



OFFICE OF THE VICE PROVOST --
ACADEMIC PERSONNEL AND PROGRAMS

OFFICE OF THE PRESIDENT
1111 Franklin Street, 11th Floor
Oakland, California 94607-5200

September 13, 2016

CHANCELLORS
LABORATORY DIRECTOR WITHERELL
ACADEMIC COUNCIL CHAIR CHALFANT
ANR VICE PRESIDENT HUMISTON

**Re: Systemwide Review of Proposed Revised Academic Personnel Manual (APM)
Section 190, Appendix G, Program Description: Retirement Contributions on Academic
Appointee Summer Salary**

Colleagues:

Enclosed for Systemwide Review are proposed technical revisions to Academic Personnel Manual (APM) Section 190, Appendix G, Program Description: Retirement Contributions on Academic Appointee Summer Salary. The technical revisions are required to align policy for administering summer salary benefits with the new 2016 Retirement Choice Program provisions. The APM technical revisions explicitly name the new retirement plan options that became available to those employed on July 1, 2016 or later. In addition, language is modified to reflect that the summer salary retirement benefit for all faculty will be transferred, prospectively, from UC's Defined Contribution Plan ("DC Plan"), where summer session retirement contributions currently go, to UC's Tax Deferred 403(b) Plan. The changes are applicable to future contributions only, effective November 1, 2016. Prior summer salary benefit contributions and investment earnings will remain in the DC Plan. The existing definition of summer salary and the summer salary retirement contribution amounts are unchanged.

Background on summer salary contributions to retirement plans

Since summer salary for teaching, research, or administrative service is not covered compensation to determine University of California Retirement Plan (UCRP) benefits, The Regents approved in November 2000 and implemented in July 2001 the summer salary benefit for eligible faculty on academic-year (nine-month) appointments. The summer salary benefit requires a contribution of 7% of eligible summer salary, on a pre-tax basis, composed of 3.5% each from UC and from the faculty member. This benefit was instituted when UCRP was the sole primary career retirement plan, remaining so until this year when the 2016 Retirement Choice Program was established with a choice between two options: Pension Choice or Savings Choice. Under both new options, more substantial retirement contributions than before go into the DC Plan. To preserve the largest possible set of retirement planning options in the two new options (including use of the DC Plan), as well as for the prior UCRP pension tiers, the summer salary retirement contributions, as of November 1, 2016, will go into the 403(b) plan and no longer into the DC Plan.

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IRS regulations on retirement plan limits play a large role in these changes to administration of the summer salary contributions. The main reason for the change is to ensure that faculty who are eligible for the new retirement plan options, Pension Choice and Savings Choice maintain full access to retirement contribution options within IRC limits. Transfer of the summer salary benefit to the 403(b) Plan gives maximum room in the DC Plan for contributions based on the academic-year salary for faculty electing either Pension Choice or Savings Choice. The change will have no negative effect on faculty members in the earlier UCRP pension tiers (the 1976 Tier or the 2013 Tier).

A more technical description of the reason for the changes, provided by Human Resources, is attached.

Systemwide Review

Systemwide Review is a public review distributed to the Chancellors, the Director, Lawrence Berkeley National Laboratory, the Chair of the Academic Council, and the Vice President of Agriculture and Natural Resources requesting that they inform the general University community, affected employees, and union membership about policy proposals. Systemwide Review of the proposed technical revisions includes 45 days for a full Senate review, agreed to by Academic Council Chair Chalfant. Employees should be afforded the opportunity to review and comment on the draft policy, available online at <http://www.ucop.edu/academic-personnel-programs/academic-personnel-policy/policies-under-review/index.html>. Attached is a Model Communication which may be used to inform non-exclusively represented employees about these proposals. The Labor Relations Office at the Office of the President is responsible for informing the bargaining units representing union membership about policy proposals.

We would appreciate receiving your comments no later than **October 28, 2016**. Please submit your comments to ADV-VPCARLSON-SA@ucop.edu. Please contact Janet Lockwood with any questions at Janet.Lockwood@ucop.edu or (510) 987-9499.

Sincerely,



Susan Carlson
Vice Provost
Academic Personnel and Programs

Enclosures: Proposed revised APM - 190, Appendix G (redline and clean copy)
Model Communication
Human Resources Summary

cc: President Napolitano
Provost and Executive Vice President for Academic Affairs Dorr
Executive Vice Chancellors and Provosts
Executive Vice President Brostrom
Executive Vice President Nava
Senior Vice President Vacca
Vice President Duckett
Vice President Ellis
Vice Provost Gullatt
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