

# TAX-DEFERRED 403(b) PLAN PLAN REGULATIONS

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It is the intent of the Plan Administrator to apply the provisions of these Regulations equally to all similarly situated employees without discrimination. The Plan Administrator has full power to administer these Regulations in all of their details, subject to applicable legal requirements. No employee or agent of the University has authority to modify these Regulations or to make any representations, warranties, or inducements other than as set forth in these Regulations and in the University of California Tax-Deferred 403(b) Plan. These Regulations are subject to periodic change or termination by the Plan Administrator in accordance with the authority granted under the Plan.

## REGULATION 2.04 BENEFICIARY

A Participant may designate as many Beneficiaries as desired. If more than one person is named as primary Beneficiary, the share each is to receive may be indicated as a percentage. If the share is not indicated, the Participant's Accumulations will be paid in essentially equal shares. A Participant may also designate contingent Beneficiaries to receive the Participant's Accumulations if all those listed as primary Beneficiaries have died at the time of the Participant's death. If one or more of the listed multiple primary or contingent Beneficiaries should predecease the Participant or disclaim his or her share of the Participant's Accumulations, that Beneficiary's benefit will be paid in essentially equal shares to the designated Beneficiaries remaining in the primary or contingent list of Beneficiaries, whichever is applicable. A primary Beneficiary refers to a person who has an unconditional right to all or a portion of a Participant's Accumulations at the Participant's death.

If a Participant's Beneficiary is determined under the hierarchy of categories, a child of a deceased child of the Participant shall be deemed a child of the Participant for purposes of determining whether there is a survivor in the "Child or Children" category. A half sibling is not deemed to be a sibling of a deceased Participant for purposes of the sibling category in the hierarchy.

If the Beneficiary of a deceased Participant fails to name a Beneficiary, or the designation made by the Participant's Beneficiary is not effective at the death of the Participant's Beneficiary, the Beneficiary of the Participant's Beneficiary shall be determined under the categories listed in Section 2.04 of the Plan except that the term "Participant's Beneficiary" shall be substituted for the term "Participant" each place it appears.

The Plan Administrator, upon providing written notice of a procedural change to the Participants whose Beneficiary designations are affected, may cause the Beneficiary designation to be superseded by the change in procedures, provided the Plan Administrator furnishes written notice of the change to each such Participant at his or her address of record.

Prior to July 1, 2005, Participants made separate Beneficiary designations for Accumulations that were record kept by Fidelity Investments Institutional Operations Company Inc. ("Fidelity"), the Calvert Socially Responsible Funds Group ("Calvert") and the University. Prior to the conversion of all Retirement

Savings Program record keeping functions to Fidelity as of July 1, 2005, Participants were notified that the following Beneficiary designations would prevail following the conversion and urged to make any changes that might be required to reflect their intents:

- A. If there was a University and a Fidelity designated Beneficiary, the University Beneficiary designation will prevail after conversion;
- B. If there was a University Beneficiary designation, but no Fidelity Beneficiary designation, the University Beneficiary designation will prevail after conversion;
- C. If there was no University Beneficiary designation, but a Fidelity Beneficiary designation, the Fidelity Beneficiary designation will prevail after conversion;
- D. If there was no University Beneficiary designation and no Fidelity Beneficiary designation, the Beneficiary designation shall be determined as provided for in Section 2.04 of the Plan;
- E. Any Beneficiary designations ascribed to Calvert prior to July 1, 2005 will not be valid, and will not govern the determination of a Participant's Beneficiary, for a Participant who dies July 1, 2005 or later. In these cases, Beneficiary designations will be determined based on provisions (1-4) above.
- F. A completed Beneficiary designation filed by the Participant with the Record Keeper on and after July 1, 2005 will supersede Beneficiary designations made prior to the conversion.

## REGULATION 2.05 BROKERAGE WINDOW OPTION

In order to invest in a Brokerage Window Option, a Participant must enter into an agreement with Fidelity Brokerage Services LLC (FBSLLC) to establish a BrokerageLink® account on the Participant's behalf in which the Participant acknowledges his or her acceptance of the terms and conditions established by FBSLLC that will govern the account. The Participant shall be responsible for receiving and responding to all trade confirmations, account statements, prospectuses, annual reports, proxies and other materials that would otherwise be distributed to the owner of a brokerage account. The Plan Administrator may establish a fee that will be assessed against the Participant's Accumulations for opening a brokerage account under the Plan. The fee, which may be revised from time to time, is used to provide funding to maintain and administer the Plan.

## REGULATION 2.09 DIRECT ROLLOVER

A Direct Rollover from the Plan may not be paid directly to the Plan.

Any Eligible Rollover Distribution may be paid partly as a distribution directly to the individual and partly as a Direct Rollover. However, an Eligible Rollover Distribution may not be divided into more than one Direct Rollover unless it includes both pretax and after-tax monies, in which case one Direct Rollover can be made for the pretax portion and one for the after-tax portion. Any distribution that is designated as payable outside the United States is not eligible to be paid as a Direct Rollover.

If a Participant must take a minimum required distribution for a Year as set forth in Plan Section 7.03, the distribution shall be calculated and issued by the Plan Administrator prior to issuing a full Direct Rollover of the Participant's Accumulations.

## REGULATION 2.10 DOMESTIC PARTNER

The existence of a domestic partnership of an individual and a Participant, and the designation of an individual as a Participant's Domestic Partner, shall be determined according to the procedures established in the UCRP and the related UCRP Regulations.



## REGULATION 2.14 ELIGIBLE ROLLOVER DISTRIBUTION

Corrective distributions of excess deferrals and attributable earnings are not eligible for Direct Rollover.

