

# DEFINED CONTRIBUTION PLAN PLAN REGULATIONS

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Defined Contribution Plan Regulations

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It is the intent of the Plan Administrator to apply the provisions of these Regulations equally to all similarly situated employees without discrimination. The Plan Administrator has full power to administer these Regulations in all of their details, subject to applicable legal requirements. No employee or agent of the University has authority to modify these Regulations or to make any representations, warranties, or inducements other than as set forth in these Regulations and in the University of California Defined Contribution Plan. These Regulations are subject to periodic change or termination by the Plan Administrator in accordance with the authority granted under the Plan.

## REGULATION 2.04

### BENEFICIARY

A Participant may designate as many Beneficiaries as desired. If more than one person is named as primary Beneficiary, the share each is to receive may be indicated as a percentage. If the share is not indicated, the Participant's Accumulations will be paid in essentially equal shares. A Participant may also designate contingent Beneficiaries to receive the Participant's Accumulations if all those listed as primary Beneficiaries have died at the time of the Participant's death. If one or more of the listed multiple primary or contingent Beneficiaries should predecease the Participant or disclaim his or her share of the Participant's Accumulations, that Beneficiary's benefit will be paid in essentially equal shares to the designated Beneficiaries remaining in the primary or contingent list of Beneficiaries, whichever is applicable. Half siblings are not eligible as siblings in the line of succession if the Participant does not name a Beneficiary or if the designation of Beneficiary is no longer effective.

The Plan Administrator, upon providing written notice of a procedural change to the Participants whose Beneficiary designations are affected, may cause the Beneficiary designation to be superseded by the change in procedures, provided the Plan Administrator furnishes written notice of the change to each such Participant at his or her address of record.

Prior to July 1, 2005, Participants made separate Beneficiary designations for Accumulations that were record kept by Fidelity Investments Institutional Operations Company Inc. ("Fidelity"), the Calvert Socially Responsible Funds Group ("Calvert") and the University. Prior to the conversion of all Retirement Savings Program record keeping functions to Fidelity as of July 1, 2005, Participants were notified that the following Beneficiary designations would prevail following the conversion and urged to make any changes that might be required to reflect their intents:

- A. If there was a University and a Fidelity designated Beneficiary, the University Beneficiary designation will prevail after conversion;
- B. If there was a University Beneficiary designation, but no Fidelity Beneficiary designation, the University Beneficiary designation will prevail after conversion;
- C. If there was no University Beneficiary designation, but a Fidelity Beneficiary designation, the Fidelity Beneficiary designation will prevail after conversion;

- D. If there was no University Beneficiary designation and no Fidelity Beneficiary designation, the Beneficiary designation shall be determined as provided for in Section 2.04 of the Plan;
- E. Any Beneficiary designations ascribed to Calvert prior to July 1, 2005 will not be valid, and will not govern the determination of a Participant's Beneficiary, for a Participant who dies July 1, 2005 or later. In these cases, Beneficiary designations will be determined based on provisions (1-4) above.
- F. A completed Beneficiary designation filed by the Participant with the Record Keeper on and after July 1, 2005 will supersede Beneficiary designations made prior to the conversion.

## REGULATION 2.05

### BROKERAGE WINDOW OPTION

In order to invest in a Brokerage Window Option, a Participant must enter into an agreement with Fidelity Brokerage Services LLC (FBSLLC) to establish a BrokerageLink® account on the Participant's behalf in which the Participant acknowledges his or her acceptance of the terms and conditions established by FBSLLC that will govern the account. The Participant shall be responsible for receiving and responding to all trade confirmations, account statements, prospectuses, annual reports, proxies and other materials that would otherwise be distributed to the owner of a brokerage account. The Plan Administrator may establish a fee that will be assessed against the Participant's Accumulations for opening a brokerage account under the Plan. The fee, which may be revised from time to time, is used to provide funding to maintain and administer the Plan.

## REGULATION 2.08

### DC FUND

As of July 1, 2005, “DC Funds” refer to the Mutual Funds advised by Fidelity Management & Research Company or any of its affiliates (collectively, “Fidelity”) that are made available by Fidelity for retirement plan investment and the Calvert Socially Responsible Investment Funds. The DC Funds were retained as Investment Options following the conversion of the Retirement Savings Program recordkeeping operations to Fidelity Investments Institutional Operations Company, Inc. as of July 1, 2005 as an accommodation to Participants.

