

ATTACHMENT B

Staff Argument



Board of Administration Offsite

Action Item – Proposed Decision of Administrative Law Judges Item b

July 15, 2026

Item Name: Proposed Decision – In the Matter of the Appeal of Lifetime Beneficiary Benefit Payable Upon the Death of Evelyn L. Alford by PAULA A. LEHN, Respondent, and MICHAEL S. ALFORD, Respondent.

Program: Retirement Benefit Services Division

Item Type: Action

Parties' Positions

Staff argues that the Board of Administration should adopt the Proposed Decision, as modified.

The position of Respondents Paula A. Lehn and Michael S. Alford (Respondents), if any, is included in Attachment C.

Strategic Plan

This item is not a specific product of either the Strategic or Annual Plans. The determination of administrative appeals is a power reserved to the Board of Administration.

Procedural Summary

Evelyn L. Alford (Decedent) retired for service on December 1, 2001. At the time of her retirement, Decedent elected Option 4 (Option 2W & Option 1 Combined), naming her husband, Shelly A. Alford, as the monthly lifetime beneficiary. Shelly A. Alford passed away on December 22, 2020. On March 28, 2022, CalPERS received a Modification of Option and/or Life Option Beneficiary (MOLOB) form signed by Decedent, which attempted to name Respondents as Decedent's new monthly lifetime beneficiaries. CalPERS notified Decedent that the effective date of the MOLOB would be April 1, 2023, 12 months after CalPERS' receipt of the MOLOB, and that both she and Respondents must all be alive at that time in order for the change to take effect. Decedent passed away on February 3, 2023, before the 12 months had elapsed. Accordingly, CalPERS informed Respondents that the MOLOB had been cancelled. Respondents appealed CalPERS' determination and the matter was heard by the Office of Administrative Hearings on March 23, 2026. A Proposed Decision was issued on May 21, 2026, affirming CalPERS' determination and denying the appeal.

Alternatives

- A. For use if the Board decides to modify and adopt the Proposed Decision as its own Decision:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, pursuant to Government Code section 11517, subdivision (c)(2)(C), which authorizes the Board to "make technical or other minor changes in the proposed decision," hereby modifies the Proposed Decision, by: (1) causing paragraph 23 on pages 10 through 11 of the Proposed Decision to read, in its entirety as follows: "By letter dated October 4, 2023, CalPERS denied respondents' request for reconsideration. CalPERS informed respondents that Decedent's MOLOB election can become effective only if both Decedent and they are alive on the effective date of April 1, 2023."; and (2) changing all references in paragraphs 24 through 25 on page 11 of the Proposed Decision from "Government Code section 21464" to "Government Code section 21462." The Board hereby adopts as its own Decision the Proposed Decision dated May 21, 2026, as modified above, concerning the appeal of Paula A. Lehn and Michael S. Alford; RESOLVED FURTHER that this Board Decision shall be effective 30 days following mailing of the Decision.

- B. For use if the Board decides to adopt the Proposed Decision as its own Decision:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System hereby adopts as its own Decision the Proposed Decision dated May 21, 2026, concerning the appeal of Paula A. Lehn and Michael S. Alford; RESOLVED FURTHER that this Board Decision shall be effective 30 days following mailing of the Decision.

- C. For use if the Board decides not to adopt the Proposed Decision, and to decide the case upon the record:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, after consideration of the Proposed Decision dated May 21, 2026, concerning the appeal of Paula A. Lehn and Michael S. Alford, hereby rejects the Proposed Decision and determines to decide the matter itself, based upon the record produced before the Administrative Law Judge and such additional evidence and arguments that are presented by the parties and accepted by the Board; RESOLVED FURTHER that the Board's Decision shall be made after notice is given to all parties.

- D. For use if the Board decides to remand the matter back to the Office of Administrative Hearings for the taking of further evidence:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, after consideration of the Proposed Decision dated May 21, 2026, concerning the appeal of Paula A. Lehn and Michael S. Alford, hereby rejects the Proposed Decision and refers the matter back to the Administrative Law Judge for the taking of additional evidence as specified by the Board at its meeting.

- E. Precedential Nature of Decision (two alternatives; either may be used):

1. For use if the Board wants further argument on the issue of whether to designate its Decision as precedential:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System requests the parties in the matter concerning the appeal of Paula A. Lehn and Michael S. Alford, as well as interested parties, to submit written argument regarding whether the Board's Decision in this matter should be designated as precedential, and that the Board will consider the issue whether to designate its Decision as precedential at a time to be determined.

2. For use if the Board decides to designate its Decision as precedential, without further argument from the parties.

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, hereby designates as precedential its Decision concerning the appeal of Paula A. Lehn and Michael S. Alford.

Budget and Fiscal Impacts: Not applicable

Attachments

Attachment A: Proposed Decision

Attachment B: Staff's Argument

Attachment C: Respondent(s) Argument(s)

Kimberly A. Malm
Deputy Executive Officer
Customer Services and Support