A distribution to a distributee that exceeds the minimum required distribution for a Year, and which otherwise qualifies as an Eligible Rollover Distribution, may be rolled over to an Eligible Retirement Plan within 60 days of the date the distributee receives the distribution.

## REGULATION 2.20 INVESTMENT OPTIONS

The Plan Administrator will communicate Investment Options to Eligible Employees and Participants in written material, on the web, and through other media. Eligible Employees and Participants may obtain current information about the investment objectives, risks, charges, and expenses of each of the Investment Options, free of charge, from the Plan Administrator.

## REGULATION 2.26 PARTICIPATION FEE

The Participation Fee is an amount that is reviewed periodically and determined by the Plan Administrator and assessed against Participants' Accumulations. The fee is used to pay reasonable expenses of Plan administration, including, but not limited to, Plan administrative services. The Plan Administrator may determine that the fee will be assessed against one or more, but not all, groups of Participants.

Effective June 1, 2017, the Participation Fee is \$8.75 per quarter, assessed per Participant with Accumulations. If a Participant has Accumulations in more than one Retirement Savings Program plan, the total quarterly fee to be charged that Participant is \$8.75.

Participants may be required to pay additional fees for certain Plan services, including, but not limited to, loan administration and investing through an individual brokerage account established under the Plan.

## REGULATION 2.29 PLAN REGULATIONS

In the event of a conflict between the Plan and the Plan Regulations, the Plan shall govern.

## REGULATION 2.37 RECORD KEEPER

As of July 1, 2005, Fidelity Investments Institutional Operations Company, Inc. became the master Record Keeper for all plans in the Retirement Savings Program.

## REGULATION 2.44 SALARY REDUCTION AGREEMENT

A Salary Reduction Agreement can be made either online at the Record Keeper's website or by telephone to the Record Keeper's customer service group.

The Salary Reduction Agreement shall remain in effect until the Participant revokes or modifies it. A Participant may revoke or modify an existing agreement at any time in accordance with procedures established by the Plan Administrator with respect to compensation not yet paid or made available. Participants may recommence deferrals by entering into a new Salary Reduction Agreement at any time. The effective date of any such revocation, modification or recommencement shall be subject to payroll processing deadlines.

The minimum deferral amount per pay period required to enroll in the Plan is one dollar (\$1) or 1% of compensation. Maximum contribution amounts are subject to the limits described in Section 4.03 of the Plan.

If a Participant's elective deferrals cease during the Year because the maximum annual contribution limitations (described in Plan Regulation 4.02) are reached, the elective deferrals will automatically begin in the next Year based on the Salary Reduction Agreement most recently entered into by the Participant.

## REGULATION 2.51 SUMMER SALARY

Subject to the limitations of Section 2.51, Summer Salary means additional compensation paid in accordance with Academic Personnel Manual Section APM 600 for:

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

Other types of additional compensation, such as University Extension teaching, University Extension correspondence courses, consultant services, reading manuscripts, lectures and similar services, are not considered to be Summer Salary. Similarly, compensation for intersession or interquarter or vacation periods is not considered to be Summer Salary. Any future changes to Academic Personnel Manual Section APM 600 will not automatically change this definition of eligible Summer Salary.

Solely for the Plan Year ending June 30, 2017, the limit on Summer Salary described in Plan Section 4.03(c) shall apply to the aggregate of Summer Salary paid to the Summer Academic Appointee under both the Plan and the DC Plan.

## REGULATION 2.53

### UC FUNDS

- A. The UC Funds are deemed to be self-funded arrangements established by the employer that are treated as annuities under Code Section 403(b) consistent with the exemption granted under Revenue Ruling 82-102 for arrangements in existence on May 17, 1982 and subsequently described in Treasury Regulation §1.403(b)-8(c).
- B. Each UC Fund shall be maintained in the custody of an institution described in Code Section 401(f), consistent with the OCIO delegation of custodial responsibility, and accounted for in accordance with University accounting procedures. Each fund shall include all elective contributions, Rollover Contributions, and employer contributions made on behalf of a Participant that the Participant has directed, or deemed to have directed, to be invested in such fund, plus interest and earnings and less losses and distributions. The OCIO shall have the power and authority to invest, acquire manage and dispose of the assets of each UC Fund consistent with the investment policies adopted by the Regents. The OCIO may appoint one or more Investment Managers to manage the assets of a UC Fund. The OCIO may remove an Investment Manager when the OCIO deems such removal to be necessary or appropriate. If an Investment Manager is removed or resigns, the authority and duty to invest and reinvest the assets formerly under the control and management of the Investment Manager shall revert to the OCIO except to the extent the OCIO appoints a successor Investment Manager for such assets. The OCIO shall not be liable for the acts or omissions of an Investment Manager or be under obligation to invest or otherwise manage any asset of a UC Fund that is subject to the management of such Investment Manager, except that the OCIO shall carry out the instructions of such Investment Manager in disposing of assets held in a UC Fund and in acquiring other assets for a UC Fund.
- C. Notwithstanding any provision of the Plan to the contrary, effective July 1, 2016, the assets of the funds offered to participants (Plan assets) may be invested in a group trust described in Revenue Ruling 81-100 or a successor thereto, and the terms of such group trust shall be deemed incorporated into this Plan Regulation.



## REGULATION 4.01, 4.02 CONTRIBUTIONS

### Elective Make-Up 403(b) Contributions, Employer Pickup Contributions and Make-Up University Contributions for Periods of Military Leave

A Participant who returns to University employment in accordance with USERRA, or other applicable law following a period of military leave, as provided in UCRP Regulations 5.04, 6.04, 7.05, 8.04, may elect to make up 403(b) Contributions or Employer Pickup Contributions to the Plan in an amount equal to that which the Participant would have contributed if the Participant had remained continuously employed by the University throughout the period of military leave. The Participant shall have a period of time equal to the lesser of three times the period of the Participant's military leave, or five years to make up contributions. An election to make up Employer Pickup Contributions shall be made in writing on forms provided by and filed with the Plan Administrator.

