

APPENDIX F

Academic Student Employees Participation in the UC Defined Contribution Plan

The University of California's Retirement Savings Program provides employees with a way to save for their future. Employees who are not eligible for membership in the UC Retirement Plan usually participate in the Retirement Savings Program to ensure they will have some retirement savings in the future. In most cases Academic Student Employees are Safe Harbor Employees of the University. Safe Harbor Employees are not eligible for membership in the University of California Retirement Plan (UCRP) and do not contribute to Social Security.

Instead, Safe Harbor Employees make mandatory contributions of 7.5% of their gross earnings (up to the Social Security wage base) to the UC Defined Contribution Plan (the DC Plan), unless they qualify for exemption.¹ They also contribute 1.45% of total gross earnings to Medicare.

Contributions are deposited in an individual account for each employee and are invested in the fund(s) selected by the participant. This allows participants to manage their account in order to maximize earnings according to their tolerance for risk.

The investment funds include:

- 24 Core Funds, which are either managed or monitored by UC
- Fidelity and Calvert institutionally priced funds
- Participants may choose other mutual funds by opening a Fidelity brokerage account.
- If a participant does not select investment funds, contributions are invested in the UC Savings Fund.

The UC Focus on your Future website (ucfocusonyourfuture.com) provides information and tools to help participants make decisions about their investments. Participants may also view their account balances, change their fund selection, designate or change beneficiaries, or request a distribution or rollover. Participants receive quarterly statements from the DC Plan Record Keeper, Fidelity Retirement Services. Currently, statements are mailed to the participant's home address of record unless electronic delivery has been requested. Beginning in 2014, quarterly statements will be sent to the participant's e-mail address of record, unless mail delivery has been requested or the participant has no e-mail address on record.

¹ To qualify for exemption from mandatory participation in the DC Plan, Academic Student Employees must meet the following criteria:

- Be enrolled in the applicable minimum number of units
- Undergraduates — a minimum of six units.
- Graduate students — the half-time enrollment requirement established at each campus.
- Graduate students enrolled and approved for advancement to doctoral candidacy (i.e., Doctoral II students) are not subject to a units requirement during the academic year, as the preparation of a dissertation satisfies the half-time enrollment requirement.
- Have a total active appointment percentage, including both fixed and variable appointments, of less than 80% time for the month or any partial period within the month.

Participants may designate a beneficiary or beneficiaries to receive their DC Plan account. If no beneficiary is named, the account is paid to the surviving spouse or domestic partner, children, parents, siblings, or estate.

Because these accounts are meant to be retirement savings, they are not available to participants while they are employed at UC and there are penalties for withdrawing the funds before age 59 ½. If you leave UC employment, you may keep your funds in the DC Plan provided your balance is \$2,000 or more. Or, you may roll over your DC Plan balance to another eligible plan or to an IRA. Distributions not rolled over are taxable and, if the recipient is less than 59½, early distribution penalties may apply.

To ensure you receive plan statements and other important plan information, all participants (including both active employees and those who have left UC employment) should keep their e-mail address and mailing address up-to-date by contacting Fidelity at 866-682-7787 or online at <https://login.fidelity.com/ftgw/Fidelity/NBPart/Login/Init?AuthRedUrl=https://workplaceservices400.fidelity.com/NBHome.html>.

For more information about the DC Plan, see:

- The UC Focus on Your Future Website:
<https://ucfocusonyourfuture.mysecurebenefitsportal.com/RetirementSystem>
- The At Your Service website:
http://atyourservice.ucop.edu/employees/retirement_savings/retirement_savings_program.html
- The DC Plan Summary Plan Description:
http://atyourservice.ucop.edu/forms_pubs/spd/dcpspd.pdf