

UNIVERSITY OF CALIFORNIA

# Defined Contribution Plan

MAY 2010

## Addresses and Resources

Listed below are telephone numbers and website and correspondence addresses for some of the resources UC employees routinely use.

### RETIREMENT SAVINGS PROGRAM RECORDKEEPER

#### Fidelity Retirement Services

Fidelity Retirement Services website: [netBenefits.com](https://netBenefits.com)  
Telephone: 1-866-682-7787

### PLAN ADMINISTRATOR

#### UC Human Resources

UC Human Resources website:  
[atyourservice.ucop.edu](https://atyourservice.ucop.edu)

Written correspondence should be sent to:  
UC Human Resources  
P.O. Box 24570  
Oakland, CA 94623-1570

### INVESTMENT OVERSIGHT

#### University of California Treasurer's Office

Treasurer's Office website: [ucop.edu/treasurer](https://ucop.edu/treasurer)

Written correspondence should be sent to:  
Office of the Treasurer of The Regents  
1111 Broadway, Suite 1400  
Oakland, CA 94607

## IF YOU MOVE

It is your responsibility to notify the Plan Administrator of your new mailing address. UC uses the address on file as the address of record for you and your beneficiaries. Failure to keep your address current could reduce your benefits. The Plan Administrator may charge the costs of locating missing participants against the accumulations of separated participants with incorrect addresses.

#### If you're an active employee (currently working at UC):

You can change your address online at At Your Service Online, a secure website where you can update personal information maintained in UC's payroll and benefits databases. To record an address change, go to At Your Service and select "Sign in to My Accounts." Enter your username or Social Security number and your UC Password; then select "My Contact Information."

#### If you're no longer working for UC or are retired:

Notify Fidelity Retirement Services by calling the Retirement Services Center at 1-866-682-7787. In addition, you may want to notify UC Human Resources of an address change by calling the UC Customer Service Center. Or, if you have internet access, select "Forms and Publications" on At Your Service and print and complete form UBEN 131 (*UC Benefits Address Change Notice*) and mail it to UC Human Resources.

The Defined Contribution Plan is a valuable component of the UC Retirement Savings Program offered to the University community. This *Summary Plan Description* explains the provisions, policies and rules that govern UC's Defined Contribution Plan (the DC Plan or the Plan).

Your future financial security depends in part on decisions you make about your participation in the DC Plan and your understanding of the pivotal role you play. Therefore, we encourage you to read this booklet carefully and to keep it with your important papers for later reference.

Please note—make sure that UC and Fidelity Retirement Services always have your current address and telephone number. That way, we're able to keep you informed about the status of your present and future retirement savings benefits and to provide you with information that may help you with decisions that could be crucial to your future financial security. See inside front cover for information about how to report a change of address.

The University of California Defined Contribution Plan document contains details of the provisions of the Plan. If a conflict exists between this *Summary Plan Description* and the Plan document, the Plan document governs. University of California Human Resources and Benefits (UC HR/Benefits) maintains the authority to interpret disputed provisions.

Fidelity Retirement Services provides recordkeeping and account services for the DC Plan. Visit the Fidelity Retirement Services website ([netBenefits.com](http://netBenefits.com)) or call 1-866-682-7787 for information about:

- ▶ Beneficiaries
- ▶ Distributions
- ▶ Enrollment
- ▶ Exchanges/Transfers
- ▶ Investment Options
- ▶ Personal Account Information
- ▶ Plan Performance
- ▶ Rollovers

Participants who leave UC employment with a DC Plan balance of less than \$2,000 are not eligible to remain in the DC Plan. If your balance was under \$2,000 and you left UC employment before July 1, 2005, call the UC Customer Service Center at 1-800-888-8267 for information. If you left UC employment on or after July 1, 2005, contact Fidelity Retirement Services. For more information, see page 12.

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## Introduction

The University of California (the University or UC) offers eligible employees of the University and its affiliate, Hastings College of the Law, a tax-qualified retirement plan to provide supplemental retirement benefits. The Plan is a defined contribution plan under §401(a) of the Internal Revenue Code (the IRC). Future benefits from the Defined Contribution Plan (DC Plan) are based on contributions made to the DC Plan plus earnings. DC Plan participants are fully vested in all contributions made to the Plan.

