

2015 A Complete Guide to Your UC Retirement Benefits



The retirement and savings benefits offered to University of California faculty and staff are widely recognized as among the most tangible rewards of University employment. But even with your University benefits, much of your future security will depend on decisions you make while you're still working.

It's important to understand the pivotal role you have in shaping your financial future. To make the most of your retirement and savings benefits, you should read this booklet carefully and keep it with your important papers for later reference. It contains summary plan descriptions with comprehensive information about the retirement and savings plans that make up the University of California Retirement System (UCRS) as well as information about health and welfare benefits currently available to eligible UC retirees.

The chart below illustrates the basic structure of UCRS. The summary plan descriptions that follow explain the plans' provisions and the policies and rules that govern them. If a conflict exists between these summary plan descriptions and the plan documents, the plan documents govern. The Plan Administrator of each plan has the authority to interpret disputed provisions.

UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)

University of California Retirement Plan (UCRP): a defined benefit plan	Defined Contribution Plan (the DC Plan): a defined contribution plan	Tax-Deferred 403(b) Plan (the 403(b) Plan): a defined contribution plan	457(b) Deferred Compensation Plan (the 457(b) Plan): a deferred compensation plan
A pension plan with four member classes and mandatory pretax contributions	A savings and investment plan for mandatory pretax contributions for certain members, voluntary after-tax contributions and rollovers	A savings and investment plan for voluntary pretax contributions and rollovers	A savings and investment plan for voluntary pretax contributions and rollovers

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Retirement Plan: Summary Plan Description

For 2013 Tier Members

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Introduction

The University of California Retirement Plan (UCRP or the Plan) provides retirement benefits for eligible employees (and their eligible survivors and beneficiaries) of the University of California and its affiliate, Hastings College of the Law. UCRP also provides disability income and death benefits.

UCRP is a tax-qualified governmental defined benefit plan. Eligible employees automatically become members of UCRP as a condition of employment. Benefits are determined by formulas that vary according to the type of benefits payable (for example, retirement, disability or survivor benefits). The formulas are based on such factors as a member's salary, age, years of service credit and member class. The Plan is funded by employer and employee contributions.

The provisions of the 2013 Tier described here are subject to collective bargaining for represented employees.

Membership

The Plan includes four member classes:

- Members who pay into Social Security
- Members who opted out of Social Security coverage, other than Safety members
- Members with Tier Two benefits and
- Safety members

Active members in each of the first two member classes accrue benefits in one of two tiers — the 1976 Tier or the 2013 Tier. A member who first becomes eligible to participate in UCRP on or after July 1, 2013 will accrue benefits in the 2013 Tier. A member who began accruing benefits before July 1, 2013 will continue accruing benefits under the 1976 Tier until he or she has a break in service. If the member returns to eligible UC employment on or after July 1, 2013 following a break in service, the member will accrue additional service under the 2013 Tier.

This summary plan description is directed to members currently accruing benefits under the 2013 Tier. The provisions starting at page 24 provide additional information for members who also accrued benefits under the 1976 Tier. The provisions of the 2013 Tier described here are subject to collective bargaining for represented employees.

All other members and those who have University service in more than one member class should refer to the appropriate summary plan description(s) because benefits and other provisions vary.

SOCIAL SECURITY

Most UCRP members in the 2013 Tier pay Social Security taxes.¹ The Social Security tax rate is currently 7.65 percent. Of this, the member pays 6.2 percent on earnings up to the Social Security wage base (\$118,500 in 2015) for Old Age, Survivors and Disability Insurance (OASDI) and 1.45 percent on all earnings for Medicare hospital insurance (Part A). These taxes are deducted from the member's gross wages each pay period. Income taxes are assessed against a member's net income after certain pretax deductions, including those for employee contributions to:

- UCRP
- Dependent Care Flexible Spending Account (DepCare FSA)
- Health Flexible Spending Account (Health FSA)
- Pretax Transportation Program
- Retirement savings program (403(b), 457(b) and/or DC Plans)
- Medical plan premiums

¹ Members who opted out of Social Security in 1976 and return to UC employment on or after July 1, 2013 will not pay Social Security taxes.

Contact the Social Security Administration for more information about Social Security eligibility and benefits, including an estimate of future retirement benefits (see inside front cover).

ELIGIBILITY AND MEMBERSHIP

UCRP membership is automatic and mandatory for eligible employees and begins the first day of an eligible appointment. An eligible appointment is at least 50 percent time on a fixed or variable basis for one year or longer.

Employees with limited appointments, in contract positions, in "noncareer" positions at the Lawrence Berkeley National Laboratory and certain academic employees may become eligible for membership after working 1,000 hours in a rolling, continuous 12-month period. (Employees in a Non-Senate Instructional Unit qualify for UCRP membership after working 750 hours in an eligible position.) Membership is effective no later than the first of the month following the month in which 1,000 hours (or 750 hours) is reached.

EXCEPTIONS:

A University employee is not eligible for Plan membership if he or she:

- Is at the University primarily to obtain education or training
- Receives pay under a special compensation plan but receives no covered compensation (see "Plan Definitions" on page 21)
- Is in a per diem, floater or casual restricted appointment
- Is appointed as a Regents' Professor or Regents' Lecturer
- Is an employee hired as a visiting appointee

Once you become a UCRP member, active membership continues until you have a break in service (see "Plan Definitions" on page 21). Membership is not affected by a reduction in appointment without a break in service. Benefits based on future service may change if you transfer to a position eligible for Safety benefits.

VESTING

To vest means to acquire certain rights. Once vested, you generally have a non-forfeitable right to receive UCRP retirement benefits upon leaving the University and reaching retirement age. You must earn five or more years of service credit to be vested.

You become vested in your Plan benefits whether you earn all service credit as a member in one UCRP member class or tier or in multiple UCRP member classes and tiers.

INACTIVE MEMBERSHIP

You become an inactive member upon leaving University employment and retain the right to future retirement benefits by leaving your accumulations (employee contributions plus interest) in the Plan, provided you satisfy one of the following criteria:

- Have at least five years of service credit
- Are eligible for reciprocity (see “Reciprocity” at right)
- Were medically separated from University employment and are eligible to apply for UCRP disability income (see “Disability Income” on page 16)
- Are a faculty member of a University medical school who has been appointed by the Veterans Administration to a University-affiliated hospital, and, as a result, receive no further covered compensation or
- Became a Plan member July 1, 1989, or earlier, and reached age 62 while still an eligible employee

After leaving the University, an inactive member may, at any time before (and in lieu of) retiring, request a refund of accumulations. If you elect a refund of accumulations, you waive the right to any future Plan benefits (see “Refund of Accumulations” on page 10).

If you leave before becoming an inactive member (that is, a member with five years of service credit), you may also request a distribution of your accumulations at any time. You will lose any service credit you have accrued unless you later return to UC employment and reestablish it.

RECIPROCITY

UCRP and the California Public Employees Retirement System (CalPERS) have a reciprocal agreement to ensure continuity of benefits for members who change employers and transfer between the two retirement systems under certain circumstances. If you qualify for reciprocity with CalPERS, service credit accrued under both systems can be used to determine whether you are vested in benefits under both retirement systems. Also, covered compensation earned under both systems can be used to determine your highest average plan compensation under both systems. The reciprocal agreement does not apply to eligibility for retiree health benefits.

To establish reciprocity, you must:

- Be employed under the other retirement system within 180 days of leaving employment under the former system
- Leave your accumulations (if any) in the former system and
- Elect reciprocity by completing the proper forms (see below)

When you elect UCRP/CalPERS reciprocity, funds are not transferred from one retirement system to the other. You become a member of both systems. You are subject to membership and benefit obligations and rights of each system. You must retire under both systems on the same date for the benefits of reciprocity to apply.

To establish reciprocity at UC, you must complete form UBEN 157 (*Election of Reciprocity*) and send it to UC Human Resources. The form is part of the *UCRP/CalPERS Reciprocity Factsheet*, available at ucal.us/reciprocity. To find out how to establish reciprocity at CalPERS, call CalPERS directly (see inside front cover). As long as you remain eligible under the guidelines listed above, you may establish UCRP/CalPERS reciprocity at any time.

A provision for concurrent retirement is also available for UCRP members who are also members of the California State Teachers’ Retirement Defined Benefit Program (CalSTRS). You are eligible for concurrent retirement if you:

- Become an active UCRP member on or after July 1, 2002
- Are a member of CalSTRS and
- Elect UCRP retirement income after July 1, 2002
- Have satisfied the applicable age and service requirements for early retirement

Members eligible for concurrent retirement receive benefits similar to those for reciprocity. CalSTRS has similar concurrent retirement provisions that apply to UCRP members; for more information about CalSTRS concurrent retirement, contact CalSTRS directly.

Contributions

FUNDING THE PLAN

Plan benefits are funded by contributions from both the University and active members and by the investment earnings on Plan assets. These contributions and earnings are placed in a trust fund and constitute a single pool of assets. Annual actuarial valuations determine the Plan's liabilities (that is, projected benefits to be paid) and the funding status.

The UC Board of Regents periodically adjusts University and member contribution rates to maintain adequate funding levels.

UNIVERSITY CONTRIBUTIONS

University contributions are used to pay Plan benefits for all members, and are not allocated to individual member accounts.

The University contributes 14 percent of members' covered compensation.

MEMBER CONTRIBUTIONS

Most active 2013 Tier members make contributions to UCRP equal to 7 percent of covered compensation. Adjustments to member contributions are subject to collective bargaining. Members of CNA, UPTE and AFSCME: see "Special Provisions" on page 20 for information about member contributions.

UCRP contributions are deducted automatically from your gross wages each pay period and credited to your individual member account. Wages on which contributions are assessed are called covered compensation. Your contributions to the Plan are deducted on a pretax basis and, therefore, reduce your taxable income.

The Plan Administrator maintains a record of each member's UCRP contributions and credits the amount with interest at a stated rate (currently 6 percent per year).

Service Credit

Service credit is the measure of time you have participated in the Plan in one or more member classes. Service credit is used to determine eligibility for most benefits and to calculate benefits such as monthly retirement.

Service credit is earned whenever you receive covered compensation for an eligible appointment. The maximum that you can earn for a year of full-time work is one year of service credit. Part-time or variable-time work results in a proportionate amount of service credit. For example, if you work 50 percent time for one year, you receive one-half year of service credit.

SICK LEAVE

If you retire within four months after leaving the University, any unused sick leave is converted to service credit. Eight hours of unused sick leave converts to approximately one day of service credit. Sick leave converted to service credit cannot be used to reach the five years of service credit needed to be eligible for retirement benefits. But, because service credit is part of the benefit formula, this additional service credit may increase your monthly retirement income.

DISABILITY STATUS

If you become disabled and receive UCRP disability income, you continue to earn service credit at the same rate earned during the 12 months of continuous service just before your disability date.

You continue to earn service credit until or unless increased service credit would cause your retirement benefit, if you were to retire, to exceed your disability benefit.

PARTIAL-YEAR CAREER APPOINTMENTS

If you work full time during a 9-, 10-, or 11-month partial-year appointment, you earn one year of service credit for each Plan year. If you work part time during a partial-year appointment, you earn proportionate service credit. For example, if you work 50 percent time during a partial-year appointment, you earn one-half year of service credit. See page 23 for an explanation of the potential effect of a partial-year career appointment on your highest average plan compensation (HAPC).

MILITARY LEAVE

If you return to University service in accordance with your reemployment rights following a military leave, you receive service credit for the time spent in uniformed service and for a period following uniformed service, provided you return to work when the leave ends, pay any required employee contributions and satisfy other applicable requirements.

You earn service credit for military leave at the same rate earned during the 12 months of continuous service just before the leave. For example, if you earned three-fourths of a year of service credit in the 12 months just before military leave, you will earn three-fourths of a year of service credit for a year of military leave.

The Retirement Administration Service Center or your local Benefits Offices can provide more information about establishing service credit for military leaves.

LEAVE WITHOUT PAY

You do not earn service credit during a leave without pay, but you may be able to establish service credit through a buyback (see the *UCRP Buyback Booklet*, available online at ucal.us/Buybackbooklet).

SABBATICAL OR PAID LEAVE

During a sabbatical or paid leave, you earn service credit in proportion to the percentage of full-time pay you receive. For example, if you are on sabbatical leave at two-thirds pay for one year, you receive two-thirds of a year of service credit, but you may be able to establish service credit for the unpaid portion of your leave through a buyback (see the *UCRP Buyback Booklet*, available online at ucal.us/Buybackbooklet).

EXTENDED SICK LEAVE

You earn up to 80 percent of service credit for periods of extended sick leave during which you receive Workers' Compensation, but you may be able to establish service credit for any remaining percentage through a buyback (see the *UCRP Buyback Booklet*, available online at ucal.us/Buybackbooklet).

PAST SERVICE

If you have previous Plan membership, you retain service credit for the earlier period if you leave your accumulations in the Plan upon leaving the University. If you previously received a refund of accumulations for the earlier period, you may buy back service credit for the earlier period, subject to the buyback rules described in the *UCRP Buyback Booklet*, available online at ucal.us/Buybackbooklet. If you previously retired and received a lump sum cashout, you may not buy back service credit for any period before the cashout date.

Buyback

“Buyback” is payment to establish service credit for eligible leaves or to reestablish service credit for previous UCRP membership. The buyback option is available only to active UCRP members.

THE BUYBACK OPTION IS AVAILABLE FOR:

APPROVED LEAVES

Approved leave without pay; partially paid sabbatical leave; extended sick leave; temporary layoff or furlough (except during a partial-year career appointment); or

PREVIOUS UCRP MEMBERSHIP

UCRP service for which a refund of accumulations was received.

THE BUYBACK OPTION IS NOT AVAILABLE FOR:

- Any break-in-service period
- Any period of ineligible service, such as temporary employment or indefinite layoff
- Any furlough during a partial-year career appointment
- A reduction in appointment
- Any period of CalPERS membership
- Any period of service that preceded a lump sum cashout
- Any period of less than four weeks, unless necessary for vesting purposes
- Any period of military leave July 1, 1966, or later (The member receives full service credit without making contributions.)

You can find complete buyback information as well as instructions in the *UCRP Buyback Booklet*, available on UCnet at ucal.us/Buybackbooklet.

Refund of Accumulations

Upon leaving University employment, you may receive a distribution of your Plan accumulations or leave them in the Plan (University contributions must remain in the Plan).

If you are eligible for inactive membership, however, a refund of accumulations cancels your right to any future Plan benefits based on that period of service unless you return to University employment and reestablish the service credit (see the *UCRP Buyback Booklet*, available online at ucal.us/Buybackbooklet).

A refund of any remaining accumulations after your death is considered a death benefit (see “Death Benefits” on page 14).

Retirement Benefits

You can elect to retire and receive benefits at any time after you become eligible — that is, when you reach age 55 and leave University employment with at least five years of service credit.^{2,3}

If You Leave UC and Don't Retire

In most cases, vested members who leave University employment at or before age 65 and do not, or are not eligible to, retire at the time they separate should not delay electing retirement benefits past age 65. Generally, at age 65, an inactive member will have attained the maximum UCRP benefit payable under the Plan.

BASIC RETIREMENT INCOME

Basic retirement income is your normal monthly lifetime benefit. This basic amount is adjusted if you want to provide monthly survivor income for a spouse, domestic partner or another person (see “Alternate Monthly Payment Options” on page 12). Also, your benefit must be adjusted if the monthly benefit exceeds maximum benefit levels. See “Plan Maximum Benefit” on page 13 and “Internal Revenue Code Provisions” on page 17 for more information.

Basic retirement income is a percentage of your average salary, or HAPC (highest average plan compensation; see definition on page 23). The percentage is based on your service credit and age at retirement.

ELECTING RETIREMENT INCOME

To elect retirement income, first read the *Retirement Handbook*, available online at ucal.us/retirementhandbook or from your local Benefits Office or the UC Retirement Administration Service Center. Once you have read this booklet, contact your local Benefits Office or the UC Retirement Administration Service Center to confirm the retirement process as it varies by UC location.

Your retirement date cannot be earlier than the first of the month the request is submitted.

HOW RETIREMENT INCOME IS CALCULATED

The calculation of basic retirement income is a two-step process:

1. Calculate the benefit percentage (not to exceed 100%):

Service credit x age factor

The age factor is based on your age in complete years and months on the date of your retirement as shown in the chart on page 12.

Example:

A member retires at age 65 (age factor .0250), with 20 years of service credit.

$$20 \text{ years} \times .0250 = 50.0\% \text{ (benefit percentage)}$$

2. Multiply the benefit percentage by your highest average plan compensation or HAPC

HAPC is the member's average monthly salary (full-time equivalent compensation — 100 percent of covered compensation that would be paid for a normal, regular full-time position) calculated over the highest 36 continuous months preceding retirement. This is usually, although not necessarily, the period just before employment ends. Also see the definition on page 23.

Example:

Your benefit percentage is 50.0%. The HAPC is \$4,000.

$$50.0\% \text{ of } \$4,000 = \$2,000$$

Your basic retirement income is \$2,000 per month.

If you had a partial-year career appointment, contact the UC Retirement Administration Service Center (800-888-8267) for information about your basic retirement income.

² Employees who became UCRP members on or before July 1, 1989, are vested regardless of service credit if they leave University employment in an eligible position after reaching age 62.

³ Members of CNA, UPTE and AFSCME: see Special Provisions section on page 20 for more information.

Retirement Benefits

ALTERNATE MONTHLY PAYMENT OPTIONS

If you want to provide a monthly lifetime benefit for another person — called a contingent annuitant — several options are available.

The contingent annuitant is a person you choose, and you may choose only one. The selection of the option and contingent annuitant becomes irrevocable on the retirement date on the election form (or 15 days after the date of the letter confirming that your election has been received, if later). See “Electing Retirement Income” on page 11. Also, there are legal considerations when designating a contingent annuitant (see “Designation of Beneficiary or Contingent Annuitant” on page 19).

If you are married or have a registered domestic partner and designate someone other than your legal spouse or partner as a beneficiary or contingent annuitant, you need to consider the spouse’s/partner’s community property rights. See “Community Property” on page 20 for more information.

To provide this benefit, you receive a reduced retirement benefit for life. The amount of the reduction varies according to the

option you choose as well as the average life expectancy of you and the contingent annuitant. If the person you name as contingent annuitant dies before you, you cannot name another contingent annuitant and your benefit will not be adjusted.

Alternate monthly payment options are:

OPTION A

Full Continuance to Contingent Annuitant

You receive a reduced monthly benefit for life. When you die, the contingent annuitant receives a lifetime monthly benefit equal to your monthly benefit.

Example⁴

Basic retirement income is \$2,000. The reduction factor is applied:

$$0.875 \times \$2,000 = \$1,750 \text{ monthly retirement benefit}$$

You receive \$1,750 each month for life. Thereafter, the contingent annuitant receives \$1,750 each month for life.

RETIREMENT AGE FACTORS

Age	Complete Months From Last Birthday to Retirement Date												
	0	1	2	3	4	5	6	7	8	9	10	11	
55	50*	.0110	.0111	.0112	.0114	.0115	.0116	.0117	.0118	.0119	.0121	.0122	.0123
56	51*	.0124	.0125	.0126	.0128	.0129	.0130	.0131	.0132	.0133	.0135	.0136	.0137
57	52*	.0138	.0139	.0140	.0142	.0143	.0144	.0145	.0146	.0147	.0149	.0150	.0151
58	53*	.0152	.0153	.0154	.0156	.0157	.0158	.0159	.0160	.0161	.0163	.0164	.0165
59	54*	.0166	.0167	.0168	.0170	.0171	.0172	.0173	.0174	.0175	.0177	.0178	.0179
60	55*	.0180	.0181	.0182	.0184	.0185	.0186	.0187	.0188	.0189	.0191	.0192	.0193
61	56*	.0194	.0195	.0196	.0198	.0199	.0200	.0201	.0202	.0203	.0205	.0206	.0207
62	57*	.0208	.0209	.0210	.0212	.0213	.0214	.0215	.0216	.0217	.0219	.0220	.0221
63	58*	.0222	.0223	.0224	.0226	.0227	.0228	.0229	.0230	.0231	.0233	.0234	.0235
64	59*	.0236	.0237	.0238	.0240	.0241	.0242	.0243	.0244	.0245	.0247	.0248	.0249
65+	60+*	.0250											

Example: For a member born on March 8, 1958, and retired on July 1, 2018, the age factor is .0184 (60 years plus three months).

