



**TITLE:** Underpayments Policy

**DATE:** April 9, 2026

**BOARD ADOPTION:** April 9, 2026

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## I. PURPOSE

The Seattle City Employees' Retirement System ("SCERS") is obligated to ensure appropriate compensation to members and beneficiaries in cases where funds have not been made paid in a timely way, due to an administrative error.

## II. BACKGROUND

Members and beneficiaries have a right to accurate pension benefit payments. Notwithstanding SCERS' best efforts, erroneous underpayments of benefits can occur for a variety of reasons, sometimes due to the fault of the member, SCERS, or other factors. All underpayments should be monitored and addressed in a timely way to ensure that members' and beneficiaries' benefit payments can be corrected, based on the facts of each particular case. Underpayments typically occur due to a benefit calculation error (which may result from incorrect information being provided to SCERS, or other factors).

## III. POLICY

### A. Correction of Erroneous Underpayments of Benefits:

1. In the event of an error that results in underpayment of benefits due to a member or beneficiary, SCERS shall:
  - (a) promptly notify each affected member and/or beneficiary, and correct any ongoing benefit payment amounts as soon as practicable, and
  - (b) pay the affected member and/or beneficiary a lump sum amount to correct prior underpayment amounts, as soon as practicable.
2. In a case where the member or beneficiary whose benefit was underpaid is no longer receiving benefit payments from SCERS, reasonable efforts will be made to locate the appropriate recipient of the additional amounts owed in accordance with the Municipal Code and (a) the member's designated beneficiary or beneficiaries under SCERS, and (b) applicable rules for payments to a member's or beneficiary's heirs or estate.

### B. General Matters:

1. Interest will be paid on underpayments resulting from administrative errors, except to the extent determined by the Executive Director or designee that it is inequitable to require interest under the circumstances.

2. The interest rate applicable to underpayments shall be the current actuarially assumed rate of return for SCERS's assets.
3. In cases where there is evidence that an underpayment resulted from fraud or dishonest conduct by a member or individual, the Board of Administration reserves all rights to make any appropriate adjustments in repayment.

#### **IV. POLICY REVIEW**

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.