

Academic Appointee Summer Salary Benefit

UNIVERSITY
OF
CALIFORNIA

Compensation that many academic appointees receive for summer session teaching, research or administrative service (“summer salary”) is not considered covered compensation for determining UC primary retirement benefits¹. Therefore, the Summer Salary Benefit (SSB) is designed to provide a retirement benefit based on eligible summer salary, in the form of mandatory pretax contributions made by the University and by eligible academic appointees to the University of California Tax Deferred 403(b) Plan (“403(b) Plan”)².

WHO IS ELIGIBLE

Eligible academic appointees are those who:

- Hold academic year appointments;
- Are active members of the UC Retirement Plan (or a defined benefit plan to which UC contributes), are active Savings Choice participants or are eligible for full retirement benefits but have not yet elected or commenced membership in a primary retirement plan option under the UC Retirement Choice Program; and
- Earn eligible summer salary, defined for purposes of the SSB contribution as additional compensation that is not considered covered compensation for UC primary retirement benefits and that is paid in accordance with Academic Personnel Policy 600 for summer teaching, research or administrative service. Payments from University Extension are not eligible for SSB contributions.

¹ Primary retirement benefits include, as applicable, benefits through the UC Retirement Plan (UCRP) or, under the UC Retirement Choice Program, Pension Choice or Savings Choice.

² Prior to Nov. 1, 2016, SSB contributions were made to the UC Defined Contribution Plan (“DC Plan”) Pretax Account. SSB amounts in the DC Plan Pretax Account as of Oct. 31, 2016 remain in the DC Plan until distributed.

³ Internal Revenue Code (IRC) §401(a)(17) limits the amount of compensation that may be used to determine contributions for an individual. Because summer salary is generally earned over a three-month period (¼ of a calendar year), SSB contributions are made on summer salary only up to ¼ of the applicable compensation limit. For the SSB, the compensation limit is based on the date the employee became a DC Plan participant (since the SSB was originally established under the DC Plan).

The 2021 compensation limits for purposes of the SSB are:

- for employees who began participating in the DC Plan after June 30, 1994, summer salary is limited to \$72,500 (¼ the 2021 annual compensation limit of \$290,000);
- for employees who participated in the DC Plan before July 1, 1994, summer salary is limited to \$107,500 (¼ the 2021 annual compensation limit of \$430,000).

MANDATORY CONTRIBUTIONS

The total SSB contribution rate is 7 percent of eligible summer salary, comprised of an employee pretax contribution of 3.5 percent and a University pretax contribution of 3.5 percent. SSB contributions are made on eligible summer salary that does not exceed one-fourth of the applicable Internal Revenue Code compensation limit.³ Employee contributions are made through automatic salary deduction from income paid through the UC payroll system. The University contribution is funded by the same source that provides the academic appointee’s summer salary.

The mandatory SSB contributions do not reduce the elective deferral limit for an academic appointee’s voluntary contributions to the 403(b) Plan and/or the UC 457(b) Deferred Compensation Plan.

INVESTMENT OPTIONS

You may select your investment fund for future 403(b) Plan summer salary contributions on the Fidelity website, NetBenefits.com. If you had summer salary contributions made to the DC Plan Pretax prior to Nov. 1, 2016, the investment fund(s) you designated for those contributions automatically applies to your future 403(b) Plan summer salary contributions, unless you change your election under the 403(b) Plan. You may change your fund election at any time.

If you do not make a 403(b) SSB fund election (and you did not have DC Plan Pretax salary contributions prior to Nov. 1, 2016), your SSB contributions will default to an age-appropriate UC Pathway Fund with a target date closest to the year you turn age 65. Information regarding the UC Pathway Funds and other Retirement Savings Program investment fund options can be found at myUCretirement.com.

LOANS AND DISTRIBUTIONS

SSB amounts may not be taken as a participant loan or hardship withdrawal. Distribution of SSB amounts are permitted only upon reaching age 59½ or separation from service. For more information on 403(b) Plan and DC Plan Pretax Account distributions, tax treatment and processing dates, refer to the 403(b) Plan and Defined Contribution Plan Summary Plan Descriptions, available on UCnet at ucal.us/contributionplan.

QUESTIONS?

If you have additional questions about the SSB, you may call the UC Retirement Administration Service Center at 800-888-8267. If you have questions about investment fund options and/or selecting an investment option for your SSB, call Fidelity Retirement Services at 866-682-7787. You should consult an accountant or tax advisor if you have specific questions about your personal financial situation. UC is prohibited by law from providing tax advice.

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 Regulations, 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, Oakland, CA 94607, and for faculty to the Office of Academic Personnel and Programs, University of California, Office of the President, 1111 Franklin Street, Oakland, CA 94607.