* Applies to members of AFSCME, CNA and UPTE only. See also special provisions on page 20.

OPTION B**Two-Thirds Continuance to Contingent Annuitant**

You receive a reduced monthly benefit for life. When you die, the contingent annuitant receives a lifetime monthly benefit equal to two-thirds of your monthly benefit.

Example⁴

Basic retirement income is \$2,000. The reduction factor, in this case 0.913, is applied:

$$0.913 \times \$2,000 = \$1,826 \text{ monthly retirement benefit}$$

You receive \$1,826 each month for life. Thereafter, your contingent annuitant receives \$1,217 each month for life.

OPTION C**One-Half Continuance to Contingent Annuitant**

You receive a reduced monthly benefit for life. When you die, the contingent annuitant receives a lifetime monthly benefit equal to one-half of your monthly benefit.

Example⁴

Basic retirement income is \$2,000. The reduction factor, in this case 0.933, is applied:

$$0.933 \times \$2,000 = \$1,866 \text{ monthly retirement benefit}$$

You receive \$1,866 each month for life. Thereafter, your contingent annuitant receives \$933 each month for life.

PLAN MAXIMUM BENEFIT

The maximum UCRP basic retirement income is 100 percent of your HAPC or the maximum annual benefit that can be paid under the Internal Revenue Code (IRC), whichever is less. This limit applies to your retirement income based on all University employment, including any eligible CalPERS service. This limit affects only a few UCRP members, most of whom have 40 years or more of service credit. For those affected, this limit applies for as long as the benefit is paid.

If part of your UCRP benefit has been awarded to an alternate payee (see page 20), the maximum benefits will be determined by taking into account any benefit payable to the alternate payee.

See also “Internal Revenue Code Provisions — Maximum Benefit Limitations” on page 17.

⁴ The example assumes that both you and your contingent annuitant are age 65. If your ages are different, the dollar amounts will vary somewhat because different reduction factors will be used. Amounts are rounded down to the nearest dollar.

Death Benefits

PAYMENTS TO BENEFICIARIES

When you die, UCRP pays a basic death payment of \$7,500 to your beneficiary, in addition to any monthly UCRP income that may be payable to the contingent annuitant.⁵

After your death and, if applicable, the death of your contingent annuitant, any remaining accumulations are paid to your beneficiary.

UCRP death benefits are not the same as University life insurance benefits or departmental death benefits. For information about these benefits, see the appropriate *Survivor and Beneficiary Handbook*, available online at ucal.us/survivorhandbook or from the UC Retirement Administration Service Center.

PRERETIREMENT SURVIVOR INCOME

If you die while employed or while receiving UCRP disability benefits and you have at least two years of service credit, monthly income is paid to your eligible survivors — that is, eligible spouse or domestic partner, or if none, eligible child(ren), or if none, eligible dependent parent(s) (see the definitions on page 22). The amount paid to the eligible survivor(s) is 15 percent of your final salary.

If you die while an inactive member, monthly income is paid to your surviving spouse or surviving domestic partner only if you are eligible to retire at the time of death.

DEATH WHILE ELIGIBLE TO RETIRE

If you die while eligible to retire (that is, age 55 with at least five years of service credit) but have not yet elected to retire, a lifetime retirement benefit may be payable to your surviving spouse or domestic partner.

If there is a surviving spouse or domestic partner, the benefit is calculated as though you had elected to retire on the day after the date of death and had chosen Option A (full continuance) with your spouse or domestic partner named as contingent annuitant. The benefit is payable beginning the day after your death.

If you die after electing retirement income, the benefit payable to a survivor will depend upon the monthly retirement benefit option you choose at the time you retire. If you choose basic retirement income, your survivor will receive no monthly income. See “Alternate Monthly Payment Options” on page 12 for information on benefits payable to your contingent annuitant.

⁵ Beneficiaries of active members who became Plan members before October 1, 1990, receive \$1,500 plus one month's final salary, if this amount is greater than \$7,500.

Cost-of-Living Adjustments

After receiving benefits for one year, UCRP members are eligible to receive an annual cost-of-living adjustment (COLA), starting on the following July 1. The COLA is based on the Consumer Price Index (CPI) increase for the preceding year. Generally, the COLA for any Plan year equals:

- 100 percent of the CPI increase up to 2 percent
- 75 percent of the CPI increase over 4 percent
- A maximum of 6 percent

If the CPI decreases, UCRP benefits are not reduced.

The CPI used to determine the annual COLA is an average of the CPIs for the Los Angeles and San Francisco metropolitan areas and is measured from February to February.

Disability Benefits

The UC Retirement Plan provides disability income benefits if you are an active member with five or more years of service credit⁶ and submit a timely application (see “Apply for Disability Benefits” on page 16). The UCRP disability benefits coordinate with UC’s short-term and supplemental disability plans. See *A Complete Guide to Your UC Health Benefits* for more information.

If you are eligible to retire, elections for disability and retirement should be made simultaneously so retirement benefits will continue in the event disability benefits are not approved.

GENERAL REQUIREMENTS

The Plan Administrator determines your eligibility to receive UCRP disability income based on qualified medical evidence and according to written procedures governing the consideration and disposition of disability issues. These procedures include your right to review decisions concerning your status. Once established, the Plan Administrator periodically reevaluates your eligibility.

When applying for disability income, you are required to submit medical evidence, which is considered in determining eligibility for the benefit. To receive disability income initially and at any time while receiving it, you also may be required to undergo medical examination(s) by physician(s) chosen by the Plan Administrator or to participate in vocational assessment or rehabilitation programs. If you do not comply, you are not eligible to receive UCRP disability income.

DISABILITY DEFINITIONS

“Disabled” means being unable to engage in substantial gainful activity because of a medically determinable physical or mental impairment that is permanent or expected to last 12 continuous months or longer from the UCRP disability date.

Initially, “substantial gainful activity” means physical or mental activities that pay 50 percent or more of your final salary (adjusted for cost-of-living increases; see “Cost-of-Living Adjustments” at left). After the first year of disability income, your impairment is reevaluated. Disability income continues if you are unable to earn the amount defined annually by the Social Security Administration in determining substantial gainful activity. In 2015, this amount is \$1,090 per month.

⁶ Any service credit that was established for a leave period is not included in determining eligibility for disability benefits.

Disability Benefits

DISABILITY DATE

If you are eligible as defined by the Plan, disability income is payable. The first day of eligibility, or the disability date, is the later of:

- The first of the month in which the Plan Administrator receives the application, or
- The day after your last day on pay status.

DISABILITY INCOME

Disability income is a percentage of your monthly final salary. The percentage is based on years of service credit as of the disability date, as shown below.

Years of UCRP Service Credit	Monthly Benefit (percentage of final salary)
5 (less than 6)	13.1%
6 (less than 7)	14.8%
7 (less than 8)	16.5%
8 (less than 9)	18.2%
9 (less than 10)	19.9%
10 (less than 11)	21.6%
11 (less than 12)	23.3%
12 or more	25.0%

MAXIMUM DISABILITY INCOME

The maximum disability income that may be payable, when combined with income from other sources, depends on your UCRP membership date. You will receive further details when you become eligible for disability income.

Applying for Disability Benefits

To apply for UCRP disability income, you should contact your local Benefits Office to explore your various disability income options. Be prepared to provide medical information to substantiate your application. You should make an appointment to apply for disability benefits as soon as it appears that you won't be able to return to work because of your disability. (If you become an inactive member, you are eligible to apply for disability income within 12 months of leaving University employment if medical evidence shows that you would have been entitled to disability income as of the separation date and your accumulations have remained on deposit with the Plan.) But, to preserve your right to continue UC-sponsored health coverage, you must apply within 120 days of your separation.

LENGTH OF THE DISABILITY INCOME PERIOD

If you continue to be disabled as defined by the Plan, you can receive UCRP disability income as follows:

- If you are under age 65 on the UCRP disability date, you may receive disability income for up to five years or until age 65, whichever comes later;
- If you are aged 65 or older on the UCRP disability date, you may receive disability income for up to 12 months or until age 70, whichever comes later.

Special provisions apply to Safety members.

WHEN DISABILITY INCOME STOPS (REGARDLESS OF UCRP DISABILITY DATE)

In all cases, if you are eligible to retire when disability income stops, you can elect UCRP retirement income.

The Plan Administrator will notify you in advance as to when and how your benefits will be affected so that you can decide about retirement before your disability income stops. See "Retirement Benefits," below, for eligibility requirements, calculations and other provisions.

If a disabled member dies, survivor benefits may be payable either immediately or at a future date (see "Death Benefits" on page 14).

Reappointment After Retirement

In certain instances where there are compelling circumstances, UC retirees are rehired to help fill a particular staffing need. Under UC policy, those retired employees who later return to UC in staff or Senior Management Group positions must follow these provisions:

- Reemployment must not occur until there has been a break in service of at least 30 days, and preferably 90 days
- The appointment must be limited to the equivalent of no more than 43 percent time in a 12-month period; for faculty the appointment cannot be more than 43 percent time per month
- Employment of a staff retiree must not exceed a total of 12 months; if reemployment is necessary after 12 months, the request for continued employment must follow the same approval process as the original appointment
- Reemployment must be in response to a University need; for example: the retired employee possesses skills and institutional knowledge that the hiring department cannot otherwise obtain with equal cost effectiveness; the hiring department anticipates a prolonged process for hiring a replacement; or the need for the retired employee to assist the replacement in acquiring necessary skills and knowledge

Rehired employees in staff positions who receive a monthly retirement benefit must submit a completed *UCRP Reemployed Retiree Notification* form (UBEN 1039), available from the Benefits Office.

A retired employee who is receiving UCRP monthly retirement income may suspend retirement income payments and be reemployed in a career or long-term appointment after an appropriate break in service.

If you suspend retirement income because you've been rehired into a UCRP-eligible position, you must re- retire the day after you again leave UC employment.

For more information, see the *Returning to UC Employment After Retirement Factsheet* available online at ucal.us/returntowork.

Internal Revenue Code Provisions

The IRC limits the maximum benefits payable from retirement plans and specifies the date by which distributions (in defined minimum amounts) must begin.

MAXIMUM BENEFIT LIMITATIONS

IRC §415(b) places a limit on the maximum total benefits payable in any calendar year from a defined-benefit plan such as UCRP. The limit is based, in part, on the member's age. For example, the limit for age 62 and older in 2015 is \$210,000.

The University of California 415(m) Restoration Plan — a nonqualified pension plan — became effective Jan. 1, 2000, to pay benefits that would not otherwise be payable because of the §415(b) limit. If your UCRP benefits are affected by the §415(b) limit, you will receive additional information about the 415(m) Restoration Plan from the UC Retirement Administration Service Center.

IRC §401(a)(17) sets a dollar limit for annual earnings upon which retirement benefits (and contributions, if any) may be based. The earnings limit beginning Jan. 1, 2015, is \$265,000 for employees who became members as of July 1, 1994, or later. For those who were active members before July 1, 1994, the earnings limit is \$395,000.

MINIMUM REQUIRED DISTRIBUTIONS

You must begin receiving minimum distributions from the Plan by April 1 of the calendar year following the later of:

- The year in which you reach age 70½ or
- The year in which you leave University employment

Generally, the UCRP formulas for retirement income satisfy the minimum distribution requirements. If you do not apply for retirement benefits by the above date, basic retirement income will begin automatically. Minimum required distributions are not eligible for rollover.

Each year, UC Human Resources notifies members who are subject to the minimum distribution requirements and provides information and individual calculations to help them comply. Minimum required distributions are calculated in accordance with U.S. Treasury regulations.

Internal Revenue Code Provisions

ROLLOVERS

Into the Plan

UCRP does not accept rollovers except for buybacks.

From the Plan

See the *Special Tax Notice for UC Retirement Plan Distributions* available on UCnet (ucal.us/specialtaxnotice) for information about the following UCRP distributions, which are eligible for direct rollover:

- A refund of accumulations
- Lump sum death payment to a surviving spouse
- Lump sum distributions to a spouse or former spouse under a qualified domestic relations order (QDRO) and
- Lump-sum death payment to a non-spouse beneficiary (to an inherited IRA and not to another plan)

A distribution that is eligible for direct rollover is subject to mandatory 20 percent federal tax withholding unless it is directly rolled over from the Plan to a traditional IRA or a Roth IRA, to another employer plan that accepts rollovers, or to the University's Defined Contribution, Tax-Deferred 403(b), or 457(b) Deferred Compensation Plans (see "Internal Rollovers," below).

UCRP distributions that are not eligible for rollover include:

- Monthly retirement or disability income
- QDRO monthly income or
- Lump-sum QDRO distributions to a non-spouse (as defined by federal tax law)

You (or your spouse or former spouse) may also roll over an eligible Plan distribution that has been paid to them, as long as the rollover to the IRA or new plan occurs within 60 days of receipt of the distribution. If you want to roll over 100 percent of the distribution, you must replace, from personal savings or other sources, an amount equal to the taxes that were withheld when the distribution was issued. Any amount not rolled over will be taxed as ordinary income for the year in which the distribution was issued. It may also be subject to early distribution penalties. See "Taxes on Distributions — Tax Withholding," at right. For more detailed information, see the *Special Tax Notice for UC Retirement Plan Distributions* available on UCnet (ucal.us/specialtaxnotice).

Internal Rollovers

If you who have an account in UC's Defined Contribution Plan, Tax-Deferred 403(b) Plan or 457(b) Deferred Compensation Plan, you may roll over eligible UCRP distributions to these plans.

TAXES ON DISTRIBUTIONS

Income Tax

Except as described below, all distributions from UCRP are subject to federal and state ordinary income taxes. The benefit attributable to any buybacks made on an after-tax basis is not taxable when distributed. Any pretax portion of a distribution is taxable income in the year the distribution is issued.

Early Distribution Penalties

In addition to being taxed as ordinary income, the taxable portion of a refund of accumulations taken before age 59½ (early distributions) may also be subject to nondeductible federal and state penalty taxes — currently a 10 percent federal tax and a 2½ percent California state tax. There are, however, a number of circumstances in which early distributions may be exempt from the penalty taxes. The exceptions are described in the *Special Tax Notice for UC Retirement Plan Distributions* available on UCnet (ucal.us/specialtaxnotice).

UC Human Resources does not assess early distribution penalties when a distribution is paid. If you are subject to the penalties, you are responsible for reporting them to the IRS when you file your income tax returns.

Tax Withholding

The Plan Administrator withholds federal and California state income taxes (for California residents) in accordance with federal and state law. Income tax for states other than California is not withheld. You should consult a tax adviser about tax liability.

Distributions Eligible for Rollover

Distributions that are eligible for rollover (see "Rollovers" at left) are subject to 20 percent federal tax withholding if they are paid to you, your spouse, former spouse or non-spouse beneficiary. No taxes are withheld if the distributions are directly rolled over to a traditional IRA, a Roth IRA or another employer plan. For more information, see the *Special Tax Notice for UC Retirement Plan Distributions* available on UCnet (ucal.us/specialtaxnotice).

Tax Statement

Each January, the Plan Administrator files a Form 1099-R with federal and state tax authorities, with a copy to the individual, for each distribution paid during the previous year. The form shows the total and taxable amounts of the individual's distribution(s).

Those who receive more than one type of distribution are sent a separate Form 1099-R for each type of distribution.

Additional Information

CLAIMS PROCEDURES

A member, survivor, contingent annuitant or beneficiary must submit a request to receive benefits or a distribution from the Plan. Claims for benefits must be made in accordance with procedures established by the UC Retirement Administration Service Center. No Plan distribution will be made until the claimant has provided all pertinent information requested by the UC Retirement Administration Service Center.

Generally, claims are processed within 90 days after the UC Retirement Administration Service Center receives the request and any other required information. If a claim is denied, UC Retirement Administration Service Center will notify the claimant in writing, explaining the reason for denial and notifying the claimant that he or she, or his or her authorized representative, may appeal the denial by requesting an independent review by the Plan Administrator. The appeal must be made within 60 days of the notification of the denial. The appeal must be in writing, accompanied by documentation supporting the claim, and sent to Plan Administrator, UC Human Resources (see front of booklet for address). The claimant will receive a written notice and explanation of the Plan Administrator's decision on the appeal within 90 days of the Plan Administrator's receipt of the appeal, unless circumstances require a longer period. In general, such period will not exceed 120 days.

If, after exhausting administrative appeal procedures, the claimant still believes that a benefit has been improperly paid or denied, the claimant has the right to initiate legal proceedings.

Send service of process to the Regents of the University of California, Trustee of the University of California Retirement Plan, c/o Office of the General Counsel, 1111 Franklin Street, 8th Floor, Oakland, CA 94706.

PLAN ADMINISTRATION

The Vice President of Human Resources is the Plan Administrator with responsibilities for the day-to-day management and operation of the Plan. The UC Retirement Administration Service Center provides the necessary record keeping, accounting, reporting, receipt and disbursement of Plan assets to eligible Plan members.

The Office of the Chief Investment Officer has primary authority for investing the assets of the Plan trust consistent with the investment policies established by the Regents. The Office of the Chief Investment Officer also serves as custodian of the Plan trust.

PLAN CHANGES

The Plan is subject to change and to independent audit to comply with applicable federal and state statutes, U.S. Treasury regulations and industry standards. Members are notified whenever substantive changes to the Plan occur. Although the Plan is expected to continue indefinitely, the Regents reserve the right to amend or terminate the Plan at any time.

The University will take appropriate action concerning proposed changes that may trigger notice, consultation, and meeting and conferring obligations under the Higher Education Employer-Employee Relations Act.

DESIGNATION OF BENEFICIARY OR CONTINGENT ANNUITANT

Beneficiary

You should designate a beneficiary immediately upon becoming a Plan member. When you die, the beneficiary receives the basic death payment and any accumulations remaining after all benefits have been paid. You may name more than one beneficiary and specify the percentage that each beneficiary is to receive. A beneficiary may be a person, trust or organization.

If you do not name a beneficiary or if the beneficiary designation is no longer effective, UCRP "default" beneficiary designation rules require that any benefits be paid to your survivors in the following order of succession:

- Surviving legal spouse or surviving domestic partner; or, if none,
- Surviving children, natural or adopted, on an equal-share basis (children of a deceased child share their parent's benefit); or, if none,
- Surviving parents on an equal-share basis; or, if none,
- Brothers and sisters on an equal-share basis; or, if none,
- Your estate

Additional Information

Beneficiary designations should be made online by signing in to AYS Online on the right side of the home page. Once you've logged on, select "Your Beneficiaries" and follow the instructions on the screen. You may name or change your beneficiary online at any time.

If you do not have Internet access or are unable to use the online application, complete form UBEN 116 (*Designation of Beneficiary — Employees*). Retirees, former employees and others must use form UBEN 117 (*Designation of Beneficiary — Retirees, Former Employees and Others*) to name UCRP beneficiaries. These forms are available from local Benefits Offices or the UC Retirement Administration Service Center.

You should periodically review your beneficiary designation(s) to reflect any changes in your family situation — for example, marriage, the birth of a child, divorce or death.

Note: To designate a beneficiary for the Retirement Savings Program (DC Plan, 403(b) Plan, and 457(b) Plan), contact Fidelity Retirement Services directly at 866-682-7782 or netbenefits.com.

Contingent Annuitant

You can designate a contingent annuitant at retirement if you want to provide a monthly lifetime benefit for that person. As of your retirement date, the designation is irrevocable — you cannot name a new contingent annuitant (see "Alternate Monthly Payment Options" on page 12).

Community Property

If you are married or have a registered domestic partner and designate someone other than your legal spouse or partner as a beneficiary or contingent annuitant, you may need to consider the spouse's/partner's community property rights. For residents of a community property state such as California, a designation of beneficiary or contingent annuitant may be subject to challenge if the spouse/partner would consequently receive less than the share of the benefit attributable to community property.