The DC Plan has separate accounts for pretax and after-tax contributions. The Pretax Account holds three types of mandatory employee contributions: (1) contributions required to be made by summer or equivalent term employees; (2) contributions required to be made by Safe Harbor participants (7.5 percent of covered compensation); and (3) contributions that The Regents temporarily redirected from UCRP to the DC Plan until May, 2010 (two percent of a member's covered compensation up to the Social Security wage base less \$19 and four percent of a member's covered compensation over the Social Security wage base less \$19). In accordance with IRC §414(h), mandatory contributions to the Pretax Account are deducted from gross salary, and income taxes are calculated on remaining pay, thus reducing the participant's taxable income. Taxes on contributions and any earnings are deferred (that is, postponed) until the participant withdraws the money.

The After-Tax Account contains voluntary employee contributions that are deducted from a participant's net income. Participants may want to consult a tax advisor or financial planner before enrolling. Participation is voluntary and should be based on the participant's financial objectives and resources.

The designated Plan Administrator of the DC Plan is the Vice President, Human Resources (VP-HR). The VP-HR has delegated recordkeeping duties to Fidelity Retirement Services. The relevant contact information is on the inside front cover. The Plan Administrator administers the DC Plan for the sole benefit of Plan participants and their beneficiaries. Individual investment strategies should reflect the participant's personal savings goals and tolerance for financial risk. UC, The Regents, the Treasurer, UC Human Resources, and Fidelity Retirement Services are not liable for any loss that may result from participants' investment decisions. This *Summary Plan Description* summarizes the Plan document as revised effective January 1, 2010.

## DC Plan Pretax Account

The information in this section pertains primarily to the DC Plan Pretax Account. References are made to the DC Plan After-Tax Account when the same information applies.

## Participation

Participation in the DC Plan Pretax Account is mandatory for:

- ▶ UCRP members in any of the following three classifications until April, 2010:
  - members with Social Security coverage
  - members without Social Security coverage
  - members with Safety benefits (police and firefighters)
- ▶ Safe Harbor participants—these participants are part-time, seasonal and temporary UC employees who are not eligible to participate in UCRP and whose wages are not subject to Social Security taxes. Also included in this category are non-exempt UC student employees who do not satisfy certain courseload requirements and resident aliens with F-1 and J-1 visa status.
- ▶ Eligible academic appointees (see page 38)

Enrollment is automatic and begins on the first day of an eligible appointment.

UCRP Tier Two members do not participate in the Pretax Account.

## Contributions

Mandatory employee contributions to the DC Plan Pretax Account may come only from income paid through the UC payroll system (or the payroll systems of Lawrence Berkeley National Laboratory or Hastings College of the Law). Employees may also roll over money from other employer-sponsored plans, including the taxable portion of a distribution from the University of California Retirement Plan (UCRP; see "Rollovers: Into the Plan" on page 9).

Mandatory employee contributions to the Pretax Account appear on employees' W-2 forms in the box

marked “Other”; they are not reported as taxable income.

Mandatory employee contributions to the DC Plan Pretax Account are deducted from gross salary (after any other pretax deductions for medical plan premiums, dependent care flexible spending account, or health flexible spending account), and income taxes are calculated on remaining pay. Although mandatory pretax contributions reduce taxable income, they do not reduce any other salary-related University benefits such as vacation or sick leave, life or disability insurance benefits, or benefits payable from UCRP.

DC Plan participation may affect the income tax deductibility of any contributions you make to a traditional Individual Retirement Account (IRA). IRA contributions may still qualify for a full or partial tax deduction, depending on your adjusted gross income and tax filing status. Participants concerned about the impact of DC Plan contributions on deductible IRA contributions should consult a tax advisor.

## LEAVES OF ABSENCE

Mandatory employee contributions to the Pretax Account stop during a leave without pay and resume automatically upon return to pay status in an eligible position.

For sabbatical leaves or administrative leaves with pay during which employees earn less than 100 percent of regular compensation, contributions continue based on compensation (including paid vacation or sick leave) earned during the leave.

Special rules may allow participants on military leave to “make up” Pretax Account contributions that would have been credited to their account during the military leave. Local Benefits Offices can provide more information.

## TERMINATION OF EMPLOYMENT

If a participant leaves UC employment, contributions to the Plan stop automatically. The options available for a participant’s accumulations are described in “Distributions: Retirees and Former Employees” (see page 5).

## REAPPOINTMENT

If a participant leaves employment or retires and is later rehired into an eligible position, contributions to the Plan may resume again, depending on the participant’s employment status. The participant once again becomes subject to the rules governing active Plan participation.

Safe Harbor participants who leave employment or retire and who are later rehired into another position eligible for Safe Harbor participation will be reenrolled automatically.