## REGULATION 2.10 DIRECT ROLLOVER

A Direct Rollover from the Plan may not be paid directly to the Plan.

Any Eligible Rollover Distribution may be paid partly as a distribution directly to the individual and partly as a Direct Rollover. However, an Eligible Rollover Distribution may not be divided into more than one Direct Rollover unless it includes both pretax and after-tax monies, in which case one Direct Rollover can be made for the pretax portion and one for the after-tax portion. Any distribution that is designated as payable outside the United States is not eligible to be paid as a Direct Rollover.

If a Participant must take a minimum required distribution for a Year as set forth in Plan Section 7.03, the distribution shall be calculated and issued by the Plan Administrator prior to issuing a full Direct Rollover of the Participant's Accumulations.

## REGULATION 2.11 DOMESTIC PARTNER

The existence of a domestic partnership of an individual and a Participant, and the designation of an individual as a Participant's Domestic Partner, shall be determined according to the procedures established in UCRP and the related UCRP Regulations.

## REGULATION 2.15

### ELIGIBLE ROLLOVER DISTRIBUTION

Corrective distributions of excess deferrals and attributable earnings are not eligible for Direct Rollover.

A distribution to a distributee that exceeds the minimum required distribution for a Year, and which otherwise qualifies as an Eligible Rollover Distribution, may be rolled over to an Eligible Retirement Plan within 60 days of the date the distributee receives the distribution.

## REGULATION 2.19

### INVESTMENT OPTIONS

The Plan Administrator will communicate Investment Options to Eligible Employees and Participants in written material, on the web, and through other media. Eligible Employees and Participants may obtain current information about the investment objectives, risks, charges, and expenses of each of the Investment Options, free of charge, from the Plan Administrator.

## REGULATION 2.22

### PARTICIPANT

The following presents historical information on participation in the Plan:

- A. At any time during the period July 1, 1991, through July 26, 1991, employees of the University, who were hired or rehired on or after July 1, 1991 and prior to October 19, 1992, and who did not qualify for membership in the UCRP or any other defined benefit retirement plan to which the University contributed (except for employees who were students of the University whose wages were exempt from the Old Age, Survivors, and Disability Insurance (OASDI) taxes and nonresident aliens with F-1 or J-1 visa status or whose wages were subject to foreign (i.e., their home country) taxes or contributions under a Social Security totalization agreement) could have made an irrevocable election to participate in the Plan or to pay OASDI taxes.
- B. For employees as described in Regulation 2.22A who were hired or rehired after July 26, 1991, but prior to October 19, 1992, the irrevocable election was made before the first pay period, subject to local payroll deadlines.
- C. For employees as described in Regulation 2.22A who were in without-salary appointments, the election was made before the end of the first pay period after the employee had obtained a paid University position, subject to local payroll deadlines.
- D. For employees as described in Regulation 2.22A who were on approved leaves of absence without pay, the election was made before the end of the first pay period after the employee had returned to University pay status, subject to local payroll deadlines.
- E. If any employee, as described above in Regulation 2.22 A, B, C or D, failed to make an election within the specified election period, then OASDI taxes have been automatically taken from subsequent pay unless and until the employee experienced a break in service.
- F. Under an agreement between the University and California State University (CSU), effective from December 1, 1991 through June 30, 2005, CSU employees who were Safe Harbor Employees became Participants. Each such Participant made mandatory employee contributions that were treated as Employer Pickup Contributions under

Code Section 414(h) that were equal to 7.5% of the employee's wages as defined by Code Sections 3121(a) and (v)) in addition to the California Public Employees' Retirement Law §20031 et seq.

## REGULATION 2.23 PARTICIPATION FEE

The Participation Fee is an amount, which may be zero, that is determined by the Plan Administrator each Plan Year and assessed against Participants' Accumulations. The fee, if any, is used to pay reasonable expenses of Plan administration. The Plan Administrator may determine that the fee will be assessed against one or more, but not all, groups of Participants consistent with applicable guidance.

As of July 1, 2005, the Participation Fee is \$0.

Participants may be required to pay additional fees for certain Plan services, including, but not limited to, loan administration and investing through an individual brokerage account established under the Plan.

REGULATION 2.27  
PLAN REGULATIONS

In the event of a conflict between the Plan and the Plan Regulations, the Plan shall govern.