A will or trust does not supersede a designation of beneficiary or contingent annuitant, nor does either supersede the Plan's "default" beneficiary rules (described on page 19) that apply in the absence of a valid beneficiary designation.

ASSIGNMENT OF BENEFITS

Generally, UCRP benefits payable to members, survivors or beneficiaries cannot be attached by creditors, nor can anyone receiving benefits assign payments to others. UCRP benefits are intended solely for the benefit of members and their beneficiaries and survivors.

There are some exceptions, however, in which the University complies with the legal requirements. For example, the IRS may attach retirement benefits to collect unpaid taxes, or a court may order certain benefits to be paid for child or spousal support.

SPECIAL PROVISIONS FOR AFSCME, CNA AND UPTE

As a result of collective bargaining, UCRP 2013 Tier members who are also members of American Federation of State, County and Municipal Employees (AFSCME), California Nurses Association (CNA) and University Professional and Technical Employees (UPTE) have the following special provisions:

RETIREMENT AGE

If you are a member of one of these unions, you are eligible to retire at age 50 and the highest age factor is used to calculate your retirement benefits at age 60.

LUMP SUM CASHOUT

You may choose to receive your benefit as a lump sum rather than as a monthly benefit.

The lump sum cashout is a present value projection of your lifetime basic retirement income as of the cashout date and includes assumed cost-of-living increases.

If you elect the cashout, you forfeit all other retirement benefits (such as the temporary Social Security supplement and credit for converted sick leave) and death benefits (such as the basic death payment and contingent annuitant benefits). You also forfeit eligibility for retiree medical, dental, vision and legal benefits, if any.

If you elect the lump sum cashout and die before payment is made, the cashout will be paid to your beneficiary.

See the *Lump Sum Cashout Fact Sheet* available on UCnet for more information.

CONTRIBUTIONS

The contribution rate for AFSCME, CNA, and UPTE members in the 1976 Tier or the 2013 Tier is 9 percent of pay. The university contributes 14 percent of pay.

QUALIFIED DOMESTIC RELATIONS ORDERS (QDRO)

If you divorce or end a registered domestic partnership, the court may include Plan assets as community property to be divided between you and your former spouse, registered domestic partner or other dependent. In such cases, the domestic relations order must be approved, or qualified, by the Special Claims Unit of the UC Retirement Administration Service

Center as being in compliance with California community property law and with the Plan.

The University cooperates fully with you and your spouse, domestic partner or dependent, as well as your attorneys and the court in divorce cases. Both spouses, domestic partners and the court have the right to request information about the benefits you earned while you were married and how those benefits are derived, as well as information about the options available to your spouse, domestic partner or dependent. To release this information, UCRS must be joined as a party to the domestic relations proceeding if the proceeding will be heard in a California court. Otherwise, the request for information must be accompanied by a signed release from you or a valid subpoena. All requests should include your name, Social Security number, address (or name and address of your attorney), date of marriage/domestic partner registration and marital/domestic partnership separation date.

An Alternate Payee must choose monthly retirement income for the allocated portion of your benefit attributable to 2013 Tier.

The Alternate Payee may begin receiving monthly payments at your minimum retirement age of 55 or when you actually retire.

FURTHER INFORMATION

To help you better understand the Plan's benefits, UC Human Resources provides personalized account information. You can find current, comprehensive information about your UCRP account as well as any other UC accounts you may have and make certain online Plan transactions by visiting UCnet and signing in to your account on AYS Online. UCnet also contains a link to the Fidelity Retirement Services website so you may access your Defined Contribution Plan, Tax-Deferred 403(b) Plan and 457(b) Deferred Compensation Plan balances.

Annual reports containing audited financial statements are available on UCnet or from the UC Retirement Administration Service Center.

Summary plan descriptions are provided at hire and are also available on UCnet (ucnet.universityofcalifornia.edu) or from the UC Retirement Administration Service Center.

You may view the University of California Retirement Plan document online (ucal.us/UCRSdocuments).

All notices or communications will be effective when sent to you by first-class mail or conveyed electronically to your address of record. The University and the Regents are entitled to rely exclusively upon any notices, communications or instructions issued in writing or electronically conveyed by UC Human Resources.

Plan Definitions

Certain key terms are used throughout this summary plan description that are specific to UCRP and its benefit provisions. They are defined as follows:

BREAK IN SERVICE

Leaving University employment, including any period on pay status but without covered compensation, or any period off pay status for four or more consecutive months. The following periods do not constitute a break in service for UCRP membership as long as you return to pay status at the end of the period:

- Approved leave of absence without pay
- Temporary layoff (fewer than four months)
- Furlough
- Period of right to recall and preference for reemployment
- Return to pay status the next working day after leaving University employment
- Return to pay status after a military leave in accordance with employees' reemployment rights or
- Return to pay status from a medical separation within the time allowed under University policy

Effective July 1, 2013, active UCRP members in the 1976 Tier who leave UC employment and then return to a UCRP-eligible position before the first day of the second month following the month the member left employment will remain in the 1976 Tier and continue to accrue benefits under the terms of that tier. For example, if a member leaves UC employment on July 5, 2015 and returns to a UCRP-eligible appointment before Sept. 1, 2015, for purposes of determining Tier membership, the member will not have incurred a break in service.

COVERED COMPENSATION

The gross monthly pay that an active employee receives for a regular and normal appointment, including pay while on sabbatical or other approved leave of absence with pay. Not included are:

- Pay for overtime unless in the form of compensatory time off
- Pay for correspondence courses, summer session, intersession and for interquarter or vacation periods or University extension courses, unless such employment constitutes part of an annual or indefinite appointment
- Pay for a position that is not normally full time except if paid on a salary or hourly rate basis
- Pay that exceeds the full-time rate for the regular, normal position to which the member is appointed

Plan Definitions

- Pay that exceeds the base salary as negotiated under the General Health Sciences Compensation Plan or Medical School Clinical Compensation Plan
- Pay that exceeds the established base pay rates, including non-elective deferred compensation, honoraria and consulting fees
- Payments received as uniform allowance, unless included as part of compensation for a regular and normal appointment
- Pay that exceeds the IRC §401(a)(17) dollar limit; beginning Jan. 1, 2015, the earnings limit is \$265,000 (\$395,000 for certain grandfathered employees)
- Payments received as housing allowance
- Pay from sources other than the University of California

DOMESTIC PARTNER

An individual of the same or opposite sex whom you have designated as your domestic partner by one of three possible methods:

- Registration of the domestic partnership with California's Secretary of State
- Registration of a same-sex union, other than marriage, validly formed in another jurisdiction, that is substantially equivalent to a California domestic partnership or
- Filing of a UC *Declaration of Domestic Partnership* form with the UCRP administration

ELIGIBLE CHILD

The biological or adopted child or stepchild of a disabled or deceased member, or the biological or adopted child of the member's eligible domestic partner, who:

- Received at least 50 percent support from the member for one year before the member's death, disability date or retirement, whichever occurs first; and
- Is under age 18 or
- Is under 22 and attending an educational institution full time or
- Is disabled (The disability must have occurred while the child was eligible based on age, as above)

The one-year support requirement does not apply to a member's child as follows:

For a biological child:

- If the child is born after the member's disability date or
- Is born within 10 months after the member's death or
- Is born less than one year before the member's death or disability or retirement date

For an adopted child, it does not apply if the adoption is finalized:

- After the member's disability date or
- As of the date of the member's death or disability or
- Less than one year before the member's death or disability or retirement date

A stepchild or an eligible domestic partner's biological or adopted child must have been living with or in the care of the member just before the member's death or disability or retirement.

An eligible child may qualify for preretirement survivor benefits.

ELIGIBLE DEPENDENT PARENT

The biological or adoptive mother or father of an active, disabled or retired member who received at least 50 percent support from the member for the year just before the member's death, disability or retirement.

An eligible dependent parent may qualify for preretirement survivor benefits.

ELIGIBLE DOMESTIC PARTNER

The domestic partner of a deceased active member. The partnership must have been established at least one year before the member's death or disability date, and the partner must:

- Be responsible for the care of an eligible child (as defined at left) or
- Be disabled (see pages 15–16) or
- Have reached age 60

If the domestic partner is responsible for the care of an eligible child who is the member's biological child, the one-year partnership requirement is waived as long as the child is eligible.

If the deceased employee was an active UCRP member and eligible to retire, see "Surviving Domestic Partner" definition, on page 23.

ELIGIBLE SPOUSE

The widow or widower of a deceased active member. The date of marriage must have been at least one year before the member's date of death, and the spouse must:

- Be responsible for the care of an eligible child (as defined on page 22)
- Be disabled (see pages 15–16) or
- Have reached age 60

If the spouse is responsible for the care of an eligible child who is the member's biological child, the one-year marriage requirement is waived as long as the child is eligible.

If the deceased employee was an active UCRP member and eligible to retire, see "Surviving Spouse" definition, below.

ELIGIBLE SURVIVOR

See "Eligible Child," "Eligible Dependent Parent," "Eligible Domestic Partner" or "Eligible Spouse."

FINAL SALARY

The monthly full-time equivalent compensation of an active member at the time of death or disability date (or, if higher, on the member's separation date).

If the member worked less than full time during the last 12 months of continuous employment, whether on an annual or partial-year career appointment, the monthly full-time equivalent compensation is adjusted based on the average percentage of time on pay status over the last 36 months of continuous service.

Whether the member has worked full time is determined without regard to sabbatical leave, extended sick leave, a medically determinable physical or mental condition that causes the member to apply for disability income or participation in an approved rehabilitation program. Periods of approved leave of absence without pay are excluded from the 36 months; the time before and after a leave is considered continuous.

HIGHEST AVERAGE PLAN COMPENSATION (HAPC)

A member's average monthly full-time equivalent compensation, including any administrative stipends, during the 36 continuous months preceding retirement in which compensation was the highest.

Periods of approved leave of absence without pay are excluded from the 36 months; the time before and after a leave, or before and after a period of inactive membership, is considered continuous. Service credit bought back for a leave period or for past (refunded) service will be included in determining these 36 months.

For a member on a partial-year appointment, compensation earned on a 9-, 10- or 11-month appointment is spread over a year to determine the member's annual full-time equivalent compensation, and compensation for each month within the 12-month period is treated as 1/12th of the total amount.

The HAPC attributable to service while on a partial-year career appointment is based on the 36 continuous months that produce the highest average compensation.

For TRIP and START participants and for participants in the systemwide mandatory furlough program, HAPC is calculated without regard to any reduction in covered compensation resulting from the reduction in time.

SURVIVING DOMESTIC PARTNER

The domestic partner of a deceased active UCRP member.

The surviving domestic partner is eligible to receive the UCRP contingent annuitant Option A benefit (see page 12) if the member was eligible to retire at the time of death.

SURVIVING SPOUSE

The widow or widower of a deceased active UCRP member.

The surviving spouse is eligible to receive the UCRP contingent annuitant Option A benefit (see page 12) if the member was eligible to retire at the time of death.

Information for Members with Service Credit from a Previous Period of Employment

If you worked at UC prior to July 1, 2013 earning UCRP service credit in the 1976 Tier and resume active membership in UCRP after a break in service on or after July 1, 2013, you will earn additional service credit in the 2013 Tier. Since you will have earned retirement benefits in two different tiers of the Plan, you will be subject to the provisions of both tiers and your retirement benefits will be calculated taking the benefits accrued under both tiers into account. The information below explains how the two tiers work together.

Please note: Effective July 1, 2013, if you leave UC employment as an active member of UCRP in the 1976 Tier and return to work at UC in a UCRP-eligible position before the first day of the second month following the month you left employment, you will remain in the 1976 Tier and continue to accrue benefits under the terms of that tier. For example, if you leave UC employment on July 5, 2015 and return to a UCRP-eligible appointment before Sept. 1, 2015, you will not have incurred a break in service that otherwise would put you in the 2013 Tier.

RETIREMENT DATE

You must choose a single retirement date for both portions of your retirement benefit. If you retire before age 55 (the minimum age for the 2013 Tier), you will receive only the benefit accrued under the 1976 Tier until you reach age 55. At that time, benefits accrued under the 2013 Tier will begin automatically and you will receive the combined amount (unless you chose a lump sum cashout for the 1976 Tier benefit).

RETIREMENT BENEFIT

BENEFIT CALCULATION

If you accrued benefits under the 1976 Tier and the 2013 Tier, your total benefit will be the sum of the benefits you earned under both tiers (although the commencement dates may differ, as described above). UC will do two calculations to ensure you receive the benefits you earned.

Your benefit accrued under the 1976 Tier will be the greater of the amount determined under Calculation 1 or Calculation 2.

Example⁷

You retire at age 52 with 10 years of 1976 Tier service and 2 years of 2013 Tier service.

Calculation 1

Your 1976 Tier age factor at your retirement date x years of service credit accrued under the 1976 Tier x a time-adjusted HAPC. The HAPC is determined as of the date of your break in service under the 1976 Tier, which is then increased by a COLA each year to your retirement date.

\$5,000	average pay for last 36 months of 1976 Tier service credit period
+ 300	inactive COLA from end of 1976 Tier service credit period to retirement date
\$5,300	HAPC

Calculation 2

Your 1976 Tier age factor at your retirement date x your years of service credit accrued under the 1976 Tier x your HAPC. Your HAPC is based on your average compensation determined over the 36 consecutive months of your entire career that yield the highest average.

\$5,100	HAPC based on average pay for last 12 months of 1976 Tier service credit period and 24 months of 2013 Tier service credit period
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The Calculation 1 HAPC is higher and results in a higher monthly benefit, so you receive this benefit:

.0138	1976 Tier age 52 factor
x 10	years of 1976 Tier service credit
x <u>[\$5,300 - \$133]</u>	HAPC - Social Security offset
\$713*	1976 Tier monthly benefit

* You will also receive a Temporary Social Security Supplement of \$18 per month (.0138 x 10 x \$133 = \$18) payable until age 65

⁷ Benefit amounts are in the form of basic retirement income and are rounded down to the nearest dollar.

When you turn 55, you will begin receiving additional income based on your 2013 Tier service, since that is the earliest age at which you can start receiving the 2013 Tier benefit.

Your benefit accrued under the 2013 Tier is determined under the following formula: 2013 Tier age factor at the date your 2013 Tier benefit begins x your years of service credit accrued under the 2013 Tier x your final HAPC.

Example⁷

Your HAPC is based on Calculation 2 above. Your 2013 Tier HAPC is \$5,100.

Your 2013 Tier benefit is calculated as follows:

.0110	2013 Tier age 55 factor
x 2	years of 2013 Tier service credit
<u>x \$5,100</u>	HAPC
\$112	2013 Tier monthly benefit

You will receive an additional \$112 per month at age 55.

If you accrued benefits under the 2013 or 1976 Tiers and as a Safety member, you will have a blended calculation at retirement.

FORM OF PAYMENT

You are required to elect the same form of monthly retirement income for both the 1976 Tier and 2013 Tier benefit. For example, if you choose Option A, it applies to both portions of your benefit.

Exceptions: You may choose to receive your benefit accrued under the 1976 Tier as a lump sum. You must elect a form of monthly retirement income for the 2013 Tier benefit. The lump sum option is not available for the 2013 Tier benefit.

If you choose Option D for your 1976 Tier benefit, your 2013 Tier benefit will automatically be paid in the Option C form because Option D is not available for the 2013 Tier. These payment options have the same payment structure.

CONTINGENT ANNUITANT

If you elect to provide a portion of your retirement for a contingent annuitant, you must select the same contingent annuitant for both portions of your retirement benefit.

The contingent annuitant and the payment option you elect cannot be changed, even if the contingent annuitant dies before 2013 Tier benefits begin.

COST OF LIVING ADJUSTMENTS

If you retire prior to age 55, the effective date for the first COLA for the 2013 Tier benefit is the first July 1 that follows the 12-month anniversary of the commencement date for your 2013 Tier benefit.

Example

You retire June 28, 2015, at age 53 and begin receiving your 1976 Tier benefit. You will begin receiving a COLA on that benefit in July 2016. After your 55th birthday in April 2017, you begin receiving your 2013 Tier benefit. You will begin receiving a COLA on your 2013 Tier benefit in July 2018.

⁷ Benefit amounts are in the form of basic retirement income and are rounded down to the nearest dollar.

OTHER BENEFITS

Some benefits will be calculated using a weighted average of the 1976 Tier benefit and the 2013 Tier benefit. The weighted average is the ratio of tier service credit over total service credit. For example, if you have 10 years of service under the 1976 Tier and five years under the 2013 Tier, the benefit would be calculated using two-thirds of the 1976 Tier benefit and one-third of the 2013 Tier benefit.

Benefits calculated using the weighted average include:

DISABILITY INCOME BENEFIT

Disability income is calculated using the formula for each tier in which you have earned service credit, with all of your service credit from all tiers used in each calculation. The weighted average of the results determines your monthly benefit. If, however, the disability income based on 1976 Tier service is greater, you will receive that amount.

Example

You become disabled at age 52 with 10 years of 1976 Tier service and 2 years of 2013 Tier service. Your final monthly salary as of your disability date: \$5,200

Your disability income calculation is a weighted average of results based on total service credit under 1976 Tier formula (including \$106.40 Social Security offset) and 2013 Tier formula, weighted by the ratio of tier service credit over total service credit:

Under the 1976 Tier formula, you are eligible for 40 percent of your income (based on 12 years of total service credit)
 $x (\$5,200 - \$106.40) = \$1,973.60$

Under the 2013 Tier formula, you are eligible for 25 percent of your income (based on 12 years of total service credit)
 $x \$5,200 = \$1,300$

The weighted average:

\$1,644.67 $\$1,973.60 \times \frac{10}{12}$ of the 1976 Tier calculation
+ 216.67 $\$1,300 \times \frac{2}{12}$ of the 2013 Tier calculation
\$1,861⁸

Calculation for 1976 Tier-only benefit:

Under the 1976 Tier formula, you are eligible for 35 percent of your income (based on 10 years of 1976 Tier service credit) $x (\$5,200 - \$106.40) = \$1,713.60$

Since \$1,861 is greater than \$1,713.60, \$1,861 is your UCRP disability income.

⁸ Benefit amounts are monthly income and, for purposes of these examples, are rounded down to the nearest dollar.

PRE-RETIREMENT SURVIVOR INCOME

This benefit is calculated as the weighted average of the 1976 Tier benefit (25 percent of final salary minus \$106.40 Social Security offset) and the 2013 Tier benefit (15 percent of final salary).

Example

You die at age 48 with an Eligible Child
 Your final salary as of date of death: \$5,200
 You have 10 years of 1976 Tier service and 2 years of 2013 Tier service

Calculations

1976 Tier formula:
 $25\% \times \$5,200 = \$1,300$
 $(\$1,300 - \$106.40) = \$1,193.60$

2013 Tier formula:
 $15\% \times \$5,200 = \780

The weighted average:

\$994.67 $\$1,193.60 \times \frac{10}{12}$ of the 1976 Tier calculation
+ \$130 $\$780 \times \frac{2}{12}$ of the 2013 Tier calculation
\$1,124⁸ Pre-retirement Survivor Income*

* For the first three months the benefit will be slightly higher because the \$106.40 Social Security offset is not applied.

QDRO ALTERNATE PAYEE PROVISION

If you retire prior to age 55 and the 2013 Tier portion of your benefit is considered community property under a QDRO, your Alternate Payee must wait until you reach age 55 to begin monthly payments of their allocated share of the 2013 Tier portion of the benefit. The alternate payee's options for the 1976 Tier portion of their benefit are outlined in the *Qualified Domestic Relations Orders Factsheet*, available online at ucal.us/QDROfactsheet.

Defined Contribution Plan: Summary Plan Description

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Introduction

The University of California (the University or UC) offers eligible employees of the University and its affiliate, Hastings College of the Law, a tax-qualified retirement plan to provide supplemental retirement benefits. The Plan is a defined contribution plan under §401(a) of the Internal Revenue Code (the IRC). The provisions of the Plan are subject to collective bargaining for represented employees. Future benefits from the Defined Contribution Plan (DC Plan) are based on contributions made to the DC Plan plus earnings. DC Plan participants are fully vested in all contributions made to the Plan.

