Minimum Required Distributions Fact Sheet

University of California Retirement Program Participants

The DC Plan, the 403(b) Plan and/or the 457(b) Plan

Generally, when you reach age 70½, the Internal Revenue Service (IRS) requires you to start withdrawing money from your retirement savings plan(s). These required withdrawals, also known as minimum required distributions (MRDs), must begin on April 1st of the calendar year following the year in which you turn 70½ or leave UC employment—whichever occurs later.

After that, you must receive an MRD by the end of each calendar year until your entire plan balance has been paid out. For example, if you reach age 70½ and leave UC employment in 2012, you must receive your first MRD by April 1, 2013, to satisfy the requirement for 2012. Further, you must receive a second MRD by December 31, 2013, to satisfy the requirement for 2013, by December 31, 2014, to satisfy the requirement for 2014, and so on. All subsequent MRDs must be received by December 31 of the year. *Note: You cannot suspend MRD payments once they have begun, even if you return to work for UC. MRDs are not eligible for rollover to other tax-deferred accounts.*

The penalty for not taking your MRD is severe: If you don't receive a distribution that satisfies the requirements, you must pay the IRS an additional nondeductible 50 percent tax on the amount that you should have received. MRDs apply to all of UC's plans, and you must satisfy the requirements for each plan separately; distributions from one plan do not satisfy the requirements for another plan. Further, distributions from an individual retirement account (IRA) or any other non-UC plan which you might have do not satisfy the requirements for the UC plans.

Your MRD Calculation

Generally, the amount of a MRD is calculated by dividing your previous year-end plan balance by an IRS factor based on your life expectancy. For your calculation each year, the IRS factor corresponding to your age on your birthday in that year is applied. For instance, if you turn age 71 in August 2012, the calculation for your 2012 MRD will be based on the factor corresponding to age 71, and your 2013 MRD will be calculated using the factor corresponding to age 72, your age on your birthday in 2013.

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MRDs must be calculated using the uniform life expectancy table (see below), unless your sole primary beneficiary for the entire tax year is your spouse who is more than ten years younger than you. In this case, the joint life expectancy table can be used (resulting in a longer distribution period).

Uniform Lifetime Table — 2012							
Age	Factor	Age	Factor	Age	Factor	Age	Factor
70	27.4	82	17.1	94	9.1	106	4.2
71	26.5	83	16.3	95	8.6	107	3.9
72	25.6	84	15.5	96	8.1	108	3.7
73	24.7	85	14.8	97	7.6	109	3.4
74	23.8	86	14.1	98	7.1	110	3.1
75	22.9	87	13.4	99	6.7	111	2.9
76	22.0	88	12.7	100	6.3	112	2.6
77	21.2	89	12.0	101	5.9	113	2.4
78	20.3	90	11.4	102	5.5	114	2.1
79	19.5	91	10.8	103	5.2	115 and older	1.9
80	18.7	92	10.2	104	4.9		
81	17.9	93	9.6	105	4.5		

403(b) Plan 12/31/86 Balances

A special federal tax rule will exclude your 403(b) Plan balance as of December 31, 1986, from your MRD calculation. This special federal tax rule will be applied until the year in which you reach the age of 75.

The amount you can exclude will be reduced by the amount of any withdrawals since January 1987, except for MRDs, if any. If you are eligible, Fidelity® Retirement Services will automatically exclude any pre-1987 balance when calculating your MRD.

Example

A 71-year-old participant has a UC-sponsored 403(b) Plan from which no distributions have been taken during 2012. This 403(b) Plan is subject to the MRDs. *[Account balances in the 457(b) Plan or the DC Plan are each subject to separate MRD calculations.]*

		Sample	Your Calculation
A	Previous year-end balance:	$100,000	Log on to your accounts or call Fidelity for 12/31 balance
B	12/31/86 balance in 403(b) Plan:	$20,000	Call Fidelity for balance
C	Amount subject to 2012 MRD:	$80,000	A – B
D	Uniform Lifetime Table factor:	26.5	Use table above or current year's IRS table
	2012 MRD:	$3,019 ($80,000 ÷ 26.5)	C ÷ D

Note: Any voluntary distributions taken from the plan during the calendar year count toward that year's MRD requirement. You have the option of requesting regular monthly installments or other amounts at any time during the year — just call Fidelity Retirement Services to request your distribution(s).