Make-up 403(b) Contributions, Employer Pickup Contributions and related make-up University Contributions shall be credited to the Pre-Tax Account, as applicable, for the benefit of the Participant. Any applicable interest or earnings on the make-up 403(b) Contributions, Employer Pickup Contributions and related make-up University contributions shall accrue on a prospective basis only.

For purposes of computing elective make-up 403(b) Contributions, Employer Pickup Contributions or University Contributions, the Participant's compensation shall be determined based on the rate of pay the Participant would have received but for the period of military leave, including any salary increases, in proportion to the appointment percentage immediately prior to the period of military leave. If such rate is not reasonably certain, the determination shall be based on the Participant's rate of pay and appointment percentage during the 12-month period immediately preceding the period of military leave. Notwithstanding the above, for purposes of computing elective make-up 403(b) Contributions, or Employer Pickup Contributions made by Participants as described in Plan Section 4.02(a) and related make-up University contributions as described in Plan Section 4.02(b), the Participant's compensation shall be determined based on the Participant's rate of pay and appointment percentage for Summer Salary during the 12-month period immediately preceding the period of military leave. If the Participant had no Summer Salary during such 12-month period, then no make-up Employer Pickup Contributions or make-up University contributions may be made with respect to

Summer Salary. Such contributions shall be made consistent with the requirements of Section 414(u) of the Internal Revenue Code and related IRS guidance.

## REGULATION 4.03 CONTRIBUTION LIMITATIONS

### A. Maintaining Allowable Contribution Limits

The Participant's maximum annual contribution (MAC) limit is the annual limit determined by the Plan Administrator in accordance with Plan Section 4.02. Except as described in the following sentence, a Participant's elective deferrals for a Year shall not exceed the applicable dollar limit set forth in Code Section 402(g)(1), increased to the extent applicable by Code Section 402(g)(7) if the Participant has completed 15 or more years of service (the "Special Catch Up Deferral Limit"). If a Participant is age 50 or older by the end of a Year, the Participant's MAC may be further increased by the amount of the age-50 catch up defined in Code Section 414(v)(2)(B) ("Age-Based Deferral Limit"). In no event may a Participant's elective deferrals and other contributions for a Year exceed the limit on annual additions under Code Section 415.

The Plan Administrator will suspend a Participant's deferrals for the remainder of the Year when the elective deferrals and other contributions for the Year total the MAC. In addition, the Plan Administrator reserves the right to cancel or amend any Salary Reduction Agreement as the Plan Administrator deems necessary in order to remain in compliance with Internal Revenue Service (IRS) requirements.

Annual additions made on behalf of a Participant for a Year will not exceed the annual limit set forth in Code Section 415(c). Annual additions include 403(b) Contributions, Employer Pickup Contributions, University contributions and any other type of contribution made to the Plan by the University for the benefit of a Participant.

### B. Contribution Limits for Periods of Military Leave in Accordance with USERRA.

Notwithstanding Section A. above, for purposes of a Participant's MAC, make-up contributions made in accordance with USERRA and Code Section 414(u) shall not be subject to the applicable limits in the Code for the Year in which they are made; rather the contributions will be subject to the Code limits for the Year to which the contributions relate.

### C. Treatment of Excess Deferrals

The Plan Administrator will make every reasonable effort to notify all Participants whose Plan contributions are estimated to exceed the applicable MAC by the end of a Year, of the IRS requirement that excess deferrals be refunded by April 15 of the following calendar year. Such notification will be in writing and will be sent to each Participant's last reported address. A Participant may request a refund of an excess deferral in writing on forms provided by the Plan Administrator. In order to process such a request prior to the IRS deadline of April 15 of the Year following the Year in which the excess deferrals were made, the request must be received by the Plan Administrator by March 1.

The Plan Administrator will, following discovery of an excess deferral made to the Plan, make every reasonable effort to refund the excess deferral to the Participant prior to the IRS deadline of April 15 of the Year following the Year in which the excess deferrals were made, whether or not the Participant requested the refund. Excess deferrals and applicable interest or gain/loss for the taxable year will be refunded and reported by the Plan Administrator in accordance with Treasury regulations.

### D. Treatment of Excess Contributions

The Plan Administrator will refund excess contributions to Participants whose contributions, together with all other annual additions as defined in Code Section 415(c), exceed the Code Section 415(c) limit at the end of a Year. Such refunds will include gains attributable to the excess contributions up to the end of the month prior to distribution, and will be sent to each Participant's last reported address. Excess contributions and applicable interest or gain/loss will be refunded and reported by the Plan Administrator in accordance with Treasury regulations.

## REGULATION 4.06 ROLLOVER CONTRIBUTIONS

The Plan accepts Direct Rollovers (or indirect 60-day rollovers) of pretax Eligible Rollover Distributions (in accordance with applicable Plan provisions and tax laws) on behalf of Eligible Employees or Participants from other employers':

- A. Tax-deferred arrangements described in Code Section 403(b);
- B. Qualified trusts described in Code Section 401(a) (including 401(k) plans and pretax Eligible Rollover Distributions from UCRP); and
- C. Eligible plans under Code Section 457(b) which are maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.
- D. Effective July 1, 2005, the Plan also accepts Direct Rollovers on behalf of Eligible Employees or Participants of:
  - 1. After-tax eligible rollover distributions from other employers' plans described in Code Section 403(b); and
  - 2. Pretax eligible rollover distributions from individual retirement accounts under Code Section 408(d), including SIMPLE IRAs (subject to any timing restrictions) and SEP-IRAs, but not including any Roth IRAs or Coverdell Education Savings Accounts that are also known as "Education IRAs".
- E. Effective January 1, 2007, the Plan also accepts Direct Rollovers on behalf of Eligible Employees or Participants of after-tax eligible rollover distributions from qualified trusts described in Code section 401(a) (including 401(k) plans and UCRP).
- F. The Plan may accept a Direct Rollover to the Plan using principles consistent with those articulated in Revenue Ruling 2014-9 to reasonably determine whether the rollover is a valid rollover contribution under Treasury Regulations section 1.401(a)(31)-1 (Q&A-14(b)(2)).

