

University of California Retirement System (UCRS)



Rollover Factsheet

For many years, UC's retirement savings and investment plans have accepted rollover distributions from other employer-sponsored 401(a), 401(k), and 403(b) plans. Typically, this option is selected by active employees who want to move money from a former employer's retirement plan to UC's Tax-Deferred 403(b) and/or Defined Contribution plans.

Relatively recent pension reform provisions included in a comprehensive federal tax bill greatly expanded employees' rollover options for distributions from retirement plans. Note that some of the tax bill provisions are optional for plan sponsors (such as the University of California Retirement System, or UCRS).

This factsheet explains the rollover provisions that UCRS has adopted and the rules and tax consequences for rollovers into the UC plans in general. It also includes the form you will need to roll over money from a former employer's plan to UC's plans, including rollovers to UC accounts with Fidelity Investments and the Calvert Group.

For UCRS, the most sweeping change is in the types of money that employees can roll over between retirement plans. Formerly, employees could only roll over money between like plans; for example, a rollover to the Tax-Deferred 403(b) Plan could consist only of money from another 403(b) plan. The tax bill changed all of that.

Under UCRS provisions, active employees who are eligible to take a distribution may roll over pretax contributions and earnings to (and between) the 403(b) Plan and the DC Plan After-Tax/Rollover Account. Rollovers to these UC plans may be made from 401(a) and 401(k) plans, 403(b) plans and governmental 457(b) plans. Additionally, University of California Retirement Plan (UCRP) members may, upon electing monthly retirement income or a lump sum cashout from UCRP, roll over part or all of the taxable portion of the lump sum cashout and any Capital Accumulation Provision (CAP) balance. These UCRP distributions may be rolled over into either the 403(b) Plan or the DC Plan After-Tax/Rollover Account.

The UC plans **do not** accept rollovers of:

- after-tax contributions,
- contributions (and earnings) from Individual Retirement Accounts (IRAs), or
- money invested in annuity contracts.

Also note that no rollovers can be made to the DC Plan Pretax Account—all rollovers to the DC Plan are kept with untaxed earnings in the DC Plan After-Tax/Rollover Account.

Things to Consider

The following are some things to consider before deciding where to direct a rollover of money to UC from a former employer's plan.

Perhaps the most fundamental concept participants should keep in mind is that once money is rolled over from one type of plan to another type of plan (from a 401(k) plan to a 403(b) plan, for example), the money will be subject to the provisions of the new plan.

Rollovers to UC's 403(b) Plan

- The tax bill did not alter the rules for employees' access to money they have invested in retirement plans; it simply increased rollover options once employees have access to their money. Active participants with money in the 403(b) Plan, regardless of whether they rolled the money over from another employer-sponsored plan or accumulated it through contributions and earnings during UC employment, generally can't take a distribution before age 59½ unless they become permanently disabled or encounter financial hardship.
- In addition to the UC-managed funds and the Fidelity Investments mutual funds, 403(b) Plan participants may invest part or all of their Plan balance (contributions and earnings as well as rollover money) with the Calvert Group, which offers socially responsible investment funds.
- 403(b) Plan provisions also allow active employees to borrow their money in the Plan before retirement. Because the money is borrowed, rather than withdrawn, it isn't subject to income taxes or early distribution penalties.
- Beneficiaries of deceased 403(b) Plan participants may set up an individual Plan account in their own name. This can be an important decision with respect to earnings growth and how long the money can remain in the Plan.

Rollovers to UC's DC Plan After-Tax/Rollover Account

- Active employees may take distributions from the DC Plan After-Tax/Rollover Account at any time. There may be tax consequences for participants who take a distribution of money in the After-Tax/Rollover Account that they accumulated through contributions and earnings or rollovers made during UC employment. 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, all distributions are partially taxable.
- DC Plan participants cannot invest After-Tax/Rollover Account money in the socially responsible investment funds managed by the Calvert Group.
- DC Plan provisions **do not** allow participants to borrow their money in the DC Plan.
- Beneficiaries of deceased DC Plan participants cannot set up their own Plan accounts. They have nine months to decide whether to take their designated share in a lump sum distribution or to purchase a commercial annuity through UC's group insurance contract.

