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POLICY NO. 027
Committee: Admin Committee
Policy Category: Benefits
Issue No. 1.0
Effective Date:
Page(s) 4
Approved

By: _____
Chairman of the Board

Subject: CONTRIBUTIONS

CONTRIBUTIONS

(1) Member Contributions

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

(2) 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, shall 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.

~~_____ (c) To the extent authorized by both federal and state law, when refunding overpayments, SBCERA will do so on the same tax basis as deposited by the member.~~

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(3) Redeposit of Contributions Withdrawn

(a) An active member (including aor member returning from deferred status and certain deferred members member) may redeposit withdrawn contributions, in the retirement fund.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time prior to retirement but must be in, an amount equal to all of the accumulated normal contributions he or she has withdrawn, plus regular interest thereon from the date of separation from SBCERA to the date the redeposit is complete.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, unless otherwise authorized by applicable law, but in no event shall the such payroll deduction for this purpose be less than \$50.00 per month. All redeposits, regardless of method of repayment, must be, and payment shall be completed within 120 days after the member's effective retirement date.

(b) When the entire payment is complete 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 such service attributable to the withdrawn contributions. When payment is complete, the member shall receive credit for the same amount of service credit as was represented by the withdrawal.

(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.

(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.

(4) Acceptance of Plan-to-Plan Transfers and Direct Rollovers for Service Credit Purchases

(a) County of San Bernardino and District 401(k) and 457(b) Plans -- 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 plan-to-plan fund transfers and accept direct rollover funds from eligible qualified defined contribution 401(k) plan or 457(b) plans of the sponsored by the County of San Bernardino or participating and Districts to satisfy any satisfy all or part of the payment of contributions for purchasing service credit purchase a member is types as permitted by law to make.

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The amount transferred through a plan-to-plan transfer or directly rolled over from the applicable 401(k) plan or 457(b) plan shall not exceed the amount required for the applicable purposes service credit purchase. Further, all transfers and rollovers must be timely made in the form and manner established by the Chief Executive Officer (CEO). If a transfer and rollover is not made in accordance with the form and manner established by the CEO, it may be voided in accordance with, see subparagraph (b) below. No transfer or rollover shall be accepted if, or to the extent, that it does not comply with applicable federal tax laws.

(b) 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 qualified deferred compensation plans 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 pay the amount owed for the applicable purpose complete the plan-to-plan transfer or rollover by the date required by his or her the service credit purchase agreement, the CEO or CEO's designee shall, as soon as reasonably possible inform the member of the additional amount owed to complete the purchase agreement. The member will have 30 days to pay the additional amount owed by cash or personal check complete the service credit purchase by plan-to-plan transfer or direct rollover. However, no cash or personal check shall be accepted if, or to the extent that, it does not comply with federal tax law. If the applicable payment for the additional total transfer or rollover amount needed to complete the purchase is not received by the Association within 30 working days after the date that the CEO or CEO's designee notifies the member of the additional 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, and/or the partial payments received directly from the member will be held for refunding upon the member's retirement, termination, or death.

(c) (iii) Except as provided in section (ii) above, cContracts 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 made 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.

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~~(d) (iv) — If the member pays more than the amount owed for the purchase by the date required by the redeposit or in the purchase agreement, SBCERA will immediately return the excess entire amount immediately either directly to the same transferring plan and request such plan transfer the exact amount required to complete the purchase or to the member, whichever is applicable. If the overpayment was a result of a pre-tax deduction, the member's employer shall be notified to ensure the overpayment amount is handled in accordance with the applicable federal tax laws. However, if the member is no longer in active status, the pre-tax overpayment will be held for refunding upon the member's retirement, termination, or death.~~

(5) Under-payment of Member Contributions

The amount of any under-payment of member contributions must be ~~remade paid~~ to the Association prior to retirement through the employer's payroll system. ~~Such repayment must include earnings interest.~~ If the under-payment of member contributions is discovered at or after termination of service, the amount of the under-payment ~~(plus earnings interest)~~ will be deducted from the member's monthly retirement check.

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

(6) Over-payment of Member Contributions

~~In accordance with Title 26 of the U.S. Code, Any overpayment of member contributions made on a pre-tax basis will be returned to the member by the Association on separation from service with all employers that contribute to the Association or after the member reaches normal retirement age as soon as administratively feasible. Prior to that time, the employer shall correct the overpayment through its payroll system and the Association will make appropriate adjustments to the member's account. The return of excess member contributions is a taxable event reportable to the IRS on Form 1099-R if returned by the Association and reportable on Form W-2 if paid by the member's employer.~~

(7) Agent for the Employer

In the collecting, withdrawing, redepositing, and returning of member contributions, whether for mandatory or permissive member contributions, the Association ~~will act~~ 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.

(8) Subsequent Election of Re-entrance into Retirement System Coverage

If service credit or prior service credit is credited under Government Code Section

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31648, ~~t~~The period of time in which a member may redeposit in 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, through installment payments as provided in Government Code Section 31648, may be over a period of one year period, or if longer, a period of time equal to the length of service the ~~re~~deposit represents. However, the payment period shall, not ~~to~~ exceed five years and the entire obligation amount must be satisfied before the member's retirement application is filed.