## ACADEMIC APPOINTEE SUMMER SALARY CONTRIBUTIONS

Compensation that many academic appointees receive for summer session or equivalent term teaching or research is not considered covered compensation for determining UCRP benefits. Therefore, the Plan contains a provision to provide employer and employee contributions to the Pretax Account based on eligible summer or equivalent term salary.

Eligible academic employees are those who:

- ▶ have academic year appointments;
- ▶ are active members of UCRP or another defined benefit plan to which UC contributes; and
- ▶ earn eligible summer or equivalent term salary, defined as additional compensation that is not covered compensation for calculating retirement benefits and that is paid in accordance with Academic Personnel Policy 660.

Eligible summer salary includes compensation for:

- ▶ summer teaching,
- ▶ summer research, or
- ▶ summer administrative service (generally payments to department chairs, vice chairs, etc., for administrative duties paid as “1/9ths”).

Salary paid for teaching University Extension courses is not eligible.

The total contribution rate under this provision is 7 percent of eligible summer salary, comprising an employee pretax contribution of 3.5 percent and employer pretax contribution of 3.5 percent. The employer contribution is funded by the same source that provides the academic appointee’s summer salary.

## CONTRIBUTIONS

Safe Harbor participants (non-UCRP members, i.e., part-time employees and non-exempt students) make mandatory contributions of 7.5% to the DC Plan Pretax Account.

Safe Harbor participants who become UCRP members after April, 2010 no longer contribute to the Pretax Account. Safe Harbor participants who become mem-

bers of a defined benefit plan under any other retirement system—such as the California Public Employees’ Retirement System (CalPERS)—or UC student employees who become exempt will no longer contribute to the Pretax Account.

Money that participants accumulate in the Pretax Account remains there until they leave employment and take a distribution (see “Distributions: Retirees and Former Employees”).

## LIMITATIONS ON CONTRIBUTIONS

Section 401(a)(17) of the IRC sets a dollar limit for annual earnings on which contributions to the DC Plan may be made. The earnings limit for the Plan’s fiscal year beginning July 1, 2010 is \$245,000 for those who became participants on July 1, 1994 or later and \$360,000 for those who became participants before July 1, 1994.

To comply with the IRC §415(c) contribution limit and to protect the Plan’s qualified status with the IRS, the Plan Administrator annually monitors contributions made for participants. If, due to reasonable error, the 415(c) limit is exceeded for the year, a participant’s after-tax contributions, adjusted for income or losses, will be refunded to the extent necessary to come within the limit. Although the earnings are subject to ordinary income taxes for the year in which the excess amount is refunded, they are not subject to the penalty taxes on early distributions.

The earnings on excess contributions are not eligible for rollover.

## INVESTMENT OF CONTRIBUTIONS

Participants choose the investment options in which they want to invest their contributions. The “Investment Options” are explained on page 9. If participants do not make a choice, their contributions are automatically invested in the UC Savings Fund.

Participants may exchange (transfer) accumulations in the Plan among the investment options at any time. Direct exchanges between certain investment options may be prohibited. See the Fidelity Retirement Services website ([netbenefits.com](http://netbenefits.com)) for more information.

## Distributions

Distribution rules vary depending on the participant’s employment status.

### CURRENT UC EMPLOYEES

The Plan does not permit DC Plan Pretax Account distributions to current employees. Pretax Account distributions are permitted only if you leave employment or retire.

Current employees may, however, take a distribution of money that they rolled over into the DC Plan from another employer-sponsored plan, including earnings on the amount rolled over (see “Rollovers: Into the Plan” on page 9).

### RETIREES AND FORMER EMPLOYEES

If participants leave employment or retire, they have the following payment options for assets in the DC Plan:

- ▶ Leave the assets in the Plan if the Plan balance, including any After-Tax Account balance, totals at least \$2,000. Although participants may no longer contribute, they may transfer money among the investment fund options, subject to the transfer/exchange rules and roll over money into the Plan;
- ▶ Take a full or partial distribution (payable to the participant or directly rolled over to a traditional IRA, Roth IRA, or employer-sponsored plan);
- ▶ Arrange for systematic withdrawals. This option enables the participant to receive regular, periodic distributions without having to make a specific request for each one; or
- ▶ Purchase a commercial annuity. Commercial annuities provide periodic payments in a fixed amount for a specific period of time. Annuities can be purchased through UC’s group insurance contract with a California-licensed, third party insurance carrier. Neither UC Human Resources, the Regents, nor the University has any further fiduciary obligation to participants who use their DC Plan money to purchase an annuity product from any third-party insurance carrier or other such vendor.

Retirees and former employees may take a distribution of their money in the Pretax Account at any time.