Such rollovers shall cause an Eligible Employee to become a Participant if the employee is not already a Participant.

The Plan will accept a 60-day rollover of an Eligible Rollover Distribution from the Plan back into the Plan.

Subject to the limitations on after-tax monies, the Plan will accept an eligible rollover distribution from an Eligible Retirement Plan on behalf of an Eligible Employee or a former University employee who is a Participant. The Plan also will accept an eligible rollover distribution from the University of California Retirement Plan (UCRP) on behalf of a UCRP member who has had a Severance from Employment, regardless of whether such member is a Participant, provided the member's Accumulations following the rollover will not be less than \$2,000.

The Plan does not accept rollovers from annuity contracts of any type.

## REGULATION 5.02 PARTICIPANT DIRECTIONS

With respect to contributions received by the Record Keeper on or after September 30, 2014, if a Participant's investment directions are not received by the Plan Administrator, or if the instructions as to investment selection or investment allocation are not clear, not specified, or specify an unauthorized option(s), such contributions will be invested in the age-appropriate UC Pathway Fund based on the year in which the Participant will attain age 65. Prior to September 30, 2014 the UC Savings Fund is the default investment fund.

## REGULATION 5.03 TRANSFERS AMONG INVESTMENTS

If the Plan Administrator or the OCIO determines it is necessary to delay a transfer of funds from one UC Fund (“Restricted Option”) to another Investment Option in order to protect the interests of all Participants and Beneficiaries invested in the Restricted Option, such transfer may be deferred for up to seven (7) days. Requests to transfer funds from the Restricted Fund will be processed in the order received. Transfers between or among UC Funds may also be restricted by the Plan Administrator’s policy on trading frequency, as that policy may be amended, in order to minimize potential adverse effects to the Participants and Beneficiaries invested in a UC Fund due to disruption to investment strategy, increased expenses and unfair trading advantage. Transfers between or among Investment Options other than UC Funds are subject to any restrictions described in the fund prospectus.



## REGULATION 6.01 HARDSHIP WITHDRAWALS

### Hardship Withdrawals

- A. The amount to fund a withdrawal shall be withdrawn in the order determined by the Participant. If the Participant fails to designate an order, prorata withdrawals shall be made from all Investment Options within the eligible funding sources.
- B. Prior to processing a hardship withdrawal request, the Plan Administrator may require the Participant to provide sufficient documentation or evidence to verify the existence of the claimed hardship. If the amount of the request is over \$10,000, such documentation is required. Documentation requested may include, but is not limited to, copies of home mortgage papers, home foreclosure documents, death certificates, bills, financial statements, tax returns and evidence of assets.

The amount requested may exceed the verified hardship amount by as much as 30% in order to cover the estimated federal and state income and excise tax obligation.

If the Participant has received a hardship withdrawal within the last 12 months, documentation or evidence will be required for another hardship withdrawal within that period even if the amount requested is less than \$10,000.

- C. A Participant who has incurred a financial hardship, but not reached his or her Settlement Date may withdraw all or part of any Accumulations attributable to:
  - 1. Salary deferral contributions (no interest and earnings) and Rollover Contributions (including interest and earnings) made to the Plan on and after January 1, 1989; and
  - 2. Other Withdrawals as described in Section 6.02 of the Plan.
- D. If a Participant requests a withdrawal, and the Plan Administrator or the Chief Investment Officer determines it is necessary to delay liquidation of the Participant's interest in a UC Fund designated by the Participant to fund

the withdrawal (“Restricted Option”) in order to protect the interests of all Participants and Beneficiaries invested in the Restricted Option, the Plan Administrator will so inform the Participant. The delay in liquidation will not exceed seven (7) days. The Participant may elect to defer the withdrawal until the restriction is lifted or to designate a different order of liquidation. If the Participant fails to elect to defer the withdrawal date or to modify the order after receiving notice of the Restricted Option, pro rata withdrawals will be made from the Investments Options designated by the Participant other than the Restricted Option. If a Participant fails to designate any order of liquidation, pro rata withdrawals will be made from all Investment Options within the eligible funding sources other than the Restricted Option. Requests to liquidate a Participant’s interest in a Restricted Option will be processed in the order received.

- E. For hardship distributions beginning on or after the Incident Date and continuing through March 15, 2018, the relief described in Internal Revenue Service Announcement 2017-15 (relating to Relief for Victims of Hurricane Maria and the California Wildfires) shall apply. The Incident Date is September 16, 2017, in the case of the U.S. Virgin Islands; September 17, 2017, in the case of Puerto Rico; or October 8, 2017 in the case of California.

The relief applies where the Plan makes a hardship distribution for a need arising from Hurricane Maria or the California Wildfires to an employee or former employee whose principal residence on the Incident Date was located in one of the areas identified for individual assistance by the Federal Emergency Management Agency (“FEMA”) because of the devastation caused by these disasters or whose place of employment was located in one of these areas on that date or whose lineal ascendant or descendant, dependent, or spouse had a principal residence or place of employment in one of these areas on that date.

To qualify for relief under this Announcement 2017-15, a hardship distribution must be made on account of a hardship resulting from Hurricane Maria or the California Wildfires and be made on or after the Incident Date and no later than March 15, 2018.

