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San Bernardino County Employees' Retirement Association

Origination	1/9/2020
Last Approved	N/A
Effective	N/A
Last Revised	N/A
Next Review	N/A

Area	Benefits
Applicability	SBCERA systemwide

Contributions

POLICY NO. 027

1. Member Contributions

Member contributions shall be deducted from each salary or wage warrant drawn in favor of each member for each pay period according to the standard tour of duty for that member. The pay period shall be as determined by the Board of Supervisors or District governing body.

Where the total salary or wage payable for a pay period is less than the normal contribution amount, no deduction shall be made from the salary or wage warrant.

2. Interest on Under-Paid over Over-Paid Member Contributions

For the purpose of collecting underpaid or refunding excess member contributions, interest will be calculated in accordance with the Member Crediting Rate as described in Audit and Actuarial Policy No. 002 (Interest Crediting Procedures and Undesignated Excess Earnings Allocation).

3. Withdrawal of Contributions and Deposits

- a. For the purpose of determining eligibility to withdraw accumulated contributions pursuant to Government Code section 31628, service shall not be considered to have been discontinued if:
 - i. Prior to termination of employment the member entered into an agreement with a County of San Bernardino or District appointing authority to be appointed to the same or another regular position in the same or next succeeding payroll period and is so appointed, or
 - ii. Termination of employment was for the purpose of establishing eligibility to

withdraw accumulated contributions and the member is appointed to the same or another regular position in the County of San Bernardino or District service in the same or next succeeding payroll period.

b. Withdrawal Charge

A withdrawal charge of one-half of interest credited to members account, not to exceed \$40.00, may be charged at the time members withdraw their accumulated contributions as provided for in Government Code section 31628 or such other law as may become applicable.

4. Redeposit of Contributions Withdrawn

- a. An active member (and certain deferred members) may redeposit withdrawn contributions in the retirement fund. The redeposit can be made at any time prior to retirement but must be in an amount equal to all of the accumulated normal contributions he or she has withdrawn, plus regular interest thereon from the date of separation from SBCERA to the date the redeposit is complete. Such redeposit may be made by lump-sum payment or by after-tax payroll deductions over a period of not to exceed 60 months (unless otherwise authorized or required by applicable law). If the redeposit is made through payroll deductions, in no event shall such payroll deduction be less than \$50.00 per month. All redeposits, regardless of method of repayment, must be completed within 120 days after the member's effective retirement date.
- b. When the entire redeposit amount is timely satisfied, the member shall receive credit for the same amount of service credit as was represented by the withdrawal. Such redeposited contributions shall be non-refundable unless the member terminates and withdraws all his or her member contributions. If the member withdraws his or her member contributions, he or she will no longer be entitled to credit in the Association for the service attributable to the withdrawn contributions.
- c. Credit for service represented by the withdrawn amount shall not be credited to a member if the entire redeposit amount is not timely satisfied. If the member does not pay the entire amount owed for the redeposit, including any applicable interest, the CEO or designee shall, as soon as practicable, inform the member that the purchase will be voided and treated as never having occurred. In such event, any funds received from the member will be returned to the member.
- d. If the member redeposits more than the amount required by the date stated in his or her redeposit agreement, SBCERA shall refund the overpayment amount to the member.

5. Acceptance of Plan-to-Plan Transfers and Direct Rollovers for Service Credit Purchases

- a. To the extent authorized by federal and state law and the San Bernardino County Board of Supervisors or governing body of a District, the Association shall accept funds from a 401(k) plan or 457(b) plan sponsored by the San Bernardino County ~~of San Bernardino or the~~ participating District to satisfy a service credit purchase a member is permitted by law to make. ~~The amount transferred through a plan-to-plan~~ No transfer or direct rollover from the shall be accepted if it does not comply with applicable ~~401(k) plan or 457(b) plan shall not exceed the amount required for the service credit purchase~~ federal tax laws. Further, all

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transfers and rollovers must be made timely ~~made~~ in the form and manner established by the Chief Executive Officer (CEO). ~~If a transfer or rollover is not made in accordance with the form and manner established by the CEO, it may be voided in accordance with subparagraph (b) below. No transfer or rollover shall be accepted if it does not comply with applicable federal tax laws.~~

