

Residents/Fellows Retirement Program

Frequently Asked Questions (FAQs)

1) Is money automatically being placed into my UC retirement account each month?

Yes, you are automatically enrolled in Safe Harbor, UC's Defined Contribution Plan (the "DC Plan"). In lieu of contributions to Social Security, Residents and Fellows contribute 7.5% of each paycheck into the DC Plan, on a pretax basis.

2) What is a safe harbor and why is it important?

The safe harbor provision is necessary to satisfy state and federal requirements. With safe harbor, certain University of California employees who are not otherwise covered by a retirement system contribute to the University of California Defined Contribution Plan (the DC Plan or the Plan) in lieu of paying Social Security taxes. The DC Plan is qualified under section 401(a) of the Internal Revenue Code (IRC) and is part of the UC Retirement Savings Program, record kept by Fidelity Retirement Services. Additional information on the plan is available online www.ucfocusonyourfuture.com. Select the 'UC Retirement System' tab and open the UC Retirement Savings Plan Program (UCRSP) link.

3) What happens to the money in my retirement account? Is it automatically invested, and if so, how is the investment chosen?

You direct how your contributions are invested by setting an investment election for your contributions. If you don't select investments, your contributions to your DC Plan account are automatically invested in the UC Pathway Fund closest to the year you turn age 65.

4) What are my investment options within the UC Retirement Savings Program?

Beginning July 2, 2015, the updated fund menu will consist of professionally managed funds that are monitored by the Office of the Chief Investment Officer of the Regents (CIO), including:

- UC Pathway Funds—each fund has a diversified mix of assets with a target allocation that adjusts over time as each fund approaches its target date; and
- An updated menu of 15 additional investment funds representing a comprehensive range of asset classes.

If you are comfortable researching and choosing investments and want the widest range of choices, then Fidelity BrokerageLink®, combined with other funds on the fund menu, may be appropriate for you.

How does BrokerageLink work?

Put simply, BrokerageLink is an account within your UC 403(b), 457(b), or DC Plan that gives you access to thousands of mutual funds available through Fidelity FundsNetwork®.

A BrokerageLink account is not for everyone.

- If you are a sophisticated investor who is willing to take on additional risk, and you are prepared to assume the responsibility of more closely monitoring this portion of your portfolio, then Brokerage Link may be appropriate for you.
- However, if you do not feel comfortable actively managing a portfolio of options beyond those available through the Retirement Savings Program fund menu, BrokerageLink may not be a good choice.

Remember that it is always your responsibility to ensure that the options you select are consistent with your particular situation, including your goals, time horizon, and risk tolerance.

To learn more about asset allocation and diversification, attend the “Building a Portfolio for any Weather” class, www.ucfocusonyourfuture.com.

5) What if I’m not sure where to invest?

The UC Pathway Funds, part of the UC Core Funds, let you make a single fund choice based on the year you expect to begin withdrawing money from the plan. The fund provides automatic reallocation based on the fund’s target date, growing more conservative as they near that retirement target date.

Note: The investment risks of each target date Pathway Fund change over time as the Fund’s asset allocation changes. Assets held in the Pathway Funds are subject to the volatility of the financial markets, including equity and fixed income investments in the U.S. and abroad and may be subject to risks associated with investing in high yield, small cap and foreign securities. Principal invested is not guaranteed at any time, including at or after their target dates.

6) What other opportunities do I have to save for retirement?

As an employee of the University of California, you can also participate in the other plans in the UC Retirement Savings Program: the Tax-Deferred 403(b) Plan and the 457(b) Deferred Compensation Plan. These plans are not available to students who normally work fewer than 20 hours per week. Additional information is available online www.ucfocusonyourfuture.com.

7) What is the difference between the 403(b) and 457(b) plans?

The key difference between the 2 plans is how you can access your money. It may boil down to when you expect to leave UC and the flexibility you need in access your money.

With the 403(b) Plan, you have access to the funds in your account while you are still employed via a loan or a “hardship” withdrawal (if you meet the plan requirements). Also, you can take an “in-service” distribution at or after age 59-1/2.

If you separate from employment and take a withdrawal from the 403(b) Plan prior to age 59-1/2, you will generally incur a 10% early withdrawal penalty in addition to being taxed (since this

money is pre-tax money), unless you terminate during or after the year in which you reach age 55, or another exception applies.

With the 457(b) Plan, once you separate from the University you can access your funds without tax penalties. In-service withdrawals for “unforeseeable emergencies” are available (if you meet the plan requirements), but loans are not. In-service distributions are available in and after the calendar year you reach age 70-1/2. A small (\$5,000 or less), one-time, in-service withdrawal is available under certain circumstances.

See the 403(b) Plan and 457(b) Plan Summary Plan Descriptions (SPDs) for more information about these plans. The SPDs can be found online under the Getting Started? tab on www.ucfocusonyourfuture.com

To learn more about plan features, attend the “Getting Started with your UC Plan” class.

8) Can I enroll anytime in the retirement plan? Can I make changes anytime in my retirement plan?

Eligible participants may enroll in the UC Retirement Savings Plan at any time by calling 1-866-682-7787 or online at www.ucfocusonyourfuture.com

Changes to investments can also be done over the phone or online. Participants should consider any potential short term trading policy their investment options may have prior to changing investments.

9) What happens to the money in my retirement fund when I leave UCSF?

If you leave UC employment, you may:

- Keep your money in the Plan if your balance is at least \$2,000;
- Arrange for a direct rollover of your money to a traditional or Roth IRA or another employer plan that accepts rollovers;
- Request a distribution to be paid directly to you;
- Receive periodic payments from the Plan; or
- Arrange to purchase an annuity through UC’s group insurance contract.

Participants who leave UC employment and have a balance of less than \$2,000 in the Plan cannot leave their money in the Plan. Account balances of \$1,000 or less will automatically be distributed at the end of the quarter to participants who have not provided distribution directions. Balances greater than \$1,000 but less than \$2,000 will be rolled over into an IRA in the participant’s name unless the participant provides distribution directions. A participant whose balance is defaulted to an IRA will be notified of the default and the name of the IRA custodian. It is important that you maintain your address records to assure delivery of your distribution.

10) Can I roll over retirement savings from a previous plan?

Yes, rollovers of eligible assets from tax-deferred retirement plans are allowed into the UC Retirement Savings Program. Reasons to consider rolling over include cost, investment choice and convenience. For assistance with potential rollovers, call 866-682-7787.

11) Is it appropriate to be contributing to retirement while I'm still paying off student loans and other debt? How should I balance these obligations?

Prioritization of debt versus savings is case specific to the individual. Factors to consider include interest rates, deductibility of interest, tax status and future financial goals.

To learn more about prioritizing your debt, attend the "Understanding the Power of Debt" class.

12) What resources are available to learn more about the UC Retirement Savings Program and financial education in general?

UC offers a variety of Financial Education Classes at various UCSF campus locations as well as webinars. You may attend any of the Financial Education Classes offered at UCSF, at no cost to you. To view the class reschedule and register:

- ✚ Online: Go to www.ucfocusonyourfuture.com, select "take a class"
- ✚ Over the Phone: Employees can call 800-642-7131 between 5am PST and 9pm PST

Resources:

- ✚ **Fidelity:** 866-682-7787, www.ucfocusonyourfuture.com
- ✚ **UC Retirement Savings Program:** <http://ucnet.universityofcalifornia.edu/compensation-and-benefits/retirement-benefits/ucrs/index.html>
- ✚ **Residents/Fellows Insurance Desk:** 415-476-6529