

Overview of *Revised* Corrections Policy

- Step 1:** Discovery of suspected error
- Step 2:** Investigation of error by Executive Director
- Step 3:** Determination by Executive Director of error or no error
- Step 4:** *May vary* depending on Executive Director's determination:
- If no error is determined, Affected Member may appeal to Board and Advisory Committee conduct a de novo hearing
 - If error determined, Executive Director will implement applicable corrections procedure, Affected Member ultimately appeal recommended repayment plan to Board and Advisory Committee conduct de novo hearing

Two Types of Corrections Procedures

- Errors in Affected Member contribution payments or purchase of time-service credits
 - Overpayment by Affected Member (i.e., refund to Affected Member)
 - Underpayment by Affected Member (i.e., Affected Member agrees to repayment plan)
- Errors in the Board's benefit payments
 - Overpayment by Board (i.e., Affected Member agrees to repayment plan)
 - Underpayment by Board (i.e., refund to Affected Member)

Effective Date: _____

Adopted by Board: _____

CORRECTIONS POLICY FOR ERRORS IN PENSION PLAN ADMINISTRATION

Section 1. Intent and Purpose; adoption. Although the Pension Fund Staff seeks to prevent mistakes and errors in the administration of the Pension Plan, the Board recognizes that mistakes and errors in the Pension Plan’s administration are inevitable and inadvertent. It is the intent of the Board to create a policy to fairly and equitably address the correction of mistakes and errors in the administration of the Pension Plan. Accordingly, the Board hereby adopts this Corrections Policy for Errors in Pension Plan Administration (“Policy”).

Section 2. Authority. The Board’s authority to adopt this Policy is pursuant to Section 22.04(j) of the Charter of the City of Jacksonville, Florida (the “Charter”), which provides that the Board has the authority to correct any defect or supply any omission or reconcile any inconsistency that may appear in the pension fund and make any equitable adjustments for any mistakes or errors made in the administration of the pension.

Section 3. Definitions. The following terms or phrases, wherever used in this Policy shall have the meanings as set forth below. Words in the singular include the plural and words in the plural include the singular. Unless otherwise defined in this Policy, all terms, whether capitalized or not, shall have the meanings and context given to them in Article 22 of the Charter and Chapter 121, *Ordinance Code*.

- (a) “*Advisory Committee*” shall mean the advisory committee established pursuant to Section 121.103, *Ordinance Code*.
- (b) “*benefit payments*” shall mean payment of retirement benefits received after retirement, including DROP benefits.
- (c) “*Board*” shall mean the Police and Fire Pension Fund Board of Trustees, a body politic and corporate existing under the laws of the State of Florida.
- (d) “*Affected Member*” shall mean an (i) active Member or (ii) benefit recipient or a personal representative, guardian or attorney (in-fact or at law) on the recipient’s behalf of such recipient, or any person that qualifies under (i) or (ii) that will be affected by an error determined under this Policy.
- (e) “*error*” shall mean any error, regardless of type or nature, made in the administration of the Pension Plan, including but not limited to data system errors, human errors, miscalculations in time service credits, pension contributions, salaries, and any other factors necessary to properly and correctly administer the Pension Plan.
- (f) “*Executive Director*” shall mean the Board’s Director-Plan Administrator.

- (g) “*Member*” shall have the meaning given in Chapter 121, *Ordinance code*.
- (h) “*Pension Fund Staff*” shall mean the Board’s employees that are responsible for administering the Pension Plan.
- (i) “*Pension Plan*” shall mean the pension plan as codified in Chapter 121, *Ordinance Code*.
- (j) “*time-service credits*” shall mean the time-service credits permitted under the Pension Plan.
- (k) “*Repayment Plan Guidelines*” shall mean the repayment plan guidelines attached to this Policy as Exhibit A.
- (l) “*retirement*” shall have the meaning in Chapter 121, *Ordinance Code*.

Section 4. **Applicability.** This Policy shall apply to the discovery of any suspected error whether discovered by Pension Fund Staff or an Affected Member, regardless of the nature of the error, the amount of the error, or when the claimed error occurred.

Section 5. Discover; Investigation; Error Determination; Appeal.

(a) **Discovery.** The Pension Fund Staff shall promptly report all suspected errors, whether discovered by Pension Fund Staff or an Affected Member, regardless of the nature of the error, amount of the error, or when the claimed error occurred, to the Executive Director for further investigation.