## REGULATION 6.02 OTHER WITHDRAWALS

- A. If a Participant requests a withdrawal, and the Plan Administrator or the OCIO determines it is necessary to delay liquidation of the Participant's interest in a UC Fund designated by the Participant to fund the withdrawal ("Restricted Option") in order to protect the interests of all Participants and Beneficiaries invested in the Restricted Option, the Plan Administrator will so inform the Participant. The delay in liquidation will not exceed seven (7) days. The Participant may elect to defer the withdrawal until the restriction is lifted or to designate a different order of liquidation. If the Participant fails to elect to defer the withdrawal date or to modify the order after receiving notice of the Restricted Option, pro rata withdrawals will be made from the Investments Options designated by the Participant other than the Restricted Option. If a Participant fails to designate any order of liquidation, pro rata withdrawals will be made from all Investment Options within the eligible funding sources other than the Restricted Option. Requests to liquidate a Participant's interest in a Restricted Option will be processed in the order received.

- B. A Participant is permitted to recontribute any portion of a Coronavirus-related Distribution that is eligible for tax-free rollover treatment to this Plan within the 3-year period beginning on the day after the date on which the distribution was received. The recontribution will be treated as if it were paid in a trustee-to-trustee transfer to an eligible retirement plan.

The relief described in Internal Revenue Service Notice 2020-50 shall apply for Coronavirus-related Distributions.

To qualify for relief under this IRS Notice 2020-50, a Coronavirus-related Distribution must be made to a qualified participant, as defined under the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT), on account of adverse financial consequences resulting from COVID-19 and be made on or after January 1, 2020 and prior to December 31, 2020

- C. A Participant is permitted to recontribute any portion of a Distribution for Domestic Abuse Victim that is eligible for tax-free rollover treatment to this Plan within the 3-year period beginning on the day after the date on which the distribution was received. The recontribution will be treated as if it were paid in a trustee-to-trustee transfer to an eligible retirement plan.

## REGULATION 7.01 TIMING

- A. A Participant who is eligible to request a distribution based on a Severance from Employment, may not request the distribution until the earlier of:
  - 1. Thirty-one (31) calendar days after termination from the University through the formal separation process, or
  - 2. Thirty-one (31) calendar days after a deemed Severance from Employment.
- B. Distributions shall be made in one or more of the optional forms described in Section 7.01 of the Plan, as elected by the Participant.
- C. If a distribution request has been processed and a check issued per the Participant's instructions, the distribution request is irrevocable.
- D. Effective January 1995, the Plan implemented the systematic withdrawal program referenced in this Section in accordance with the following provisions:
  - 1. Eligibility
    - (a) Eligibility to participate in the systematic withdrawal program is limited to Participants who have had a Severance from Employment, regardless of age. The Participant must have Accumulations of at least \$2,000 in the Investment Option or Options (e.g., the "funding source"), including any outstanding Plan loan balance selected to fund the withdrawals.
    - (b) Those ineligible to receive systematic withdrawals include Participants who have not had a Severance from Employment, Participants with separate accounts pursuant to an approved Domestic Relations Order, Alternate Payees, Spouses, and/or Beneficiaries.
    - (c) The \$2,000 minimum balance rule does not apply while a Participant is receiving systematic withdrawals, but will apply if systematic withdrawals cease. If the value of the Participant's Accumulations falls below \$2,000, systematic withdrawals will continue to be issued until the Participant's Accumulations are

entirely distributed or the agreement is cancelled, whichever occurs earlier.

- (d) A Participant who elects systematic withdrawals must specify the amount to be withdrawn or the number of payments to be made and the Participant must specify the frequency of the payments as annual, semi-annual, quarterly, monthly, semi-monthly or bi-weekly. The Record Keeper will provide a pre-defined withdrawal method using source and fund proration unless the Participant specifies a different withdrawal method. A Participant may modify or terminate his or her election at any time.
- 2. A Plan Participant who elects systematic withdrawals is deemed to have elected to receive periodic distributions; therefore, systematic withdrawals may not be rolled over to an Eligible Retirement Plan, and taxes will be withheld in accordance with federal and state laws.
  - 3. A systematic withdrawal election will be cancelled upon the earliest to occur of the following events:
    - (a) Distribution of the Participant's entire Accumulations; For purposes of this provision, outstanding loan balances are excluded when determining a Participant's Accumulations;
    - (b) The Participant's cancellation of the systematic withdrawal election;
    - (c) The Participant's rehire into a University position;
    - (d) A change in the amount or number of payments of the withdrawal;
    - (e) Notification of the Participant's death;
    - (f) Placement of an unresolved community property lien on the Participant's Accumulations.
- E. In any and all cases involving a rehired employee, if a distribution request has been processed and a check issued per the Participant's instructions, the distribution request is irrevocable.
  - F. If a Participant requests a distribution of his or her Accumulations, and the Plan Administrator or the OCIO determines it is necessary to delay liquidation of the Participant's interest in a UC Fund in which the Participant is invested ("Restricted Option") in order to protect the interests of all Participants and Beneficiaries invested in the Restricted Option, such request may be deferred for up to seven (7) days. Requests to liquidate a

Participant's interest in a Restricted Option in order to make a distribution will be processed in the order received.

## REGULATION 7.03 MINIMUM REQUIRED DISTRIBUTIONS

A. Notwithstanding anything contained herein to the contrary, any benefits to which a Participant is entitled shall commence not later than the Required Beginning Date. A Participant who must receive a Minimum Required Distribution (“MRD”) from the Plan pursuant to Plan Section 7.03 shall have the amount of such distribution calculated and made by the Plan Administrator in accordance with applicable Treasury Regulations (except to the extent the Plan Regulations provide for greater distributions than the Treasury Regulations), any applicable recordkeeping agreements, and this Plan Regulation.