The designated Plan Administrator of the DC Plan is the Vice President, Human Resources (VP-HR). Currently, Fidelity Retirement Services performs recordkeeping duties. The relevant contact information is on the inside front cover. The Plan Administrator administers the DC Plan for the sole benefit of Plan participants and their beneficiaries. Individual investment strategies should reflect the participant's personal savings goals and tolerance for financial risk. UC, the Regents, the Office of the Chief Investment Officer, UC Human Resources and Fidelity Retirement Services are not liable for any loss that may result from participants' investment decisions. This summary plan description summarizes the Plan document as revised effective April 2013.

DC Plan Pretax Account: Participation

The DC Plan has separate accounts for pretax and after-tax contributions. The Pretax Account holds three types of mandatory employee contributions: (1) contributions required to be made by summer or equivalent term employees (3.5 percent of salary); (2) contributions required to be made by Safe Harbor participants (7.5 percent of covered compensation); and (3) contributions that the Regents temporarily redirected from UCRP to the DC Plan until Spring 2010. In accordance with IRC §414(h), mandatory contributions to the Pretax Account are deducted from gross salary, and income taxes are calculated on remaining pay, thus reducing the participant's taxable income. Taxes on contributions and any earnings are deferred (that is, postponed) until the participant withdraws the money.

The After-Tax Account contains voluntary employee contributions that are deducted from a participant's net income. Participants may want to consult a tax advisor or financial planner before enrolling. Participation is voluntary and should be based on the participant's financial objectives and resources.

The information in this section pertains primarily to the DC Plan Pretax Account. References are made to the DC Plan After-Tax Account when the same information applies.

The provisions of the Plan are subject to collective bargaining for represented employees.

PARTICIPATION IN THE DC PLAN PRETAX ACCOUNT IS MANDATORY FOR:

- Safe Harbor participants — these participants are part-time, seasonal and temporary UC employees who are not eligible to participate in UCRP and whose wages are not subject to Social Security taxes. Also included in this category are non-exempt UC student employees who do not satisfy certain courseload requirements and resident aliens with F-1 and J-1 visa status.
- Eligible academic appointees (see page 33).

Enrollment is automatic and begins on the first day of an eligible appointment.

Contributions

Mandatory employee contributions to the DC Plan Pretax Account may come only from income paid through the UC payroll system (or the payroll systems of Lawrence Berkeley National Laboratory or Hastings College of the Law). Employees may also roll over money from other employer-sponsored plans, including the taxable portion of a distribution from the University of California Retirement Plan (UCRP; see “Rollovers: Into the Plan” on page 38).

Mandatory employee contributions to the Pretax Account appear on employees' W-2 forms in the box marked “Other”; they are not reported as taxable income.

Mandatory employee contributions to the DC Plan Pretax Account are deducted from gross salary (after any other pretax deductions for medical plan premiums, dependent care flexible spending account or health flexible spending account), and income taxes are calculated on remaining pay. Although mandatory pretax contributions reduce taxable income, they do not reduce any other salary-related University benefits such as vacation or sick leave, life or disability insurance benefits, or benefits payable from UCRP.

DC Plan participation may affect the income tax deductibility of any contributions you make to a traditional Individual Retirement Account (IRA). IRA contributions may still qualify for a full or partial tax deduction, depending on your adjusted gross income and tax filing status. Participants concerned about the impact of DC Plan contributions on deductible IRA contributions should consult a tax advisor.

SAFE HARBOR CONTRIBUTIONS

Safe Harbor participants (non-UCRP members, i.e., part-time employees and non-exempt students) make mandatory contributions of 7.5 percent to the DC Plan Pretax Account.

Safe Harbor participants who become UCRP members no longer contribute to the Pretax Account. Safe Harbor participants who become contributing members of a defined benefit plan under any other retirement system to which the University contributes — such as the California Public Employees' Retirement System (CalPERS) — or UC student employees who become exempt will no longer contribute to the Pretax Account.

Money that participants accumulate in the Pretax Account remains there until they leave employment and take a distribution (see “Distributions: Former Employees,” on page 34).

ACADEMIC APPOINTEE SUMMER SALARY CONTRIBUTIONS

Compensation that many academic appointees receive for summer session or equivalent term teaching or research is not considered covered compensation for determining UCRP benefits. Therefore, the Plan contains a provision to provide employer and employee contributions to the Pretax Account based on eligible summer or equivalent term salary.

ELIGIBLE ACADEMIC APPOINTEES ARE THOSE WHO:

- Have academic year appointments;
- Are active members of UCRP; and
- Earn eligible summer or equivalent term salary, defined as additional compensation that is not covered compensation for calculating retirement benefits and that is paid in accordance with Academic Personnel Policy 660.

ELIGIBLE SUMMER SALARY INCLUDES COMPENSATION FOR:

- Summer teaching,
- Summer research, or
- Summer administrative service (generally payments to department chairs, vice chairs, etc., for administrative duties paid as “1/9ths”).

Salary paid for teaching University Extension courses is not eligible.

The total contribution rate under this provision is 7 percent of eligible summer salary, comprising an employee pretax contribution of 3.5 percent and an employer contribution of 3.5 percent. The employer contribution is funded by the same source that provides the academic appointee’s summer salary.

LEAVES OF ABSENCE

Mandatory employee contributions to the Pretax Account stop during a leave without pay and resume automatically upon return to pay status in an eligible position.

For sabbatical leaves or administrative leaves with pay during which employees earn less than 100 percent of regular compensation, contributions continue based on compensation (including paid vacation or sick leave) earned during the leave.

Special rules may allow participants on military leave to “make up” Pretax Account contributions that would have been credited to their account during the military leave. Local Benefits Offices can provide more information.

TERMINATION OF EMPLOYMENT

If a participant leaves UC employment, contributions to the Plan stop automatically. The options available for a participant’s accumulations are described in “Distributions: Former Employees” (see page 34).

REAPPOINTMENT

If a participant leaves employment or retires and is later rehired into an eligible position, contributions to the Plan may resume again, depending on the participant’s employment status. The participant once again becomes subject to the rules governing active Plan participation.

Safe Harbor participants who leave employment or retire and who are later rehired into another position eligible for Safe Harbor participation will be re-enrolled automatically.

LIMITATIONS ON CONTRIBUTIONS

Section 401(a)(17) of the IRC sets a dollar limit for annual earnings on which contributions to the DC Plan may be made. The earnings limit beginning Jan. 1, 2015, is \$265,000 for those who became participants on July 1, 1994, or later and \$395,000 for those who became participants before July 1, 1994.

Contributions

To comply with the IRC §415(c) contribution limit and to protect the Plan's qualified status with the IRS, the Plan Administrator annually monitors contributions made for participants. If, due to reasonable error, the 415(c) limit is exceeded for the year, a participant's after-tax contributions, adjusted for income or losses, will be refunded to the extent necessary to come within the limit. Although the earnings are subject to ordinary income taxes for the year in which the excess amount is refunded, they are not subject to the penalty taxes on early distributions.

The earnings on excess contributions are not eligible for rollover.

INVESTMENT OF CONTRIBUTIONS

Participants choose the investment options in which they want to invest their contributions. The investment options are explained on page 38. If participants do not make a choice, their contributions are automatically invested in the UC Pathway Fund closest to the year the participant turns age 65.

Participants may exchange (transfer) accumulations in the Plan among the investment options at any time. Direct exchanges between certain investment options may be prohibited. See the Fidelity Retirement Services website (netbenefits.com) for more information.

Distributions

Distribution rules vary depending on the participant's employment status.

CURRENT UC EMPLOYEES

The Plan does not permit DC Plan Pretax Account distributions to current employees. Pretax Account distributions are permitted only if you leave employment or retire.

Current employees may, however, take a distribution of money that they rolled over into the DC Plan from another employer-sponsored plan, including earnings on the amount rolled over (see "Rollovers: Into the Plan" on page 38).

FORMER EMPLOYEES

Participants who leave University employment have the following payment options for assets in the DC Plan:

- Leave the assets in the Plan if the Plan balance, including any After-Tax Account balance, totals at least \$2,000. Although participants may no longer contribute, they may transfer money among the investment fund options, subject to the transfer/exchange rules and roll over money into the Plan;
- Take a full or partial distribution (payable to the participant or directly rolled over to a traditional IRA, Roth IRA or employer-sponsored plan);
- Arrange for systematic withdrawals. This option enables the participant to receive regular, periodic distributions without having to make a specific request for each one.

Former employees may take a distribution of their money in the Pretax Account at any time.

For distributions made on and after January 1, 2006, the following rules apply to distributions of small accounts after the participant has terminated UC employment:

If the value of the participant's accumulations is less than \$2,000, but more than \$1,000, and the participant fails to provide distribution directions, the participant's accumulations will be rolled over to an IRA custodian designated by the Plan Administrator in an account maintained for the participant.

If the value of the participant's accumulations is \$1,000 or less, and the participant fails to provide distribution directions, the participant's accumulations will be paid directly to the participant at his or her address of record.

All distributions are subject to Fidelity Retirement Services and payroll deadlines. No distributions can be made until all payroll activity is complete, which can take from 30 to 60 days.

BENEFICIARIES

Participants should designate a beneficiary to receive their money in the DC Plan in the event of their death. A participant may not name one beneficiary to receive money in the Pretax Account and another beneficiary to receive any money in the After-Tax Account. Participants may, however, name more than one beneficiary and specify the percentage of the Plan balance that each beneficiary is to receive. A beneficiary may be a person, trust or organization.

Subject to restrictions on small accounts, a beneficiary may elect to take his or her benefit as a lump sum or in periodic payments over a term that meets the Internal Revenue Code requirements on minimum distributions. If a beneficiary fails to make an election, the benefit will be distributed to the beneficiary in a lump sum by the last day of the calendar year that contains the fifth anniversary of the participant's death.

Spousal beneficiaries also have the option to roll over the taxable portion of money from the participant's account into a traditional IRA, a Roth IRA or to an employer plan that will accept a rollover, either directly or within 60 days of receipt of the distribution. Non-spouse beneficiaries may elect a direct rollover to an inherited traditional or Roth IRA.

If no beneficiary has been named, or if the beneficiary dies before the participant, the DC Plan rules require that any amount remaining be distributed to the participant's survivors in the following order of succession:

- Surviving spouse or surviving domestic partner; or, if none,
- Surviving children, biological or adopted, on an equal-share basis (children of a deceased child share their parent's benefit); or, if none,
- Surviving parents on an equal-share basis; or, if none,
- Brothers and sisters on an equal-share basis; or, if none,
- The participant's estate.

A will or trust does not supersede a designation of beneficiary, nor does either supersede the Plan's "default" beneficiary rules (described above) that apply in the absence of a valid beneficiary designation.

It is the participant's responsibility to keep information on beneficiaries, including addresses, up to date. The address of record is binding for all purposes of the DC Plan.

You can name or change your beneficiary information by contacting Fidelity Retirement Services (866-682-7787 or netbenefits.com).

COMMUNITY PROPERTY

Married participants and registered domestic partners who designate someone other than their spouse or partner as a beneficiary may need to consider the spouse's or partner's community property rights. For residents of a community property state such as California, a designation of beneficiary may be subject to challenge if the spouse or partner would consequently receive less than the share of the benefit attributable to community property.

Procedures established for UCRP are used to determine whether a domestic partner is included in the order of succession above. Generally, the UCRP procedures require that an individual must be designated as a UCRP member's domestic partner by one of three possible methods:

- Registration of the domestic partnership with California's Secretary of State;
- Registration of a same-sex union, other than marriage, validly formed in another jurisdiction, that is substantially equivalent to a California domestic partnership; or
- Filing of a UC Declaration of Domestic Partnership form with the UCRP administration.

If a member dies before filing a UC Declaration of Domestic Partnership, only documentation from the first two methods may be used to establish a domestic partnership.

Distributions

TAXES ON DISTRIBUTIONS

A distribution from the DC Plan Pretax Account is generally taxed as ordinary income in the year it is issued. Note, however, that there are specific federal tax withholding rules that apply to all distributions from retirement savings and investment plans. For more information about the tax treatment of Plan distributions, read the special tax notice provided by Fidelity Retirement Services before requesting a distribution. The tax rules are quite complex; for this reason, participants considering a distribution from the Plan are strongly encouraged to consult a tax advisor.

Participants who choose to take a distribution are responsible for satisfying the distribution rules and for any tax consequences.

Distributions to participants are reported annually on IRS Form 1099-R, which is sent in January following the calendar year in which the distribution was issued.

EARLY DISTRIBUTION PENALTIES

In addition to being taxed as ordinary income, the taxable portion of distributions taken before age 59½ (early distributions) may be subject to nondeductible federal and state penalty taxes — currently a 10 percent federal tax and a 2.5 percent California state tax, unless:

- The distribution is made to a participant who leaves UC employment during or after the year the participant reaches age 55,
- The participant is permanently disabled under IRS rules, or dies,
- The participant receives a series of substantially equal distributions over his/her life/life expectancy (or his/her beneficiary's lives/life expectancies),
- The distribution does not exceed deductible medical expenses for the taxable year,
- The distribution is paid to an alternate payee under a QDRO,
- The distribution is made on account of certain tax levies, or
- The distribution is made on account of other exceptions defined by the IRS.

Early distribution penalties are not assessed when a distribution is paid. Participants who are subject to the penalties are responsible for reporting them to the IRS when they file their income tax returns.

MINIMUM REQUIRED DISTRIBUTIONS

Participants must begin receiving minimum distributions from the Plan by April 1 of the calendar year following the later of:

- The year in which they reach age 70½ or
- The year in which they leave University employment.

Participants who do not receive minimum distributions by the required dates, or who receive less than the minimum amount the law requires, must pay a nondeductible 50 percent excise tax on the difference between the amount that should have been received and the amount received.

Minimum required distributions are not eligible for rollover.

Minimum required distributions are calculated in accordance with U.S. Treasury regulations.

DC Plan After-Tax Account Contributions

The information that follows pertains specifically to the DC Plan After-Tax Account.

All employees of UC and Hastings College of the Law — except students who normally work fewer than 20 hours per week — are eligible to make voluntary contributions to the After-Tax Account.

Contributions to the After-Tax Account may be made only through payroll deduction and may only come from income paid through the UC payroll system (or the payroll systems of Lawrence Berkeley National Laboratory or Hastings College of the Law). Contributions are not permitted from any other source.

Contributions to the After-Tax Account are deducted from your pay after income taxes have been deducted. Taxes on the investment earnings only are deferred until you withdraw the money.

LEAVES OF ABSENCE

Contributions to the After-Tax Account stop during a leave without pay and resume automatically at the same rate upon return to pay status, unless the participant cancels them.

For sabbatical leaves or administrative leaves with pay during which employees earn less than 100 percent of regular compensation, contributions continue in the same amount as elected before the leave. Because contributions remain the same while compensation decreases, it is important for participants to review their contribution amount before going on a paid leave.

Special rules may allow participants on military leave to “make up” After-Tax Account contributions that would have been credited to their account during the military leave. Local Benefits Offices can provide more information.

During paid vacation or sick leave, contributions continue in the same amount.

TERMINATION OF EMPLOYMENT

The options that are available to After-Tax Account participants who leave UC employment are described in “Distributions” on page 38.

REAPPOINTMENT

If you leave UC employment or retire and are later rehired into an eligible position, you may begin contributing to the After-Tax Account again.

CONTRIBUTION AMOUNTS

The maximum amount participants may contribute annually to the After-Tax Account is determined by the IRC §415(c) limit. Generally, this amount is the lesser of:

- 100 percent of the participant’s adjusted gross UC salary, or
- \$53,000 (in 2015).

This limit applies to all annual additions as defined in IRC §415(c).

Participants may contribute to the After-Tax Account over 12 months or consolidate contributions in as few pay periods as desired. If you decide to consolidate contributions, however, you are responsible for canceling them once you reach your maximum annual contribution limit (see “Limitations on Contributions” on page 33). Neither the University nor UC Human Resources is responsible for individual tax consequences if a participant’s after-tax payroll deductions exceed the 415(c) limit.

LIMITATIONS ON CONTRIBUTIONS

The limitations on contributions are described on page 33.

Distributions

Participants may take a full or partial distribution of their money in the After-Tax Account at any time.

Retiree and former employee participants have additional options for their money in the DC Plan (see “Distributions: Former Employees” on page 34).

TAXES ON DISTRIBUTIONS

The taxable portion of a distribution from the After-Tax Account is taxed as ordinary income in the year the distribution is issued. Participants may not take a distribution of contributions alone (the amount on which they have already paid taxes). Each distribution must include earnings in the same proportion that the earnings bear to contributions in the account. Therefore, unless the earnings are rolled over (or reflect a net loss), all distributions are partially taxable.

As previously discussed, specific federal tax-withholding rules apply to all distributions from retirement savings plans. For more information about the tax treatment of After-Tax Account distributions, read the special tax notice provided by Fidelity Retirement Services before requesting a distribution. Participants considering a distribution from the After-Tax Account are also strongly encouraged to consult a tax advisor.

EARLY DISTRIBUTION PENALTIES

The early distribution penalties are described on page 36.

MINIMUM REQUIRED DISTRIBUTIONS

The minimum distribution rules are described on page 36.

Additional DC Plan Information

INVESTMENT OPTIONS

Plan participants have several options for building individual investment portfolios to achieve their retirement savings goals. Currently, the Chief Investment Officer of the Regents of the University of California selects and monitors a group of Core Funds based on criteria established by the Regents. The Core Funds include the UC Funds, which are investment options managed by the Chief Investment Officer or by investment managers appointed by the Chief Investment Officer, as well as several mutual funds. The Core Funds provide participants with a diverse menu of the major asset classes to which they may direct their contributions.

In addition, participants can choose to invest in a selected list of institutionally priced mutual funds that offers a wide variety of high quality and lower-cost investment options in a range of asset classes. These are available for those participants willing to assume additional responsibility for monitoring their individual fund choices. The Chief Investment Officer does not monitor individual fund performance and makes no qualitative assessment as to any investment fund that is not part of the Core Funds.

Participants may also invest in mutual funds that are not included in the Core Funds and are not institutionally priced mutual funds by opening a brokerage window account. To open a brokerage window account, participants must agree to the terms and conditions that govern the account, including acknowledgment of the risks involved and the special fees that may apply.

Information about investment objectives, risks, changes and expenses of all options is available, free of charge, from Fidelity Retirement Services (netbenefits.com or 866-682-7787).

ROLLOVERS: INTO THE PLAN

Participants may move eligible retirement funds from a previous employer plan or an IRA to the DC Plan via a rollover. The DC Plan accepts rollovers of pretax distributions from:

- Other employer-sponsored plans, including 401(a), 401(k), 403(b) and governmental 457(b) plans,
- Lump sum cashouts and CAP distributions from the UC Retirement Plan,
- Traditional IRAs.

The DC Plan also accepts direct rollovers of after-tax amounts from 401(a), 401(k) and 403(b) plans.

To roll over money directly from another employer-sponsored plan to UC's DC Plan, the participant must arrange to have the former plan's trustee or plan administrator write a check for the distribution, payable to "Fidelity Investments Institutional Operations Company, Inc. (FIIOC)." As long as the check is payable directly to FIIOC (not to the participant), no taxes will be withheld from the distribution, and the money will retain its tax-deferred status.

If a participant takes a distribution from a former employer's plan, including UCRP, and the check is payable to the participant, he/she can also roll over the taxable portion of the money into the DC Plan, as long as the rollover is made within 60 days after receiving the distribution. To roll over 100 percent of the taxable portion of the distribution, the participant must replace from personal savings or other sources an amount equal to the taxes that were withheld when the distribution was issued.