Additional Tax Information

Penalty Taxes on Early Distributions

- Penalty taxes on early distributions **will** apply to distributions of 403(b) and DC Plan money rolled over from governmental 457(b) plans.

Special Tax Treatment

- DC Plan participants born before January 1, 1936, who meet certain criteria may use special tax rules for lump sum DC Plan distributions (10-year averaging and/or long-term capital gain rates). However, under the pension reform provisions, this special tax treatment is not available to any DC Plan distributions if the participant's DC Plan After-Tax/Rollover Account balance includes rollover money from a former employer's 403(b) plan or from a governmental 457(b) plan.

Important note

The rollover provisions are complex, and conditions and exceptions may apply that are not discussed in this factsheet. Remember that distributions from the UC plans may be subject to different restrictions and have different tax consequences than distributions from the plan from which a rollover was made. Therefore, we recommend that employees consult a professional tax advisor before making their rollover decisions and subsequently requesting a distribution from the plan(s). Also, for more specific information about the options for and tax treatment of distributions from UC's retirement plans, you may want to refer to the following UC publications:

- Summary plan descriptions for University of California Retirement Plan members (with and without Social Security, and Safety and Tier Two membership classifications) and Defined Contribution Plan and Tax-Deferred 403(b) Plan participants
- *Retirement Handbook and Election Kit*
- *Survivor and Beneficiary Handbook*

ROLLOVER REQUEST
DEFINED CONTRIBUTION PLAN AND TAX-DEFERRED 403(b) PLAN
UBEN 103 (R3/04) University of California Human Resources and Benefits

Complete this form to roll over pretax money from a former employer's plan to UC's Tax-Deferred 403(b) Plan or the Defined Contribution Plan After-Tax/Rollover Account. You can invest your rollover money in the UC-managed investment funds, the Fidelity Investments mutual funds or in socially responsible investment mutual funds managed by the Calvert Group (403(b) Plan only).

Send the check along with this completed form to:

Calvert Mutual Funds
 c/o Boston Financial, DCS
 Crown Colony
 66 Brooks Drive
 Braintree, MA 02184

Direct Rollovers to the UC-Managed Funds

Tell your former employer's plan administrator to issue a check for your plan distribution, made payable to "The Regents of the University of California." Send the check along with this completed form to:

UC HR/Benefits
 File 74165
 P.O. Box 60000
 San Francisco, CA 94160-0001

60-Day Rollovers

If you are requesting a 60-day rollover of money previously distributed to you from a former employer's plan, write a personal check, made payable to the fund manager (UC, Fidelity or Calvert) of your choice. Note that the rollover must occur within 60 days of your receipt of the money from the former plan.

Plan Certification and Required Signatures

Your former employer's plan administrator must complete and sign section 3, "Plan Certification," before your rollover can be processed.

Direct Rollovers to Fidelity Investments

Tell your former employer's plan administrator to issue a check for your plan distribution, made payable to "Fidelity Management Trust Company, FBO (your name)." Send the check along with this completed form to:

Fidelity Investments
 P.O. Box 770002
 Cincinnati, OH 45277-0090

Also, note that you must sign the form in section 4, certifying that you understand the conditions under which money can be rolled over to the UC plans and the limitations and/or restrictions that may apply to your rollover request.

If your written instructions on this form or the required signatures are missing, UC HR/Benefits may return the check to you or to the former plan administrator.

Direct Rollovers to the Calvert Group (403(b) Plan only)

Tell your former employer's plan administrator to issue a check for your plan distribution, made payable to "Calvert Mutual Funds, FBO (your name)."

Please make a photocopy for your records. You will receive notification within 15 days confirming receipt of your rollover. Call UC Customer Service at 1-800-888-8267 if you have questions.