For distributions made on and after January 1, 2006, the following rules apply to distributions of small

accounts after the participant has terminated UC employment:

If the value of the participant's accumulations is less than \$2,000, but more than \$1,000, and the participant fails to provide distribution directions, the participant's accumulations will be rolled over to an IRA custodian designated by the Plan Administrator in an account maintained for the participant.

If the value of the participant's accumulations is \$1,000 or less, and the participant fails to provide distribution directions, the participant's accumulations will be paid directly to the participant at his or her address of record.

All distributions are subject to Fidelity Retirement Services and payroll deadlines. No distributions can be made until all payroll activity is complete, which can take from 30 to 60 days.

## TAXES ON DISTRIBUTIONS

A distribution from the DC Plan Pretax Account is generally taxed as ordinary income in the year it is issued. Note, however, that there are specific federal tax withholding rules that apply to all distributions from retirement savings and investment plans. For more information about the tax treatment of Plan distributions, read the special tax notice provided by Fidelity Retirement Services before requesting a distribution. The tax rules are quite complex; for this reason, participants considering a distribution from the Plan are strongly encouraged to consult a tax advisor.

Participants who choose to take a distribution are responsible for satisfying the distribution rules and for any tax consequences.

Distributions to participants are reported annually on IRS Form 1099R, which is sent in January following the calendar year in which the distribution was issued.

## EARLY DISTRIBUTION PENALTIES

In addition to being taxed as ordinary income, the taxable portion of distributions taken before age 59½ (early distributions) may be subject to nondeductible federal and state penalty taxes—currently a 10 percent federal tax and a 2.5 percent California state tax, unless:

- ▶ the distribution is made to a participant who leaves UC employment during or after the year the participant reaches age 55,

- ▶ the participant is permanently disabled under IRS rules, or dies,
- ▶ the participant receives a series of substantially equal distributions over his/her life/life expectancy (or his/her beneficiary's lives/life expectancies),
- ▶ the distribution does not exceed deductible medical expenses for the taxable year,
- ▶ the distribution is paid to an alternate payee under a QDRO,
- ▶ the distribution is made on account of certain tax levies, or
- ▶ the distribution is made on account of other exceptions defined by the IRS.

Early distribution penalties are not assessed when a distribution is paid. Participants who are subject to the penalties are responsible for reporting them to the IRS when they file their income tax returns.

## MINIMUM REQUIRED DISTRIBUTIONS

Participants must begin receiving minimum distributions from the Plan by April 1 of the calendar year following the later of:

- ▶ the year in which they reach age 70½, or
- ▶ the year in which they leave employment.

Participants who do not receive minimum distributions by the required dates, or who receive less than the minimum amount the law requires, must pay a nondeductible 50 percent excise tax on the difference between the amount that should have been received and the amount received.

Minimum required distributions are not eligible for rollover.

Minimum required distributions are calculated in accordance with U.S. Treasury regulations.

## Distributions to Beneficiaries

Participants can and should name one or more beneficiaries. A beneficiary may be an individual, trust, estate, charity, or corporation. When a participant dies, the named beneficiary(ies) should contact Fidelity Retirement Services regarding available options.

Beneficiaries have nine months to decide whether to:

- ▶ take a lump sum distribution, or
- ▶ arrange to purchase a commercial annuity through UC's group insurance contract.

Spousal beneficiaries also have the option to roll over the taxable portion of money from the participant's account into a traditional IRA, a Roth IRA, or to an employer plan that will accept a rollover, either directly or within 60 days of receipt of the distribution. Non-spouse beneficiaries may elect a direct rollover to an inherited traditional or Roth IRA. Federal tax law defines "spouse" for tax purposes.

If no beneficiary has been named, or if the beneficiary dies before the participant, any amount remaining will be distributed to the participant's survivors in the following order of succession:

- ▶ surviving legal spouse or surviving domestic partner; or, if none,
- ▶ surviving children, natural or adopted, on an equal-share basis (children of a deceased child share their parent's benefit); or, if none,
- ▶ surviving parents on an equal-share basis; or, if none,
- ▶ brothers and sisters on an equal-share basis; or, if none,
- ▶ the participant's estate.

Procedures established for the University of California Retirement Plan (UCRP) are used to determine whether a domestic partner is included in the order of succession above. Generally, the UCRP procedures require that an individual must be designated as a UCRP member's domestic partner by one of three possible methods:

- ▶ registration of the domestic partnership with California's Secretary of State;
- ▶ registration of a same-sex union, other than marriage, validly formed in another jurisdiction, that is substantially equivalent to a California domestic partnership; or
- ▶ filing of a *UC Declaration of Domestic Partnership* form with the UCRP administration.