## REGULATION 2.31 RECORD KEEPER

As of July 1, 2005, Fidelity Investments Institutional Operations Company, Inc. became the master Record Keeper for all plans in the Retirement Savings Program.

## REGULATION 2.37

### SAFE HARBOR EMPLOYEE

The irrevocable election made by Safe Harbor Employees to participate in the Plan rather than pay OASDI taxes on their wages is described in Regulation 2.22.

## REGULATION 2.41

### SUMMER OR EQUIVALENT TERM SALARY

Subject to the limitations of Section 2.41, *Summer or Equivalent Term Salary* means additional compensation paid in accordance with Academic Personnel Manual Section APM 660 (in effect as of October 30, 2000) for:

- A. Summer or equivalent term teaching,
- B. Summer or equivalent term research, and/or
- C. Summer or equivalent term administrative duties (generally, payments to department chairs, vice chairs, etc., for administrative duties paid as "1/9ths").

Other types of additional compensation, such as University Extension teaching, University Extension correspondence courses, consultant services, reading manuscripts, lectures and similar services, are not considered to be *Summer or Equivalent Term Salary*. Similarly, compensation for intersession or interquarter or vacation periods is not considered to be *Summer or Equivalent Term Salary*. Any future changes to Academic Personnel Manual Section APM 660 will not automatically change this definition of eligible *Summer or Equivalent Term Salary*.

## REGULATION 4.01

### DEFINED CONTRIBUTIONS

#### A. Corrections to Employer Pickup Contributions

In the event that Employer Pickup Contributions are not deducted from wages in accordance with Sections 4.02 through 4.05 of UCRP, the subsequent correction will be made in the following manner depending upon the time the error is recognized.

1. If the error is recognized within 12 months of its initial occurrence, the local payroll office will calculate and distribute/collect the required adjustment. Adjustments will be made to both UCRP and, with respect to redirected UCRP contributions to the Pre-Tax Account, as necessary.
  - (a) Any adjustment requiring additional contributions and interest, if any, to fulfill requirements under UCRP Sections 4.02 through 4.05 will be deducted on a pretax basis in accordance with University payroll procedures and, absent compelling hardship to the affected Participants, as a single sum payroll deduction.
  - (b) Any adjustment requiring return of contributions under UCRP Sections 4.02 through 4.05 will be reimbursed in a single sum.
2. If the error is not recognized until more than 12 months after its initial occurrence, no adjustment will be made to the Plan contributions.

#### B. Elective Make-Up Employer Pickup Contributions and Make-Up University Contributions for Periods of Military Leave

A Participant, as defined in Plan Section 3.01(b) (other than an employee of California State University), who returns to University employment in accordance with USERRA, or other applicable law following a period of military leave, as provided in UCRP Regulations 5.04, 6.04, 7.05, 8.04, may elect to make up Employer Pickup Contributions to the Plan in an amount equal to that which the Participant would have contributed if the Participant had remained continuously employed by the University

throughout the period of military leave. The Participant shall have a period of time equal to the lesser of three times the period of the Participant's military leave, or five years to make up contributions. An election to make up Employer Pickup Contributions shall be made in writing on forms provided by and filed with the Plan Administrator.

Make-up Employer Pickup Contributions and make-up University contributions shall be credited to the Pre-Tax Account for the benefit of the Participant. Any applicable interest or earnings on the make-up Employer Pickup Contributions and make-up University contributions shall accrue on a prospective basis only.

For purposes of computing elective make-up Employer Pickup Contributions, the Participant's compensation shall be determined based on the rate of pay the Participant would have received but for the period of military leave, including any salary increases, in proportion to the appointment percentage immediately prior to the period of military leave. If such rate is not reasonably certain, the determination shall be based on the Participant's rate of pay and appointment percentage during the 12-month period immediately preceding the period of military leave. Notwithstanding the above, for purposes of computing the elective make-up Employer Pickup Contributions made by Participants described in Plan Section 3.01(b)(2) and the related make-up University contribution, described in Plan Section 3.01(c), the Participant's compensation shall be determined based on the Participant's rate of pay and appointment percentage for Summer or Equivalent Term Salary during the 12-month period immediately preceding the period of military leave. If the Participant had no Summer or Equivalent Term Salary during such 12-month period, then no make-up Employer Pickup Contributions or make-up University contributions may be made with respect to Summer or Equivalent Term Salary.

