



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 18

MEETING DATE: April 21, 2021

SUBJECT: Recognized Retiree Organization Policy

SUBMITTED FOR: ___ Consent X **Deliberation and Action** ___ **Receive and File**

RECOMMENDATION

Staff recommends that the Board rename the Facilitating Communications by Third Parties to Retirees and Beneficiaries Policy as the Recognized Retiree Organization Policy, affirm the Sacramento County Retired Employees' Association (SCREA) as a recognized retiree organization, and make clarifying amendments.

PURPOSE

This item supports the Strategic Management Plan by maintaining transparent communications and policies to stakeholders.

DISCUSSION

In 2012, the Legislature amended the law surrounding retiree organizations (Stats. 2012, Ch. 178 (SB 1382)). The legislation provides certain privileges to a recognized retiree organization, including retirement system's assistance with communications to retirees and facilitating deductions from retiree payments.

In response to SB 1382, at the October 2013 Board meeting, the SCERS Board approved Resolution No. SCERS 2013-18 designating SCREA as a recognized retiree organization and allowing for SCERS to enter into a memorandum of understanding with SCREA regarding permitting deductions from SCREA retirees for the purpose of paying premiums for insurance products provided by SCREA's agent, Pacific Group Agencies, Inc. (PGA). At the same meeting, the Board approved the Facilitating Communication by Third Parties with SCERS' Retirees and Beneficiaries Policy, which outlines confidentiality and privacy parameters for SCERS to assist SCREA with communications.

As part of the regular policy review process, SCERS staff identified opportunities to improve the current policy and better align it with the originating legislation. The policy contains no changes to existing practices regarding SCREA, but the policy has been rewritten for clarity and now includes a process for SCERS to recognize retiree organizations.

ATTACHMENTS

- New Policy: Recognized Retiree Organization Policy
- Old Policy: Facilitating Communication by Third Parties with SCERS' Retirees and Beneficiaries Policy

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/S/

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Reviewed by:

/S/

Eric Stern
Chief Executive Officer



RECOGNIZED RETIREE ORGANIZATION POLICY

PURPOSE

The purpose of this policy is to set rules pertaining to (1) SCERS' approval of recognized retiree organizations, and (2) SCERS' role in facilitating deductions and communications for such organizations.

POLICY

Approving "Recognized Retiree Organization" Status

In accordance with Government Code section 31471.5, if a majority of a retiree organization's members are SCERS retirees, the organization may request approval from the Board of Retirement to become a recognized retiree organization of SCERS. Upon approval, the organization shall have the rights and responsibilities set forth in, without limitation, Government Code sections 31452.5 (payments for organization's programs may be deducted from SCERS benefits checks), 31592.5 (organization to receive notice of proposed changes to retirement benefits), 31592.6 (organization to receive SCERS' assistance in communicating with SCERS members), and 31693 (organization to receive notice of proposed changes to health care benefits).

In determining whether to grant "recognized retiree organization" status, the Board shall consider whether the organization has a commitment to, and is well-positioned to, represent the interests of SCERS retirees and to exercise the aforementioned rights and responsibilities. In making that determination, the Board shall consider the following, all of which must be addressed and included in the organization's request for recognition:

- Evidence that a majority of the organization members are SCERS retirees;
- The organization's mission statement or description of the purpose of the organization;
- The organization's governance documents (e.g., bylaws and articles of incorporation);
- The organization's incorporation status and non-profit/for-profit status;
- Any retiree benefits programs and activities that the organization anticipates promoting;
- The organization's current and past leadership; and
- History of the organization.

Notwithstanding the above, the Board's approval of an organization's request for recognition shall not be interpreted as SCERS' endorsement of the organization, or a responsibility by the Board to monitor and supervise the organization on an ongoing basis.

The Board of Retirement recognizes the following retiree organization(s):

- Sacramento County Retired Employees' Association (SCREA)

Approving Proposed Written Communications

When a recognized retiree organization requests SCERS' cooperation and assistance in distributing communications to SCERS members (Gov. Code § 31592.6), SCERS may do any of the following:

1. Consider whether the purpose of the communication is of the type described in Section 31592.6 – i.e., a communication regarding membership in the organization or retiree benefit programs available through the organization. If not, SCERS has discretion to withhold its assistance in distributing the requested communication.
2. Consider whether the contents of the requested written communication fall outside the scope of its purported purpose. If the requested communication includes contents immaterial or unrelated to its purported purpose, SCERS has discretion to withhold its assistance in distributing the requested communication.
3. Place a disclaimer on the written communication, or on the SCERS website, noting that the content of the communication is the sole responsibility of the party issuing the communication and that SCERS does not support or endorse the content of the communication.

