**Section 1600.450 Overpayment Recovery**

Purpose. Under Section 15-186.1 of the Code, SURS may recover amounts overpaid from the recipient and/or the recipient’s estate (collectively, "recipient"), plus interest at the effective rate from the date of overpayment to the date of recovery, either directly or by deducting that amount from the remaining benefits payable to the recipient at a rate determined prudent and in the best interests of the System. This Section establishes procedures by which SURS' authority to collect overpayments under Section 15-186.1 is to be exercised.

a) Demand and Statements. SURS will provide the overpaid recipient with a written demand upon discovery of the overpayment. The written demand shall specify the total amount of the overpayment, the month or months in which the overpayment occurred, a description of the nature of the overpayment, the interest rate to be assessed, and the option for installment payments or deduction from future benefits. The written demand shall also notify the recipient of the right to appeal and receive a hearing concerning the determination of overpayment status in accordance with Section 1600.500. SURS will send the recipient monthly statements indicating the overpayment balance and any installment balances and shall continue sending monthly statements until the total amount is fully repaid or SURS acts under subsection (c).

b) Interest. Interest will compound monthly at 1/12 the current effective rate of interest per month starting 35 days after the date of issuance of the written demand until collection is completed. Notwithstanding the foregoing, interest accrual shall be suspended during the pendency of a request for review of the overpayment under Section 1600.500. However, if the recipient does not prevail under administrative review, interest shall apply retroactively to the date 35 days after the date of issuance of the written demand until collection is completed.

c) Actions for Recovery. If the recipient has not begun repayment or has not filed an appeal within 35 days after the written demand, or a final non-appealable decision in favor of SURS issued subsequent to an appeal, SURS may take any, or any combination, of the following actions, as SURS deems appropriate and prudent, to collect the overpayment:

1) Deduct from benefits, refunds and credits payable to the recipient. Under Section 15-185 of the Code, the Board may deduct from any benefit payable to participants, annuitants, survivors and beneficiaries amounts owed to SURS due to the participant's service. SURS may recover overpayments from any benefit payable due to the participant's service, including annuity benefits, survivor benefits, separation refunds, disability benefits and death benefits. If anyone receiving a benefit due to the participant's service is overpaid, the overpayment may be recovered from any current or future benefits paid to the same person or any other person receiving benefits due to the participant's service;

2) Engage a private collections agent;

3) Initiate proceedings to obtain a civil judgment by attorneys retained by SURS or through the Attorney General;

4) Refer the overpayment to the Debt Collection Bureau of the Illinois Department of Revenue and/or the Illinois Debt Recovery Offset Portal (IDROP) of the Illinois State Comptroller;

5) Coordinate collection efforts with the State of Illinois Treasurer's Office; and/or

6) By and through any other means permissible by law.

d) Maintenance of Records. Records of overpayments shall be maintained for at least 36 months, except as provided under subsection (e), and shall contain the following:

1) A description of the cause for the overpayment;

2) Correspondence concerning attempts to collect the overpayment; and

3) Evidence of notice given for a hearing and review of the overpayment and any final outcome of the hearing and review.

e) Uncollectible Accounts Receivable. If SURS is unable to collect all or part of an overpayment after 36 months, SURS' staff may request the Board, or its duly authorized representative, to certify the overpayment balance as uncollectible and no longer to be maintained as an account receivable in SURS' records. The request shall include the documentation required under subsection (d) and confirmation that the certification would be in the best economic interest of SURS. In determining the best economic interest of SURS, staff shall determine whether the total collection cost expended or anticipated will exceed the recoupment reasonably expected. However, the following exceptions may apply:

1) SURS' staff may deem an overpayment balance of $100 or less to be uncollectible 6 months after the date of the demand without certification by the Board;

2) SURS' staff may request certification for an overpayment balance of more than $100 but less than $5,000 after collection efforts have elapsed for at least 12 months.

f) Reopening Uncollectible Accounts Receivable. Overpayments certified by the Board as uncollectible may be reopened for collection if the SURS' staff determines that it is in the best economic interest of SURS to do so.

g) Past Overpayments. Overpayments incurred prior to January 1, 2008 may be certified as uncollectible under subsection (e) notwithstanding the lack of any of the documentation required under subsection (d).

(Source: Amended at 47 Ill. Reg. 14005, effective September 14, 2023)