

# Defined Contribution Plan After-Tax Account

## 2004 IRC §415(c) Limit on Contributions Information and Worksheet

As a defined contribution plan under Internal Revenue Code (IRC) §401(a), the University of California Defined Contribution Plan (DC Plan) has an annual contribution limit. A participant's maximum annual after-tax voluntary contributions, together with any annual additions as defined in IRC §415(c), may not exceed the §415 limit, which is the **lesser of \$41,000 or 100 percent of the participant's compensation** (see line 3 of the worksheet). Annual additions include:

- pretax and after-tax contributions to the DC Plan; and
- after-tax contributions to the University of California Retirement Plan (UCRP)
  - to establish service credit,
  - to eliminate the Plan 02 offset, and
  - to return to the original membership classification from Tier Two membership.

You should complete a current year worksheet when you initially enroll in the DC Plan After-Tax Account, each year you contribute to the After-Tax Account, and any time there is a change in any of the estimated figures you use in your calculation.

**Use this worksheet to estimate the maximum amount you can contribute to the DC Plan After-Tax Account in 2004.**

The example on the worksheet shows a participant who:

- expects to make \$50,000 in annual gross University compensation;
- is coordinated with Social Security;
- expects to make required contributions of \$772 to the DC Plan Pretax Account;
- will have no pretax contributions to another retirement system to which the University contributes—namely, the California Public Employees' Retirement System (CalPERS), the Sacramento County Employees Retirement System (SCERS), or the Orange County Employees' Retirement System (OCERS);
- will have no contributions to the DC Plan Pretax Account based on summer session salary;
- will have no pretax deductions for UCRP to establish or reestablish service credit, to eliminate the Plan 02 offset or to return to original membership classification from Tier Two membership;
- will have \$2,400 in after-tax contributions to establish UCRP service credit;
- will have no after-tax contributions to UCRP to eliminate the Plan 02 offset or to return to original membership classification from Tier Two membership; and
- has not made any contributions to the DC Plan After-Tax Account in the current year.

The Internal Revenue Service requires the University to test annually for compliance with the §415(c) limit and to refund excess contributions, including gains/losses on those amounts. The test for any given year will be performed at the beginning of the following year once the necessary information is available from local payroll offices. UC HR/Benefits will calculate your maximum contribution for the preceding year. If you have overcontributed, you will receive a refund of your excess contributions, including allocable gains/losses. For example, UC HR/Benefits will calculate your maximum annual contribution for 2003 in 2004. If you overcontributed in 2003, you will receive a check in 2004 for your excess contributions and a separate check for your earnings, if any. The earnings are taxable income in the year they are distributed and are not eligible for rollover.

# Defined Contribution Plan After-Tax Account Estimate of 2004 §415(c) Limit Worksheet

Name \_\_\_\_\_ Social Security Number \_\_\_\_\_

	Your Estimate	Example
1. Expected 2004 annual gross University compensation (Enter the gross University compensation you expect to receive in 2004. You may include overtime, shift differential, summer or equivalent term salary, health sciences faculty income over the base professorial salary, and stipends that will be paid in 2004.)	\$ _____	\$ 50,000.00
2. Expected 2004 pretax adjustments to annual gross University compensation		
a. Expected total 2004 required pretax contributions to the DC Plan or to CalPERS, SCERS, or OCERS	_____	772.00

Calculate your DC Plan pretax contributions as follows:

- **UCRP Members with Social Security:** 2 percent of your annual covered compensation\* up to the Social Security wage base (\$87,900 for 2004), plus 4 percent of your annual covered compensation over the wage base (if any), less \$19 per month
- **UCRP Members without Social Security:** 3 percent of your annual covered compensation\*, less \$19 per month
- **UCRP Safety Members:** 3 percent of your annual covered compensation\*, less \$19 per month
- **UCRP Tier Two Members:** enter zero
- **DC Plan Safe Harbor participants:** 7.5 percent of your gross University compensation up to the Social Security wage base (\$87,900 for 2004)
- **Academic appointees:** Include 3½ percent pretax employee contributions on estimated summer or equivalent term salary, if any.

To obtain rates for **CalPERS**, **SCERS**, and **OCERS**, contact those agencies directly.

**Members of other retirement systems:** contact those agencies directly.

\* Your annual covered compensation for UCRP is the base annual pay rate for your regular University appointment. Do not include overtime pay, summer or equivalent term salary, or other pay in excess of 100 percent of the salary for your position.

Also, for calculation purposes, your annual covered compensation may not exceed your covered compensation limit under IRC §401(a)(17). For 2004, use the following maximum limits:

- \$300,000, if you became a UCRP member before July 1, 1994; or
- \$200,000, if you became a UCRP member on or after July 1, 1994.

DC Plan pretax contributions are discontinued when you reach your covered compensation limit.

	Your Estimate	Example
b. Expected 2004 pretax deductions for UCRP, if any, to establish or reestablish service credit, to eliminate the Plan 02 offset or to return to original membership classification from Tier Two membership	\$ _____	\$ 0.00
c. Total 2004 annual pretax adjustments (Add lines 2a and 2b)	_____	772.00
3. Total 2004 adjusted University compensation (line 1 minus line 2c)	_____	49,228.00
4. 2004 §415(c) dollar limit	41,000.00	41,000.00
5. Your §415(c) limit for 2004 (Enter the lesser of line 3 or 4)	_____	41,000.00
6. Expected 2004 annual additions		
a. 2004 contributions to the DC Plan After-Tax Account to date, if any	_____	0.00
b. Expected 2004 after-tax contributions to UCRP, if any, to establish service credit, to eliminate the Plan 02 offset, or to return to original membership classification from Tier Two membership	_____	2,400.00
c. Expected total 2004 required pretax contributions to the DC Plan (from line 2a)	_____	772.00
d. Academic appointees: In addition to the amount from line 2a, include 3½ percent pretax <b>employer</b> contributions on estimated summer or equivalent term salary, if any.	_____	0.00
e. Total 2004 annual additions (Add lines 6a through 6d)	_____	3,172.00
7. Net amount available for contributions to the DC Plan After-Tax Account for the rest of 2004 (line 5 minus line 6e)	\$ _____	\$ 37,828.00

**This worksheet is intended for your information only. It is your responsibility to contribute to the DC Plan After-Tax Account within the limit prescribed in IRC §415(c). However, UC HR/Benefits will test for compliance with §415(c) in the following tax year and distribute any excess contributions and earnings.**

## To Start, Stop, or Change Contributions

**For online transactions**, select “Your Benefits Online” on the right side of the UC HR/Benefits home page (<http://atyourservice.ucop.edu>). Then select “Begin/Change Plan Contributions” under “Quick Links.”

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 PIN/Change PIN” on the right side of the home page).

If you can’t use the online applications, please ask the person in your department who handles benefits or your Benefits Office for help.

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, annuitants, 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.

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Website address: <http://atyourservice.ucop.edu>



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