### 1. General Rules for Participants

Effective January 1, 2003, unless the Participant’s interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the Participant’s first distribution Year, MRDs will be made in accordance with the rules below. Once a Participant has begun to receive MRDs, the MRD will continue to be paid even if the Participant resumes University employment. If the Participant’s interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury Regulations.

(a) For Years up to and including the Year the Participant dies, Accumulations shall be distributed over the applicable distribution period for the Participant (as described in Method 1 set forth in 2. below). However, if the Participant’s Spouse is more than 10 years younger than the Participant and has been the sole designated Beneficiary from the beginning of the Year in question until the date determined by the Plan Administrator to calculate the MRD, the Accumulations shall be distributed over the joint life expectancy of the Participant and the spouse, as described in Method 2 set forth in 3. below.<sup>1</sup> However, except as provided by law, if the Beneficiary is changed after

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<sup>1</sup> If the spouse is not more than 10 years younger than the Participant, Method 1 applies; Method 1 provides a longer distribution period than the Method 2 in this situation.

that date and before the end of the Year, Method 2 shall not apply. For purposes of determining if Method 2 applies, the Participant will not fail to have a Spouse as the Participant's sole Beneficiary for the Year merely because they are not married throughout the Year due to divorce or if one of the parties dies. This applies even if someone other than the Spouse is named as Beneficiary due to the fact that the Employee's Spouse predeceases the Participant. The method used may change from Year to Year, depending upon whether the Spouse is the designated Beneficiary for such entire Year;

- (b) The Record Keeper will calculate the amount of the MRD by dividing the Participant's Accumulations as of December 31 of the year prior to the Year of distribution by either the distribution factor (if Method 1 applies) or the joint life expectancy factor (if Method 2 applies), in accordance with procedures established by the Plan Administrator. For purposes of this calculation, any portion of the Participant's Accumulations identified by the Record Keeper as part of the Participant's undistributed account balance as of 12/31/86 will be excluded until the Participant attains age 75.
- (c) The MRD amount calculated shall be reduced by any distributions previously taken from the Plan by the Participant in the given Year.

2. Method 1 – Participant's Distribution Period

The distribution period of the Participant for the Year in which the Required Beginning Date occurs shall be determined based on the Uniform Lifetime Table set forth in the Treasury Regulations Section 1.401(a)(9)-9-Q&A-2, using the Participant's age as of his/her birthday in the Year immediately preceding the Required Beginning Date. The distribution period for each subsequent MRD (including any MRD required by December 31 of the Year the Required Beginning Date occurs) shall be determined based on such table using the Participant's age in the applicable Year.

3. Method 2 – Spousal Beneficiary for Entire Year and More Than 10 Years Younger Than Participant

The joint life expectancy of the Participant and the designated Spouse for the Year in which the Required Beginning Date occurs shall be determined based on the Joint and Last Survivor Table in Treasury Regulations Section 1.401(a)(9)-9, Q&A-3 using the ages



of the Participant and the Spouse as of their birthdays in the Year immediately preceding the Required Beginning Date. The joint life expectancy for each subsequent Year of MRDs (including any MRD required by December 31 of the Year the Required Beginning Date occurs) shall be determined based on such table using the ages of the Participant and the Spouse as of their birthdays in the Year of each required MRD.

- B. With respect to the definition of “Required Beginning Date” in Plan Section 2.33, a Participant will be deemed to have had a Severance from Employment when compensated University employment for a continuing or rehired employee ceases, whether or not said employment entitles that employee to continued participation in the Plan, provided, however, that the Plan Administrator may establish a minimum amount of compensated service that must be performed within a Year.
- C. The amount of the MRD will be reduced by the total amount of systematic withdrawals and partial distributions paid to the Participant in a Year; rollovers and return of excess contributions shall not count towards satisfying the amount of the MRD.
- D. The Participant’s MRD shall be withdrawn proportionally from the Investment Options elected by the Participant for his or her Accumulations in accordance with procedures established by the Plan Administrator.
- E. For distributions prior to 2003, the Plan Regulations then in effect apply.
- F. For purposes of Plan Regulation 7.03, a “distribution Year” is a year for which an MRD is required. For distributions beginning before the Participant’s Required Beginning Date, the first distribution Year is the Year immediately preceding the Year which contains the Participant’s Required Beginning Date. The MRD for the Participant’s first distribution Year will be made on or before the Participant’s Required Beginning Date. The MRD for other distribution Years, including the MRD for the distribution Year in which the Participant’s Required Beginning Date occurs, will be made on or before December 31 of that distribution Year.
- G. The Participant may direct the Plan Administrator as to the funding sources for a minimum required distribution.

#### H. General Rules for Beneficiaries

A Beneficiary's share of a Participant's Accumulations will be distributed to the Beneficiary no later than the last day of the calendar year that contains the fifth anniversary of the Participant's death subject to the following two exceptions:

1. A nonspouse Beneficiary may elect to receive periodic distributions that begin on or before the end of the calendar year immediately following the calendar year in which the Participant died, provided the distributions are paid over a period that does not exceed the Beneficiary's life expectancy.
2. If a Participant's surviving spouse is the sole designated Beneficiary, he or she may elect to receive distributions over a period that does not exceed his or her life expectancy, provided the distributions begin on or before the later of the end of the calendar year following the calendar year (i) in which the Participant died or (ii) in which the Participant would have attained age 70  $\frac{1}{2}$ .