1. PERSONAL INFORMATION		<i>See reverse for Privacy Notifications</i>
NAME (Last, First, Middle Initial)	SOCIAL SECURITY NUMBER	
MAILING ADDRESS (Number, Street, City, State, ZIP)		
CAMPUS/LAB	DAYTIME PHONE ()	HOME PHONE ()

2. ROLLOVER INSTRUCTIONS

- i. I request a rollover to the University of California plan checked below:
- TAX-DEFERRED 403(b) PLAN** **DC PLAN After-Tax/Rollover Account**
- ii(a). Deposit my rollover in the fund(s) checked below in the percentage(s) indicated below (must total 100%).
- Deposit _____% in the Savings Fund
- Deposit _____% in the Insurance Company Contract Fund (ICC)
- Deposit _____% in the Equity Fund
- Deposit _____% in the Bond Fund
- Deposit _____% in the Treasury Inflation-Protected Securities Fund (TIPS)
- Deposit _____% in the Balanced Growth Fund
- ii(b). Deposit _____% in Fidelity Investments mutual funds
- _____
- (mutual fund name)
- ii(c). Deposit _____% in the Calvert Group socially responsible investment funds (403(b) Plan only)
- _____
- (mutual fund name)

SEE REVERSE FOR PRIVACY NOTIFICATIONS

3. PLAN CERTIFICATION (To be completed by the plan administrator of your former employer's plan)

NAME OF PLAN

TYPE OF PLAN (check one box only)

- 401(a)
- 401(k)
- 403(b)
- Keogh
- governmental 457(b)

NAME OF EMPLOYER

I declare that I am authorized to act on behalf of the employer plan identified above, and that the plan is, or is intended to be, a defined contribution plan qualified under IRC §401(a) or §401(k), or described under IRC §403(b) or a governmental deferred compensation plan under IRC §457(b). I further declare that the rollover from this plan does not include any after-tax contributions.

PLAN ADMINISTRATOR'S SIGNATURE

PHONE

()

PRINT NAME AND TITLE

DATE

4. REQUIRED SIGNATURE

I certify by my signature on this form that I understand the UCRS rollover provisions and the potential tax consequences of my rollover request. I further certify that the money I am rolling over to UC's plans does not include any:

- after-tax contributions
- contributions (and earnings) from an Individual Retirement Account (IRA), or
- money invested in annuity contracts.

PARTICIPANT'S SIGNATURE

DATE

PRIVACY NOTIFICATIONS

STATE

The State of California Information Practices Act of 1977 (effective July 1, 1978) requires the University to provide the following information to individuals who are asked to supply information about themselves.

The principal purpose for requesting the information on this form is for payment of earnings and for miscellaneous payroll and personnel matters such as, but not limited to, withholding taxes, benefits administration, and changes in title and pay status. University policy and state and federal statutes authorize the maintenance of this information. (B)

Furnishing all information requested on this form is mandatory—failure to provide such information will delay or may even prevent completion of the action for which the form is being filled out. Information furnished on this form may be used by various University departments for payroll and personnel administration, and will be transmitted to the federal and state governments as required by law.

Individuals have the right to review their own records in accordance with University personnel policy and collective bargaining agreements. Information on applicable policies and agreements can be obtained from campus or Office of the President Staff and Academic Personnel Offices.

The official responsible for maintaining the information contained on this form is the Associate Vice President—University of California Human Resources and Benefits, 1111 Franklin Street, Oakland, CA 94607-5200.

FEDERAL

Pursuant to the Federal Privacy Act of 1974, you are hereby notified that disclosure of your Social Security number is mandatory. Disclosure of the Social Security number is required pursuant to sections 6011 and 6051 of Subtitle F of the Internal Revenue Code and with Regulation 4, Section 404.1256, Code of Federal Regulations under Section 218, Title II of the Social Security Act, as amended. (BB)
The Social Security number is used to verify your identity. The principal uses of the number shall be to report (1) state and federal income taxes withheld, (2) Social Security contributions, (3) state unemployment and Workers' Compensation earnings, and (4) earnings and contributions to participating retirement systems.

By authority of the Regents, University of California Human Resources and Benefits, 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: <http://atyourservice.ucop.edu>



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