably possible, following StanCERA's discovery of the error.

Overpayment of Contributions by Member

StanCERA shall take all reasonable steps to reimburse the full amount of overpayments made by the member. The overpayment can be reimbursed to the member and/or employer via employer payroll from their StanCERA participating employer, if possible, or by check from StanCERA.

If a member, who overpaid contributions, is deceased prior to payment of the lump sum amount due to the member, the following procedures will be followed:

- Member with Designated Beneficiary
 1. If the member has a designated beneficiary, the payment will be made directly to the designated beneficiary. (Government Code §31452.7)
- Member 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 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 Property on file with StanCERA. (Probate Code §13101)
 4. StanCERA shall make 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 person, or by other means similar intended effect. The letter shall request written confirmation that the person entitled to payment still lives 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 the 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 reserve fund. If someone later appears to claim the funds, the Board 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 overpayments and any amounts that have been transferred into the pension reserve fund.

In cases where the total amount of overpayment 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.

Underpayment of Contributions by Member

StanCERA shall take all reasonable steps to recover the full amount of underpayment of contributions by member.

StanCERA will allow the following repayment methods:

1. Lump sum payment from member;
2. Monthly deduction collected in like manner and over the same time period the error occurred, or up to twice the amount of time period, not to exceed five (5) years, as the error occurred;
3. Rollover or Trustee-to-Trustee transfer from a qualified pre-tax plan.

In cases where there is no evidence that the underpayment resulted from fraud or dishonest conduct by the member, StanCERA will only seek recovery of amounts underpaid by the member for four (4) years immediately before the error was corrected.

In cases where there is evidence that the underpayment resulted from fraud or dishonest conduct by the member, the Board reserves all rights to seek all amounts underpaid, plus the maximum amount of recoverable interest under law (Government Code §31539). The Board shall determine whether the member engaged in fraud or dishonest conduct based on all the facts available.

Upon discovery of the underpayment, StanCERA shall notify the member/beneficiary in writing, of the underpayment proposing a repayment schedule, as follows:

1. Identification of the circumstances.
2. Request of payment to StanCERA of the past payment amount underpaid.
3. Agreement to pay benefits.
4. Agreement to pay benefits will provide two options, one of which may be selected by the member:

- *Option 1* – Monthly payment to StanCERA, over the same length of time that the underpayments occurred, not to exceed five (5) years. If the member ceases to pay during the agreed payment period, the member shall be liable for all remaining unpaid amounts, which may be deducted from any amounts StanCERA owes the member, if the member does not make a lump sum payment.

- *Option 2* – Lump sum payment to StanCERA for the full amount underpaid, during the underpayment period.

StanCERA may pursue all remedies to collect underpayments.

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Upon the death of the member, before full repayment has been made, StanCERA shall pursue all remedies to collect underpayments.

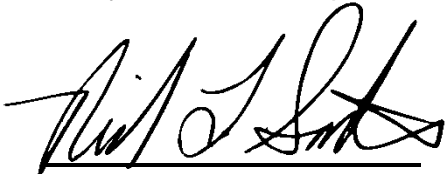
StanCERA will maintain a permanent record of all amounts of underpayments and the repayments to StanCERA.

Policy Review

This policy shall be reviewed at least every three years.

Policy History

Policy reviewed and updated September 4, 2020.

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

Richard Santos, Executive Director

POLICY APPROVAL DATE: February 17, 2016