Protecting Retiree and Beneficiary Confidentiality

In any case where SCERS determines that it is appropriate to facilitate written communication from a recognized retiree organization to retirees and beneficiaries, SCERS will take reasonable steps to protect the confidentiality of retiree and beneficiary identifying information including, but not limited to, the following:

1. In facilitating written communications from the organization to SCERS members, SCERS will not provide the recognized retiree organization with names, addresses, or other individually identifying information.
2. An independent professional mailing provider will handle the mailing of the written communication. That provider will be required to execute a confidentiality agreement prohibiting the release or disclosure of retiree and beneficiary information to any party other than SCERS. The retiree and beneficiary information will be delivered to the provider via a password-protected secure drive or other similar method.
3. The recognized retiree organization requesting the written communication may be required to execute a confidentiality agreement prohibiting release or disclosure of any retiree and beneficiary information the party may legitimately obtain directly from the retiree or beneficiary.

APPLICATION

The County Employees' Retirement Law of 1937 calls for SCERS to extend its cooperation and assistance to "recognized retiree organizations." Gov. Code § 31471.5. Per section 31452.5, recognized retiree organizations may request to have SCERS permit deductions for any retiree benefit program available through the recognized retiree organization. Additionally, per section 31592.6, recognized retiree organizations shall have SCERS' cooperation and assistance in the distribution of communications regarding membership in and retiree programs available through the recognized retiree organization.

Recognized Retiree Organization Deductions

Upon approving a recognized retiree organization's request for SCERS to permit a deduction from SCERS retirees, SCERS will work with the retiree organization to facilitate the deduction and remittance of premiums for the retiree benefit program(s) offered by the recognized retiree organization. The recognized retiree organization will enter into a Memorandum of Understanding (MOU) with SCERS, establishing timeframes for both parties for facilitating the deductions, outlining the respective roles and responsibilities of the parties, and setting the expectation that the process set forth will accommodate SCERS' technology platforms. SCERS may charge a reasonable fee for making the deductions and payments. For the purpose of facilitating deductions, SCERS and the recognized retiree organization may exchange individually identifying information about SCERS members who have opted for membership deductions or remittance of premiums for the retiree benefit program(s) offered by the recognized retiree organization.

Recognized Retiree Organization Communications

In the event a recognized retiree organization wishes to send communications to a portion or all retired members of SCERS, the retiree organization will be wholly responsible for the contents of the communications and agrees to hold SCERS harmless for any claims associated with the communications. The recognized retiree organization will be responsible for paying the reasonable and necessary cost associated with the written communication, including but not limited to the cost to produce the materials, mailing expenses, and any administrative cost incurred by SCERS. Additionally, when reasonable and appropriate, SCERS may require the recognized retiree organization to enter into a MOU with SCERS, outlining the respective roles and responsibilities of the parties associated with completing the communications.

BACKGROUND

In 2012, the Legislature amended the law surrounding retiree organizations (Stats. 2012, Ch. 178 (SB 1382)). In response to the changes made by SB 1382, at the SCERS October 2013 Board meeting, the Board approved Resolution No. SCERS 2013-18 recognizing the Sacramento County Retired Employees' Association (SCREA) as a recognized retiree organization and allowing for SCERS to enter into a MOU with SCREA regarding permitting deductions from SCREA retirees for the purpose of paying premiums for insurance products provided by SCREA's agent, Pacific Group Agencies, Inc. (PGA). At the same meeting, the Board approved the Facilitating Communication by Third Parties with SCERS' Retirees and Beneficiaries Policy.

LEGAL AUTHORITY

Government Code sections 31471.5, 31452.5, 31532, 31592.5, 31592.6, 31693

RESPONSIBILITIES

Executive Owner: Chief Executive Officer

POLICY HISTORY

Date	Description
04-21-2021	Board approved updated and renamed policy
08-01-2018	Renumbered from 006
12-20-2017	Board affirmed in revised policy format
10-16-2013	Board approved new policy, titled "SCERS Policy on Facilitating Communication by Third Parties with SCERS' Retirees and Beneficiaries"



PREVIOUS

FACILITATING COMMUNICATIONS BY THIRD PARTIES TO RETIREES AND BENEFICIARIES POLICY

PURPOSE

The purpose of this Policy is to provide when, how, and why the Sacramento County Employees' Retirement System ("SCERS") will facilitate written communication by third parties with SCERS' retirees and beneficiaries through the use of individually identifying retiree and beneficiary information such as names and addresses.

POLICY

SCERS will facilitate written communication by third parties with SCERS' retirees and beneficiaries in certain, limited situations, and with certain mandatory procedures and controls.

It is recognized that SCERS' plan sponsor--Sacramento County--and SCERS' other participating employers, may, from time to time, have a legitimate interest and need to send written communication to retirees and beneficiaries. In such a case, SCERS will facilitate delivery of the written communication to retirees and beneficiaries, subject to the other provisions in this policy, including measures to protect confidentiality and provide cost reimbursement.

It is further recognized that the Sacramento County Retired Employees' Association (SCREA), pursuant to section 31596.2, may also have a legitimate interest and need to send written communication to retirees and beneficiaries.