## REGULATION 4.02

### CONTRIBUTION LIMITATION

#### A. Maintaining Allowable Contribution Limits

Annual additions made on behalf of a Participant for a Year will not exceed the annual limit set forth in Code Section 415(c). Annual additions include After-Tax Voluntary Contributions, Employer Pickup Contributions, University contributions and any other type of contribution made to the Plan by the University for the benefit of a Participant.

#### B. USERRA Adjustments

Elective make-up Employer Pickup Contributions and make-up University contributions made in accordance with USERRA and Code Section 414(u) shall not be subject to the Code Section 415 limit with respect to the Year in which the contributions are made; rather, they will be subject to the Code Section 415 limit in the Year to which the contributions relate.

#### C. Treatment of Excess Contributions

The Plan Administrator will refund excess after-tax contributions to Participants whose After-Tax Voluntary Contributions, together with all other annual additions as defined in Code Section 415(c), exceed the Code Section 415(c) limit at the end of a Year. Such refunds will include gains attributable to the excess contributions up to the end of the month prior to distribution, and will be sent to each Participant's last reported address. Excess contributions and applicable interest or gain/loss will be refunded and reported by the Plan Administrator in accordance with Treasury regulations.

#### D. Code Section 401(a)(17) Limit for After-Tax Voluntary Contributions and Redirected Contributions

An individual who became a Participant prior to July 1, 1994 because of his or her status as Safe Harbor Employee and who first became a UCRP Member after June 30, 1994 shall make the redirected contributions described in Section 4.01(b)(1) based on the compensation limit set forth in UCRP Section 2.13(h)(i) as in effect as of July 1, 2005. However, because such individuals began participation in the Plan prior to July 1, 1994, they shall make any After-Tax Voluntary Contributions based on the

grandfathered Code Section 401(a)(17)(A) limit described in UCRP Section 2.13(h)(ii) as in effect as of July 1, 2005.

## REGULATION 4.04

### ROLLOVER CONTRIBUTIONS

The Plan accepts Direct Rollovers (or indirect 60-day rollovers) of pretax eligible rollover distributions (in accordance with applicable Plan provisions and tax laws) on behalf of Eligible Employees or Participants from other employers':

- A. Tax-deferred arrangements described in Code section 403(b);
- B. Qualified trusts described in Code section 401(a) (including 401(k) plans and pretax Eligible Rollover Distributions from UCRP); and
- C. Eligible plans under Code section 457(b) which are maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

Effective July 1, 2005, the Plan also accepts Direct Rollovers on behalf of Eligible Employees or Participants of:

- D. After-tax eligible rollover distributions from qualified trusts described in Code section 401(a) (including 401(k) plans and UCRP); and
- E. Pretax eligible rollover distributions from individual retirement accounts under Code Section 408(d), including simple IRAs (subject to any timing restrictions) and SEP-IRAs, but not including any Roth IRAs or Coverdell Education Savings Accounts that are also known as "Education IRAs".
- F. Effective January 1, 2007, the Plan also accepts Direct Rollovers on behalf of Eligible Employees or Participants of after-tax eligible rollover distributions from tax-deferred arrangements described in Code Section 403(b) (including the UC Tax-Deferred 403(b) Plan).

Such rollovers shall cause an Eligible Employee to become a Participant if the employee is not already a Participant.

The Plan will accept a 60-day rollover of an Eligible Rollover Distribution from the Plan back into the Plan.

Subject to the limitations on after-tax monies, the Plan will accept an eligible rollover distribution from an Eligible Retirement Plan on behalf of an Eligible Employee or a former University employee who is a Participant. The Plan also will accept an eligible rollover distribution from the UCRP on behalf of a UCRP

member who has had a Severance from Employment, regardless of whether such member is a Participant, provided the member's Accumulations following the rollover will not be less than \$2,000.

The Plan does not accept rollovers from annuity contracts of any type.

## REGULATION 5.02 PARTICIPANT DIRECTIONS

If a Participant's investment directions for contributions made to the Plan are not received by the Plan Administrator, or if the instructions as to investment selection or investment allocation are not clear, not specified, or specify an unauthorized option(s), the contributions will be invested in the UC Savings Fund.

