Correction of Errors or Omissions Policy

I. Purpose

A. To establish standards and procedures for the resolution of errors or omissions with respect to the payment of member contributions or benefits. These standards and procedures are intended to ensure compliance with the Internal Revenue Code and Internal Revenue Service regulations and to meet the Board's fiduciary obligation to preserve San Joaquin County Employees' Retirement Association's ("SJCERA") financial integrity for the benefit of its members and their beneficiaries.

II. Objective

A. Members and beneficiaries have a right to accurate pension benefit payments. No member or beneficiary shall be deprived from receiving or retaining, retirement benefit payments to which he or she is entitled. Members and beneficiaries, however, are not entitled to receive or retain a retirement benefit which was disbursed in error. Subject to all applicable laws and SJCERA's policies and procedures, SJCERA shall make all reasonable efforts to recover or remit all errors in payment of contributions or benefits.

III. Guidelines

A. The Chief Executive Officer ("CEO") shall ensure that errors are promptly and thoroughly investigated and that all appropriate corrective measures are taken.

B. The CEO shall establish internal procedures to investigate, collect and resolve errors in the payment of benefits or contributions. The procedures will comply with applicable state and federal laws and regulations.

C. The CEO shall have full authority to take whatever actions are necessary or appropriate to correct any errors in the payment of contributions or benefits unless circumstances exist that make it unreasonable or futile to do so.

1. The CEO shall use reasonable efforts to resolve errors in payment of contributions or benefits, in consideration of the following factors:

    a. IRS guidelines for correction of Plan errors;

    b. Input from the Plan sponsor, as appropriate;

c. The total amount of the overpayment or underpayment, including interest;

d. The likelihood and anticipated cost of collection;

e. The verifiable financial circumstances of the member; and

f. The existence of fraud, or other culpability or responsibility for the error, whether by SJCERA, the member or a third party.

D. Corrections should attempt to place SJCERA in the position it would have been had the erroneous payment not occurred and, wherever feasible, resolution of the error should result in immediate full payment of the entire amount, with interest.

1. Any negotiated repayment schedule shall not exceed the expected lifetime of the member. Should the member die before the full amount owed, including interest, is paid, SJCERA may recover the remaining amount from any benefit owed to a beneficiary.

E. In certain circumstances, the CEO may agree to receive less than the full amount of repayment. Options for recovery in those instances include, but are not limited to, discounting interest rates, waiving interest and compromising the principal amount. In structuring any such resolution, the member shall bear the burden of establishing any claimed financial hardship to the satisfaction of the CEO.

F. In the event that the member or beneficiary fails to respond to communications from SJCERA staff, the CEO may initiate an action for recovery of the unpaid amount, including reductions of future payments, not to exceed any state or federal limitations on such recovery. No involuntary collections may be imposed without notice to the member or beneficiary pursuant to Section IV.

G. The CEO shall consult with counsel as needed with respect to any proposed correction. All legal remedies may be pursued to collect errors in benefits or contributions, including claims against estates or trusts.

H. The CEO shall have discretion to refrain from collection of amounts identified by the IRS as small overpayments subject to exemption from full correction, or take such other action deemed reasonable and appropriate in consultation with counsel, as needed.

I. Corrections shall not provide any party with a status, right or obligation not otherwise authorized by the County Employees' Retirement Law ("CERL").

J. Notwithstanding any other provision of this policy, the CEO shall have the discretion to refrain from pursuing recovery of, or issuing payment for, any identified error resulting in an underpayment or overpayment of less than one hundred dollars ($100.00) per calendar year, per member. This threshold is established in recognition that the administrative and transactional cost of correction in such instances would likely exceed the monetary value of the adjustment. Such action shall not be deemed a waiver of SJCERA's authority to correct errors but shall instead constitute a reasonable exercise of fiduciary discretion consistent with the duty to preserve system assets and administrative efficiency. The CEO's determination under this subsection shall be final, provided that such determination does not conflict with applicable federal or state law or IRS guidance.

IV. Due Process

A. Collection of an overpayment does not constitute execution, garnishment, attachment or any other court process. Nevertheless, prior to the imposition of any resolution correcting an error or omission with respect to the payment of member contributions or benefits, SJCERA will give notice to the affected party of its intentions and provide an opportunity to appeal the decision to the Board.

V. Reporting

A. The CEO shall report to the Board quarterly regarding corrections of errors or omissions under this policy. Minor errors, such as contribution errors remedied by way of one-time payroll adjustments, need not be included in the CEO's report to the Board under this section.

VI. Law Prevails

A. In the event a conflict between this policy and the CERL, the Public Employees' Pension Reform Act, or other applicable state or federal law arises, the law shall prevail. The rights and remedies provided in this policy or the CERL are in addition to any other rights and remedies any party may have in equity or at law. Nothing shall preclude any party from instituting an action for declaratory or other relief in lieu of preceding under this policy or the CERL.

VII. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. (*Ref.:* Cal. Gov. Code §31539, IRS Rev. Proc. 2016-51.)

VIII. History

03/01/2017 Bylaws Amended and Approved by the Board of Supervisors
12/08/2017 Bylaw Section 4.5 Converted to Policy

06/29/2018	Staff updated format
12/14/2018	Rewritten to authorize CEO to negotiate within guidelines, ensure due process and reporting
04/12/2019	Policy Review section amended to at least once every three years
07/12/2019	Reviewed, no changes
07/08/2022	Reviewed, no changes
07/16/2024	Non-substantive changes
07/11/2025	Added paragraph J. regarding threshold of $100 for collections or payments.

Certification of Board Adoption

07/11/2025

Clerk of the Board   Date