MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION
OVERPAYMENT POLICY

I. PURPOSE

The purpose of this policy is to establish criteria and a framework for resolving overpayments made to members. While rare, overpayments to members can be caused in a variety of ways, including death related overpayment, incorrect computation and other miscellaneous causes.

II. OBJECTIVES

The primary objective is to preserve and protect fund assets and collect contributions in accordance with applicable law. It is intended that corrections be made in accordance with the Internal Revenue Service (IRS) Employer Plans Compliance Resolution Program. If an overpayment has been identified, it should be corrected as soon as possible. When reasonable and appropriate to do so, the overpayment should be recovered as discussed below.

III. PROCESS FOR RESOLVING OVERPAYMENTS[1]

A. Staff shall notify the member, in writing, of the overpayment and that future payments will be corrected with the next available benefit payment. The member should be notified that if they have questions or concerns, they can contact the Administrator.

B. In connection with Section A above, staff shall initiate collection efforts. Consistent with the interpretation of applicable law, staff shall calculate the overpayment amount during the prior three year period. As a matter of policy, interest shall not be included in the calculation.

C. The procedure for collection of overpayments will be as follows.

1. If the member agrees to the repayment amount, the member and MCERA will enter into a Payment Agreement, which will be approved by the Retirement Board.

2. If the member will not agree to the repayment amount, the Board will meet in closed session to consider whether to initiate litigation.

IV. AMOUNTS NOT RECOVERED

Unrecovered overpayments become part of the Unfunded Actuarial Accrued Liability. To protect the privacy rights of retirees, Staff will report to the Board the aggregate amount of unrecovered overpayments. Such report shall be made annually, except in years where fewer than three (3) Payment Agreements are approved by the Board which result in unrecovered overpayments. In years where fewer than three (3) Payment Agreements are approved by the Board which result in unrecovered overpayments, the unrecovered overpayments resulting from said agreements shall be carried forward and reported during the subsequent annual

[1] This process shall not apply for overpayments made as a result of a members' fraudulent report of compensation or of a member taking some action to cause his or her retirement benefit to be improperly increased or overstated. In such situations, MCERA will follow the process outlined in Government Code Section 31539.

report.

V. POLICY REVIEW

The Board shall review the Overpayment Policy at least every three (3) years to ensure that it remains relevant and appropriate.

VI. POLICY HISTORY

The Board adopted this policy on February 15, 2012.
The Board reviewed and revised this policy on March 20, 2013.
The Board reviewed and revised this policy on January 19, 2016.