## REGULATION 5.03

### TRANSFERS AMONG INVESTMENTS

If the Plan Administrator or the Chief Investment Officer determines it is necessary to delay a transfer from one UC Fund (“Restricted Option”) to another Investment Option in order to protect the interests of all Participants and Beneficiaries invested in the Restricted Option, such request may be deferred for up to seven (7) days. Requests to transfer from the Restricted Fund will be processed in the order received. Transfers between or among UC Funds may also be restricted by the Plan Administrator’s policy on trading frequency, as that policy may be amended, in order to minimize potential adverse effects to the Participants and Beneficiaries invested in a UC Fund due to disruption to investment strategy, increased expenses and unfair trading advantage. Transfers between or among Investment Options other than UC Funds are subject to any restrictions described in the fund prospectus.

## REGULATION 6.01

### WITHDRAWALS

The amount to fund a withdrawal shall be withdrawn in the order determined by the Participant. If the Participant fails to designate an order, prorata withdrawals shall be made from all Investment Options within an eligible funding source.

- A. If a Participant requests a withdrawal, and the Plan Administrator or the Chief Investment Officer determines it is necessary to delay liquidation of the Participant's interest in a UC Fund designated by the Participant to fund the withdrawal ("Restricted Option") in order to protect the interests of all Participants and Beneficiaries invested in the Restricted Option, the Plan Administrator will so inform the Participant. The delay in liquidation will not exceed seven (7) days. The Participant may elect to defer the withdrawal until the restriction is lifted or to designate a different order of liquidation. If the Participant fails to elect to defer the withdrawal date or to modify the order after receiving notice of the Restricted Option, pro rata withdrawals will be made from the Investments Options designated by the Participant other than the Restricted Option. If a Participant fails to designate any order of liquidation, pro rata withdrawals will be made from all Investment Options within the eligible funding sources other than the Restricted Option. Requests to liquidate a Participant's interest in a Restricted Option will be processed in the order received.

## REGULATION 6.02 OTHER WITHDRAWALS

If a Participant requests a withdrawal, and the Plan Administrator or the Chief Investment Officer determines it is necessary to delay liquidation of the Participant's interest in a UC Fund designated by the Participant to fund the withdrawal ("Restricted Option") in order to protect the interests of all Participants and Beneficiaries invested in the Restricted Option, the Plan Administrator will so inform the Participant. The delay in liquidation will not exceed seven (7) days. The Participant may elect to defer the withdrawal until the restriction is lifted or to designate a different order of liquidation. If the Participant fails to elect to defer the withdrawal date or to modify the order after receiving notice of the Restricted Option, pro rata withdrawals will be made from the Investments Options designated by the Participant other than the Restricted Option. If a Participant fails to designate any order of liquidation, pro rata withdrawals will be made from all Investment Options within the eligible funding sources other than the Restricted Option. Requests to liquidate a Participant's interest in a Restricted Option will be processed in the order received.

## REGULATION 7.01

### TIMING

- A. A Participant who is eligible to request a distribution based on a Severance from Employment may not request the distribution until the earlier of:
  - 1. Thirty-one (31) calendar days after termination from the University through the formal separation process, or
  - 2. Thirty-one (31) calendar days after a deemed Severance from Employment.
- B. For each distribution, one of the following distribution options may be chosen:
  - 1. Full distribution payable to Participant of all DC Plan Accumulations;
  - 2. Direct Rollover to an Eligible Retirement Plan of all Accumulations;
  - 3. Partial distribution to Participant and/or partial Direct Rollover to an Eligible Retirement Plan. If Participant takes a partial distribution following his or her Severance from Employment, the remaining Accumulations must total at least \$2,000 after the distribution;
  - 4. Partial distribution payable to the Participant and/or Direct Rollover of the remaining Accumulations to an Eligible Retirement Plan;
- C. If a distribution request has been processed and a check issued per the Participant's instructions, the distribution request is irrevocable.
- D. Effective January 1995, the Plan implemented the systematic withdrawal program referenced in this Section in accordance with the following provisions:
  - 1. Eligibility
    - (a) Eligibility to participate in the systematic withdrawal program is limited to Participants who have had a Severance from Employment regardless of age. The Participant must have Accumulations of at least \$2,000 in the Plan. The Participant must have Accumulations of at least \$2,000 in the Investment Option or Options (e.g., the "funding source"),

including any outstanding Plan loan balance selected to fund the withdrawals.

