

415(m) Restoration Plan Summary Plan Description

UNIVERSITY
OF
CALIFORNIA



The University of California 415(m) Restoration Plan (the 415(m) Plan or the Restoration Plan) is a nonqualified plan that restores benefits to eligible University of California Retirement Plan (UCRP) members whose maximum annual UCRP benefits are limited by the Internal Revenue Code (IRC) §415(b) dollar limit. The Plan pays the difference between the UCRP earned benefit and the amount UCRP can pay under IRC §415(b). Plan benefits apply to any limited benefit, including monthly retirement income, a lump sum cashout (if eligible) and any Capital Accumulation Payment (CAP) balance beginning Jan. 1, 2000, or later.

IRC §415(b) provides a general dollar limit that restricts the amount of retirement benefits that UCRP can pay members annually based on age at retirement. The §415(b) dollar limit varies depending on:

- The member's retirement age**
- Whether the member is in the "Safety" (police and firefighters) UCRP membership classification and**
- The form of UCRP payment the member chooses**

The §415(b) dollar limit is adjusted by the Internal Revenue Service (IRS) periodically based on increases in the Consumer Price Index. IRC §415(b) and §415(m) provisions may change as a result of future IRC amendments.

MEMBERSHIP

Membership in the Restoration Plan is automatic if the UCRP member's retirement income or lump sum cashout amount is limited by IRC §415(b). Restoration Plan benefits for these members apply to retirement or lump sum cashout dates of Jan. 1, 2000, or later, or prospectively from Jan. 1, 2000, for retired members whose monthly retirement benefits are limited.

Membership in the Restoration Plan will stop as of the first date for which monthly retirement benefits are no longer limited by IRC §415(b). In the event that monthly retirement benefits are again limited by IRC §415(b) at a later date, membership in the Restoration Plan will resume automatically.

FUNDING THE PLAN

All plan benefits and administrative costs are assessed and borne by each UC location. UCRP does not pay any of the benefits or costs of the Restoration Plan, and the Plan has no assets or income held in trust.

RESTORATION PLAN BENEFITS

Generally, benefits from the Restoration Plan are provided to pay earned UCRP benefits that would not otherwise be payable because of the IRC §415(b) dollar limits. The benefit is essentially the difference between the UCRP benefit before applying the §415(b) limit and the UCRP benefit after applying the dollar limit. Any part of the UCRP benefit that is attributable to a member's UCRP after-tax contributions is not subject to the dollar limit. Restoration Plan payments are made as follows:

If UCRP benefits are paid as...	The Restoration Plan pays the difference as...
Monthly retirement income	Monthly retirement income
A lump sum cashout*	A single sum if the difference is \$35,000 or less; or equal monthly payments for 120 months if the difference is more than \$35,000
CAP balance, if any	A single sum

Any eligible UCRP benefit recipient (member, contingent annuitant, survivor, or alternate payee named under a qualified domestic relations order) whose UCRP benefit is limited by IRC §415(b) is eligible to receive the Restoration Plan benefit.

Restoration Plan benefits are paid separately from UCRP benefits—members who receive UCRP monthly retirement income or a lump sum cashout will receive a separate check for the Restoration Plan benefit at the end of each month. Members whose CAP payment, if any, is limited will receive a single sum payment to restore the full amount.

The amount of benefits paid under the Restoration Plan may change periodically to reflect a number of factors, which can include the following:

- Annual cost-of-living adjustments (COLAs) applied to UCRP monthly benefits
- Annual COLAs applied to the §415(b) dollar limit and
- Changes in federal tax law

As these factors change, the amount of benefits paid under the Restoration Plan will be recalculated. If benefits from UCRP increase because of a change in any of these factors, benefits paid from the Restoration Plan will decrease correspondingly. In no instance will a recalculation reduce a member's combined benefits from UCRP and the Restoration Plan.

Restoration Plan benefits to members who elect the UCRP lump sum cashout will not be recalculated to reflect future changes in the §415(b) dollar limit.