(b) **Investigation.** After being informed of a suspected error, the Executive Director shall investigate the claimed error and determine whether an error occurred, the nature and amount of the error, and a proposed resolution. The Executive Director’s determination shall include supporting documentation.

(c) **Determination of No Error.** If the Executive Director determines that no error occurred, the Pension Fund Staff shall notify the Affected Member in writing of such determination and provide supporting documentation regarding the same. The notice shall also include information regarding the Affected Member’s right to appeal the Executive Director’s determination pursuant to Section 5(d).

(d) **Right to Appeal a Determination of No Error.** An Affected Member may appeal the Executive Director’s determination of no error under subsection (c) above by filing a notice of appeal to the Board, on a form provided by the Executive Director, within thirty (30) calendar days of the Executive Director’s notice required in subsection (c). In such instances when the Affected Member appeals the Executive Director’s determination of no error, the Board of Trustees hereby delegates to the Advisory Committee the authority to: (i) if appropriate, recommend to the Board a resolution of all claimed errors that has been agreed-upon by the Affected Member and the Advisory Committee; or (ii) conduct a de novo hearing on all unresolved claims of errors and shall make a recommendation to the Board for consideration. The Board’s decision on such appeals shall be considered the Board’s final action. An Affected Member’s filing a notice of appeal shall have the opportunity to be heard before the Advisory

Committee in person, in writing, by telephone or videoconference, or by such other means of communication in the discretion of the Advisory Committee.

(e) **Determination of Error.** If the Executive Director determines that an error has occurred, the Executive Director shall direct a member of the Pension Fund Staff to implement the applicable correction procedure described below. If the Executive Director determines that an error has occurred in a Member's contribution payment or purchased time-service credits, then the correction procedures in Section 6 shall apply. If the Executive Director determines that an error has occurred in the Board's benefit payments, then the correction procedures in Section 7 shall apply. The Pension Fund Staff shall notify the Affected Member in writing of such determination that an error has occurred and the correction procedure applicable to the error.

Section 6. Correction Procedures for Errors in Affected Member Contribution Payments and Purchase of Time-Service Credits.

(a) **Applicability.** The correction procedures in this section shall apply to a determination by the Executive Director of an error in the Member's contribution payments or purchase of time-service credits.

(b) **Affected Member's Overpayments in Contributions or Purchase of Time-Service Credits.** A determination by the Executive Director of an error in an Affected Member's contribution payments or purchase of time-service credits that results in an overpayment shall be refunded to the Affected Member and corrected in accordance with this subsection (b). The Member shall be notified in writing of the amount to be refunded, the effective date of the correction and the reason for the correction. The Board hereby delegates to the Advisory Committee the authority to recommend to the Board the correction of all overpayment errors under this section. The Advisory Committee's recommendation shall include a proposed correction date and one-time lump sum refund payment to the Affected Member.

(c) **Affected Member's Underpayments in Contributions or Purchase of Time-Service Credits.**

(i) **Generally.** A determination by the Executive Director of an error in the Affected Member's contribution payments that results in an underpayment shall be corrected in accordance with this subsection (c), except for errors involving the purchase of time-service credits governed by Section 6(d) below. Underpayments from the date the error began to the date of correction shall be collected from the Affected Member, if living; otherwise from the Affected Member's estate, surviving spouses benefit or DROP account. A determination by the Executive Director of an error involving underpayments of the purchase amount for time-service credit pursuant to Section 121.107, *Ordinance Code*, shall be governed by Section 6(d) below.

(ii) **Repayment Plan Proposal.** Except in the case of an error involving the purchase of time-services credits which shall be governed by Section 6(d), the Executive Director's designated member of the Pension Fund Staff shall propose to the Executive Director a repayment plan using the Repayment Plan Guidelines. The Repayment Plan Guidelines are intended to serve as guidelines only and may be adjusted as deemed appropriate by the Advisory Committee and the Board.

(iii) **Approval by Executive Director.** Upon approval of the repayment plan by the Executive Director, the Pension Fund Staff shall notify the Affected Member in writing of: (i) the necessary corrective payments together with supporting documentation; (ii) the date on which the future payment correction will be made by the Affected Member (no less than 40 calendar days from the notice date) and the proposed repayment plan; (iii) the date (no less than 40 calendar days from the notice date) that the Advisory Committee will meet to consider the recommended corrective payments; and (iv) the opportunity for the Affected Member to:

- a. Agree in writing to the repayment plan;
- b. Meet with the Pension Fund Staff regarding the claimed underpayment error and mutually agree upon another repayment plan; or
- c. Appeal the Executive Director's recommendation to the Advisory Committee in accordance with subsection (v) below.