- (b) Those ineligible to receive systematic withdrawals include Participants who have not had a Severance from Employment, Participants whose Accumulations have been transferred to one or more separate accounts pursuant to an approved Domestic Relations Order, Alternate Payees, Spouses, and/or Beneficiaries.
  - (c) The \$2,000 minimum balance rule does not apply while a Participant is receiving systematic withdrawals, but will apply if systematic withdrawals cease. If the value of the Participant's Accumulations falls below \$2,000, systematic withdrawals will continue to be issued until the Participant's Accumulations are entirely distributed or the agreement is cancelled, whichever occurs earlier.
  - (d) A Participant who elects systematic withdrawals must specify the amount to be withdrawn or the number of payments to be made and the Participant must specify the frequency of the payments as annual, semi-annual, quarterly, monthly, semi-monthly or bi-weekly. The Record Keeper will provide a pre-defined withdrawal method using source and fund proration unless the Participant specifies a different withdrawal method. A Participant may modify or terminate his or her election at any time.
2. A Plan Participant who elects systematic withdrawals is deemed to have elected to receive periodic distributions; therefore, systematic withdrawals may not be rolled over to an Eligible Retirement Plan, and taxes will be withheld in accordance with federal and state laws.
3. A systematic withdrawal election will be cancelled upon the earliest to occur of the following events:
- (a) Distribution of the Participant's entire Accumulations;
  - (b) The Participant's cancellation of the systematic withdrawal election;
  - (c) The Participant's rehire into a University position;
  - (d) A change in the amount or number of payments of the withdrawal;

- (e) Notification of the Participant's death;
  - (f) Placement of an unresolved community property lien on the Participant's Accumulations.
- E. Individuals who became Participants under the agreement between the University and the CSU as described in Regulation 2.22 F may withdraw Employer Pickup Accumulations when the Participant has had Severance from Employment from CSU.
- F. In any and all cases involving a rehired employee, if a distribution request for the employee has been process and a check issued per the Participant's instructions, the distribution request is irrevocable.
- G. If a Participant requests a distribution of his or her Accumulations, and the Plan Administrator or the Chief Investment Officer determines it is necessary to delay liquidation of the Participant's interest in a UC Fund in which the Participant is invested ("Restricted Option") in order to protect the interests of all Participants and Beneficiaries invested in the Restricted Option, such request may be deferred for up to seven (7) days. Requests to liquidate a Participant's interest in a Restricted Option in order to make a distribution will be processed in the order received.

## REGULATION 7.03

### MINIMUM REQUIRED DISTRIBUTIONS

- A. This Plan Regulation 7.03 applies in part for purposes of determining minimum required distributions (MRDs) and will take precedence over any inconsistent provisions of the Plan. Notwithstanding anything contained herein to the contrary, any benefits to which a Participant is entitled shall commence not later than the Required Beginning Date. A Participant who must receive an MRD from the Plan pursuant to Plan Section 7.03 shall have the amount of such distribution calculated and made by the Plan Administrator in accordance with applicable Treasury Regulations (except to the extent the Plan Regulations provide for greater distributions than the Treasury Regulations), any applicable recordkeeping agreements, and this Plan Regulation.

#### 1. General Rules

Effective January 1, 2003, unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the Participant's first distribution Year, MRDs will be made in accordance with the rules below. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury Regulations.

- (a) For Years up to and including the Year the Participant dies, Accumulations shall be distributed over the applicable distribution period for the Participant (as described in Method 1 set forth in 2. below). However, if the Participant's Spouse is more than 10 years younger than the Participant and has been the sole designated Beneficiary from the beginning of the Year in question until the date determined by the Plan Administrator to calculate the MRD, the Accumulations shall be distributed over the joint life expectancy of the Participant and the spouse, as described in Method 2 set forth in 3. below.<sup>1</sup> However, except as provided by law, if the

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<sup>1</sup> If the spouse is not more than 10 years younger than the Participant, Method 1 applies; Method 1 provides a longer distribution period than the Method 2 in this situation.

