



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 8A

MEETING DATE: April 17, 2024

SUBJECT: Missing Member/Beneficiary Location Policy

SUBMITTED FOR: Consent Deliberation and Action Receive and File

RECOMMENDATION

Re-affirm Missing Member/Beneficiary Location Policy with minor amendments.

PURPOSE

This item supports the Strategic Management Plan goal to promote transparency, fairness, and compliance with laws and regulations.

DISCUSSION

First adopted in 2021, this policy establishes guidelines to assure SCERS complies with the state law and Internal Revenue Code regulations to maintain its tax-qualified status when faced with payees that cannot be located. The policy outlines a reasonable process for locating missing payees that complies with Government Code section 31783.5 and with IRS guidance for locating missing payees for the purposes of required minimum distributions and error corrections.

Pursuant to SCERS' practice of reviewing and refreshing policies every three years, Staff has re-evaluated the policy to consider whether any amendments are necessary due to legal changes or practical experience. Staff has concluded that only minor amendments are necessary, such as grammatical revisions and updates to relevant IRS citations.

ATTACHMENTS

- Board Order
- Redlined version of policy with proposed amendments
- Clean version of policy

Prepared by:

/s/

Keith Riddle
Chief Benefits Officer

Reviewed by:

/s/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
April 17, 2024

AGENDA ITEM:

Missing Member/Beneficiary Location Policy

THE BOARD OF RETIREMENT hereby accepts Staff's recommendation to re-affirm Missing Member/Beneficiary Location Policy with minor amendments.

I HEREBY CERTIFY that the above order was passed and adopted on April 17, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



MISSING MEMBER / BENEFICIARY LOCATION POLICY

PURPOSE

The purpose of this policy is to establish a procedure for locating persons to whom benefits are owed and for whom SCERS does not have current contact information.

POLICY

On occasion, a member, beneficiary, estate, or other person entitled to payment of benefits (including, but not limited to, a return of accumulated contributions, required minimum distributions, or underpayment corrections) may fail to claim the payment or cannot be located to make payments from the plan (missing payee). When this occurs, the Board shall, through staff, attempt to locate the missing payee. Specifically, staff shall take all of the following steps:

1. Search SCERS' records and employer records for the missing payee's last known address and other contact information;
 - a. For missing payees who are reciprocal members, staff shall attempt to obtain contact information from the reciprocal system.
 - ~~a.b.~~ Attempt to identify and contact any individual that the missing participant designated as a beneficiary (e.g., spouse, children, etc.) to find updated contact information for the missing payee.
2. Search publicly available records or directories for alternative contact information, utilizing internet search tools that do not charge a fee to search for a missing participant or beneficiary, including but not limited to, internet search engines, public record databases (such as those for licenses, mortgages and real estate taxes), obituaries, and social media.;
3. Engage a commercial locator service, credit reporting agency or proprietary internet search tool;
4. Attempt to contact the missing payee via U.S. Postal Service certified mail to the missing payee's last known mailing address (with return receipt requested);
 - a. The certified mail communication shall identify the type of payment to which the missing payee is entitled – e.g., accumulated contributions, death benefit, underpayment correction, etc.
 - b. If applicable, the certified mail communication shall provide notice that the funds, if unclaimed, will be deposited in and become a part of the pension

plan's reserve after the applicable number of years – e.g., five years in the case of death benefits (Gov. Code § 31783.5) or in the case of returning accumulated contributions to members first employed after January 1, 1976 (§ 31628); ten years in the case of returning accumulated contributions to members first employed before January 1, 1976 (§ 31628); or any other duration provided in the CERL.

~~b.~~

5. Attempt to contact the missing payee through other appropriate means for any other available information – e.g., other mailing addresses, email addresses, and telephone numbers.
 - a. If staff is successful in making contact with the missing payee by telephone or email, staff shall attempt to obtain a mailing address from him or her and then perform the steps in Paragraph 4 using the working mailing address.
6. Maintain a written record of having taken each of these steps.