ROLLOVERS: FROM THE PLAN

Virtually all DC Plan pretax distributions are eligible for direct rollover (payable to a traditional IRA, Roth IRA or another employer plan). As long as the check for the distribution is payable directly to the employer plan or IRA custodian, no taxes will be withheld and the money will retain its tax-deferred status. If made payable to the participant, distributions are subject to mandatory 20 percent federal tax withholding. Distributions made to non-spouse beneficiaries are eligible for direct rollovers to an inherited IRA.

Participants may also roll over an eligible DC Plan distribution that has been paid to them, as long as the rollover to the IRA or new plan occurs within 60 days of receipt of the distribution. A participant who wants to roll over 100 percent of the distribution must replace from personal savings or other sources an amount equal to the taxes that were withheld when the distribution was issued. Any amount not rolled over will be taxed as ordinary income for the year in which the distribution was issued. It may also be subject to the early distribution penalties.

DC Plan distributions that are not eligible for direct rollover include:

- Minimum required distributions,
- Refunds of excess contributions (plus investment earnings) to the After-Tax Account, and
- Systematic withdrawals.

ACCOUNT ACTIVITY

To help participants better understand the Plan's benefits and effectively manage their accounts, Fidelity Retirement Services provides personalized account information via two electronic sources.

- Participants who have Internet access can find current, comprehensive information about their accounts and make certain online Plan transactions by visiting the Fidelity Retirement Services website (netbenefits.com).
- Participants can retrieve personal financial information about their accounts and make transactions on the Fidelity Retirement Services toll-free telephone line (866-682 7787).

Annual reports containing audited financial statements are available on UCnet or from the UC Retirement Administration Service Center (see inside front cover).

Summary plan descriptions are provided at and are also available on UCnet, the Fidelity Retirement Services website or from your local Benefit Offices or the UC Retirement Administration Service Center.

Participants may view the University of California Defined Contribution Plan document online (ucal.us/UCRSdocuments).

Participants should read the complete descriptions of the investment funds and accompanying Plan materials before making any investment decisions.

All notices or communications to a participant or beneficiary will be effective when sent by first-class mail or conveyed electronically to the participant's address of record. The University and the Regents are entitled to rely exclusively upon any notices, communications or instructions issued in writing or electronically conveyed by UC Human Resources that are believed to be genuine and to have been properly executed.

CLAIMS PROCEDURES

If Fidelity Retirement Services is unable to verify a claimant's right to a benefit within a short period of time, the claimant will be notified that he or she needs to forward a written request to the attention of the UC Contract Administrator, UC Human Resources, P.O. Box 24570, Oakland, CA 94623-1570, who will review the claim on behalf of the Plan Administrator. The request should include all relevant information. Within 90 days of receipt of the request, the contract administrator will approve or disapprove the claim. If the claim is denied, the contract administrator will notify the claimant in writing, setting forth the specific reasons for the denial and providing specific references to the plan provisions on which the denial is based. The

Additional DC Plan Information

contract administrator also will describe any additional material or information needed to perfect the claim and provide an explanation of the DC Plan's review procedures.

If the claimant's request is denied by the contract administrator, the claimant may submit a written request for an independent review by the Plan Administrator within 60 days of receiving the denial. The request for an independent review should be forwarded to the Plan Administrator, P.O. Box 24570, Oakland, CA 94623-1570. The request should be accompanied by all supporting documentation. The Plan Administrator will make a full review of the request within 90 days unless the circumstances require a longer period. If the Plan Administrator upholds the contract administrator's denial, the Plan Administrator will notify the claimant. The decision of the Plan Administrator will be final and conclusive on all persons.

If, after exhausting administrative appeal procedures, the claimant still believes that a benefit has been improperly paid or denied, the claimant has the right to initiate legal proceedings.

For service of process, send to The Regents of the University of California, Trustee of the Defined Contribution Plan, c/o Office of the General Counsel, 1111 Franklin Street, 8th Floor, Oakland, CA 94706.

PLAN ADMINISTRATION AND FEES

The Vice President of Human Resources is the Plan Administrator with responsibility for the day-to-day management and operation of the Plan.

UC strives to hold investor expenses at or below 0.15 percent (or \$1.50 per \$1,000 invested) of the Fund's average market value per year, assessed on a daily basis (1/365th per day invested). These expenses are not billed to participants, but are netted against the investment experience of the Funds. These expenses comprise approximately 0.03 percent for investment management, 0.02 percent for investor education and 0.10 percent for administration (including accounting, audit, legal, custodial and recordkeeping services). The total administrative expenses are estimated and actual expenses could be lower in some periods. If actual administrative expenses are less than estimated, any residual amount will be returned to the Funds periodically, on a prorated basis, thereby lowering the effective expense ratio for participants. There are no front-end or deferred sales loads or other marketing expenses.

In addition, any fees paid by participants, including loan fees, and any fees that may be awarded in connection with plan administration by Fidelity Retirement Services, will be credited to a plan fee account. At the direction of the Plan Administrator and subject to receipt of supporting documentation, Fidelity

Retirement Services will apply the plan fee account funds against reasonable plan expenses that otherwise would be paid from other plan assets. Any basis points that are assessed against the market value of the mutual fund investments in the DC Plan pursuant to revenue sharing agreements will be credited to an expense credit account and offset against charges for services provided by Fidelity Retirement Services and its affiliates. If any amount remains after payment for Fidelity Retirement Services-related services, funds in the expense credit account will be used to reimburse the University for reasonable plan expenses previously paid by the University.

A participant can obtain information on fees charged by a mutual fund investment option by reviewing the fund prospectus available on the Fidelity Retirement Services website (netbenefits.com).

PLAN CHANGES

The Plan is subject to change and to independent audit to comply with applicable federal and state statutes, IRC regulations and industry standards. Participants are notified in writing whenever substantive changes to the Plan occur. Although the Plan is expected to continue indefinitely, the Regents reserve the right to amend, improve or terminate the Plan at any time.

ASSIGNMENT OF BENEFITS

Generally, DC Plan benefits payable to participants, beneficiaries or survivors cannot be attached by creditors, nor can anyone receiving benefits assign payments to others. Plan benefits are intended solely for the benefit of participants and their beneficiaries and survivors.

There are some legal exceptions. For example, the IRS may attach retirement benefits to collect unpaid taxes, or a court may order certain benefits to be paid for child or spousal support.

QUALIFIED DOMESTIC RELATIONS ORDERS (QDROS)

A court may award Plan assets to the participant's spouse or former spouse or the participant's dependent. This usually will occur in connection with a divorce or legal separation. In such cases, the domestic relations order must be approved, or qualified, as being in compliance with state law and with the Plan.

Employee Information Statement

Both spouses and the court have the right to request information about the benefits earned by the participant during the marital period and how those benefits are derived, as well as information about the options available to non-participants. To obtain a copy of the QDRO procedures, contact Fidelity Retirement Services (netbenefits.com or 866-682-7787).

California law has established procedures for dividing property in connection with the termination of a state-registered domestic partnership. For more information, call Fidelity Retirement Services.

INELIGIBLE ACCOUNTS RETAINED BY UC

The DC Plan does not permit a participant whose accumulations have a value of less than \$2,000 to remain in the DC Plan after leaving UC employment. In order to facilitate the conversion to the new record keeper in July 2005, the UC Residual Accounts group retained administration of ineligible accounts of participants who terminated UC employment before July 1, 2005, with small balances as follows:

If a participant had accumulations of less than \$50 on June 30, 2005, and failed to provide timely distribution directions or confirm his or her location, the participant's accumulations were forfeited as of June 30, 2005. The forfeited amounts will be used to defray reasonable Plan expenses and to restore a participant's previously forfeited accumulations, plus interest, if the participant subsequently files a valid claim and provides distribution directions.

If a participant had accumulations of \$50 or more but less than \$2,000 on June 30, 2005, and the participant failed to provide timely distribution directions, the investment options in the participant's account were liquidated as of June 30, 2005, and an account was established on the participant's behalf. The aggregated assets of all such accounts were then invested in the UC Savings Fund in order to preserve principal, and a proportionate share was allocated to each account. The UC Residual Accounts group will maintain such accounts until such time as the participant's location can be confirmed and distribution made. Each account is credited with monthly interest at a fixed rate.

If you think you may be entitled to funds in an ineligible account, contact the UC Retirement Administration Service Center at 800-888-8267.

Participants in defined contribution plans are responsible for determining which, if any, investment vehicles best serve their retirement objectives. The DC Plan assets are invested in accordance with the participant's instructions; if no instructions are given, assets are invested in the UC Pathway Fund closest to the year the participant turns age 65. The participant should periodically review whether his/her objectives are being met, and if the objectives have changed, the participant should make the appropriate changes. Careful planning with a tax advisor or financial planner may help to achieve better supplemental retirement savings.

Neither the Regents, the Chief Investment Officer, the Plan Administrator nor any officer or affiliated officer of the University makes any recommendation to participants for building supplemental retirement savings, and the various options available for the investment of contributions should not be construed in any respect as a judgment regarding the prudence or advisability of such investments or as tax advice. Neither the Regents, the Chief Investment Officer, the Plan Administrator nor Fidelity Retirement Services bear any fiduciary liability for any losses resulting from a participant's investment instructions. The Plan Administrator reserves the right to refuse to implement any investment instruction from a participant that violates Plan rules or IRC provisions.

All elections concerning contributions to the DC Plan are subject to payroll transaction and fund valuation deadlines.

Neither the University, the Chief Investment Officer, the Plan Administrator nor any officer or affiliated officer shall be responsible in any way for the purpose, propriety or tax treatment of any contribution or distribution (or any other action or nonaction) taken pursuant to the direction of a Plan participant, beneficiary, executor or administrator, or a court of competent jurisdiction. Although the Regents, the Chief Investment Officer, the Plan Administrator, and officers and affiliated officers shall have no responsibility to give effect to a decision from anyone other than the Plan participant, beneficiary, executor or administrator, they reserve the right to take appropriate action, including termination and/or disbursement of a participant's account, to protect the Plan from losing its tax-advantaged status for any event that violates Plan rules or applicable IRC provisions.

Tax-Deferred 403(b) Plan: Summary Plan Description

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Introduction

The 403(b) Plan is a defined contribution plan described under §403(b) of the Internal Revenue Code (the IRC). The provisions of the Plan are subject to collective bargaining for represented employees. Future benefits from the 403(b) Plan will reflect the amount of a participant's voluntary salary deferral contributions plus earnings. Vesting is immediate.

Employees who want to participate in the 403(b) Plan designate a portion of their gross salary to be contributed on a pretax basis, thus reducing the participant's taxable income. Taxes on contributions and any investment earnings are deferred (that is, postponed) until the participant withdraws the money.

The designated Plan Administrator of the 403(b) Plan is the Vice President, Human Resources (VP-HR). Currently, Fidelity Retirement Services performs recordkeeping duties. The relevant contact information is on the inside front cover. The Plan Administrator administers the 403(b) Plan for the sole benefit of Plan participants and their beneficiaries. Participation is voluntary and should be based on the participant's financial objectives and resources. Individual investment strategies should reflect the participant's personal savings goals and tolerance for financial risk. Participants may also want to consult a tax advisor or financial planner before enrolling. UC, the Regents, the Office of the Chief Investment Officer, UC Human Resources and Fidelity Retirement Services are not liable for any loss that may result from participants' investment decisions. This summary plan description summarizes the Plan document as revised effective April 2013.

Eligibility

All employees of UC and Hastings College of the Law — except students who normally work fewer than 20 hours per week — are eligible to participate in the 403(b) Plan. An employee begins participation when contributions are made to the 403(b) Plan on the employee's behalf. An employee or former employee continues participation until all funds held on his or her behalf are distributed.

Contributions

Salary deferral contributions to the 403(b) Plan come only from income paid through the UC payroll system (or the payroll systems of Lawrence Berkeley National Laboratory or Hastings College of the Law). Employees may also roll over money from other qualified employer-sponsored plans, including the taxable portion of a distribution from the University of California Retirement Plan (UCRP; see "Rollovers: Into the Plan" on page 53).

Contributions to the 403(b) Plan are reported annually on employees' W-2 forms, but are not included in income subject to taxation.

403(b) Plan salary deferral contributions are deducted from gross salary (after any other pretax deductions for medical plan premiums, dependent care expenses or certain health care expenses), and income taxes are calculated on remaining pay. Although 403(b) Plan salary deferral contributions reduce taxable income, they do not reduce any other salary-related University benefits such as vacation or sick leave, life or disability insurance benefits, or benefits payable from UCRP.

Upon enrollment, participants choose the flat dollar amount or percentage of salary that they will contribute through payroll (generally monthly or biweekly) up to their maximum annual contribution amount. Under the percentage method, contributions change proportionately as the participant's salary changes.

If a participant transfers employment from one UC location to another UC location, the salary deferral election will stop automatically. The participant must re-enroll at the new location to continue contributions.

LEAVES OF ABSENCE

Contributions stop during a leave without pay and resume automatically at the same rate upon return to pay status unless the participant cancels them.

For sabbatical leaves or administrative leaves with pay during which employees earn less than 100 percent of regular compensation, contributions continue in the same amount or percentage as elected before the leave unless the participant makes a change. Because contributions remain the same while compensation decreases, it is important for participants to review their contribution amount before going on a paid leave.

Special rules may allow participants on military leave to “make up” contributions that would have been credited to their accounts during the military leave. Local Benefits Offices can provide more information.

During paid vacation or sick leave, contributions continue in the same amount.

TERMINATION OF EMPLOYMENT

If a participant leaves UC employment, contributions stop automatically. The payment options available for a participant’s accumulations are described in “Distributions, Former Employees” (see page 51).

REAPPOINTMENT

If a participant leaves UC employment or retires and is later rehired into an eligible position, the participant may begin contributing to the Plan again.

MAXIMUM ANNUAL CONTRIBUTION LIMITS

The IRC limits the amount participants may contribute annually to tax-advantaged retirement plans and imposes substantial penalties for violating contribution limits (see “Excess Salary Reductions,” at right).

For 2015, the 403(b) Plan contribution limits on salary deferral contributions are as follows:

Regular contribution limit: \$18,000⁹

Participants who are age 50 or older any time during the year: \$24,000⁹

To contribute the maximum amount, participants should check the limits and adjust their contributions for each calendar year accordingly.

Adjusted gross salary for any year is a participant’s gross University salary (including any shift differential, summer or equivalent term salary, health science faculty income over the base professorial salary, stipends and overtime), minus any required pretax contributions to other retirement plans (for example, mandatory contributions to the UC Defined Contribution Plan or to UCRP) and any pretax payments for UCRP (to establish, reestablish or convert prior periods of service credit or to eliminate the noncontributory offset).

SPECIAL CATCH-UP PROVISION

A special catch-up provision may allow participants to make additional contributions if, as of the preceding calendar year:

- The participant has 15 or more full years of UC employment, and
- The participant’s cumulative 403(b) Plan contributions (not including investment earnings) total less than \$5,000 times years of UC employment.

The special catch-up provision allows additional contributions up to a maximum of \$3,000 per year. Total cumulative special catch-up contributions under this provision are limited to \$15,000. For participants age 50 and older, the first \$3,000 of any salary deferrals contributed each year in excess of the under-age 50 limit is counted as a special catch-up contribution until they are no longer eligible to make these contributions. Participants who want to maximize 403(b) Plan contributions should take advantage of the special catch-up provision as soon as possible after completing 15 years of service.

EXCESS SALARY REDUCTIONS

UC payroll systems monitor 403(b) Plan contributions, and a participant’s contributions will stop automatically if they reach the limit before the end of the year. As a result, there is little chance of overcontributing. In limited circumstances, however, excess salary reductions may be made — if, for example, a participant works at more than one UC location during the year or contributes to a tax-advantaged plan with another employer.

If participants overcontribute because they work at more than one UC location, the excess will normally be identified and, in most cases, returned (with any earnings) before the end of the year in which it occurs.

⁹ or 100 percent of adjusted gross salary, if less

Contributions

If participants think they have overcontributed but have not been contacted, or if they contribute to a tax-advantaged plan with another employer during the year, they should call Fidelity Retirement Services before the end of the year (or by March 1 of the following year) to request a refund.

The IRC requires that excess salary reductions in any calendar year be refunded to the participant by April 15 of the following year to avoid tax penalties. If the excess is refunded by April 15, the excess is treated as ordinary income for the year in which the salary reductions were made. The refund will also reflect any earnings (or loss) generated by the excess salary reductions during that year. The earnings must be reported on tax returns for the year in which the refund is paid. For example, if a participant receives a refund of 2014 excess contributions in 2014, all amounts should be reported on tax returns for 2014. If the participant receives the refund in 2015, however, the excess contributions should be reported on 2014 tax returns and any earnings on tax returns for 2015.

Refunds of excess contributions and earnings are not eligible for rollover, nor are they subject to the penalty taxes on early distributions (see “Early Distribution Penalties” on page 58).

If an excess contribution is not refunded by April 15, the excess amount must remain in the Plan. The participant must still report the excess as ordinary income for the year in which the contributions were made. In addition, the excess amount will again be taxable as ordinary income in the year in which the participant receives a distribution that includes these funds. In other words, excess contributions that are not refunded by the April 15 deadline are taxed twice. If the participant is under age 59½ when the distribution occurs, the excess may be subject to the early distribution penalty as well.

The IRS annual limit on pretax salary deferral contributions applies across all 403(b)/401(k) plans to which a participant contributes. The participant should consult a tax advisor on the applicable limitations on contributions.

INVESTMENT OF CONTRIBUTIONS

Participants choose the investment options in which they want to invest their contributions. The investment options are explained on page 53.

Subject to payroll deadlines, participants may start, stop or change the amount of their contributions to the Plan at any time on the Fidelity Retirement Services website or by calling Fidelity at 866-682-7787. They also may redirect future 403(b) Plan contributions to one or more of the investment options and/or exchange (transfer) accumulations in the Plan among the investment options at any time. Direct transfers between certain investment options may be prohibited. See the Fidelity Retirement Services website (netbenefits.com) for more information.

403(b) Plan Loan Program

403(b) Plan Loan Program policies and guidelines conform to applicable IRC provisions and are subject to termination or change by the Plan Administrator and various governing authorities without prior notice.

Participants are eligible to borrow from their 403(b) Plan accumulations if they are active UC employees with at least \$1,000 in the Plan.

403(b) Plan loans are secured by a promissory note. As each repayment is credited back to the account, earnings accrue to the participant's accumulations.

Loan proceeds will be taken pro rata across the participant's fund holdings unless the participant contacts Fidelity at 866-682-7787 to specify the funds from which the loan should be taken.

Important note — the decision to participate in the 403(b) Plan represents a conscious commitment to save for retirement years, and participants should borrow from the 403(b) Plan only if it is absolutely necessary. Although participants are not penalized if they take a 403(b) Plan loan, they do risk the loss of earning potential.

LOAN TERMS AND BORROWING LIMITS

Loans are generally granted for a term of five years or less (general-purpose loans). Loans taken to purchase a principal residence can extend for a term of up to 15 years (principal residence loans). Before taking a loan from the 403(b) Plan to purchase a principal residence, participants should consult a tax advisor.¹⁰

Depending on the combined Retirement Savings Program (Defined Contribution Plan, 403(b) Plan and 457(b) Deferred Compensation Plan) balance, the participant may borrow from \$1,000 to \$50,000 as follows:

If Retirement Savings Program Balance is:	Loan Limit is:
\$1,000 to \$20,000	\$10,000, or 100% of 403(b) Plan balance, if less than \$10,000 (minus any current outstanding loan balance).
\$20,000 & over	\$50,000 ¹¹ , 50% of combined Program balance or 100% of 403(b) Plan balance, whichever is less (minus any current outstanding loan balance).

Participants may have one general-purpose loan and one principal-residence loan outstanding at any given time; they may take one general-purpose loan and one principal-residence loan during any 12-month period.

INTEREST RATES AND ADMINISTRATIVE FEES

Interest rates for the Loan Program are determined quarterly, based on the prime rate plus 1 percent. The interest rate is fixed when the loan is granted and remains the same throughout the loan term.

A nonrefundable loan initiation fee of \$35 will be deducted from the Plan balance at the end of the quarter in which the loan is taken. A \$15 annual maintenance fee is deducted (\$3.75 per quarter) for the life of the loan.