Beneficiary is changed after that date and before the end of the Year, Method 2 shall not apply. For purposes of determining if Method 2 applies, the Participant will not fail to have a Spouse as the Participant's sole Beneficiary for the Year merely because they are not married throughout the Year due to divorce or if one of the parties dies. This applies even if someone other than the Spouse is named as Beneficiary due to the fact that the Employee's Spouse predeceases the Participant. The method used may change from Year to Year, depending upon whether the Spouse is the designated Beneficiary for such entire Year;

- (b) The actual amount of the MRD will be calculated by the Plan Administrator, who will divide the Participant's Accumulations as of December 31 of the year prior to the Year of distribution by either the distribution factor (if Method 1 applies) or the joint life expectancy factor (if Method 2 applies), in accordance with procedures established by the Plan Administrator;
- (c) The amount calculated shall be reduced by any distributions previously taken from the Plan by the Participant in the given Year.

## 2. Method 1 – Participant's Distribution Period

The distribution period of the Participant for the Year in which the Required Beginning Date occurs shall be determined based on the Uniform Lifetime Table set forth in the Treasury Regulations Section 1.401(a)(9)-9–Q&A-2, using the Participant's age as of his/her birthday in the Year immediately preceding the Required Beginning Date. The distribution period for each subsequent MRD (including any MRD required by December 31 of the Year the Required Beginning Date occurs) shall be determined based on such table using the Participant's age in the applicable Year.

## 3. Method 2 – Spousal Beneficiary for Entire Year and More Than 10 Years Younger Than Participant

The joint life expectancy of the Participant and the designated Spouse for the Year in which the Required Beginning Date occurs shall be determined based on the Joint and Last Survivor Table in Treasury Regulations Section 1.401(a)(9)-9, Q&A-3 using the ages of the Participant and the Spouse as of their birthdays in the Year immediately preceding the Required Beginning Date. The joint life expectancy for each subsequent Year of MRDs (including any

MRD required by December 31 of the Year the Required Beginning Date occurs) shall be determined based on such table using the ages of the Participant and the Spouse as of their birthdays in the Year of each required MRD.

- B. With respect to the definition of “Required Beginning Date” in Plan Section 2.34, a Participant will be deemed to have had a Severance from Employment when compensated University employment for a continuing or rehired employee ceases, whether or not said employment entitles that employee to continued participation in the Plan, provided, however, that the Plan Administrator may establish a minimum amount of compensated service that must be performed within a Year.
- C. The amount of the MRD will be reduced by the total amount of systematic withdrawals and partial distributions paid to the Participant in a Year; rollovers and return of excess contributions shall not count towards satisfying the amount of the MRD.
- D. The Participant’s MRD shall be withdrawn proportionally from the Investment Options elected by the Participant for his or her Accumulations in accordance with procedures established by the Plan Administrator.
- E. For distributions prior to 2003, the Plan Regulations then in effect apply.
- F. For purposes of Plan Regulation 7.03, a “distribution Year” is a year for which an MRD is required. For distributions beginning before the Participant’s Required Beginning Date, the first distribution Year is the Year immediately preceding the Year which contains the Participant’s Required Beginning Date. The MRD for the Participant’s first distribution Year will be made on or before the Participant’s Required Beginning Date. The MRD for other distribution Years, including the MRD for the distribution Year in which the Participant’s Required Beginning Date occurs, will be made on or before December 31 of that distribution Year.
- G. The Participant may direct the Plan Administrator as to the funding sources for a minimum required distribution.

## REGULATION 7.07

### DEATH BENEFITS

Upon the death of a Participant, the Beneficiary must contact the Record Keeper in order to establish the Beneficiary's right to all or part of a Participant's benefits. Before any transfer of the Participant's Accumulations to the Beneficiary's account or distributions occur, the Record Keeper must receive a completed Beneficiary Distribution Form with a signature guarantee along with a certified copy of a death certificate.

When the Record Keeper is notified of the death of a Participant, the Record Keeper will provide information to the Beneficiary to inform him or her of his options and solicit direction from the Beneficiary on distribution of the Beneficiary's share of the Participant's Accumulations.

The Record Keeper must receive a completed Beneficiary Distribution Form with a signature guarantee, along with a certified copy of the death certificate, before setting up the Beneficiary's account. Assets will be transferred from the Participant's account to the Beneficiary's account for immediate and/or future distribution. The Plan Administrator will not sign off on Beneficiary distribution requests.

Beneficiaries who also are UC employees will have a separate Beneficiary account established.

