

## Draft Statute of Limitations Proposal

- As under current law, in all circumstances, CalSTRS retains the right to recover the most recent three years of overpayments from the member, participant or beneficiary.
- For any overpayments made prior to the most recent three years, CalSTRS must recover those overpaid amounts as follows:
  - For any overpayment resulting from employer error, any remaining amounts are collected from the responsible employer. Currently, CalSTRS only has the authority to collect overpaid amounts from employers when *full* recovery is not expected over the lifetimes of the member and any beneficiaries.
  - As under current law, for any overpayment resulting from inaccurate information or nonsubmission of information by or on behalf of a benefit recipient, any remaining amounts are collected from the member or beneficiary provided that CalSTRS commences recovery within three years of discovering the overpayment.
  - For any overpayment resulting from fraud or misrepresentation by or on behalf of a benefit recipient, any remaining amounts are collected from the member or beneficiary provided that CalSTRS commences recovery within 10 years of discovering the overpayment. The allowable time period for commencing recovery is increased from the current three years.
  - As under current law, for any overpayment resulting from CalSTRS error, any remaining amounts not recovered from the member or beneficiary are unrecoverable.
- For purposes of determining the three- and 10-year time periods required for commencing recovery of the overpayment in instances of member error or fraud, “commence recovery” is defined as CalSTRS sending notice of the overpayment, and “discovery” is defined as a supervisory employee of CalSTRS having actual knowledge of the amount, recipient and nature of the overpayment.
- The board holds conclusive and binding authority to determine the applicability of the recovery of overpayments.
- The employer is required to remit remaining overpaid amounts within 30 days and will be charged regular interest for late payments. If payment is not received, the board has the authority to order the State Controller to withhold funds from the county, and the county superintendent has similar authority to withhold funds from the district.
- Additional technical and conforming changes are made.