UC Minimum Required Distribution (MRD) Process – 2013

Draft Illustration for Discussion – 2/15 V2

Rules applicable to all UC MRDs

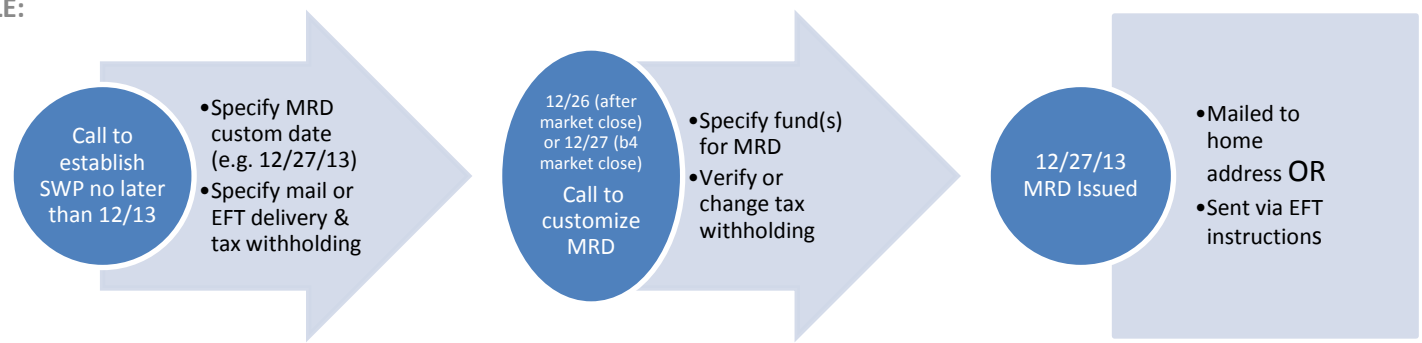
- Participants must take a separate MRD from each UC Retirement Saving Program Plan (403(b), 457(b), DC Plan)
- Any distributions taken during the (calendar) year count towards the MRD amount (i.e., may reduce or satisfy the participant's MRD)
- Participants cannot specify more than one business day in advance of the issue date the fund(s) from which the MRD should be taken.
  - A participant's instructions specifying a fund(s) for the MRD constitutes a "sell" order, which must be promptly executed under SEC rules.

Participants have two primary options for receiving MRDs:

1. Systematic Withdrawal Payment (SWP) Process

- A participant can call anytime prior to the MRD default date (12/16 for 2013) to specify a MRD date and to customize tax withholding.
  - By doing so, the participant establishes a "systematic withdrawal payment" (SWP) for his/her MRD and is not part of the Default Process.
  - The SWP will distribute the MRD proceeds proportionately from all of the participant's funds.
  - If it is an annual SWP, it will remain in effect for future years unless specifically modified or cancelled.
- If a participant wants to specify the fund(s) from which the SWP should be taken, he/she must call the day before the SWP is issued (after market close) or on the day the SWP is issued (before market close). The participant may also specify/revise the tax withholding at this time.

EXAMPLE:



2. Default Process

- If a participant does not establish a SWP before 12/16/13, the participant's MRD will be subject to the Default Process.
  - The defaulted MRD distribution will be taken proportionately from all of the participant's funds.
  - The defaulted MRD distribution will be subject to standard tax withholding (federal withholding based on married with 3 allowances; state withholding based on 10% of the federal withholding amount).
  - Any request (before 12/16) to customize date of issuance or to customize tax withholding will remove the MRD distribution from the Default Process and the distribution will be treated as a SWP. As noted, a participant may not specify the fund from which the MRD should be taken more than one day before the SWP is issued or before market close on the day the SWP is issued. See above for SWP details.