

**Prince Edward Island
Teachers' Pension Plan (TPP) Policy**

Collection of Overpayments & Write-Offs	
Policy No.	5
Approved by the Commission	May 26, 2021
Effective Date	January 1, 2021
Pages	4

1. GENERAL

This policy provides direction on the collection of overpayments made to members, whether active, deferred, retired or deceased. This policy takes effect for any overpayments that occur on or after January 1, 2021.

2. PURPOSE

The purpose of this policy is to describe how overpayments will be collected from members, and when overpayments will be deemed uncollectable and written off.

3. POLICY

3.01 General

Reasonable efforts shall be made to collect benefit overpayments. The Plan reserves the right to register a claim against the assets/estate of any person owing monies to the Plan.

3.02 Overpayments to Current Pensioners

- 1) Upon verification of an overpayment situation, the affected member shall be notified verbally that:
 - a. an overpayment was detected
 - b. their monthly pension will be adjusted to stop the overpayment, and
 - c. a letter explaining the issue and requesting repayment will be forthcoming.

- 2) A letter will be issued to the member outlining the following:
 - a. the total amount of the overpayment
 - b. an explanation of the overpayment
 - c. the requirement to repay the amount owing and that no interest shall be applied if the overpayment is dealt with in an expedient fashion

- d. the member may pay the overpayment back via:
 - i. a single lump sum, or
 - ii. a monthly repayment arrangement of an amount in excess of 5% of the member's gross pension, as approved by the member, or
 - iii. a monthly repayment arrangement of an amount up to 5% of the members gross pension, as approved by the Administrator
 - iv. partial or total relief options are available to members who can prove financial hardship to the Administrator. Hardship is deemed to exist:
 1. where the member's sole income is less than \$24,000
 - a. member must make application and provide proof of their total income (prior year's income tax return).
 2. where the member's family income is greater than \$24,000 but the member faces extraordinary expenses
 - a. member must make application and provide proof of total family income (prior year's income tax return) and the corresponding exceptional expenses.
 - e. The member has 45 days from the date on the letter to establish a repayment arrangement.
- 3) If the member does not contact the office within 45 day of the date on the first letter, a second letter, via registered mail, shall be issued.

The letter shall demand that a repayment schedule be in place within 45 days of the date on the registered letter, or the plan administrator may start deducting 5% of the gross pension until paid in full.

3.03 Overpayments to Active, Deferred or Terminated Members

- 1) Upon verification of an overpayment situation, the affected member shall be notified verbally that:
 - a. an overpayment was detected, and
 - b. a letter explaining the issue and requesting repayment will be forthcoming
- 2) A letter will be issued to the member outlining the following:
 - c. the total amount of the overpayment
 - d. an explanation of the overpayment
 - e. the requirement to repay the overpayment amount and that no interest shall be applied if the overpayment is dealt with in an expedient fashion
 - f. a deferred or terminated member shall pay the amount owing via a single lump sum
 - g. an active member may pay the amount owing via a lump-sum or via payroll deductions if their participating employer's payroll will accommodate payroll deductions (repayment target amount is 5% of pay).

- h. The member has 45 days from the date on the letter to establish a repayment arrangement.

3.04 Overpayments to Deceased Members

- 1) Upon verification of an overpayment situation the overpayment shall be halted (if the overpayment is ongoing).
- 2) A letter requesting repayment of the overpayment shall be issued to the Estate of the member.
- 3) The letter shall:
 - a. state the total amount of the overpayment
 - b. explain how the overpayment occurred
 - c. explain that the overpayment must be repaid by the Estate (and that no interest shall be applied if dealt with in an expedient fashion)
- 4) The Estate must pay the overpayment back via a single lump sum.
- 5) The Estate has six months from the date on the letter to repay the overpayment.
- 6) If the Estate does not contact the office within six months of the date on the first letter, a second letter, via registered mail, shall be issued.
- 7) If no response, the Commission will be consulted for further action.

3.05 Write-Offs

Where the Commission deems an overpayment to be uncollectable it may be written off by the Administrator.

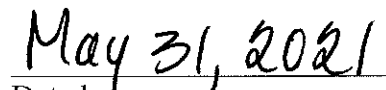
- 1) Where the member enters an approved repayment plan and passes away before the total amount is paid off, the outstanding portion may be written off with approval by the Commission.
- 2) Where a member's claim of hardship is accepted, the amount owing may be written off.
- 3) Where a member has declared bankruptcy or is in receivership, the amount owing may be written off.
- 4) If the amount owing is deemed to be "immaterial" the amount owing may be written off. The Commission shall periodically determine the level of materiality.
- 5) Any amount owing may be written off by the Commission.

3.06 Reporting

The Plan Administrator shall annually report to the Commission on overpayments, proposed write-offs, and other information as requested by the Commission. This report shall be presented at the fall meeting.

This Policy No. 5 was approved by the Commission for the Prince Edward Island Teachers' Pension Plan on May 26, 2021.


Bethany MacLeod, Commission Chair


Dated