REPAYMENT

Participants generally repay their loans through automatic after-tax payroll deduction. Monthly payments of principal and interest are credited proportionately among the investment options the participant has elected for future contributions. The minimum monthly payment is \$50, and the minimum repayment term is 12 months. The maximum repayment term is 60 months — or up to 180 months (15 years) if the loan is used to buy a principal residence.

If a participant wants to prepay part or all of the outstanding loan balance, there are no prepayment penalties.

¹⁰ Interest on 403(b) Plan loans is not deductible for income tax purposes; therefore, a conventional home mortgage loan may be more advantageous for participants purchasing a principal residence.

¹¹ \$50,000 is the maximum amount of principal that a participant may borrow or have outstanding during any 12-month period. Further, the total amount of all outstanding 403(b) Plan loans within a 12-month period will affect the maximum amount that a participant may borrow during that period, even if the participant has paid off all amounts owed. The \$50,000 maximum is reduced by the total of any 403(b) loan balances outstanding during the preceding 12 months.

403(b) Plan Loan Program

Participants with a 403(b) Plan loan who retire, leave UC employment, go on approved leave without pay, go on furlough or temporary layoff, or otherwise have a change in pay status that affects their payroll deduction loan payments must arrange for one of the following options with Fidelity Retirement Services within 90 days of their last day on pay status:

- Make monthly payments,
- Make full payment in advance for the period off pay status (not applicable to retirees), or
- Repay the outstanding loan amount in full.

For employees returning from an approved leave without pay, Fidelity Retirement Services will automatically reamortize the outstanding loan balance, including any payments missed during the leave, which may increase the amount of the monthly payment. Note: the total number of payments cannot exceed the term maximum (60 months for general purpose loans, 180 months for principal residence loans).

If the loan defaults, the outstanding principal will be treated as a taxable distribution.

Please note: Fidelity Retirement Services cannot accept personal checks. Payments must be made by electronic funds transfer or by certified check.

If a participant dies before repaying a loan in full and the outstanding loan principal is not paid within 90 days of the participant's death, any outstanding principal will be treated as a taxable distribution.

Generally, for any circumstance in which either a loan payment or outstanding balance is not repaid when it is due or within 90 days, the loan will be considered in default. If the default is not resolved within the 90-day period, the loan will be canceled and any outstanding principal will be treated as a taxable distribution from the 403(b) Plan.

Borrowers who go on military leave may elect to suspend loan payments, arrange to continue monthly payments (which may involve an interest rate adjustment), prepay their loan or pay off the loan. These options must be elected before the military leave is effective. Contact Fidelity Retirement Services for more information.

Distributions of outstanding loan principal will be subject to ordinary income taxes and may also be subject to federal and state penalty taxes on early distributions (before age 59½). Fidelity Retirement Services will issue a Form 1099-R reporting the amount of the distribution. Taxes and penalties, if applicable, should be reported when the participant files tax returns. A participant will not be able to take additional loans from the 403(b) Plan while a loan is in default.

Distributions

Distribution rules vary depending on the participant's employment status.

CURRENT UC EMPLOYEES

The IRC restricts 403(b) Plan in-service distributions to current employees. In general, an employee may not take a distribution of Plan accumulations, unless the employee:

- Has attained age 59½ or
- Experienced a hardship as described below.

HARDSHIP DISTRIBUTIONS

Employees may be able to take a hardship distribution on account of an immediate and heavy financial need. To be eligible for a hardship distribution, an employee must have exhausted all other financial resources — including a loan from the 403(b) Plan or any other lending program maintained by UC Retirement Savings Program, and a distribution of any money in the DC Plan After-Tax Account. After receiving a hardship distribution, the employee may not make voluntary contributions to the 403(b) Plan, the 457(b) Plan or the DC Plan for six months. The employee must also certify that the distribution is being taken for at least one of the following reasons:

- Eligible medical expenses;
- The purchase of a principal residence (excluding mortgage payments);
- Tuition payments and/or room and board for the next 12 months of post-secondary education for the employee, his/her spouse, primary beneficiary, child or dependents;
- Payments necessary to prevent foreclosure on the mortgage of, or eviction from, a principal residence;
- Burial and/or funeral expenses for a family member;
- Loss or damage as a result of a natural disaster (for example, earthquake, flood, fire, etc.); or
- Other circumstances determined by the Internal Revenue Service.

Participants who request a hardship distribution that exceeds \$10,000 or who make multiple hardship distribution requests within a 12-month period must provide proof of hardship to Fidelity Retirement Services. Fidelity Retirement Services and the IRS rules may also require proof of hardship for certain other hardship distribution requests.

Hardship distributions will include only the participant's 403(b) Plan contributions. (Exception — contributions rolled over into the 403(b) Plan from a former employer plan may also be included if necessary to satisfy the request.) Any earnings on the contributions must remain in the Plan.

A hardship distribution is generally taxed as ordinary income in the year in which it is issued and may not be rolled over to an IRA or any other retirement account. In accordance with IRS regulations, Fidelity Retirement Services will withhold 10 percent for federal taxes and 1 percent for California state taxes (unless the participant elects no withholding).

There are specific federal tax-withholding rules that apply to all distributions from retirement and savings plans (see "Taxes on Distributions" on page 52).

FORMER EMPLOYEES

In general, participants cannot request a distribution until 31 days after their employment ends. However, the 31-day period is waived for participants who are age 59½ or older.

Participants who leave UC employment have the following options for assets in the 403(b) Plan:

- Leave the assets in the Plan if the Plan balance totals at least \$2,000, subject to minimum required distribution rules. Although participants may no longer contribute, they may transfer funds among the investment options, subject to the transfer/exchange rules, and roll over money into the Plan;
- Take a full or partial distribution (payable to the participant or directly rolled over to a traditional IRA, a Roth IRA or employer-sponsored plan); see page 50 for information on early distributions.
- Arrange for systematic withdrawals. This option enables the participant to receive regular, periodic distributions without having to make a specific request for each one.

All distributions are subject to Fidelity Retirement Services and payroll deadlines. No distributions can be made until all payroll activity is complete, which can take from 30 to 60 days.

The following Plan rules apply to distributions of small accounts after the participant has terminated UC employment:

If the value of the participant's accumulations is less than \$2,000, but more than \$1,000, and the participant fails to provide distribution directions, the participant's accumulations will be rolled over to an IRA custodian designated by the Plan Administrator in an account maintained for the participant.

If the value of the participant's accumulations is \$1,000 or less, and the participant fails to provide distribution directions, the participant's accumulations shall be paid directly to the participant at his or her address of record.

BENEFICIARIES

Participants should designate a beneficiary to receive their accumulations in the 403(b) Plan in the event of their death. Participants may name more than one beneficiary and specify the percentage of the Plan balance that each beneficiary is to receive. A beneficiary may be a person, trust or organization.

Subject to restrictions on small accounts, a beneficiary may elect to take his or her benefit as a lump sum or in periodic payments over a term that meets the Internal Revenue Code requirements on minimum distributions. If a beneficiary fails to make an election, the benefit will be distributed to the beneficiary in a lump sum by the last day of the calendar year that contains the fifth anniversary of the participant's death.

A deceased participant's beneficiary (the participant's beneficiary) may also designate a beneficiary (beneficiary's beneficiary) to receive the balance in the deceased participant's account if the participant's beneficiary dies before taking a total distribution. The beneficiary's beneficiary must decide how they want money to be distributed within nine months of the death of the participant's beneficiary.

If no beneficiary has been named, or if the beneficiary dies before the participant, the 403(b) Plan "default" beneficiary designation rules require that any amount remaining be distributed to the participant's survivors in the following order of succession:

- Surviving legal spouse or surviving domestic partner; or, if none,
- Surviving children, biological or adopted, on an equal-share basis (children of a deceased child share their parent's benefit); or, if none,
- Surviving parents on an equal-share basis; or, if none,
- Brothers and sisters on an equal-share basis; or, if none,
- The participant's estate.

A will or trust does not supersede a designation of beneficiary, nor does either supersede the Plan's "default" beneficiary rules (described above) that apply in the absence of a valid beneficiary designation.

It is the participant's responsibility to keep information on beneficiaries, including addresses, up to date. The address of record is binding for all purposes of the 403(b) Plan. You can

Distributions

name or change your beneficiary information by contacting Fidelity Retirement Services (netbenefits.com or 866-682-7787). The address of record is binding for all purposes of the 403(b) Plan.

COMMUNITY PROPERTY

Married participants and registered domestic partners who designate someone other than their legal spouse or partner as a beneficiary may need to consider the spouse's or partner's community property rights. For residents of a community property state such as California, a designation of beneficiary may be subject to challenge if the spouse or partner would consequently receive less than the share of the benefit attributable to community property.

Procedures established for the University of California Retirement Plan (UCRP) are used to determine whether a domestic partner is included in the order of succession above. Generally, the UCRP procedures require that an individual must be designated as a UCRP member's domestic partner by one of three possible methods:

- Registration of the domestic partnership with California's Secretary of State;
- Registration of a same-sex union, other than marriage, validly formed in another jurisdiction, that is substantially equivalent to a California domestic partnership; or
- Filing of a *UC Declaration of Domestic Partnership* form and supporting documentation with the UCRP administration.

If a member dies before filing a *UC Declaration of Domestic Partnership*, only documents from the first two methods may be used to establish a domestic partnership.

TAXES ON DISTRIBUTIONS

A distribution from the 403(b) Plan is generally taxed as ordinary income in the year it is issued. Note, however, that there are specific federal tax-withholding rules that apply to all distributions from retirement savings and investment plans. For more information about the tax treatment of Plan distributions, read the special tax notice provided by Fidelity Retirement Services before requesting a distribution. The tax rules are quite complex; for these reasons, participants considering a distribution from the Plan are strongly encouraged to consult a tax advisor.

Participants who choose to take a distribution are responsible for satisfying the distribution rules and for any tax consequences.

Distributions to participants are reported annually on IRS Form 1099R, which are sent in January following the calendar year in which the distribution was issued.

EARLY DISTRIBUTION PENALTIES

In addition to being taxed as ordinary income, distributions taken before age 59½ (early distributions) may be subject to nondeductible federal and state penalty taxes — currently a 10 percent federal tax and a 2.5 percent California state tax, unless:

- The distribution is made to a participant who leaves UC employment during or after the year the participant reaches age 55,
- The participant is permanently disabled under IRS rules or dies,
- The participant receives a series of substantially equal distributions over his/her life/life expectancy (or his/her and beneficiary's lives/life expectancies),
- The distribution does not exceed deductible medical expenses for the taxable year,
- The distribution is paid to an alternate payee under a QDRO,
- The distribution is made on account of certain tax levies, or
- The distribution is made on account of other exceptions defined by the IRS.

Early distribution penalties are not assessed when a distribution is paid. Participants who are subject to the penalties are responsible for reporting them to the IRS when they file their income tax returns.

Additional 403(b) Plan Information

MINIMUM REQUIRED DISTRIBUTIONS

Participants must begin receiving minimum distributions from the Plan by April 1 of the calendar year following the later of:

- The year in which they reach age 70½ or
- The year in which they leave UC employment.

Participants who do not receive minimum distributions by the required dates, or who receive less than the minimum amount the law requires, must pay a nondeductible 50 percent excise tax on the difference between the amount that should have been received and the amount received.

Minimum required distributions are not eligible for rollover.

Minimum required distributions are calculated in accordance with U.S. Treasury regulations.

INVESTMENT OPTIONS

Plan participants have several options for building individual investment portfolios to achieve their retirement savings goals. Currently, the Chief Investment Officer of the Regents of the University of California selects and monitors a group of Core Funds based on criteria established by the Regents. The Core Funds include the UC Funds, which are investment options managed by the Chief Investment Officer or by investment managers appointed by the Chief Investment Officer, as well as several mutual funds. The Core Funds provide participants with a diverse menu of the major asset classes to which they may direct their contributions.

In addition, participants can choose to invest in a selected list of institutionally priced mutual funds that offers a wide variety of high quality and lower-cost investment options in a range of asset classes. These are available for those participants willing to assume additional responsibility for monitoring their individual fund choices. The Chief Investment Officer does not monitor individual fund performance and makes no qualitative assessment as to any investment fund that is not part of the Core Funds.

Participants may also invest in mutual funds that are not included in the Core Funds and are not institutionally priced mutual funds by opening a Fidelity brokerage window account. To open a brokerage window account, participants must agree to the terms and conditions that govern the account, including acknowledgment of the risks involved and the special fees that may apply.

Information about investment objectives, risks, changes and expenses of all options is available, free of charge, from Fidelity Retirement Services (netbenefits.com or 866-682-7787).

ROLLOVERS: INTO THE PLAN

Participants may move eligible retirement funds from a previous employer plan or an IRA to the 403(b) Plan via a rollover. The 403(b) Plan accepts rollovers of pre-tax distributions from:

- Other employer-sponsored plans, including 401(a), 401(k), 403(b) and governmental 457(b) Plans,
- Lump sum cashouts and CAP distributions from the UC Retirement Plan,
- Traditional IRAs.

The Plan also accepts direct rollovers of after-tax amounts from other 403(b) plans, 401(a) plans (including UCRP) and 401(k) plans.

Additional 403(b) Plan Information

To roll over money directly from another employer-sponsored plan to UC's 403(b) Plan, the participant must arrange to have the plan's custodian or plan administrator write a check for the distribution, payable to "Fidelity Investments Institutional Operations Company, Inc. (FIIOC)." As long as the check is payable directly to FIIOC (not to the participant), no taxes should be withheld from the distribution, and the pretax funds will retain their tax-deferred status.

Employees who are eligible to participate in the 403(b) Plan may execute a rollover (and become Plan participants) even if they have not yet begun contributing to the Plan through payroll deductions.

Former employees who did not participate in the 403(b) Plan are not eligible to roll over funds into the Plan, except for eligible distributions from UCRP of \$2,000 or more.

If a participant takes a distribution from a former employer's plan, including UCRP, and the check is payable to the participant, he/she can also roll over the taxable portion of the money into the 403(b) Plan, as long as the rollover is made within 60 days after receiving the distribution. To roll over 100 percent of the taxable portion of the distribution, the participant must replace, from personal savings or other sources, an amount equal to the taxes that were withheld when the distribution was issued.

ROLLOVERS: FROM THE PLAN

All 403(b) Plan distributions except those listed below are eligible for direct rollover (distribution made payable to a traditional IRA, a Roth IRA or another employer plan). As long as the check for the distribution is payable directly to the plan, no taxes should be withheld and the funds will retain tax-deferred status. If made payable to the participant, taxable distributions are subject to mandatory 20 percent federal tax withholding.

Participants may also roll over an eligible 403(b) Plan distribution consisting of pretax funds that has been paid to them, as long as the rollover to the IRA or new plan occurs within 60 days of receipt of the distribution. A participant who wants to roll over 100 percent of the distribution must replace, from personal savings or other sources, an amount equal to the taxes that were withheld when the distribution was issued. Any amount not rolled over will be taxed as ordinary income for the year in which the distribution was issued. It may also be subject to the early distribution penalties.

403(b) Plan distributions that are not eligible for rollover include:

- Minimum required distributions,
- Refunds of excess contributions (plus earnings),
- Systematic withdrawals, and
- Hardship distributions.

Distributions made to non-spouse beneficiaries are eligible only for a direct rollover and only to an inherited IRA.

For more information about the tax treatment of rollovers, read the special tax notice available from Fidelity Retirement Services.

ACCOUNT ACTIVITY

To help participants better understand the Plan's benefits and effectively manage their accounts, Fidelity Retirement Services, on behalf of UC Human Resources, provides personalized account information via two electronic sources.

- Participants who have Internet access can find current, comprehensive information about their accounts and make certain online Plan transactions by visiting the Fidelity Retirement Services website (netbenefits.com).
- Participants can retrieve personal financial information about their accounts and make transactions on the Fidelity Retirement Services toll-free telephone line (866-682-7787).

Annual reports containing audited financial statements are available on the UCnet website or from the UC Retirement Administration Service Center.

Summary plan descriptions are provided at hire and also available on UCnet, the Fidelity Retirement Services website or from your local Benefits Office or the UC Retirement Administration Service Center.

Participants may view the University of California Tax-Deferred 403(b) Plan document online (ucal.us/UCRSdocuments).

Participants should read the complete descriptions of the investment funds and accompanying Plan materials before making any investment decisions.

All notices or communications to a participant or a beneficiary will be effective when sent by first-class mail or conveyed electronically to the participant's address of record. The University and the Regents are entitled to rely exclusively upon any notices, communications or instructions issued in writing or electronically conveyed by UC Human Resources that are believed to be genuine and to have been properly executed.

CLAIMS PROCEDURES

If Fidelity Retirement Services is unable to verify a claimant's right to a benefit within a short period of time, the claimant will be notified that he or she needs to forward a written request to the attention of the UC Contract Administrator, UC Human Resources, P.O. Box 24570, Oakland, CA 94623-1570, who will review the claim on behalf of the Plan Administrator. The request should include all relevant information. Within 90 days of receipt of the request, the contract administrator will approve or disapprove the claim. If the claim is denied, the contract administrator will notify the claimant in writing, setting forth the specific reasons for the denial and providing specific references to the plan provisions on which the denial is based. The contract administrator also will describe any additional material or information needed to perfect the claim and provide an explanation of the 403(b) Plan's review procedures.

If the claimant's request is denied by the contract administrator, the claimant may submit a written request for an independent review by the Plan Administrator within 60 days of receiving the denial. The request for an independent review should be forwarded to the Plan Administrator, P.O. Box 24570, Oakland, CA 94623-1570. The request should be accompanied by all supporting documentation. The Plan Administrator will make a full review of the request within 90 days unless the circumstances require a longer period. If the Plan Administrator upholds the contract administrator's denial, the Plan Administrator will notify the claimant. The decision of the Plan Administrator will be final and conclusive on all persons.

If, after exhausting administrative appeal procedures, the claimant still believes that a benefit has been improperly paid or denied, the claimant has the right to initiate legal proceedings.

For service of process, send to:

The Regents of the University of California
Trustee of the Tax-Deferred 403(b) Plan
c/o Office of the General Counsel
1111 Franklin Street, 8th Floor
Oakland, CA 94706

PLAN ADMINISTRATION AND FEES

The Vice President of Human Resources is the Plan Administrator with responsibility for the day-to-day management and operation of the Plan.

UC strives to hold investor expenses at or below 0.15 percent (or \$1.50 per \$1,000 invested) of the Fund's average market value per year, assessed on a daily basis (1/365th per day invested). These expenses are not billed to participants, but are netted against the investment experience of the Fund. These expenses comprise approximately 0.03 percent for investment management, 0.02 percent for investor education and 0.10 percent for administration (including accounting, audit, legal, custodial and recordkeeping services). The total administrative expenses are estimated and actual expenses could be lower in some periods. If actual administrative expenses are less than estimated, any residual amount will be returned to the Fund periodically, on a prorated basis, thereby lowering the effective expense ratio for participants. There are no front-end or deferred sales loads or other marketing expenses.

In addition, any fees paid by participants, including loan fees, and any fees that may be awarded in connection with plan administration by Fidelity Retirement Services, will be credited to a plan fee account. At the direction of the Plan Administrator and subject to receipt of supporting documentation, Fidelity Retirement Services will apply the plan fee account funds against reasonable plan expenses that otherwise would be paid from other plan assets. Any basis points that are assessed against the market value of the mutual fund investments in the 403(b) Plan pursuant to revenue sharing agreements will be credited to an expense credit account and offset against charges for services provided by Fidelity Retirement Services and its affiliates. If any amount remains after payment for Fidelity Retirement Services-related services, funds in the expense credit account will be used to reimburse the University for reasonable plan expenses previously paid by the University.

A participant can obtain information on fees charged by a mutual fund investment option by reviewing the fund prospectus available on the Fidelity Retirement Services website (netbenefits.com).