UC's MRD Process

MRDs for the DC, 403(b), and 457(b) Plans are processed by Fidelity Retirement Services. Early in the year, Fidelity Retirement Services sends an MRD notice to participants who will turn age 70½ and to those who are older than 70½ but have stopped working during the year. The notice explains who is required to take an MRD, how the MRD is calculated, and what payment options are available.

The MRD process is based on your employment status with UC during the year: *Per UC's Plan rules, for MRD purposes, "work" means regular ongoing UC paid appointment through the end of the year, with no separation or inactive period, which may be evidenced by mandatory contributions to the Defined Contribution Plan or the UC Retirement Plan.*

If you are age 70½ or older and did not work for UC in the calendar year: You must receive your MRD. Please call Fidelity Retirement Services if you would like to establish "systematic withdrawal" payments for the current and future years. This service will allow you to choose the specific date(s) of your MRD payment every year. You will also be able to customize your federal tax withholding and identify particular investments from which you want the distribution taken, as well as establish an electronic funds transfer (EFT) payment so that your distribution will be deposited directly to your chosen bank account.

If you take no action, Fidelity Retirement Services will automatically send your MRD payment to your home address in December.

If you are age 70½ or older and worked for UC in the calendar year: You will not automatically receive an MRD, ***but you may be required to request one.*** If you have regular, ongoing employment at UC, you are not required to start receiving MRDs. However, if regular, ongoing work ends any time during the calendar year, you should call Fidelity Retirement Services to request your MRD.

If you do not, you could be subject to a 50 percent IRS excise tax on the amount you should have taken. This excise tax is assessed each year that the required distribution is not taken.

Tax Withholding

You can provide specific withholding instructions, including electing to not have income tax withheld. If you do not provide instructions, Fidelity Retirement Services is required to automatically withhold federal income tax from your gross MRD amount. The amount withheld is determined by the IRS wage withholding tables and assumes you are married with three withholding allowances. The withholding tax tables are available at **www.irs.gov**.

Source of Distribution

If you have money invested in more than one investment fund, Fidelity Retirement Services will withdraw your MRD proportionately from each fund in which you are invested, unless you ask to have your MRD withdrawn from a specific fund or funds. Because investments can change throughout the year, you cannot identify the specific fund(s) from which you want to withdraw your distribution until 14 days before the distribution is scheduled to occur. Call Fidelity Retirement Services for more information.

Beneficiary Accounts

The beneficiaries of deceased retirees who maintain 403(b), 457(b), or DC Plan balances in the University's Retirement Savings Program are also subject to the IRS rules regarding MRDs.

UCRP Retirement Benefits

The UC Retirement Plan is also subject to these same IRS MRD rules. If you are receiving or will begin receiving monthly retirement income from UCRP, you generally satisfy the minimum distribution requirement for the Plan. Also, a lump-sum cash-out or a refund of UCRP accumulations [and/or a distribution of any Capital Accumulation Payment (CAP) balance] paid to you generally satisfies the requirements, as long as the distribution is paid by the date you are required to begin taking minimum distributions.

Name Your Beneficiary for your DC, 403(b), and 457(b) Plans

If you have not named a beneficiary for your account and want to do so, log on to **www.ucfocusonyourfuture.com**, click *My Accounts*, then click *Update Beneficiary* to name your beneficiary online. Be sure to name a beneficiary for each of your plans. You may also name your beneficiary by calling Fidelity Retirement Services and requesting a paper beneficiary designation form at **1-866-682-7787**.

Questions?

For questions about the DC Plan, 403(b) Plan, and/or 457(b) Plan, please call Fidelity Retirement Services at **1-866-682-7787**. Representatives are available Monday through Friday, 5 a.m. to 9 p.m. Pacific time.

You can get additional information about your individual plan accounts and name beneficiaries online at **www.ucfocusonyourfuture.com**. Go to *My Accounts* and click *Go to NetBenefits*.

For questions about UCRP/CAP benefits, call the UC Customer Service Center at **1-800-888-8267**. Representatives are available Monday through Friday, 8:30 a.m. to 4:30 p.m. Pacific time.

For tax questions, you may wish to obtain a copy of IRS Publication 575, which discusses taxation of retirement plan distributions. This publication also discusses minimum required distributions and amounts that can be rolled over to an IRA. Publication 571 discusses unique taxation rules for 403(b) plans. Publication 590 provides the joint life table and the table that applies to beneficiaries. These publications are available from local IRS offices or on the Web at **www.irs.gov**. You may also wish to consult a tax advisor to discuss your individual situation.

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