(iv) **Recommendation to Advisory Committee.** After input from the Affected Member, the Executive Director shall recommend to the Advisory Committee a repayment plan. The Executive Director is authorized, for good cause shown and with the written agreement of the Affected Member, to recommend to the Advisory Committee a variance of the Repayment Plan Guidelines or recommend repayment of less than the amount of past underpayments. The Executive Director shall provide written notice to the Affected Member of the Executive Director's intended recommendation to the Advisory Committee. If the Affected Member and the Executive Director are unable to agree on a repayment plan, the Affected Member shall be informed of the right to appear before the Advisory Committee to appeal the Executive Director's recommended repayment plan.

(v) **Right to Appeal Recommendation.** An Affected Member shall have thirty (30) calendar days from the date of the Executive Director's required notice in subsection (iv) above to file a notice of appeal to the Board, on a form provided by the Executive Director. In such instances when an Affected Member appeals the Executive Director's recommendation, the Board hereby delegates to the Advisory Committee the authority to: (i) if appropriate, recommend to the Board a resolution of all claimed errors that has been agreed-upon by the Affected Member and the Advisory Committee; or (ii) if an Affected Member files an appeal, conduct a de novo hearing on all unresolved claims of errors and shall make a recommendation of repayment to the Board for consideration. The Board's decision on such appeals shall be considered the Board's final action.

(vi) **Unrecovered Underpayments in Affected Member Contributions.** If all underpayments have not been recovered before the death of an Affected Member, then the balance due shall, after proper notice, be withheld from any death benefits, refund of contributions, Deferred Retirement Option Program (DROP) or supplemental share plan balances, final monthly benefit payments, or other amounts due to the Affected Member or the member's estate, surviving spouse benefit or DROP account. Should an underpayment balance still remain owing, the balance shall be referred to the Office of General Counsel for further collection or other remedies available at law.

(d) **Time-Service Credit Purchase Errors.** If an underpayment error in an Affected Member's service credit payment amount required under the time service credit application ("Application") has been determined by Pension Fund Staff, Pension Fund Staff shall promptly notify the Affected Member of the underpayment error and the balance due from the Affected

Member. Within thirty (30) days from receipt of such notice, the Affected Member shall do one of the following:

- (i) submit the balance of the corrected service credit payment amount in full;
- (ii) file an amended Application that reduces the time service credit to such credit amount that the Affected Member is able to pay; or
- (iii) withdraw the Application and receive a refund of all monies paid by the Affected Member.

Section 7. Correction Procedures for Errors in Board Benefit Payments.

(a) **Applicability.** The correction procedures in this section shall apply to a determination by the Executive Director of an error in the Board's benefit payments.

(b) **Underpayment of Benefit Payments by Board.** A determination by the Executive Director of an error in the Board's benefit payments that results in an underpayment shall be refunded to the Affected Member and corrected in accordance with this subsection (b). The Affected Member shall be notified in writing of the amount to be refunded, the effective date of the correction and the reason for the correction. The Board hereby delegates to the Advisory Committee the authority to recommend to the Board the correction of all underpayment errors under this section. The Advisory Committee's recommendation shall include a proposed correction date and one-time lump sum refund payment to the Affected Member.

(c) **Overpayment of Benefit Payments by Board.**

(i) **Generally.** A determination by the Executive Director of an error that results in an overpayment in benefit payments by the Board shall be corrected in accordance with this subsection (c). Overpayments from the date the error began to the date of corrected reduced future payments shall be collected from the Affected Member, if living; otherwise from the member's estate, surviving spouse benefit or DROP account. Future corrected reduced payments shall be made to the Affected Member, if living; otherwise to the member's estate, surviving spouse benefit or DROP account.

(ii) **Repayment Plan Proposal.** A member of the Pension Fund Staff designated by the Executive Director shall propose to the Executive Director a correction to future payments and a repayment plan of past overpaid benefits generally using the Repayment Plan Guidelines. The Repayment Plan Guidelines are guidelines only and may be adjusted as deemed appropriate by the Advisory Committee and the Board.