If a member dies before filing a *UC Declaration of Domestic Partnership*, only documentation from the first two methods may be used to establish a domestic partnership.

## DC Plan After-Tax Account

The information that follows pertains specifically to the DC Plan After-Tax Account.

### Eligibility

All employees of UC and Hastings College of the Law—except students who normally work fewer than 20 hours per week—are eligible to make voluntary contributions to the After-Tax Account.

### Contributions

Contributions to the After-Tax Account may be made only through payroll deduction and may only come from income paid through the UC payroll system (or the payroll systems of Lawrence Berkeley National Laboratory or Hastings College of the Law). Contributions are not permitted from any other source.

Contributions to the After-Tax Account are deducted from your pay after income taxes have been deducted. Taxes on the earnings only are deferred until you withdraw the money.

### LEAVES OF ABSENCE

Contributions to the After-Tax Account stop during a leave without pay and resume automatically at the same rate upon return to pay status, unless the participant cancels them.

For sabbatical leaves or administrative leaves with pay during which employees earn less than 100 percent of regular compensation, contributions continue in the same amount as elected before the leave. Because contributions remain the same while compensation decreases, it is important for participants to review their contribution amount before going on a paid leave.

Special rules may allow participants on military leave to "make up" After-Tax Account contributions that would have been credited to their account during the military leave. Local Benefits Offices can provide more information.

During paid vacation or sick leave, contributions continue in the same amount.

## TERMINATION OF EMPLOYMENT

The options that are available to After-Tax Account participants who leave UC employment are described in “Distributions” on page 6.

## REAPPOINTMENT

If you leave UC employment or retire and are later rehired into an eligible position, you may begin contributing to the After-Tax Account again.

## CONTRIBUTION AMOUNTS

The maximum amount participants may contribute annually to the After-Tax Account is determined by the IRC §415(c) limit. Generally, this amount is the **lesser of**:

- ▶ 100 percent of the participant’s adjusted gross UC salary, or
- ▶ \$49,000 (in 2010).

This limit applies to all annual additions as defined in IRC §415(c).

Participants may contribute to the After-Tax Account over 12 months or consolidate contributions in as few pay periods as desired. If you decide to consolidate contributions, however, you are responsible for cancelling them once you reach your maximum annual contribution limit (see “Limitations on Contributions” on page 39). Neither the University nor UC Human Resources is responsible for individual tax consequences if a participant’s after-tax payroll deductions exceed the 415(c) limit.

## LIMITATIONS ON CONTRIBUTIONS

The limitations on contributions are described on page 5.

## Distributions

Participants may take a full or partial distribution of their money in the After-Tax Account at any time.

Retiree and former employee participants have additional options for their money in the DC Plan (see “Distributions: Retirees and Former Employees” on page 6).

## TAXES ON DISTRIBUTIONS

The taxable portion of a distribution from the After-Tax Account is taxed as ordinary income in the year the distribution is issued. Participants may not take a distribution of contributions alone (the amount on which they have already paid taxes). Each distribution must include earnings in the same proportion that the earnings bear to contributions in the account. Therefore, unless the earnings are rolled over (or reflect a net loss), all distributions are partially taxable.

As previously discussed, specific federal tax-withholding rules apply to all distributions from retirement savings plans. For more information about the tax treatment of After-Tax Account distributions, read the special tax notice provided by Fidelity Retirement Services before requesting a distribution. Participants considering a distribution from the After-Tax Account are also strongly encouraged to consult a tax advisor.

## EARLY DISTRIBUTION PENALTIES

The early distribution penalties are described on page 6.

## MINIMUM REQUIRED DISTRIBUTIONS

The minimum distribution rules are described on page 7.

## Distributions to Beneficiaries

DC Plan benefits payable to a beneficiary are described on page 7.

# Additional DC Plan Information

## INVESTMENT OPTIONS

Plan participants have several options for building individual investment portfolios to achieve their retirement savings goals. Currently, the Treasurer of the Regents of the University of California selects and monitors a group of Core Funds based on criteria established by the Regents. The Core Funds include the UC Funds, which are investment options managed by the Treasurer's Office or by investment managers appointed by the Treasurer's Office, as well as mutual funds. The Core Funds provide participants with a diverse menu of the major asset classes to which they may direct their contributions.

