BOARD OF ADMINISTRATION

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

STATEMENT OF POLICY

DISCHARGE FROM ACCOUNTABILITY

Money owed to CalPERS that is due and payable, including, but not limited to, overpayments, contractual obligations, as well as any other debts and claims, may be discharged from accountability, if the amount is uncollectible or the amount of the debt does not justify the cost of its collection.

All discharge from accountability requests that do not involve statutes of limitation and are up to $19,999 are delegated to the Chief Executive Officer, or designee.

All discharge from accountability requests that do not involve statutes of limitation, and which are $20,000 or more, are delegated to the Finance and Administrative Committee (FAC) for review and final recommendation to the full Board. The Board will make the final approval or denial.

As stated above, discharges from accountability that involve member debts related to the administration of pension benefits are codified in Government Code, section 20164(b)(1). The rationale for the statute of limitation delegation is that debts owed that are beyond the relevant statute of limitation are not legally recoverable and no discretion for collection exists.

It is anticipated that the FAC will be required to act upon discharge from accountability requests at least once a year. If the number of discharge from accountability requests, above the dollar limit indicated in this policy, warrant additional attention by the FAC, CalPERS staff will notify the FAC of the need for additional action. The Financial Office will submit an annual report to the FAC detailing the number and dollar amount of all debts discharged during the last year.

To comply with the constitutionally mandated standards of diligence, care, prudence, and skill, strong internal controls and thorough review shall be part of the internal process.