A Beneficiary must elect to receive such periodic distributions by the earlier of (i) the end of the calendar year in which distributions would be required to begin under Paragraph H.1 or H.2 above, as applicable, or (ii) the end of the calendar year that contains the fifth anniversary of the Participant's death. An election becomes irrevocable as to the Beneficiary, and any subsequent beneficiaries, as of the last day the Beneficiary can make an election. The life expectancy of a Beneficiary shall be determined consistent with the requirements of Treasury Regulation §1.401(a)(9)-1.

#### I. 2009 MRD Waiver under WRERA

A 2009 MRD payment was not processed unless either the Participant called the Record Keeper to request one or if there was a standing systematic withdrawal payment (SWP) order that the Participant did not call the Record keeper to request be stopped for 2009. Any such 2009 MRD processed was recorded as eligible for rollover.

## REGULATION 7.07 DEATH BENEFITS

Upon the death of a Participant, the Beneficiary must contact the Record Keeper in order to establish the Beneficiary's right to all or part of a Participant's benefits. Before any transfer of the Participant's Accumulations to the Beneficiary's account or distributions occur, the Record Keeper must receive a completed Beneficiary Distribution Form with a signature guarantee along with a certified copy of a death certificate.

When the Record Keeper is notified of the death of a Participant, the Record Keeper will provide information to the Beneficiary to inform him or her of his options and solicit direction from the Beneficiary on distribution of the Beneficiary's share of the Participant's Accumulations.

The Record Keeper must receive a completed Beneficiary Distribution Form with a signature guarantee, along with a certified copy of the death certificate, before setting up the Beneficiary's account. Assets will be transferred from the Participant's account to the Beneficiary's account for immediate and/or future distribution. The Plan Administrator will not sign off on Beneficiary distribution requests.

Beneficiaries who also are UC employees will have a separate Beneficiary account established.

See Paragraph 7.03.H for the minimum required distribution rules for Beneficiaries.

## REGULATION 7.08 DUTY TO KEEP PLAN ADMINISTRATOR INFORMED

### A. Missing Participants

During the period a Participant is determined to be missing and cannot be located, the Accumulations of the Participant may be coded as an inactive account. Participant statements and communication and educational mailings will not be sent to an account that has been coded as inactive due to an invalid address.

Should a missing Participant be located or otherwise make contact with the Plan Record Keeper, the Participant will be required to verify a valid address of record according to procedures established by the Plan Administrator in order to reactivate an account that has been coded as inactive and to request Plan services or transactions.

If a Participant's Beneficiary, or the Beneficiary of a deceased Beneficiary cannot be located following the death of a Participant or Beneficiary, as applicable, the Plan Administrator shall follow the procedures established in the Plan Section 7.08.

### B. Severance from Employment Prior to July 1, 2005

#### 1. Determination of Plan's Interest Rate

On June 30 of each Plan Year, the Plan Administrator shall establish the Plan interest rate that will apply for the following Plan Year. Such rate will be based on the earnings projected to be realized by the UC Savings Fund for the following Plan Year reduced by a proportionate share of the reasonable expenses projected to be paid by the Plan over the same period. In no event shall the Plan interest rate for a Plan Year be less than the average annual percentage yield, determined as of the immediately prior June 30, that is earned by the FDIC-insured money market accounts in California that limit withdrawals to six per month.

#### 2. Forfeiture and Reinstatement Account

If a Participant's Accumulations are forfeited to the Forfeiture and Reinstatement Account as of July 1, 2005 as described in Plan

Section 7.08(c), the value of such Accumulations will be maintained on the Plan Administrator's records. If the Participant or the Participant's Beneficiary subsequently makes a valid claim for the Participant's Accumulations, the forfeited amount will be restored to an account established for the Participant or Beneficiary, as applicable, and increased by interest at the Plan's interest rate, prorated for the monthly application, for each month in the period beginning July 1, 2005 and ending on the date of distribution.

### 3. Distributions to Participants Who are Located

If a Participant described in Plan Section 7.08(c)(2) is located, but does not request his or her benefits, the following rules apply:

- (a) If the Participant is located prior to January 1, 2006, and the Participant's Accumulations are less than \$2,000 at the date the address of record is corrected, the Participant's Accumulations will be distributed to the address of record, subject to applicable notice requirements.
- (b) If the Participant is located on or after January 1, 2006, and the value of the Participant's Accumulations is \$1,000 or less at the date the address of record is corrected, the Participant's Accumulations will be distributed to the address of record, subject to applicable notice requirements. If the value of the Participant's Accumulations is more than \$1,000, but less than \$2,000, at the date the address of record is corrected, the Participant's Accumulations shall be transferred to an IRA custodian or trustee selected by the Plan Administrator to be held on behalf of the Participant consistent with the applicable notice requirements. If the value of the Participant's Accumulations is \$2,000 or more, distribution will be made only at the request of the Participant or the Participant's Beneficiary, subject to applicable minimum required distribution provisions.

If a missing Participant had a Severance from Employment prior to July 1, 2005 and the value of the Participant's Accumulations, determined as of June 30, 2005, is \$2,000 or more, such Participant's Accumulations shall be treated as described in Plan Section 7.08(b).

## REGULATION 8.01 TERMS AND CONDITIONS OF LOANS

- A. For loans requested prior to July 1, 2005:
1. The rate of interest for a loan shall be equal to the average rate of return earned by the Short-Term Investment Pool (STIP) during the four quarter rate period immediately preceding the quarter in which the loan is funded, plus the administrative fee as determined by the Plan Administrator.
  2. A \$50 nonrefundable application fee will be deducted from the proceeds of each loan at the time the loan is funded. The application fee may be adjusted by the Plan Administrator.
  3. The administrative fee shall be established as 0.35% of the outstanding balance for loans with a repayment period of five years or less, and as 0.25% of the outstanding balance for loans with a repayment period greater than five years.
- B. For loans requested July 1, 2005, or later:
1. The rate of interest for a loan shall be equal to the bank prime rate plus one percent (1%) as published in the Wall Street Journal on the first business day of each month.
  2. A \$35 nonrefundable loan initiation fee will be deducted from the Participant's Accumulations at the end of the quarter during which the loan was funded.
  3. An additional maintenance fee of \$3.75 will be deducted from the Participant's Accumulations at the end of each quarter while the loan is outstanding.
- C. The cost of administering the loan provisions will be reviewed periodically, and application and administrative fees adjusted by the Plan Administrator as required. Any change in fees will apply only to loans granted on or after the effective date of the change.

