

Tax-Deferred 403(b) Plan Maximum Annual Contribution (MAC) For 2002

Good news! Recent federal legislation—the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)—has established a **uniform (and higher) limit on contributions** to the 403(b) Plan beginning in 2002.

The 2002 maximum annual contribution—

- If you are **under age 50 as of December 31, 2002**, the contribution limit is **\$11,000** (or 100 percent of your adjusted gross salary, if less).
- If you are **age 50 or older any time during 2002**, the contribution limit is **\$12,000** (or 100 percent of your adjusted gross salary, if less).

This means no more individualized MAC calculations, no more zero MACs, no more alternative elections, and no more appeals—this time the legislation really did simplify the rules. It also means that most employees should be able to enroll in the Plan or change their contributions in time to catch their first paycheck in 2002.

In January 2002, these limits will be set in the payroll system at each location for all employees who are eligible to contribute to the Plan.

Who's eligible? All UC employees except students who normally work less than 20 hours per week are eligible to contribute to the 403(b) Plan.

If you couldn't contribute in 2001 because your UC-calculated MAC was zero, you can start contributing again in 2002. If you cancelled your previous salary reduction agreement, you will have to reenroll in the Plan. If you didn't cancel your salary reduction agreement, contributions will start automatically with your first 2002 paycheck, at the rate specified in your existing agreement, unless you make changes.

The **special catch-up provision** will still be available to participants with at least 15 years of UC employment. Under this provision, eligible participants can contribute additional amounts up to \$3,000 a year. Total cumulative contributions under the catch-up provision are limited to \$15,000.

To use the catch-up provision, you'll need to complete the *2002 Tax-Deferred 403(b) Plan Catch-up Provision Worksheet* and take it to your Benefits Office for review

and approval. The worksheet will be available on the UC HR/Benefits website (www.ucop.edu/bencom) or from your local Benefits Office by early December. On the website, select "Retirement & Savings," then "Tax-Deferred 403(b) Plan," and then scroll down to "Maximum Annual Contribution."

You can **enroll** in the 403(b) Plan or **change your contributions online or over the telephone**.

- For online transactions, select "Begin/Change Plan Contributions" on the right side of the UC HR/Benefits home page.
- Or, call the UC HR/Benefits interactive telephone service—[bencom.fone](tel:1-800-888-8267)—at 1-800-888-8267 and follow the prompts.

To use either option, you'll need your Social Security number and your UC Personal Identification Number (PIN). If you've lost or forgotten your PIN, you can set a new one online (select "Lost your PIN?" on the left side of the home page) or on bencom.fone.

If you can't use either of these options, please call your local Benefits Office for help.

Note to those with a low or zero MAC for 2001: The online enrollment/change application will not allow you to enter a contribution amount higher than your MAC. Because the application cannot be updated with the higher 2002 MAC limits until after the final payroll cutoff in December, you may not be able to increase your contribution amount online in time for it to be effective for your January 2002 earnings. You can make sure that your enrollment, change, or cancellation will be effective with January 2002 earnings by submitting a paper *Salary Reduction Agreement* (form UPAY 801) to your Benefits or Accounting Office or to the person who handles benefits in your department by the applicable payroll deadline. Salary reduction agreements are available from your local Benefits Office.

You can find more information about the 403(b) Plan in the *Tax-Deferred 403(b) Plan Summary Plan Description* and in the *Tax-Deferred 403(b) Plan Maximum Annual Contribution Factsheet*. Both publications are available on the UC HR/Benefits website or from your Benefits Office. (The 2002 version of the factsheet should be available by early December.)

UCbencom website: www.ucop.edu/bencom
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Good News!
Tax-Deferred 403(b) Plan Maximum
Annual Contribution Limits For 2002

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