## REGULATION 7.08

### DUTY TO KEEP PLAN ADMINISTRATOR INFORMED

#### A. Missing Participants

During the period a Participant cannot be located, the Accumulations of the Participant may be coded as an inactive account. Participant statements and communication and educational mailings will not be sent to an account that has been coded as inactive due to an invalid address.

The Participant will be required to verify a valid address of record according to procedures established by the Plan Administrator in order to reactivate an account that has been coded as inactive and to request Plan services or transactions.

If a Participant's Beneficiary, or the Beneficiary of a deceased Beneficiary cannot be located following the death of a Participant or Beneficiary, as applicable, the Plan Administrator shall follow the procedures established in the Plan Section 7.08.

#### B. Severance from Employment Prior to July 1, 2005

##### 1. Determination of Plan's Interest Rate

On June 30 of each Plan Year, the Plan Administrator shall establish the Plan interest rate that will apply for the following Plan Year. Such rate will be based on the earnings projected to be realized by the UC Savings Fund for the following Plan Year reduced by a proportionate share of the reasonable expenses projected to be paid by the Plan over the same period. In no event shall the Plan interest rate for a Plan Year be less than the average annual percentage yield, determined as of the immediately prior June 30, that is earned by the FDIC-insured money market accounts in California that limit withdrawals to six per month.

##### 2. Forfeiture and Reinstatement Account

If a Participant's Accumulations are forfeited to the Forfeiture and Reinstatement Account as of July 1, 2005 as described in Plan Section 7.08(c), the value of such Accumulations will be maintained on the Plan Administrator's records. If the Participant or the Participant's Beneficiary subsequently makes a valid claim for the

Participant's Accumulations, the forfeited amount will be restored to an account established for the Participant or Beneficiary, as applicable, and increased by interest at the Plan's interest rate, prorated for the monthly application, for each month in the period beginning July 1, 2005 and ending on the date of distribution.

### 3. Distributions to Participants Who are Located

If a Participant described in Plan Section 7.08(c)(2) is located, but does not request his or her benefits, the following rules apply:

- (a) If the Participant is located prior to January 1, 2006, and the Participant's Accumulations are less than \$2,000 at the date the address of record is corrected, the Participant's Accumulations will be distributed to the address of record, subject to applicable notice requirements.
- (b) If the Participant is located on or after January 1, 2006, and the value of the Participant's Accumulations is \$1,000 or less at the date the address of record is corrected, the Participant's Accumulations will be distributed to the address of record, subject to applicable notice requirements. If the value of the Participant's Accumulations is more than \$1,000, but less than \$2,000, at the date the address of record is corrected, the Participant's Accumulations shall be transferred to an IRA custodian or trustee selected by the Plan Administrator to be held on behalf of the Participant consistent with the applicable notice requirements. If the value of the Participant's Accumulations is \$2,000 or more, distribution will be made only at the request of the Participant or the Participant's Beneficiary, subject to applicable minimum required distribution provisions.

If a missing Participant had a Severance from Employment prior to July 1, 2005 and the value of the Participant's Accumulations, determined as of June 30, 2005, is \$2,000 or more, such Participant's Accumulations shall be treated as described in Plan Section 7.08(b).

## REGULATION 10.01

### AUTHORITIES

The Plan Administrator may discuss the formulation of goals and objectives, long range improvements, the development of policy, and the setting of priorities for the Plan with groups representing Eligible Employees and Participants.

## REGULATION 10.08

### CORRECTION OF ERRORS

- A. When it has been determined that an overpayment has occurred, efforts will be made to recoup monies due the Plan, taking into account the circumstances of the particular case. If an overpayment is recouped by the Plan, no interest will be charged to the recipient for the period that the overpayment was possessed.
- B. When it has been determined that an underpayment has occurred, efforts will be made to reimburse the underpaid amount, taking into account the circumstances of the particular case. A recipient of an underpayment will not receive interest on the underpaid funds for the period before the underpayment is corrected.

## REGULATION 12.00

### DOMESTIC RELATIONS ORDERS

A Domestic Relations Order will be determined to be a QDRO according to the QDRO procedures maintained by the Record Keeper. The Plan Administrator will determine whether a Domestic Relations Order that purports to create or recognize the existence of an Other Payee's right to, or assigns to an Other Payee the right to, receive all or part of a Participant's Accumulations is approved under procedures similar to those maintained by the Record Keeper and shall direct the Record Keeper to act according to its determination.