(iii) **Approval by Executive Director.** Upon approval of the proposed benefit correction and repayment plan by the Executive Director, the Pension Fund Staff shall notify the Affected Member in writing of: (i) the corrected future payment amount and the amount of the claimed overpayment together with supporting documentation; (ii) the date on which the future payment correction will be made (no less than 40 calendar days from the notice date) and the proposed repayment plan; (iii) the date (no less than 40 calendar days from the notice date) that the Advisory Committee will meet to consider the correction of the overpayments and future payments; and (iv) the opportunity for the Affected Member to:

- a. Agree in writing to the repayment plan and reduction of future benefits;
- b. Meet with the Pension Fund Staff regarding the claimed overpayment and reduction in future benefits and mutually agree upon another repayment plan; or
- c. Appeal the Executive Director's recommendation to the Advisory Committee in accordance with subsection (e) below.

(iv) **Recommendation to Advisory Committee.** After input from the Affected Member, the Executive Director shall recommend to the Advisory Committee a reduction in future benefits and a repayment plan. The Executive Director is authorized, for good cause shown and with the written agreement of the Affected Member, to recommend to the Advisory Committee a variance of the Repayment Plan Guidelines or recommend repayment of less than the amount of past overpayments. The Executive Director shall provide written notice to the Affected Member of the Executive Director's intended recommendation to the Advisory Committee. If the Affected Member and the Executive Director are unable to agree on the correction of future benefits or a repayment plan, the Affected Member shall be informed of the right to appear before the Advisory Committee to appeal the Executive Director's recommended reduction in future benefits and repayment plan.

(v) **Right to Appeal Recommendation.** An Affected Member shall have thirty (30) calendar days from the date of the Executive Director's required notice in subsection (iv) above to file a notice of appeal to the Board, on a form provided by the Executive Director. In such instances when the Affected Member appeals the Executive Director's recommendation, the Board hereby delegates to the Advisory Committee the authority to: (a) if appropriate, recommend to the Board a resolution of all claimed errors that has been agreed-upon by the Affected Member and the Advisory Committee; or (b) if an Affected Member appeals, conduct a de novo hearing on all unresolved claims of errors in benefit payments and shall make a recommendation to the Board for consideration. The Board's decision on such appeals shall be considered the Board's final action.

(vi) **Unrecovered Overpayments in Benefit Payments.** If all overpayments have not been recovered before the death of the Affected Member, then the balance due shall, after proper notice, be withheld from any death benefits, refund of contributions, Deferred Retirement Option Program (DROP) or supplemental share plan balances, final monthly benefit payments, or other amounts due to the retired member, the member's estate, surviving spouse benefit or DROP account. Should an overpayment balance still remain owing, the balance shall be referred to the Office of General Counsel for further collection or other remedies available at law.

Section 8. Amendments. This Policy may be amended with the approval of a majority of the Board.

Exhibit A

Repayment Plan Guidelines

Recommendations to the Advisory Committee and Board shall use the following repayment plan guidelines below based on the total overpayment amount:

(1) Total overpayment up to \$250 or 5% of corrected monthly benefit.

In instances where the total overpayment is up to \$250 or 5% of the recipient's corrected monthly benefit, whichever is less, the overpayment amount may be deducted from the next monthly benefit payment due to the member, if living; otherwise from the next monthly payment due to the member's estate, surviving spouse benefit or DROP account.

(2) Total overpayment up to \$500 or 10% of corrected monthly benefit.

In instances where the total overpayment is up to \$500 or 10% of the recipient's corrected monthly benefit, whichever is less, the overpayment amount may be deducted from the next two monthly benefit payments due to the member, if living; otherwise from the next two monthly payments due to the member's estate, surviving spouse benefit or DROP account.

Total overpayment up to \$1500 or 30% of corrected monthly benefit.

In instances where the total overpayment is up to \$1500 or 30% of the recipient's corrected monthly benefit, whichever is less, the overpayment amount may be deducted from the next six monthly benefit payments due to the member, if living; otherwise from the next six monthly payment due to the member's estate, surviving spouse benefit or DROP account.

(3) Total overpayment up to \$1500 or 30% of corrected monthly benefit.

In instances where the total overpayment is over \$1500 or 30% of the recipient's corrected monthly benefit, whichever is less, the overpayment may be deducted in the same amount and over the same number of months that the overpayments were made from future benefit payments due to the member, if living; otherwise from the next monthly payment due to the member's estate, surviving spouse benefit or DROP account. For example, if a member was overpaid \$200 per month for 24 months, the total overpayments of \$4800 shall be recovered by deducting \$200 per month from the member's next 24 payments.