- b. Contracts entered into by the member for purchases of service credit are irrevocable and payments made thereunder are nonrefundable pursuant to applicable federal tax laws. Purchases of service credit must be completed prior to the member's retirement. All balances must be fully paid within 120 days after the member's effective retirement date.
- c. Outstanding Balance - Service Purchase ~~If the member does not pay the remaining amount owed for the purchase, including any applicable interest under subsection (d) below, the CEO or designee shall, as soon as practicable, inform the member that the purchase agreement is subject to proration of the original amount of service credit based on the amount of funds actually received, and the member's account shall be adjusted accordingly.~~
- d. True-Up of Plan-to-Plan Transfers and Direct ~~Rollovers~~
 - i. ~~Effective February 1, 2003, SBCERA will apply applicable interest on plan-to-plan transfers and direct rollovers from a 401(k) plan or 457(b) plan based upon the date in which the funds were effectively received by the Association and the agreed upon date of transfer or rollover in the member's purchase agreement.~~
 - ii. ~~If the member does not complete the plan-to-plan transfer or rollover by the date required by his or her service credit purchase agreement, the CEO or CEO's designee shall, as soon as reasonably possible inform the member of the amount owed to complete the purchase agreement. The member will have 30 days to complete the service credit purchase by plan-to-plan transfer or direct rollover. If the total transfer or rollover amount needed to complete the purchase is not received by the Association within 30 working days after the date the CEO or CEO's designee notifies the member of the outstanding amount owed, then the purchase will be voided and treated as never having occurred. In such event, all of the transferred or rolled over funds will be returned to the same transferring plan that the funds were originally received from.~~

Rollovers ~~Effective February 1, 2003, SBCERA will apply applicable interest on plan-to-plan transfers and direct rollovers from a 401(k) plan or 457(b) plan based upon the date in which the funds were effectively received by the Association and the agreed upon date of transfer or rollover in the member's purchase agreement.~~

- e. ~~Contracts entered into by the member for purchases of service credit are irrevocable and payments made thereunder are nonrefundable pursuant to applicable federal tax laws. Purchases of service credit must be completed prior to the member's retirement. All balances must be fully paid within 120 days after the member's effective retirement date. If the member does not pay the remaining amount owed for the purchase, the CEO or designee shall, as soon as practicable, inform the member that the purchase agreement is subject to proration of the original amount of service credit based on the amount of funds actually received, and the member's account shall be adjusted accordingly.~~
- f. The amount transferred through a plan-to-plan transfer or direct rollover from the applicable 401(k) plan or 457(b) plan shall not exceed the amount required for the service credit

purchase. If the member pays more than the amount owed for the purchase by the date required in the purchase agreement, SBCERA will immediately return the entire amount directly to the transferring plan and request such plan transfer the exact amount required to complete the purchase.

6. Under-Payment of Member Contributions - In the Regular Course of Business

The amount of any under-payment of member contributions must be ~~repaid~~paid to the Association prior to ~~retirement~~termination of service through the employer's payroll system. Such ~~repayment~~payment must include interest. If the under-payment of member contributions is discovered at or after termination of service, the amount of the under-payment (plus interest) may be paid directly by the member or will be deducted from the member's ~~monthly retirement check~~benefit. The amount of any under-payment (plus interest) to be collected from the member's benefit is up to 100% of the benefit until the under-payment is paid in full.

Staff may pursue all legal remedies to collect underpayments, including making a claim on an estate or trust, if appropriate.

7. Under-Payment of Member Contributions - Reciprocity

The amount of any under-payment of member contributions as a result of establishing or breaking reciprocity must be paid to the Association prior to termination of service through the employer's payroll system. Such payment must include interest calculated as of the date on which the correct contribution should have been made. If the under-payment of member contributions is discovered at or after termination of service, the amount of the under-payment (plus interest) may be paid directly by the member or will be deducted from the member's benefit. The amount of any under-payment (plus interest) to be collected from the member's benefit is up to 100% of the benefit until the under-payment is paid in full.

Staff may pursue all legal remedies to collect under-payments, including making a claim on an estate or trust, if appropriate.

8. Over-~~payment~~Payment of Member Contributions

Any overpayment of member contributions (plus interest) made on a pre-tax basis will be returned to the member by the Association as soon as administratively feasible. The return of excess member contributions is a taxable event reportable to the IRS on Form 1099.

9. Agent for the Employer

In the collecting, withdrawing, redepositing, and returning of member contributions, whether for

mandatory or permissive member contributions, the Association is acting as an agent for the member's employer in arranging for the collection of member contributions (and redeposits) that are made through the employer's payroll system.

10. Subsequent Election of Retirement System Coverage

If service credit or prior service credit is credited under Government Code Section 31648, the member must pay the amount owed (equal to the member contributions that would have been made had membership begun as of the date he or she began their County (or District) employment, plus regular interest) into the retirement fund within a one year period, or if longer, a period of time equal to the length of service the deposit represents. However, the payment period shall not exceed five years, and the entire obligation amount must be satisfied before the member's retirement application is filed.

Approval Signatures

Step Description	Approver	Date
Applicability		
SBCERA, SBCERA Internal		