After taking the above steps to contact the missing payee, staff shall administer the unclaimed benefits payments in accordance with the terms of the CERL. Where required by the CERL (e.g., Gov. Code §§ 31783.5, 31628), the unclaimed benefits payment shall be held for the specified number of years after the last attempted contact, and if not claimed within that time, shall be deposited in and become a part of the pension plan's reserve.

This policy does not address the scenario in which the missing payee comes forward after the unclaimed amounts have been deposited in the pension plan's reserve.

BACKGROUND

When SCERS is unable to locate a person to whom benefits are owed, SCERS is at risk of not meeting its various payment obligations under the law – e.g., benefits payments under the County Employees' Retirement Law; required minimum distributions under Internal Revenue Code section 401(a)(9); and full error corrections pursuant to the IRS' Employees Plans Compliance Resolution Program. This policy sets out a procedure for addressing these situations. In particular, this policy sets out a reasonable process for locating missing payees that complies with Government Code section 31783.5. In addition, this policy complies with IRS guidance for locating missing payees for the purposes of required minimum distributions and error corrections. See Internal Revenue Service, [Internal Revenue Manual 4.70.13.3.4.1.2\(13\)\(highlighting what constitutes a diligent search for a missing participant or beneficiary under IRC section 401\(a\)\(9\)-Memorandum for Employee Plans Examination Employees, dated October 19, 2017 \(re: "Missing Participants and Beneficiaries and Required Minimum Distributions\)](#); Rev.Proc. ~~2021-30~~~~2019-19~~, Section 6.02(5)(d)-(re: "Locating Lost Participants"). In short, compliance with this policy would enable SCERS to comply with the CERL and to maintain its tax-qualified status even when payee cannot be located.

RESPONSIBILITIES

Executive Owner: General Counsel

POLICY HISTORY

Date	Description
<u>04-17-2024</u>	<u>Board re-affirmed policy with minor amendments</u>
04-21-2021	Board approved policy



MISSING MEMBER / BENEFICIARY LOCATION POLICY

PURPOSE

The purpose of this policy is to establish a procedure for locating persons to whom benefits are owed and for whom SCERS does not have current contact information.

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 - a. For missing payees who are reciprocal members, staff shall attempt to obtain contact information from the reciprocal system.
 - b. Attempt to identify and contact any individual that the missing participant designated as a beneficiary (e.g., spouse, children, etc.) to find updated contact information for the missing payee.
2. Search publicly available records or directories for alternative contact information, utilizing internet search tools that do not charge a fee to search for a missing participant or beneficiary, including but not limited to, internet search engines, public record databases (such as those for licenses, mortgages and real estate taxes), obituaries, and social media.
3. Engage a commercial locator service, credit reporting agency or proprietary internet search tool;
4. Attempt to contact the missing payee via U.S. Postal Service certified mail to the missing payee's last known mailing address (with return receipt requested);
 - a. The certified mail communication shall identify the type of payment to which the missing payee is entitled – e.g., accumulated contributions, death benefit, underpayment correction, etc.
 - b. If applicable, the certified mail communication shall provide notice that the funds, if unclaimed, will be deposited in and become a part of the pension

plan's reserve after the applicable number of years – e.g., five years in the case of death benefits (Gov. Code § 31783.5) or in the case of returning accumulated contributions to members first employed after January 1, 1976 (§ 31628); ten years in the case of returning accumulated contributions to members first employed before January 1, 1976 (§ 31628); or any other duration provided in the CERL.

5. Attempt to contact the missing payee through other appropriate means for any other available information – e.g., other mailing addresses, email addresses, and telephone numbers.
 - a. If staff is successful in making contact with the missing payee by telephone or email, staff shall attempt to obtain a mailing address from him or her and then perform the steps in Paragraph 4 using the working mailing address.
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After taking the above steps to contact the missing payee, staff shall administer the unclaimed benefits payments in accordance with the terms of the CERL. Where required by the CERL (e.g., Gov. Code §§ 31783.5, 31628), the unclaimed benefits payment shall be held for the specified number of years after the last attempted contact, and if not claimed within that time, shall be deposited in and become a part of the pension plan's reserve.

This policy does not address the scenario in which the missing payee comes forward after the unclaimed amounts have been deposited in the pension plan's reserve.

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