



# University of California 415(m) Restoration Plan

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## Condensed Information

Fiscal Year 2015-16

- The University of California 415(m) Restoration Plan is a non-qualified governmental retirement plan established by the Regents, effective January 1, 2000, to restore to University of California faculty and staff, University of California Retirement Plan (UCRP) benefits earned but denied due to Internal Revenue Code (IRC) §415(b).
- The Regents approved the 415(m) Restoration Plan after concluding that this IRC limitation is a significant barrier to the recruitment and retention of faculty, staff, administrators, scientists, and engineers and that the situation could worsen as the number of limited employees grows in the years ahead. Various UC locations have reported increasing employee awareness of both the personal impact of the IRC limitations and the actions other institutions have taken to mitigate the impact. To remain competitive in the recruitment and retention of employees, many of whom are highly specialized in their respective fields, it is essential that UC offer similar solutions.
- IRC §415(b) limits the dollar amount of the benefit that can be paid annually from a qualified retirement plan. The IRC §415(b) Dollar Limit varies depending on the UCRP Member's retirement age, Safety or non-Safety membership classification and the form of UCRP payment elected. The maximum amount for calendar year 2015 is \$210,000 for those UCRP Members who retire at age 62 or older and the limit is actuarially reduced for younger ages.
- Upon retirement, the Member's earned benefit, calculated according to the UCRP formula, is compared to the applicable IRC §415(b) Dollar Limit to determine how much can be paid from UCRP. The difference between the Member's earned benefit and the amount that can be paid from UCRP will be paid from the 415(m) Restoration Plan.
- Because of the uncertainty in the use of projections including member's actual date of retirement and form of payment, assessment amounts contributed in prior years for former Potential Participants who do not become Actual Participants at that location or who transfer to another UC location are not refundable or transferable. The assets from the prior year's assessments for these former Potential Participants are reallocated to the locations' current Potential and Actual Participants in order to determine the current year's assessments.
- Generally, to be affected by IRC §415(b) (within the 10-year projection period), a Member must have a significant amount of Service Credit (in excess of 30 years) and a high level of Highest Average Plan Compensation (HAPC) (greater than \$17,500 monthly, \$210,000 annually) at the time of retirement. These amounts of Service Credit and HAPC vary by age at retirement, as the IRC §415(b) Dollar Limit is lower for younger ages.