In addition, Fidelity Investments mutual funds and Calvert socially responsible mutual funds are available for those participants willing to assume additional responsibility for monitoring their individual fund choices. These funds are part of fund families previously authorized by the Regents as plan investment options and have been retained in the DC Plan as an accommodation to participants. The Treasurer's Office does not monitor individual fund performance and makes no qualitative assessment as to any investment fund that is not part of the Core Funds.

Participants may also invest in mutual funds that are not included in the Core Funds and are not part of the Fidelity or Calvert fund families by opening a brokerage window account. To open a brokerage window account, participants must agree to the terms and conditions that govern the account, including acknowledgement of the risks involved and the special fees that may apply.

Information about investment objectives, risks, changes, and expenses of all options is available, free of charge, from Fidelity Retirement Services ([netbenefits.com](http://netbenefits.com) or 1-866-682-7787).

## ROLLOVERS: INTO THE PLAN

Participants may move eligible retirement funds from a previous employer plan or an IRA to the DC Plan via a rollover. The DC Plan accepts rollovers of pretax distributions from:

- ▶ other employer-sponsored plans, including 401(a), 401(k), 403(b), and governmental 457(b) plans,

- ▶ lump sum cashouts and CAP distributions from the UC Retirement Plan,
- ▶ traditional IRAs.

The DC Plan also accepts direct rollovers of after-tax amounts from 401(a), 401(k), and 403(b) plans.

To roll over money directly from another employer-sponsored plan to UC's DC Plan, the participant must arrange to have the former plan's trustee or plan administrator write a check for the distribution, payable to "Fidelity Investments Institutional Operations Company, Inc. (FIIOC)." As long as the check is payable directly to FIIOC (not to the participant), no taxes will be withheld from the distribution, and the money will retain its tax-deferred status.

If a participant takes a distribution from a former employer's plan, including UCRP, and the check is payable to the participant, he/she can also roll over the taxable portion of the money into the DC Plan, as long as the rollover is made within 60 days after receiving the distribution. To roll over 100 percent of the taxable portion of the distribution, the participant must replace from personal savings or other sources an amount equal to the taxes that were withheld when the distribution was issued.

## ROLLOVERS: FROM THE PLAN

Virtually all DC Plan pretax distributions are eligible for direct rollover (payable to a traditional IRA, Roth IRA, or another employer plan). As long as the check for the distribution is payable directly to the employer plan or IRA custodian, no taxes will be withheld and the money will retain its tax-deferred status. If made payable to the participant, distributions are subject to mandatory 20 percent federal tax withholding. Distributions made to non-spouse beneficiaries are eligible for direct rollovers to an inherited IRA.

Participants may also roll over an eligible DC Plan distribution that has been paid to them, as long as the rollover to the IRA or new plan occurs within 60 days of receipt of the distribution. A participant who wants to roll over 100 percent of the distribution must replace from personal savings or other sources an amount equal to the taxes that were withheld when the distribution was issued. Any amount not rolled over will be taxed as ordinary income for the year in which the distribution was issued. It may also be subject to the early distribution penalties.

DC Plan distributions that are not eligible for direct rollover include:

- ▶ minimum required distributions,
- ▶ refunds of excess contributions (plus earnings) to the After-Tax Account, and
- ▶ systematic withdrawals.

## ACCOUNT ACTIVITY

To help participants better understand the Plan's benefits and effectively manage their accounts, Fidelity Retirement Services provides personalized account information via two electronic sources.

- ▶ Participants who have internet access can find current, comprehensive information about their accounts and make certain online Plan transactions by visiting Fidelity Retirement Services website (netBenefits.com).
- ▶ Participants can retrieve personal financial information about their accounts and make transactions on Fidelity Retirement Services toll-free telephone line (1-866-682-7787).

Annual reports containing audited financial statements are available on At Your Service or from the UC Customer Service Center (see inside front cover).

Summary plan descriptions are sent periodically to all participants and are also available on At Your Service, the Fidelity Retirement Services website, or from your local Benefit Offices or the UC Customer Service Center.

Participants may obtain a copy of the University of California Defined Contribution Plan document by writing to UC Human Resources (see inside front cover).

Participants should read the complete descriptions of the investment funds and accompanying Plan materials before making any investment decisions.

All notices or communications to a participant or beneficiary will be effective when sent by first-class mail or conveyed electronically to the participant's address of record. The University and the Regents are entitled to rely exclusively upon any notices, communications, or instructions issued in writing or electronically conveyed by UC Human Resources that are believed to be genuine and to have been properly executed.