- D. For loans beginning on or after the Incident Date and continuing through March 15, 2018, the relief described in Internal Revenue Service Announcement 2017-15 (relating to Relief for Victims of Hurricane Maria and the California Wildfires) shall apply. The Incident Date is September 16, 2017, in the case of the U.S. Virgin Islands; September 17, 2017, in the case of Puerto Rico; or October 8, 2017 in the case of California.

The relief applies where the Plan makes a loan for a need arising from Hurricane Maria or the California Wildfires to an employee or former employee whose principal residence on the Incident Date was located in one of the areas identified for individual assistance by the Federal Emergency Management Agency (“FEMA”) because of the devastation caused by these disasters or whose place of employment was located in one of these areas on that date or whose lineal ascendant or descendant, dependent, or spouse had a principal residence or place of employment in one of these areas on that date.

## REGULATION 8.04

### REPAYMENT OF LOANS

1. During the period a Participant's loan payments are suspended due to a period of military leave, the interest as determined in Section 8.01, above, will not accrue provided the Participant returns to University service at the expiration of such leave in accordance with the Participant's reemployment rights in compliance with USERRA, or other applicable law.
2. Loan payments for a Participant on military leave of absence are suspended for the duration of the military leave. Loan payments for a Participant on an approved leave of absence (non-military) may be suspended for a maximum of 12 months, as long as the repayment period does not exceed the maximum permissible term of the loan.
3. Each loan payment will be proportionately credited according to the Participant's current Investment Options for future contributions. If the Participant has no current Investment Options for future contributions, each loan payment will be invested in the age-appropriate UC Pathway Fund based on the year in which the Participant will attain age 65; prior to September 30, 2014 such loan payments were credited to the UC Savings Fund.
4. A Participant who terminates University employment prior to full repayment of his or her loan may arrange with the Record Keeper to continue making loan repayments after separation as long as the Participant's 403(b) account plan remains open with an eligible balance (i.e., subject to the distribution requirements for small accounts).
5. A qualified individual's (as defined under the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT)) obligation to repay a Plan loan may be suspended under the Plan for any period beginning not earlier than March 27, 2020, and ending not later than December 31, 2020 (suspension period). The loan repayments must resume after the end of the suspension period, and the term of the loan may be extended by up to one (1) year from the date the loan was originally due to be repaid. The suspension will not cause the loan to be deemed distributed even if, due solely to the suspension, the term of the loan is extended beyond five (5) years. Interest accruing during the suspension period must be added to the remaining principal of the loan. The loan is then reamortized and repaid in substantially



level installments over the remaining period of the loan (that is, five (5) years from the date of the loan, assuming that the loan is not a principal residence loan, plus up to one (1) year from the date the loan was originally due to be repaid).

## REGULATION 8.05 UNPAID LOANS

If the outstanding balance of a loan is offset against a Participant's Accumulations following a Participant's Severance from Employment (or, with respect to a Beneficiary, the Participant's death), the outstanding amount may be rolled over to an Eligible Retirement Plan to the extent the Participant or surviving Spouse, as applicable, can provide funding from other sources subject to the timing restrictions on indirect rollovers.

A Participant or Beneficiary who is a surviving Spouse may roll over a Plan loan (i.e., the loan note) to an Eligible Retirement Plan described in Section 2.13(a) or (f) as part of a Direct Rollover, provided the trustee of the receiving plan agrees to accept the note.

## REGULATION 10.01 AUTHORITIES

The Plan Administrator may discuss the formulation of goals and objectives, long range improvement, the development of policy, and the setting of priorities for the Plan with groups representing Eligible Employees and Participants.

## REGULATION 10.08 CORRECTION OF ERRORS

### A. Overpayments

1. When it has been determined that an overpayment has occurred, efforts will be made to recoup monies due the Plan, taking into account the circumstances of the particular case. No interest will be charged to the recipient.
2. When it has been determined that an underpayment has occurred, efforts will be made to reimburse the underpaid amount, taking into account the circumstances of the particular case. A recipient of an underpayment will not receive interest on the underpaid funds for the period before the underpayment is corrected.

### B. Inadvertent Contributions and Investment Earnings

If a payroll or other administrative error occurs that requires a reversal of contributions and any related investment earnings or other corrective measures that will reduce a Participant's Accumulations, the Record Keeper will transfer the withdrawn amount to a Plan holding account. In no event will a Participant's Accumulations be reduced to an amount below that to which the Participant would have been entitled if the error had not occurred. The corrections will be performed in accordance with best practice standards for the industry.

Funds in the holding account will be invested in the UC Savings Fund and used to offset future University contributions or to pay Plan administrative expenses.

## REGULATION 12.01 DOMESTIC RELATIONS ORDERS

A Domestic Relations Order will be determined to be a QDRO according to the QDRO procedures maintained by the Record Keeper. The Plan Administrator will determine whether a Domestic Relations Order that purports to create or recognize the existence of an Other Payee's right to, or assigns to an Other Payee the right to, receive all or part of a Participant's Accumulations is approved under procedures similar to those maintained by the Record Keeper and shall direct the Record Keeper to act according to its determination.