Additional 403(b) Plan Information

PLAN CHANGES

The Plan is subject to change and to independent audit to comply with applicable federal and state statutes, IRC regulations and industry standards. Participants are notified in writing whenever substantive changes to the Plan occur. Although the Plan is expected to continue indefinitely, the Regents reserve the right to amend or terminate the Plan at any time.

ASSIGNMENT OF BENEFITS

Generally, 403(b) Plan benefits payable to participants, beneficiaries or survivors cannot be attached by creditors, nor can anyone receiving benefits assign payments to others. Plan benefits are intended solely for the benefit of participants and their beneficiaries and survivors.

There are some exceptions. For example, the IRS may attach retirement benefits to collect unpaid taxes, or a court may order certain benefits to be paid for child or spousal support.

QUALIFIED DOMESTIC RELATIONS ORDERS (QDROS)

A court may award Plan assets to the participant's spouse or former spouse or the participant's dependent. This usually will occur in connection with a divorce or legal separation. In such cases, the domestic relations order must be approved, or qualified, as being in compliance with state law and with the Plan.

Both spouses and the court have the right to request information about the benefits earned by the participant during the marital period and how those benefits are derived, as well as information about the options available to non-participants. To obtain a copy of the QDRO procedures, contact Fidelity Retirement Services (netbenefits.com or 866-682-7787).

California law has established procedures for dividing property in connection with the termination of a state-registered domestic partnership. For more information, call Fidelity Retirement Services.

INELIGIBLE ACCOUNTS RETAINED BY UC

The 403(b) Plan does not permit a participant whose accumulations have a value of less than \$2,000 to remain in the 403(b) Plan after leaving UC employment. In order to facilitate the conversion to the new record keeper in July 2005, the UC Residual Accounts group retained administration of ineligible accounts of participants who terminated UC employment before July 1, 2005, with small balances as follows:

If a participant had accumulations of less than \$50 on June 30, 2005, and failed to provide timely distribution directions or confirm his or her location, the participant's accumulations were forfeited as of June 30, 2005. The forfeited amounts will be used to defray reasonable plan expenses and to restore a participant's previously forfeited accumulations, plus interest, if the participant subsequently files a valid claim and provides distribution directions.

If a participant had accumulations of \$50 or more but less than \$2,000 on June 30, 2005, and the participant failed to provide timely distribution directions, the investment options in the participant's account were liquidated as of June 30, 2005, and an account was established on the participant's behalf. The aggregated assets of all such accounts were then invested in the UC Savings Fund in order to preserve principal, and a proportionate share allocated to each account. The UC Residual Accounts group will maintain such accounts until such time as the participant's location can be confirmed and distribution made. Each account is credited with monthly interest at a fixed rate.

If you think you may be entitled to funds in an ineligible account, contact the UC Retirement Administration Service Center at 800-888-8267.

Employee Information Statement

Participants in defined contribution plans are responsible for determining which, if any, investment vehicles best serve their retirement objectives. The 403(b) Plan assets are invested in accordance with the participant's instructions; if no instructions are given, assets are invested in the UC Pathway Fund closest to the year the participant turns age 65. The participant should periodically review whether his/her objectives are being met, and if the objectives have changed, the participant should make the appropriate changes. Careful planning with a tax advisor or financial planner may help to achieve better supplemental retirement savings.

Neither the Regents, the Chief Investment Officer, the Plan Administrator nor any officer or affiliated officer of the University makes any recommendation to participants for building supplemental retirement savings, and the various options available for the investment of contributions should not be construed in any respect as a judgment regarding the prudence or advisability of such investments or as tax advice. Neither the Regents, the Chief Investment Officer, the Plan Administrator nor Fidelity Retirement Services bear any fiduciary liability for any losses resulting from a participant's investment instructions. The Plan Administrator reserves the right to refuse to implement any investment instruction from a participant that violates Plan rules or IRC provisions.

All elections concerning contributions to the 403(b) Plan are subject to payroll transaction and fund valuation deadlines.

Neither the University, the Chief Investment Officer, the Plan Administrator nor any officer or affiliated officer shall be responsible in any way for the purpose, propriety or tax treatment of any contribution or distribution (or any other action or nonaction) taken pursuant to the direction of a Plan participant, beneficiary, executor or administrator, or a court of competent jurisdiction. Although the Regents, the Chief Investment Officer, the Plan Administrator, and officers and affiliated officers shall have no responsibility to give effect to a decision from anyone other than the Plan participant, beneficiary, executor or administrator, they reserve the right to take appropriate action, including termination and/or disbursement of a participant's account, to protect the Plan from losing its tax-advantaged status for any event that violates Plan rules or applicable IRC provisions.

457(b) Deferred Compensation Plan: Summary Plan Description

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Introduction

The 457(b) Plan is a deferred compensation plan described under §457(b) of the Internal Revenue Code (the IRC). The provisions of the Plan are subject to collective bargaining for represented employees. Future benefits from the 457(b) Plan will reflect the amount of a participant's voluntary salary deferral contributions plus earnings. Vesting is immediate.

Employees who want to participate in the 457(b) Plan designate a portion of their gross salary to be contributed on a pretax basis, thus reducing the participant's taxable income. Taxes on contributions and any earnings are deferred (that is, postponed) until the participant withdraws the money.

The designated Plan Administrator of the 457(b) Plan is the Vice President, Human Resources (VP-HR). Currently, Fidelity Retirement Services performs recordkeeping duties. The relevant contact information is on the inside front cover. The Plan Administrator administers the 457(b) Plan for the sole benefit of Plan participants and their beneficiaries. Participation is voluntary and should be based on the participant's financial objectives and resources. Individual investment strategies should reflect the participant's personal savings goals and tolerance for financial risk. Participants may also want to consult a tax advisor or financial planner before enrolling. UC, the Regents, the Office of the Chief Investment Officer, UC Human Resources and Fidelity Retirement Services are not liable for any loss that may result from participants' investment decisions. This summary plan description summarizes the Plan document as revised effective April 2013.

Eligibility

All employees of UC and Hastings College of the Law — except students who normally work fewer than 20 hours per week — are eligible to participate in the 457(b) Plan. An employee begins participation when contributions are made to the 457(b) Plan on the employee's behalf. An employee or former employee continues participation until all funds held on his or her behalf are distributed.

Contributions

Salary deferral contributions to the 457(b) Plan may come only from income paid through the UC payroll system (or the payroll systems of Lawrence Berkeley National Laboratory or Hastings College of the Law). Employees may also roll over money from other employer-sponsored plans, including the taxable portion of a distribution from the University of California Retirement Plan (UCRP; see "Rollovers: Into the Plan," page 67).

According to IRS rules, enrollment in the 457(b) Plan cannot go into effect immediately. Enrollment affects earnings for the month following enrollment and the first deduction is taken from the paycheck on the first of the subsequent month. For example, if a participant enrolls in January, the first deduction is taken from February earnings and is reflected in the March 1 paycheck.

Contributions to the 457(b) Plan are reported annually on employees' W-2 forms, but are not included in income subject to taxation.

457(b) Plan salary deferral contributions are deducted from gross salary (after any other pretax deductions for medical plan premiums, dependent care expenses or certain health care expenses), and income taxes are calculated on remaining pay. Although 457(b) Plan salary deferral contributions reduce taxable income, they do not reduce any other salary-related University benefits such as vacation or sick leave, life or disability insurance benefits, or benefits payable from UCRP.

Upon enrollment, participants choose the flat dollar amount or percentage of salary that they will contribute through payroll (generally monthly or biweekly) up to their maximum annual contribution amount. Under the percentage method, contributions change proportionately as the participant's salary changes.

If a participant transfers employment from one UC location to another UC location, the salary deferral election will stop automatically. The participant must re-enroll at the new location to continue contributions.

LEAVES OF ABSENCE

Contributions stop during a leave without pay and resume automatically at the same rate upon return to pay status unless the participant cancels them.

For sabbatical leaves or administrative leaves with pay during which employees earn less than 100 percent of regular compensation, contributions continue in the same amount or percentage (see “Contributions,” page 62) as elected before the leave unless the participant makes a change. Because contributions remain the same while compensation decreases, it is important for participants to review their contribution amount before going on a paid leave.

Special rules may allow participants on military leave to “make up” contributions that would have been credited to their accounts during the military leave. Local Benefits Offices can provide more information.

During paid vacation or sick leave, contributions continue in the same amount.

TERMINATION OF EMPLOYMENT

If a participant leaves UC employment, salary deferral contributions stop automatically. The payment options available for a participant’s accumulations are described in “Distributions: Former Employees” (see page 65).

REAPPOINTMENT

If a participant leaves UC employment or retires and is later rehired into an eligible position, the participant may begin contributing to the Plan again.

MAXIMUM ANNUAL CONTRIBUTION LIMITS

The IRC limits the amount participants may contribute annually to tax-advantaged retirement plans and imposes substantial penalties for violating contribution limits (see “Excess Salary Reductions” on page 64).

For 2015, the 457(b) Plan contribution limits are as follows:

Regular contribution limit: \$18,000¹²

Participants who are age 50 or older any time during the year: \$24,000¹²

To contribute the maximum amount, participants should check the limits and adjust their contributions for each calendar year accordingly.

Adjusted gross salary for any year is a participant’s gross University salary (including any shift differential, summer or equivalent term salary, health science faculty income over the base professorial salary, stipends and overtime), minus any required pretax contributions to other retirement plans (for example, the mandatory contributions to the UC Defined Contribution Plan or to UCRP) and any pretax payments for UCRP (to establish, reestablish or convert prior periods of service credit or to eliminate the noncontributory offset).

SPECIAL CATCH-UP PROVISION

A special catch-up provision allows eligible participants to make additional contributions in one or more of the three consecutive years ending before the year the participant elects as his or her retirement age. The elected retirement age can be any age between 60 (50 for safety employees) and 70½.

For 2015, the total amount the participant can contribute using the special catch-up limit is the lesser of two amounts:¹³

- Twice the regular contribution limit for 2015 (\$18,000 x 2 = \$36,000), or
- The regular contribution limit for 2015 plus the difference between previous years’ regular contribution limits and the actual contributions made during those years (the unused contribution capacity).¹⁴

¹² or 100 percent of adjusted gross salary, if less.

¹³ Participants who take advantage of this special provision cannot also take advantage of the over-age-50 provision; they must choose whichever provides the higher contribution amount.

¹⁴ The calculation can include only those years in which the participant was eligible to contribute to the Plan, which was established in 2004.

Contributions

Here is an example showing contribution limits and annual contributions since 2012 for a hypothetical employee:

	2012	2013	2014
Regular contribution limits	\$17,000	\$17,500	\$17,500
Participant contributions	\$15,000	\$15,000	\$15,000
Unused eligible contribution capacity	\$2,000	\$2,500	\$2,500
Cumulative unused contribution capacity:			\$7,500
Regular 2015 contribution limit:			\$18,000
Total amount the participant can contribute in 2015:			\$25,500

In subsequent years, the special catch-up limit must be reduced to reflect any unused contribution capacity that has already been taken into account in calculating a special catch-up provision.

EXCESS SALARY REDUCTIONS

UC payroll systems monitor 457(b) Plan contributions, and a participant's contributions will stop automatically if they reach the limit before the end of the year. As a result, there is little chance of overcontributing. In limited circumstances, however, excess salary reductions may be made — if, for example, a participant works at more than one UC location during the year or contributes to a 457(b) plan with another employer.

If participants overcontribute because they work at more than one UC location, the excess will normally be identified and, in most cases, returned (with any earnings) before the end of the year in which it occurs.

If participants think they have overcontributed but have not been contacted, or if they contribute to a 457(b) plan with another employer during the year, they should call Fidelity Retirement Services before the end of the year (or by March 1 of the following year) to request a refund.

The IRC requires that excess salary reductions in any calendar year be refunded to the participant by April 15 of the following year to avoid tax penalties. If the excess is refunded by April 15, the excess is treated as ordinary income for the year in which the salary reductions were made. The refund will also reflect any earnings (or loss) generated by the excess salary reductions during that year. The earnings must be reported on tax returns for the year in which the refund is paid. For example, if a participant receives a refund of 2014 excess contributions in 2014, all amounts should be reported on tax returns for 2014. If the participant receives the refund in 2015, however, the excess contributions should be reported on 2014 tax returns and any earnings on tax returns for 2015.

Refunds of excess contributions and earnings are not eligible for rollover, nor are they subject to the penalty taxes on early distributions (see "Early Distribution Penalties" on page 67).

If an excess contribution is not refunded by April 15, the excess amount must remain in the Plan. The participant must still report the excess as ordinary income for the year in which the contributions were made. In addition, the excess amount will again be taxable as ordinary income in the year in which the participant receives a distribution that includes these funds. In other words, excess contributions that are not refunded by the April 15 deadline are taxed twice.

If, during a year, contributions for the participant are made to another plan over which the participant has control, or a participant makes salary deferral contributions to another plan (other than a 457(b)), the participant should consult a tax advisor on the applicable limitations on contributions.

INVESTMENT OF CONTRIBUTIONS

Participants choose the investment options in which they want to invest their contributions. The investment options are explained on page 67.

Subject to payroll deadlines, participants may start, stop or change the amount of their contributions to the Plan at any time on the Fidelity Retirement Services website. They also may redirect future 457(b) Plan contributions to one or more of the investment options and/or exchange (transfer) accumulations in the Plan among the investment options at any time. Direct exchanges between certain investment options may be prohibited. See the Fidelity Retirement Services website (netbenefits.com) for more information.

Distributions

Distribution rules vary depending on the participant's employment status.

CURRENT UC EMPLOYEES

The IRC restricts the 457(b) Plan in-service distributions made to current employees. In general, an employee may take a distribution of plan accumulations in the following circumstances only:

- Voluntary in-service withdrawal of the total balance is allowed once if the balance is less than \$5,000 and no contributions have been made in the past two years and the employee has never taken another distribution except an unforeseeable emergency withdrawal;
- Attainment of age 70½; or
- An unforeseeable emergency as described below.

UNFORESEEABLE EMERGENCY WITHDRAWAL

Participants may be able to take a withdrawal on account of an unforeseeable emergency resulting from:

- An illness or accident involving the participant or the participant's beneficiary or the spouse of the participant or the participant's beneficiary or a dependent of the participant or the participant's beneficiary;
- Loss of property due to casualty; or
- Other similar, extraordinary and unforeseeable circumstances arising from events beyond the control of the participant.

The unforeseeable emergency withdrawal may not be in excess of the amount reasonably needed to satisfy the participant's or beneficiary's emergency need. The participant must first satisfy the need using other available financial resources including:

- Insurance reimbursements;
- Cessation of salary deferral contributions to the 457(b) Plan, and the University of California Tax-Deferred 403(b) Plan Account, and the Defined Contribution Plan After-Tax Account;
- A 403(b) Plan loan;
- Withdrawal of eligible monies from the UC Defined Contribution Plan; or
- Liquidation of other assets, to the extent the liquidation does not itself cause severe financial hardship.

After taking an unforeseeable emergency withdrawal, a participant may not make voluntary contributions to the 457(b) Plan, the 403(b) Plan or the DC Plan for six months.

A withdrawal is generally taxed as ordinary income in the year in which it is issued. In accordance with IRS regulations, Fidelity Retirement Services will withhold 10 percent for federal taxes and 1 percent for California state taxes (unless the participant elects no withholding).

There are specific federal tax withholding rules that apply to all distributions from retirement and savings plans (see "Taxes on Distributions" on page 66).

FORMER EMPLOYEES

Participants who leave UC employment have the following payment options for assets in the 457(b) Plan:

- Leave the assets in the Plan if the Plan balance totals at least \$2,000, subject to minimum required distribution rules. Although participants may no longer contribute, they may transfer funds among the investment options, subject to the transfer/exchange rules and roll over money into the Plan;
- Take a full or partial distribution (payable to the participant or directly rolled over to a traditional IRA, a Roth IRA or employer-sponsored plan); see page 67 for information on early distributions;
- Arrange for systematic withdrawals. This option enables the participant to receive regular, periodic distributions without having to make a specific request for each one.

For distributions made on and after January 1, 2006, the following Plan rules apply to distributions of small accounts after the participant has terminated UC employment:

If the value of the participant's accumulations is less than \$2,000, but more than \$1,000, and the participant fails to provide distribution directions, the participant's accumulations will be rolled over to an IRA custodian designated by the Plan Administrator in an account maintained for the participant.

Distributions

If the value of the participant's accumulations is \$1,000 or less, and the participant fails to provide distribution directions, the participant's accumulations shall be paid directly to the participant at his or her address of record.

All distributions are subject to Fidelity Retirement Services and payroll deadlines. No distributions can be made until all payroll activity is complete, which can take from 30 to 60 days.

BENEFICIARIES

Participants should designate a beneficiary to receive their accumulations in the 457(b) Plan in the event of their death. Participants may name more than one beneficiary and specify the percentage of the Plan balance that each beneficiary is to receive. A beneficiary may be a person, trustee or organization.

Subject to restrictions on small accounts, a beneficiary may elect to take his or her benefit as a lump sum or in periodic payments over a term that meets the Internal Revenue Code requirements on minimum distributions. If a beneficiary fails to make an election, the benefit will be distributed to the beneficiary in a lump sum by the last day of the calendar year that contains the fifth anniversary of the participant's death.

A deceased participant's beneficiary (the participant's beneficiary) may also designate a beneficiary (beneficiary's beneficiary) to receive the balance in the deceased participant's account if the participant's beneficiary dies before taking a total distribution. The beneficiary's beneficiary must decide how they want money to be distributed within nine months of the death of the participant's beneficiary.

If no beneficiary has been named, or if the beneficiary dies before the participant, any amount remaining will be distributed to the participant's eligible survivors in the following order of succession:

- Surviving spouse or domestic partner; or, if none,
- Surviving children, biological or adopted, on an equal-share basis (children of a deceased child share their parent's benefit); or, if none,
- Surviving parents on an equal-share basis; or, if none,
- Brothers and sisters on an equal-share basis; or, if none,
- The participant's estate.

A will or trust does not supersede a designation of beneficiary, nor does either supersede the Plan's "default" beneficiary rules (described above) that apply in the absence of a valid beneficiary designation.

It is the participant's responsibility to keep information on beneficiaries, including addresses, up to date. You can name or change your beneficiary information by contacting Fidelity Retirement Services (netbenefits.com or 866-682-7787). The address of record is binding for all purposes of the 457(b) Plan.

COMMUNITY PROPERTY

Married participants and registered domestic partners who designate someone other than their legal spouse or partner as a beneficiary may need to consider the spouse's or partner's community property rights. For residents of a community property state such as California, a designation of beneficiary may be subject to challenge if the spouse or partner would consequently receive less than the share of the benefit attributable to community property.

Procedures established for the University of California Retirement Plan (UCRP) are used to determine whether a domestic partner is included in the order of succession above. Generally, the UCRP procedures require that an individual must be designated as a UCRP member's domestic partner by one of three possible methods:

- Registration of the domestic partnership with California's Secretary of State;
- Registration of a same-sex union, other than marriage, validly formed in another jurisdiction, that is substantially equivalent to a California domestic partnership; or
- Filing of a *UC Declaration of Domestic Partnership* form with the UCRP administration.

If a member dies before filing a *UC Declaration of Domestic Partnership*, only documents from the first two methods may be used to establish a domestic partnership under the Plan.

TAXES ON DISTRIBUTIONS

A distribution from the 457(b) Plan is generally taxed as ordinary income in the year it is issued. Note, however, that there are specific federal tax withholding rules that apply to all distributions from retirement savings and investment plans. For more information about the tax treatment of Plan distributions, read the special tax notice provided by Fidelity Retirement Services before requesting a distribution. The tax rules are quite complex; for these reasons, participants considering a distribution from the Plan are strongly encouraged to consult a tax advisor.

Additional 457(b) Plan Information

Participants who choose to take a distribution are responsible for satisfying the distribution rules and for any tax consequences.

Distributions to participants are reported annually on IRS Form 1099-R, which are sent in January following the calendar year in which the distribution was issued.

