# Board of Retirement Regular Meeting

**Sacramento County Employees' Retirement System**

**Agenda Item 22**

**MEETING DATE:** **August 19, 2026**

**SUBJECT:** **Elk Grove Cemetery District Enrollment Errors—Remediation Plan**

**SUBMITTED FOR:** **__X__ Action** **___ Information**

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## RECOMMENDATION

Approve the remediation plan to correct member enrollment errors identified at Elk Grove Cemetery District (EGCD).

## PURPOSE/STRATEGIC PRIORITY

This item complies with the SCERS' Error Correction Policy and IRS compliance regulations.

## DISCUSSION

In December 2025, SCERS identified, through an internal review, that EGCD failed to enroll certain eligible employees in SCERS' as required by the SCERS Membership Policy and applicable federal tax law. Since identifying the issue, SCERS has worked with EGCD to determine the scope of enrollment errors and develop an appropriate correction plan.

Failure to enroll an eligible employee in SCERS has significant consequences. The affected employee does not receive the service credit to which they are entitled, and SCERS does not receive the required employer and employee retirement contributions associated with that service. Because SCERS is a tax qualified retirement plan, the question of how to address such situations is largely controlled by federal tax law. The Internal Revenue service (IRS) views problems like this as operational failures that must be corrected in accordance with applicable IRS correction procedures to preserve the qualified status of the retirement plan. Accordingly, SCERS consulted with tax counsel to determine the corrective measures required and permitted under federal tax law. The proposed remediation plan reflects that guidance.

Elk Grove Cemetery District Proposed Remediation Plan

As part of its internal review, SCERS identified enrollment errors affecting EGCD employees hired between 1994 and 2026. Based on preliminary findings, out of 19 member account reviews, SCERS determined 6 current and former EGCD employees should have been enrolled in SCERS based on their date of hire, including 5 active employees and 1 vested deferred member with contributions remaining on deposit with SCERS. The fiscal impact amounts range in cost as follows:

- Estimated total Employee contributions, including interest: **$14,236**
- Estimated total Employer contributions, including interest: **$43,548**
- Median employee contribution adjustment: **$2,381**
- Median employer contribution adjustment: **$7,378**

In accordance with SCERS' Membership Policy and federal law requiring operational error to be fully corrected with respect to all members and beneficiaries and for all taxable years. SCERS recommends the Board direct Staff to take the following actions:

- Retroactively establish SCERS membership for affected eligible current and former employees effective as of their original eligibility date.
- Direct EGCD to correct the membership records for all affected employees.
- Notify EGCD in writing of the identified errors and the required corrective actions, including options for repayment of contributions. Repayment options may include incorporating underpaid contributions into the actuarial valuation process.
- Notify all affected current and former employees of the corrections, including options for repayment of contributions.
- Implement the required contribution corrections in accordance with the applicable law and guidance from tax counsel.

<u>Potential for Additional Corrections</u>

Staff have also identified other active, deferred, and retired EGCD employees potentially requiring corrections but due to the passage of time, employer payroll and employment information is not readily available. SCERS will continue gathering and reviewing historical payroll records to verify contribution amounts, service credit, and any necessary benefit adjustments.

<u>Next Steps</u>

SCERS will formally notify EGCD and affected members of the findings and the corrective actions and continue working with EGCD to implement the corrective actions. Additionally, SCERS will review and monitor other participating employer membership enrollment practices to ensure compliance with the SCERS Membership Policy.

## ATTACHMENTS

- Board Order

Prepared by:

/S/

Keith Riddle
Chief Benefits Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer

# Retirement Board Order

**Sacramento County Employees' Retirement System**

**Before the Board of Retirement**
**August 19, 2026**

AGENDA ITEM:

**Elk Grove Cemetery Enrollment Errors—Remediation Plan**

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to approve the remediation plan to correct member enrollment errors identified at Elk Grove Cemetery District (EGCD).

I HEREBY CERTIFY that the above order was passed and adopted on August 19, 2026 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

| | |
|---|---|
| Chris Giboney<br>Board President | Eric Stern<br>Chief Executive Officer and<br>Board Secretary |