PRE-1990 UCRP MEMBERS AND CAP BENEFITS

Employees who became UCRP members before Jan. 1, 1990, are able to receive UCRP benefits under Plan provisions in effect in 1987, without the application of the 415(b) dollar limit. However, this provision does not apply to these members' CAP balance, if any, because CAP didn't exist in 1987. Therefore, any CAP balance payable to these members may not be paid from UCRP. The CAP will be paid entirely by the Restoration Plan. Further, because it is a nonqualified plan, CAP balances paid by the Restoration Plan cannot be rolled over to an IRA or other employer-sponsored plan.

* Only benefits earned while a member of the 1976 or Modified 2013 Tier, or a member of UCRP with Safety Benefits, can be taken as a lump sum cashout. See the *Lump Sum Cashout Fact Sheet*, available on UCnet at ucal.us/lumpsumcashout, for more information.

TAXES AND TAX REPORTING

Payments (monthly and lump sum) from the Restoration Plan are subject to all applicable federal and state income taxes for the year in which payment is made. The Plan Administrator generally reports Restoration Plan benefits annually on Form W-2. Restoration Plan benefits are not eligible for direct or 60-day rollover.

Benefits paid by the Restoration Plan are not subject to Social Security and Medicare (FICA) taxes. In accordance with IRC definitions, payments from the Restoration Plan are made on account of retirement and not for employment services rendered in the year of payment; thus, Restoration Plan payments are not considered “wages” that would be subject to the annual Social Security earnings test.

DESIGNATION OF BENEFICIARY OR CONTINGENT ANNUITANT

Beneficiary

A beneficiary under the Restoration Plan is the same person(s) the participant designated for UCRP benefits. Exception: if the member is receiving monthly installments to restore the full lump sum cashout amount, he or she must separately designate a person(s) as beneficiary for the Restoration Plan benefit.

Contingent Annuitant

A contingent annuitant under the Restoration Plan is the same person(s) the member designated for UCRP benefits.

Note—married members who designate someone other than their legal spouse as a beneficiary or contingent annuitant may need to consider the spouse’s community property rights. For residents of a community property state such as California, a designation of beneficiary or contingent annuitant may be subject to challenge if the spouse would consequently receive less than the share of the benefit attributable to community property.

The terms of a will do not supersede a designation of beneficiary or contingent annuitant under the Restoration Plan.

PLAN ADMINISTRATION

The president of the University of California is the plan administrator and delegates the responsibility for the day-to-day management and operation of the Restoration Plan to the University of California Human Resources department.

PLAN CHANGES

Although the Restoration Plan is expected to continue indefinitely, the Regents reserve the right to amend or terminate the Restoration Plan at any time. Members are notified in writing whenever substantive changes to the plan occur.

All notices or communications to a plan member will be effective when sent by first-class mail or conveyed electronically to the member’s address of record.

ASSIGNMENT OF BENEFITS

Restoration Plan benefits are intended solely for the security and welfare of members and their beneficiaries and survivors.

Generally, Restoration Plan benefits payable to members, beneficiaries or survivors cannot be attached by creditors, nor can anyone receiving benefits assign payments to others, except to such extent as may be required by law. The IRS may attach retirement benefits to collect unpaid taxes, or a court may order certain benefits to be paid for child or spousal support or in a division of community property.

QUALIFIED DOMESTIC RELATIONS ORDERS (QDROS)

If a member is divorced or legally separated, the court may include Restoration Plan benefits as community property to be divided between the member and the former spouse or other dependent.

FURTHER INFORMATION

Send written correspondence or make telephone or online inquiries to the following:

UC Human Resources
P.O. Box 24570
Oakland, CA 94623-1570

UC Retirement Administration Service Center
800-888-8267
Hours: 8:30 a.m.–4:30 p.m., Monday–Friday (Pacific Time)

Or send a secure message through your UC Retirement At Your Service (UCRAYS) online account at retirementatyour.service.ucop.edu

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