EARLY DISTRIBUTION PENALTIES

Distributions from 457(b) plans are generally not subject to the early distribution penalties that may apply to distributions from other types of retirement plans. If, however, an amount is rolled over from another type of retirement plan, such as a 403(b) plan or a tax-qualified 401(a) plan, to the 457(b) Plan, any distributions attributable to the rolled over amount that are made before a participant attains age 59½ may be subject to federal and state penalty taxes unless an exception applies.

Early distribution penalties are not assessed when a distribution is paid. Participants who are subject to the penalties are responsible for reporting them to the IRS when they file their income tax returns.

MINIMUM REQUIRED DISTRIBUTIONS

Participants must begin receiving minimum distributions from the Plan by April 1 of the calendar year following the later of:

- The year in which they reach age 70½ or
- The year in which they leave UC employment.

Participants who do not receive minimum distributions by the required dates, or who receive less than the minimum amount the law requires, must pay a nondeductible 50 percent excise tax on the difference between the amount that should have been received and the amount received.

Minimum required distributions are not eligible for rollover.

Minimum required distributions are calculated in accordance with U.S. Treasury regulations.

INVESTMENT OPTIONS

Plan participants have several options for building individual investment portfolios to achieve their retirement savings goals. Currently, the Chief Investment Officer of the Regents of the University of California selects and monitors a group of Core Funds based on criteria established by the Regents. The Core Funds include the UC Funds, which are investment options managed by the Chief Investment Officer or by investment managers appointed by the Chief Investment Officer, as well as several mutual funds. The Core Funds provide participants with a diverse menu of the major asset classes to which they may direct their contributions.

In addition, participants can choose to invest in a selected list of institutionally priced mutual funds that offers a wide variety of high quality and lower-cost investment options in a range of asset classes. These are available for those participants willing to assume additional responsibility for monitoring their individual fund choices. The Chief Investment Officer does not monitor individual fund performance and makes no qualitative assessment as to any investment fund that is not part of the Core Funds.

Participants may also invest in mutual funds that are not included in the Core Funds and are not institutionally priced mutual funds by opening a Fidelity brokerage window account. To open a brokerage window account, participants must agree to the terms and conditions that govern the account, including acknowledgment of the risks involved and the special fees that may apply.

Information about investment objectives, risks, changes and expenses of all options is available, free of charge, from Fidelity Retirement Services (netbenefits.com or 866-682-7787).

ROLLOVERS: INTO THE PLAN

Participants may move eligible retirement funds from a previous employer plan or an IRA to the 457(b) Plan via a rollover. The 457(b) Plan accepts rollovers of pretax distributions from:

- Other employer-sponsored plans, including 401(a), 401(k), 403(b) and governmental 457(b) Plans; and/or
- Lump sum cashouts and Capital Accumulation Payment (CAP) distributions from the UC Retirement Plan,
- Traditional IRAs.

The 457(b) Plan does not accept rollovers of after-tax distributions. To roll over money directly from another employer-sponsored plan to UC's 457(b) Plan, the participant must arrange to have the plan's custodian or plan administrator write a check for the distribution, payable to "Fidelity

Additional 457(b) Plan Information

Investments Institutional Operations Company, Inc. (FIIOC).” As long as the check is payable directly to FIIOC (not to the participant), no taxes should be withheld from the distribution, and the pretax funds will retain their tax-deferred status.

Employees who are eligible to participate in the 457(b) Plan may execute a rollover (and become Plan participants) even if they have not yet begun contributing to the Plan through payroll deductions.

Former employees who did not participate in the 457(b) Plan are not eligible to roll over funds into the Plan, except for eligible distributions from UCRP of \$2,000 or more.

If a participant takes a distribution from a former employer plan, including UCRP, and the check is payable to the participant, he/she can also roll over the taxable portion of the money into the 457(b) Plan, as long as the rollover is made within 60 days after receiving the distribution. To roll over 100 percent of the taxable portion of the distribution, the participant must replace from personal savings or other sources an amount equal to the taxes that were withheld when the distribution was issued.

ROLLOVERS: FROM THE PLAN

All 457(b) Plan distributions except those listed below are eligible for direct rollover (distribution made payable to a traditional IRA, a Roth IRA or another employer plan). As long as the check for the distribution is payable directly to the plan, no taxes should be withheld and the funds will retain tax-deferred status. If made payable to the participant, taxable distributions are subject to mandatory 20 percent federal tax withholding.

Participants may also roll over an eligible 457(b) Plan distribution consisting of pretax funds that has been paid to them, as long as the rollover to the IRA or new plan occurs within 60 days of receipt of the distribution. A participant who wants to roll over 100 percent of the distribution must replace from personal savings or other sources an amount equal to the taxes that were withheld when the distribution was issued. Any amount not rolled over will be taxed as ordinary income for the year in which the distribution was issued. It may also be subject to the early distribution penalties if the distribution is attributable to a rollover from a plan subject to the early distribution penalties.

457(b) Plan distributions that are not eligible for rollover include:

- Minimum required distributions,
- Refunds of excess contributions (plus earnings),
- Systematic withdrawals, and
- Unforeseen emergency withdrawals.

Distributions made to non-spouse beneficiaries are eligible only for direct rollover and only to an inherited IRA.

For more information about the tax treatment of rollovers, read the special tax notice available from Fidelity Retirement Services.

ACCOUNT ACTIVITY

To help participants better understand the Plan’s benefits and effectively manage their accounts, Fidelity Retirement Services, on behalf of UC Human Resources, provides personalized account information via two electronic sources.

- Participants who have Internet access can find current, comprehensive information about their accounts and make certain online Plan transactions by visiting the Fidelity Retirement Services website (netbenefits.com).
- Participants can retrieve personal financial information about their accounts and make transactions on the Fidelity Retirement Services toll-free telephone line (866-682-7787).

Annual reports containing audited financial statements are available on UCnet or from the UC Retirement Administration Service Center.

Summary plan descriptions are provided at hire and are also available on UCnet, the Fidelity Retirement Services website or from your local Benefits Office or the UC Retirement Administration Service Center.

Participants may view the University of California Tax-Deferred 457(b) Plan document online (ucal.us/UCRSdocuments).

Participants should read the complete descriptions of the investment funds and accompanying Plan materials before making any investment decisions.

All notices or communications to a participant or a beneficiary will be effective when sent by first-class mail or conveyed electronically to the participant’s address of record. The University and the Regents are entitled to rely exclusively upon any notices, communications or instructions issued in writing or electronically conveyed by UC Human Resources that are believed to be genuine and to have been properly executed.

CLAIMS PROCEDURES

If Fidelity Retirement Services is unable to verify a claimant's right to a benefit within a short period of time, the claimant will be notified that he or she needs to forward a written request to the attention of the UC Contract Administrator, UC Human Resources, P.O. Box 24570, Oakland, CA 94623-1570, who will review the claim on behalf of the Plan Administrator. The request should include all relevant information. Within 90 days of receipt of the request, the contract administrator will approve or disapprove the claim. If the claim is denied, the contract administrator will notify the claimant in writing, setting forth the specific reasons for the denial and providing specific references to the plan provisions on which the denial is based. The contract administrator also will describe any additional material or information needed to perfect the claim and provide an explanation of the 457(b) Plan's review procedures.

If the claimant's request is denied by the contract administrator, the claimant may submit a written request for an independent review by the Plan Administrator within 60 days of receiving the denial. The request for an independent review should be forwarded to the Plan Administrator, P.O. Box 24570, Oakland, CA 94623-1570. The request should be accompanied by all supporting documentation. The Plan Administrator will make a full review of the request within 90 days unless the circumstances require a longer period, but in general, no more than 120 days. If the Plan Administrator upholds the contract administrator's denial, the Plan Administrator will notify the claimant. The decision of the Plan Administrator will be final and conclusive on all persons.

If, after exhausting administrative appeal procedures, the claimant still believes that a benefit has been improperly paid or denied, the claimant has the right to initiate legal proceedings.

For service of process, send to:

The Regents of the University of California,
Trustee of the 457(b) Plan, c/o Office of the General Counsel,
1111 Franklin Street, 8th Floor, Oakland, CA 94706.

PLAN ADMINISTRATION AND FEES

The Vice President of UC Human Resources is the Plan Administrator with responsibility for the day-to-day management and operation of the Plan.

UC strives to hold investor expenses at or below 0.15 percent (or \$1.50 per \$1,000 invested) of the Fund's average market value per year, assessed on a daily basis (1/365th per day invested). These expenses are not billed to participants, but are netted against the investment experience of the Fund. These expenses comprise approximately 0.03 percent for investment management, 0.02

percent for investor education and 0.10 percent for administration (including accounting, audit, legal, custodial and recordkeeping services). The total administrative expenses are estimated and actual expenses could be lower in some periods. If actual administrative expenses are less than estimated, any residual amount will be returned to the Fund periodically, on a prorated basis, thereby lowering the effective expense ratio for participants. There are no front-end or deferred sales loads or other marketing expenses.

In addition, any fees paid by participants, including loan fees, and any fees that may be awarded in connection with plan administration by the Fidelity Retirement Services failure to meet certain performance standards, will be credited to a plan fee account. At the direction of the Plan Administrator and subject to receipt of supporting documentation, Fidelity Retirement Services will apply the plan fee account funds against reasonable plan expenses that otherwise would be paid from other plan assets. Any basis points that are assessed against the market value of the mutual fund investments in the 457(b) Plan pursuant to revenue sharing agreements will be credited to an expense credit account and offset against charges for services provided by Fidelity Retirement Services and its affiliates. If any amount remains after payment for Fidelity Retirement Services-related services, funds in the expense credit account will be used to reimburse the University for reasonable plan expenses previously paid by the University.

A participant can obtain information on fees charged by a mutual fund investment option by reviewing the fund prospectus available on the Fidelity Retirement Services website (netbenefits.com).

PLAN CHANGES

The Plan is subject to change and to independent audit to comply with applicable federal and state statutes, IRC regulations and industry standards. Participants are notified in writing whenever substantive changes to the Plan occur. Although the Plan is expected to continue indefinitely, the Regents reserve the right to amend or terminate the Plan at any time.

Additional 457(b) Plan Information

ASSIGNMENT OF BENEFITS

Generally, 457(b) Plan benefits payable to participants, beneficiaries or survivors cannot be attached by creditors, nor can anyone receiving benefits assign payments to others. Plan benefits are intended solely for the security and welfare of participants and their beneficiaries and survivors.

There are some exceptions. For example, the IRS may attach retirement benefits to collect unpaid taxes, or a court may order certain benefits to be paid for child or spousal support.

QUALIFIED DOMESTIC RELATIONS ORDERS (QDROS)

A court may award Plan assets to the participant's spouse or former spouse or the participant's dependent. This usually occurs in connection with a divorce or legal separation. In such cases, the domestic relations order must be approved, or qualified, as being in compliance with state law and with the Plan terms.

Both spouses and the court have the right to request information about the benefits earned by the participant during the marital period and how those benefits are derived, as well as information about the options available to non-participants. To obtain a copy of the QDRO procedures, contact Fidelity Retirement Services (netbenefits.com or 866-682-7787).

California law has established procedures for dividing property in connection with the termination of a state-registered domestic partnership. For more information, call Fidelity Retirement Services.

Employee Information Statement

determining which, if any, investment vehicles best serve their retirement objectives. The 457(b) Plan assets are invested in accordance with the participant's instructions; if no instructions are given, assets are invested in the UC Pathway Fund closest to the year the participant turns age 65. The participant should periodically review whether his/her objectives are being met, and if the objectives have changed, the participant should make the appropriate changes. Careful planning with a tax advisor or financial planner may help to achieve better supplemental retirement savings.

Neither the Regents, the Chief Investment Officer, the Plan Administrator nor any officer or affiliated officer of the University makes any recommendation to participants for building supplemental retirement savings, and the various options available for the investment of contributions should not be construed in any respect as a judgment regarding the prudence or advisability of such investments or as tax advice. Neither the Regents, the Chief Investment Officer, the Plan Administrator nor Fidelity Retirement Services bear any fiduciary liability for any losses resulting from a participant's investment instructions. The Plan Administrator reserves the right to refuse to implement any investment instruction from a participant that violates Plan rules or IRC provisions.

All elections concerning contributions to the 457(b) Plan are subject to payroll transaction and fund valuation deadlines.

Neither the University, the Chief Investment Officer, the Plan Administrator nor any officer or affiliated officer shall be responsible in any way for the purpose, propriety or tax treatment of any contribution or distribution (or any other action or nonaction) taken pursuant to the direction of a Plan participant, beneficiary, executor or administrator, or a court of competent jurisdiction. Although the Regents, the Chief Investment Officer, the Plan Administrator, and officers and affiliated officers shall have no responsibility to give effect to a decision from anyone other than the Plan participant, beneficiary, executor or administrator, they reserve the right to take appropriate action, including termination and/or disbursement of a participant's account, to protect the Plan from losing its tax-advantaged status for any event that violates Plan rules or applicable IRC provisions.

Participants in defined contribution plans are responsible for

Health and Welfare Benefits for Retirees

Health benefits for retired UC employees are one of the rewards UC currently offers long-serving eligible employees who are members of the UC Retirement Plan.

These benefits, which include medical, dental, vision, legal and accidental death and dismemberment (AD&D), are separate from the retirement plan and are not a vested benefit. That means these benefits are not guaranteed and that UC's contributions to the cost of the benefits may change or be discontinued at any time. **Retiree health and welfare benefits are subject to collective bargaining for represented employees.**

Currently, UC contributes to the cost of medical and dental insurance for eligible retirees. For vision, legal and AD&D, you enroll and pay the full premiums directly to the insurance carriers.

ELIGIBILITY

To be eligible for these benefits, you must:

- Be a member of the UC Retirement Plan
- Be enrolled in or eligible to enroll in UC employee benefits on the day you retire
- Elect to continue coverage at the time you retire
- Have a retirement date that is within 120 days of the date you end UC employment
- Continue coverage until the date your retirement income begins

If there is a gap in time between your last day on active pay and your retirement date, you may have to pay the full cost for your monthly medical and dental plans (including UC's contribution) to ensure coverage over the gap period so you continue eligibility into retirement. If you have non-UC medical and/or dental coverage when you retire, you may suspend your UC coverage until you involuntarily lose that coverage or until an Open Enrollment period, but you must maintain continuous coverage.

In addition, you must meet the following UCRP service credit requirements, based on the date you became a retirement plan member. Only UCRP service credit — and not credit from a reciprocal system, such as CalPERS — counts toward eligibility for these health and welfare benefits.

If you became a member of UCRP before Jan. 1, 1990, and you have not had a break in service of more than 120 days, you will receive 100 percent of UC's contribution toward the medical and/or dental plan's monthly premium if:

- You retire before age 55 and have at least 10 years of UCRP service credit¹⁵ (five years for Safety members)
- You retire at age 55 or later and have at least five years of UCRP service credit.

If you became a member of UCRP between Jan. 1, 1990 and June 30, 2013 and you were actively employed and enrolled in or eligible to enroll in UC benefits on that date, the UC contribution toward medical and/or dental plan monthly premiums is based on the following formula:

GRADUATED ELIGIBILITY

Years of Member's UC Service Credit*	Percentage of UC Contribution
5–9	If age plus years of service credit equal at least 75, then 50%; otherwise not eligible.
10	50%
11–20	Increases from 50% in 5% increments to 100% at 20 years

* Only whole years of service credit are considered.

The chart above also applies to all Safety members.

¹⁵ Service credit may include service credit for sick leave or service credit bought back for leave, furlough, temporary layoff, sabbatical, extended sick leave or for a period for which you received a refund. See the *UCRP Buyback Booklet* for more information.

Health and Welfare Benefits for Retirees

If you become a UCRP member on or after July 1, 2013 or are rehired after that date following a break in service of more than 120 days, you are eligible to enroll in these benefits provided you are 55 or older and have at least 10 years of UCRP service credit at the time you retire. If you retire at age 56 or older, you will receive a percentage of UC's contribution toward the medical and dental plans' monthly premiums based on your age and years of UCRP service credit at retirement. To receive the maximum UC contribution toward the total cost of coverage, you need to retire on or after age 65 with 20 or more years of service.

The chart below shows the percentage of the UC contribution for all eligible ages and years of service credit.

GRADUATED ELIGIBILITY FORMULA

To find the university contribution for a particular age and number of years of UCRP service credit, look down the far left column for the appropriate age; then look across that row to the number of years of UCRP service credit. That will show the percentage of the maximum university contribution that a retiree at that age and with those years of service credit will receive. Example: with 15 years of UCRP service credit at age 60, the retiree receives 37.5% of the maximum university contribution.

Age*	Years of UCRP Service Credit at Retirement										
	10	11	12	13	14	15	16	17	18	19	20+
50-55**	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
56	5.0%	5.5%	6.0%	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%	10.0%
57	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%	16.0%	17.0%	18.0%	19.0%	20.0%
58	15.0%	16.5%	18.0%	19.5%	21.0%	22.5%	24.0%	25.5%	27.0%	28.5%	30.0%
59	20.0%	22.0%	24.0%	26.0%	28.0%	30.0%	32.0%	34.0%	36.0%	38.0%	40.0%
60	25.0%	27.5%	30.0%	32.5%	35.0%	37.5%	40.0%	42.5%	45.0%	47.5%	50.0%
61	30.0%	33.0%	36.0%	39.0%	42.0%	45.0%	48.0%	51.0%	54.0%	57.0%	60.0%
62	35.0%	38.5%	42.0%	45.5%	49.0%	52.5%	56.0%	59.5%	63.0%	66.5%	70.0%
63	40.0%	44.0%	48.0%	52.0%	56.0%	60.0%	64.0%	68.0%	72.0%	76.0%	80.0%
64	45.0%	49.5%	54.0%	58.5%	63.0%	67.5%	72.0%	76.5%	81.0%	85.5%	90.0%
65	50.0%	55.0%	60.0%	65.0%	70.0%	75.0%	80.0%	85.0%	90.0%	95.0%	100.0%

* Age is measured in whole years.

** Those who retire between ages 50 and 55 are eligible to enroll in UC-sponsored health insurance for retirees but will not receive a UC contribution.

UC'S CONTRIBUTION TO MEDICAL AND DENTAL PREMIUMS

Currently UC contributes to the cost of medical and dental premiums for eligible retirees. The amount of the contribution is determined annually, depending on state funding and other factors. It is not a guaranteed benefit and could be discontinued at any time.

Here are examples of how the UC contribution is applied to retiree medical benefits. The numbers are for illustrative purposes only, and are not actual premiums or contributions.

NON-MEDICARE PLAN

	Eligible for 100% of UC Contribution	Subject to graduated eligibility; receiving 50% of UC contribution	Subject to graduated eligibility; receiving 75% of UC contribution
Total monthly premium	\$575	\$575	\$575
UC Contribution	\$450	\$225	\$337.50
Your monthly premium	\$125	\$350	\$237.50

In general, the maximum UC contribution does not cover the entire premium cost for non-Medicare plans.

MEDICARE PLAN

	Eligible for 100% of UC Contribution	Subject to graduated eligibility; receiving 50% of UC contribution	Subject to graduated eligibility; receiving 75% of UC contribution
Total monthly premium	\$250	\$250	\$250
UC Contribution	\$350	\$175	\$262.50
Your monthly premium	0	\$75	0
Medicare Part B reimbursement*	\$100	0	\$12.50

* If UC's contribution to your medical plan is greater than the premium, UC reimburses you for a portion of the standard Medicare Part B premium you pay for Medicare coverage, usually as a deduction from your Social Security benefit.

By authority of the Regents, University of California Human Resources, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulation, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by the Regents. Source documents are available for inspection upon request (800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits — particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, retirees and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums, employer contributions and monthly costs at any time. Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, and may be affected by the state of California's annual budget appropriation. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. For more information, employees should contact their Human Resources Office and retirees should call the UC Retirement Administration Service Center (800-888-8267).

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Systemwide AA/EEO Policy Coordinator, University of California, Office of the President, 1111 Franklin Street, 5th Floor, CA 94607, and for faculty to the Office of Academic Personnel, University of California, Office of the President, 1111 Franklin Street, Oakland, CA 94607.