## CLAIMS PROCEDURES

If Fidelity Retirement Services is unable to verify a claimant's right to a benefit within a short period of

time, the claimant will be notified that he or she needs to forward a written request to the attention of the UC Contract Administrator, UC Human Resources, P.O. Box 24570, Oakland, CA 94623-1570, who will review the claim on behalf of the Plan Administrator. The request should include all relevant information. Within 90 days of receipt of the request, the contract administrator will approve or disapprove the claim. If the claim is denied, the contract administrator will notify the claimant in writing, setting forth the specific reasons for the denial and providing specific references to the plan provisions on which the denial is based. The contract administrator also will describe any additional material or information needed to perfect the claim and provide an explanation of the DC Plan's review procedures.

If the claimant's request is denied by the contract administrator, the claimant may submit a written request for an independent review by the Plan Administrator within 60 days of receiving the denial. The request for an independent review should be forwarded to the Plan Administrator, P.O. Box 24570, Oakland, CA 94623-1570. The request should be accompanied by all supporting documentation. The Plan Administrator will make a full review of the request within 60 days unless the circumstances require a longer period, but in no event more than 120 days. If the Plan Administrator upholds the contract administrator's denial, the Plan Administrator will notify the claimant. The decision of the Plan Administrator will be final and conclusive on all persons.

If, after exhausting administrative appeal procedures, the claimant still believes that a benefit has been improperly paid or denied, the claimant has the right to initiate legal proceedings.

For service of process, send to The Regents of the University of California, Trustee of the Defined Contribution Plan, c/o Office of the General Counsel, 1111 Franklin Street, 8th Floor, Oakland, CA 94706.

## PLAN ADMINISTRATION AND FEES

The Vice President of Human Resources is the Plan Administrator with responsibility for the day-to-day management and operation of the Plan.

Investor expenses for the UC Funds are limited to 0.15 percent (or \$1.50 per \$1,000 invested) of the Fund's average market value per year, assessed on a daily basis (1/365th per day invested). These expenses are not billed to participants, but are netted against the investment experience of the Funds. These expenses comprise approximately 0.03 percent for investment management,

0.02 percent for investor education, and 0.10 percent for administration (including accounting, audit, legal, custodial, and recordkeeping services). The total administrative expenses are estimated and actual expenses could be lower in some periods. If actual administrative expenses are less than estimated, any residual amount will be returned to the Funds periodically, on a prorated basis, thereby lowering the effective expense ratio for participants. There are no front-end or deferred sales loads or other marketing expenses.

In addition, any fees paid by participants, including loan fees and brokerage window account fees, and any fees that may be awarded in connection with plan administration by Fidelity Retirement Services, will be credited to a plan fee account. At the direction of the Plan Administrator and subject to receipt of supporting documentation, Fidelity Retirement Services will apply the plan fee account funds against reasonable plan expenses that otherwise would be paid from other plan assets. Any basis points that are assessed against the market value of the mutual fund investments in the DC Plan pursuant to revenue sharing agreements will be credited to an expense credit account and offset against charges for services provided by Fidelity Retirement Services and its affiliates. If any amount remains after payment for Fidelity Retirement Services-related services, funds in the expense credit account will be used to reimburse the University for reasonable plan expenses previously paid by the University.

A participant can obtain information on fees charged by a mutual fund investment option by reviewing the fund prospectus available on the Fidelity Retirement Services website ([netbenefits.com](http://netbenefits.com)).

## PLAN CHANGES

The Plan is subject to change and to independent audit to comply with applicable federal and state statutes, IRC regulations, and industry standards. Participants are notified in writing whenever substantive changes to the Plan occur. Although the Plan is expected to continue indefinitely, The Regents reserve the right to amend, improve, or terminate the Plan at any time.

## DESIGNATION OF BENEFICIARY

Participants should designate a beneficiary to receive their money in the DC Plan in the event of their death. A participant may not name one beneficiary to receive money in the Pretax Account and another beneficiary to receive any money in the After-Tax Account. Participants may, however, name more than one beneficiary and specify the percentage of the Plan balance that

each beneficiary is to receive. A beneficiary may be a person, trust, or organization.

For participants who do not name a beneficiary, DC Plan money will be distributed to the participant's survivors in the order listed on page 41.

Married participants who designate someone other than their legal spouse as a beneficiary may need to consider the spouse's community property rights. For residents of a community property state such as California, a beneficiary designation may be subject to challenge if the spouse would consequently receive less than the share of the benefit attributable to community property.

If a procedural change results in changes to beneficiary designations, the Plan Administrator will notify affected participants.

A will does not supersede a beneficiary designation.

It is the participant's responsibility to keep information on beneficiaries, including addresses, up to date. The address of record is binding for all purposes of the DC Plan.

