A. Description of Benefit Reserve Fund

The Benefit Reserve Fund captures contributions to partially offset the increased liabilities of the UCRP due to the increase of covered compensation under the Health Sciences Compensation Plan. The Reserve Fund will be in place until employer contributions to the University of California Retirement Plan (UCRP) resume. At that time it is expected that the Reserve Fund will be merged with the UCRP.

B. Allocation Factor

There is no additional cost for retirement through Salary Scale 3. However, an allocation factor equal to UCRP's normal cost will be multiplied against all covered compensation above Salary Scale 3 (i.e. HS4-HS9). The factor is set by The Regents on an annual basis.

Limits

Federal rules restrict the amount of covered compensation taken into account for determining retirement benefits and contributions to:

- $170,000 for those employees who became UCRP members after 6/30/94.
- $275,000 for those employees who became UCRP members prior to July 1, 1994.

If a member believes his/her retirement benefits may be affected by the IRC 401(a)(17) limits, he/she may contact a local Benefits Representative (949-824-6986) for preliminary testing and counseling.

The University of California 415(m) Restoration Plan (a nonqualified pension plan) was established effective January 1, 2000, to pay earned UCRP benefits that would not otherwise be payable because of the 415(b) limit. If UCRP benefits are affected by the 415(b) limit when a member elects retirement income or a lump sum cashout, he/she will receive additional information about the 415(m) Restoration Plan from the UC HR/Benefits Customer Service Center (800-888-8267).\(^1\)

C. Reserve Fund Provisions

1. The accumulations into the reserve account (held by the Office of the President) will not be kept on an individual basis and will not be available to the individual or to the campus in the event of a non-retirement separation.

2. No refunds for any reason will be made from the reserve account.

3. Retroactive pay adjustments such as for late pay or overpayments will be included in the calculation of reserve fund allocations.

\(^1\)University of California, Summary Plan Descriptions, Retirement Plan (FOR MEMBERS WITH SOCIAL SECURITY), July 2000, pp 20-21.
D. Billing Procedures

1. The required monthly allocation will be calculated by Office of the President Benefits and routed to Corporate Accounting for campus billing approximately the second week of every month.

2. The charges are assessed by Corporate Accounting and sent to the Campus Accounting Office.

3. Campus Accounting transfers the charges monthly to the Dean’s Office default fees account. The charges are then distributed to the departments by APU as a sub 6 expense. The Department is responsible for reallocating charges as appropriate.

4. The Dean’s Office will monitor the Reserve Fund balances and the calculations of charges.

E. Fund Restrictions

No benefit reserve fund charges may be assessed to General/State (19900) funds or contracts and grants funds. When all components of covered compensation (including scales 0-3) are charged for this benefit, contracts and grants could be charged.