

## **Board Action Request**

**SUBJECT:** Tier 1b & 2 PSPRS Excess Contribution Refunds

**DATE:** September 28, 2022

**FROM:** Chief Horvath

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**Background:** The PSPRS Board of Trustees voted to conform contribution rates at an individual employer level in accordance with state law. This action affected PSPRS members in the Tier 1b & 2 groups dating back to July 20, 2011, of which it was determined excess contributions were taken. The Board's decision prompted action to refund these excess contributions to the affected members. IRS rules do not allow for the refunds to be generated by the plan; therefore, individual employers must refund the contributions via payroll with required federal and state taxes deducted. Tubac Fire District had 7 employees past and present who were affected by this change with a combined excess contribution amount of \$14,687.51 which includes an applicable interest rate set at 5.75%. PSPRS required the refunds to be distributed by September 30. James Vincent Group coordinated the refund checks with our payroll provider, Paychex. The refund checks will be distributed the week of September 26 to meet the September 30 deadline.

The TFD Pension Board attorney recommended that the Pension Board take formal action to approve the refund check. Therefore, at the September 30 TFD Pension Board meeting, the board will retroactively approve the refund checks.

**Fiscal Impact:** No impact as the District will be provided with a Tier 1 & 2 credit of \$14,687.51 to be utilized against future monthly PSPRS payroll liabilities.

**Legal Review:** N/A

**Alternate Option:** None

**Staff Recommendation:** None

**Proposed Motion:** None – informational only