You can name or change your beneficiary information by contacting Fidelity Retirement Services ([netbenefits.com](http://netbenefits.com) or 1-866-682-7787).

## ASSIGNMENT OF BENEFITS

Generally, DC Plan benefits payable to participants, beneficiaries, or survivors cannot be attached by creditors, nor can anyone receiving benefits assign payments to others. Plan benefits are intended solely for the security and welfare of participants and their beneficiaries and survivors.

There are some legal exceptions. For example, 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.

## QUALIFIED DOMESTIC RELATIONS ORDERS (QDROS)

A court may award Plan assets to the participant's spouse or former spouse or the participant's dependent. This usually will occur in connection with a divorce or legal separation. In such cases, the domestic relations order must be approved, or qualified, as being in compliance with state law and with the Plan.

Both spouses and the court have the right to request information about the benefits earned by the participant during the marital period and how those benefits

are derived, as well as information about the options available to non-participants. To obtain a copy of the QDRO procedures, contact Fidelity Retirement Services (netbenefits.com or 1-866-682-7787).

California law established procedures for dividing property in connection with the termination of a state-registered domestic partnership. For more information, call Fidelity Retirement Services.

## **INELIGIBLE ACCOUNTS RETAINED BY UC**

The DC Plan does not permit a participant whose accumulations have a value of less than \$2,000 to remain in the DC Plan after leaving UC employment. In order to facilitate the conversion to the new record-keeper in July 2005, the UC Residual Accounts group retained administration of ineligible accounts of participants who terminated UC employment before July 1, 2005 with small balances as follows:

If a participant had accumulations of less than \$50 on June 30, 2005, and failed to provide timely distribution directions or confirm his or her location, the participant's accumulations were forfeited as of June 30, 2005. The forfeited amounts will be used to defray reasonable plan expenses and to restore a participant's previously forfeited accumulations, plus interest, if the participant subsequently files a valid claim and provides distribution directions.

If a participant had accumulations of \$50 or more but less than \$2,000 on June 30, 2005, and the participant failed to provide timely distribution directions, the investment options in the participant's account were liquidated as of June 30, 2005, and an account was established on the participant's behalf. The aggregated assets of all such accounts were then invested in the UC Savings Fund in order to preserve principal, and a proportionate share was allocated to each account. The UC Residual Accounts group will maintain such accounts until such time as the participant's location can be confirmed and distribution made. Each account is credited with monthly interest at a fixed rate.

## Employee Information Statement

Participants in defined contribution plans are responsible for determining which, if any, investment vehicles best serve their retirement objectives. The DC Plan assets are invested solely in accordance with the participant's instructions. The participant should periodically review whether his/her objectives are being met, and if the objectives have changed, the participant should make the appropriate changes. Careful planning with a tax advisor or financial planner will help to ensure better supplemental retirement savings.

Neither the Regents, the Treasurer, the Plan Administrator, nor any officer or affiliated officer of the University makes any recommendation to participants for building supplemental retirement savings, and the various options available for the investment of contributions should not be construed in any respect as a judgment regarding the prudence or advisability of such investments or as tax advice. Neither the Regents, the Treasurer, the Plan Administrator, nor Fidelity

Retirement Services bear any fiduciary liability for any losses resulting from a participant's investment instructions. The Plan Administrator reserves the right to refuse to implement any investment instruction from a participant that violates Plan rules or IRC provisions.

All elections concerning contributions to the DC Plan are subject to payroll transaction and fund valuation deadlines.

Neither the University, the Treasurer, the Plan Administrator, nor any officer or affiliated officer shall be responsible in any way for the purpose, propriety or tax treatment of any contribution or distribution (or any other action or nonaction) taken pursuant to the direction of a Plan participant, beneficiary, executor or administrator, or a court of competent jurisdiction. Although the Regents, the Treasurer, the Plan Administrator, and officers and affiliated officers shall have no responsibility to give effect to a decision from anyone other than the Plan participant, beneficiary, executor or administrator, they reserve the right to take appropriate action, including termination and/or disbursement of a participant's account, to protect the Plan from losing its tax-advantaged status for any event that violates Plan rules or applicable IRC provisions.

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 (1-800-888-8267). 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. Contact your Human Resources Office for more information.

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 Director of Diversity and Employee Programs, University of California Office of the President, 300 Lakeside Drive, Oakland, CA 94612 and for faculty to Director of Academic Affirmative Action, University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.

Website address: [atyourservice.ucop.edu](http://atyourservice.ucop.edu)



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