As with written communication by a participating employer, SCERS will facilitate delivery of written SCREA communication to retirees and beneficiaries, subject to the other provisions in this policy, including measure to protect confidentiality and provide cost reimbursement. Except in extraordinary and appropriate circumstances, SCERS will not facilitate written communication with retirees and beneficiaries by a third party other than a participating employer or SCREA. In any such case, the decision to facilitate the written communication must be made by the SCERS Board.

An example of such an exception would be in the context of a SCERS Board election. If requested by a duly qualified candidate in such an election, SCERS will facilitate written communication with retirees and beneficiaries by the candidate, subject to the same terms and condition applicable to written communication from participating employers or SCREA as set forth in this policy.

APPLICATION

Protecting the Confidentiality of Retiree/Beneficiary Information

In any case where SCERS determines that it is appropriate to facilitate written third party communication with retirees and beneficiaries, SCERS will take reasonable steps to protect the confidentiality of individually identifying retiree and beneficiary information, including, but not limited to the following:

SCERS will not provide the third party with names, addresses or other individually identifying information.

The mailing of the written communication will be handled by an independent professional provider of such services. That provider will be required to execute a confidentiality agreement prohibiting release or disclosure of retiree and beneficiary information to any party other than SCERS.

In appropriate cases, the third party requesting the written communication may be required to execute a confidentiality agreement prohibiting release or disclosure of any retiree and beneficiary information the party may legitimately obtain directly from the retiree or beneficiary.

Purpose and Content of the Written Communication

SCERS reserves the right, in its sole discretion, to determine whether the intent or purpose of a request to facilitate written communication is based on a legitimate interest and need of the third party making the request. In making such an assessment, SCERS will give appropriate weight to the privacy interests of the retiree and beneficiary.

SCERS reserves the right, in its sole discretion, to determine whether the content of the requested written communication is appropriate for its stated purpose, and to not facilitate the written communication if SCERS determines the content is inappropriate. If deemed necessary and appropriate, SCERS may place a disclaimer on the written communication, or on the SCERS website, noting that the content of the communication is the sole responsibility of the party issuing the communication and that SCERS does not support or endorse the content of the communication.

To reduce the potential that SCERS may be associated with the content of written communication, in appropriate cases any reference to SCERS in the return mail address may be removed, with the return address being a post office box only.

Other Actions that May be Required of the Third Party Communicator

When reasonable and appropriate, SCERS may require that the third party requesting to communicate with retirees and beneficiaries agree to indemnify and hold SCERS harmless for any claims associated with the written communication.

When reasonable and appropriate, SCERS may require the third party requesting to communicate with retirees and beneficiaries to enter into a Memorandum of Understanding (MOU) with SCERS, outlining the respective roles and responsibilities of the parties. A MOU or a decision to facilitate one requested written communication does not guarantee

the SCERS will facilitate all subsequent communication; rather, SCERS reserves the right to determine whether any subsequent communications are appropriate under this policy.

Limitations on the Policy

As with all SCERS policies, this policy is subject to the provisions of the 1937 Act, the California Constitution, and other sources of law. Accordingly, while the positions and procedures set forth in this policy are intended to provide guidelines for decisions regarding a request to facilitate written communication with SCERS' retirees and beneficiaries, it may be necessary that a position or procedure set forth herein will need to give way to some other provision of law. In addition, in exercising its fiduciary discretion over the management of SCERS, the SCERS Board may determine that it is reasonable and appropriate to deviate from or alter provisions of this policy.

Undeliverable mail will be returned to SCERS through use of a return mail post office box address.

Cost Associated with the Written Communication

The party requesting the written communication with retirees and beneficiaries will be responsible for paying the reasonable and necessary cost associated with the written communication, including but not limited to cost to produce the materials, mailing expenses, and any administrative cost incurred by SCERS.

BACKGROUND

SCERS has a duty under Government Code section 31532 to protect the confidentiality of retiree and beneficiary information. However, SCERS also has a duty under section 31592.6 to facilitate the distribution of communication materials regarding retiree benefit programs to retirees and beneficiaries.

The Sacramento County Employees' Retirement System (SCERS) considers protecting the confidentiality of retiree and beneficiary information to be a fundamental duty. As a corollary to that duty, it is SCERS' position that individually identifying retiree and beneficiary information not be used to unduly or inappropriately intrude on the privacy of retirees and beneficiaries. The purpose of this policy statement is to outline when, how and why SCERS will facilitate written communication by third parties with SCERS' retirees and beneficiaries through the use of individually identifying retiree and beneficiary information such as names and addresses.

RESPONSIBILITIES

Executive Owner: Chief Benefits Officer

POLICY HISTORY

Date	Description
08-01-2018	Renumbered from 006
12/20/2017	Board affirmed in revised policy format
10/16/2013	Board approved new policy