

HR/Benefits Review

News for University of California Faculty and Staff

June 2004

UC and the state budget

Increased funding in future years following reduced funding for 2004-05

www.universityofcalifornia.edu/news/compact/welcome.html

Visit this website for a detailed version of this update.

www.universityofcalifornia.edu/news/budget

Visit this website for late-breaking budget news and detailed background information.

An important agreement between the University and the governor that was announced on May 11 calls for increased state funding for UC beginning in fiscal year 2005-06, following budget cuts in the coming 2004-05 fiscal year.

The 2004-05 state budget is still being negotiated between the Legislature and the governor. The governor's January state budget proposal contained significant cuts for UC to help the state close a major budget gap; his May Revision budget did not add any cuts and actually restored \$20 million to UC.

At press time, the Legislature was considering restoring additional funding to UC, but no final decisions had been made.

To stabilize the University's funding over the longer term, the compact with the governor provides annual funding growth of 3% for UC salary and other cost increases beginning in 2005-06, growing to 4% annual growth in 2007-08, and continuing through 2010-11.

The agreement further provides funding for an additional 5,000 students each year starting in 2005-06, a 1% annual augmentation

for core needs beginning in 2008-09, predictability in undergraduate and graduate fee increases, and continued state support for the development of UC Merced.

Annual budgets will still be negotiated between the governor and Legislature, but the compact provides a baseline to help the University recover from years of cuts.

Details on the governor's May revised budget proposal are available online (www.ucop.edu/news/archives/2004/may13.htm.) ▲

UC Regents approve new tax-advantaged retirement savings plan for faculty and staff

At their May 19-20 meeting, UC Regents approved a new voluntary savings plan that effectively doubles the amount of money UC faculty and staff may put into tax-advantaged retirement savings. In addition to the Tax-Deferred 403(b) Plan UC currently offers, this new plan will give employees even greater opportunities to save for retirement

and enjoy the valuable benefits of tax-deferred savings. Plan implementation will occur as soon as is administratively feasible, and is contingent upon the successful search for an external firm that can provide the required record-keeping and investment education services.

The new plan, defined as a 457(b) plan by the Internal Revenue Code

continued on page 2

Articles

UCRP factors to change	2
New beneficiary designation process	4
Security for online services	5
Safeguarding records after a disaster	5
Reminders	6

UCRP calculation factors changing

The Regents recently approved changes (effective with retirements July 1, 2004) in the factors used to calculate UCRP benefits that are based on life expectancy. These benefits include alternate monthly payment options for contingent annuitants and the lump sum cashout. In many cases, the changes will increase those benefits slightly.

The change in calculation factors is based on recent studies of long-term UCRP actuarial assumptions and reflects improved life expectancies.

These changes will not impact the basic retirement income (BRI) payment option (the normal monthly lifetime benefit). The age factors for the BRI option are not changing.

UCRP monthly benefit payment options allow you to provide benefits to another person (contingent annuitant) after your death with a reduction in the amount of your basic retirement income. The lump sum cashout is a one-time payment upon retirement of the present value of your expected total monthly BRI payments. ▲

Funding for retiree health coverage

Were you aware that UC-sponsored health and welfare coverage for retirees (medical and dental coverage) is not funded from the University of California Retirement Plan (UCRP) and is not tied to monthly retirement income payments?

UC premium contributions for these plans come from each UC location, whose annual operating budgets are assessed on a monthly “pay as you go” basis to cover the University’s cost of retiree insurance premiums.

Unlike monthly retirement income, the UC contribution for insurance coverage is affected by the state budget, and the University’s objective is to sustain these retiree plans over the long term. ▲

UC Regents approve *continued from page 1*

(IRC), currently has the same contribution limits as the 403(b) Plan; however, the contribution limits set by the IRC for each plan do not offset one another. For example, an employee who already contributes the maximum amount permitted to UC’s 403(b) Plan (\$13,000 in 2004) could also put up to \$13,000 annually in tax-deferred savings in the new 457(b) plan. Employees will have the choice to enroll in either or both plans.

Last year, more than 50,000 employees voluntarily contributed to the 403(b) Plan, with 12,000 employees at all compensation levels contributing the maximum amount permitted by law. The State of California, the California State University, and many local cities and counties also offer employees a 457(b) plan as one of their retirement savings options.

Like the existing 403(b) Plan, the new 457(b) plan is designed to be self funded at no cost to the University or the retirement system. Ongoing administrative or record-keeping expenses incurred will be borne by the 457(b) plan’s participants only.

The University is currently reviewing bids from several firms to implement and administer the new plan, and to provide record-keeping and investment education services. Selection criteria include a demonstrated ability to deliver premier financial services and state of the art technology in a cost-effective manner. When the bid has been awarded, the University will announce the results and the effective date of the new 457(b) plan. ▲

Voluntary UC employee-paid plans available from outside companies

The University has official contractual or vendor agreement arrangements with a number of companies to provide insurance, loan, and savings opportunities to UC faculty and staff. Plans are offered to UC at special group rates or provide other special features for UC participants. These plans are available for enrollment and participation year-round.

Auto, home, and renter insurance

- **A+ Auto & Home Insurance Plus (California Casualty)**

www.calcas.com/uc/ • 1-800-800-9410

Part of the California Casualty family of companies, which has been associated with UC for many years, A+ provides auto and home insurance protection for UC employees at group rates.

Home mortgage loans

- **World Savings**

www.worldsavings.com/ucloans • 1-866-825-6268

World savings offers special discounts on first mortgage loan fees and set-up fee waivers on equity credit lines for UC employees.

College savings

- **Golden State ScholarShare (TIAA-CREF Tuition Financing, Inc.)**

www.ca529foruc.com/flash.html • 1-877-728-4338

ScholarShare is California's income-tax free 529 college savings program, offering a number of investment options for saving.

Retirement savings

Tax-Deferred 403(b) Plan

- **Calvert Group Socially Responsible Investment Funds**

www.calvert.com/plan_ucal.html • 1-800-368-2745

Calvert offers a broad range of mutual funds, invested in companies that demonstrate social and environmental responsibility in areas such as governance, executive compensation, recycling practices, and workplace diversity.

- **Fidelity Investments**

www.mysavingsatwork.com • 1-800-343-0860

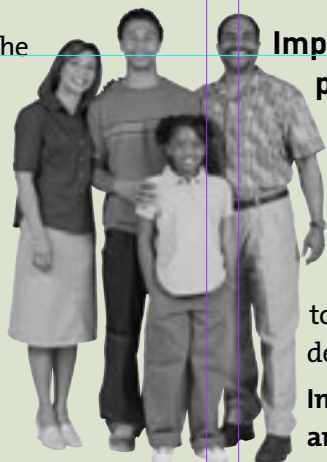
Fidelity offers UC 403(b) Plan participants a choice of more than 140 mutual funds with varying investment objectives and levels of risk and return. ▲



You can go online or use a paper form

New beneficiary designation process

As we reported in the March 2004 issue of this newsletter, the University has implemented a new process for reviewing, naming, and changing the beneficiary designations for your UCRS retirement and savings plans and your group insurance plans. You have the option of going online (<http://atyourservice.ucop.edu>) to view and manage your beneficiary designations, or you can use a new paper form for beneficiary designations and changes.



The new process will allow UC to maintain all UCRS and group insurance beneficiary information centrally so that beneficiary payment processing and services will be faster and more efficient.

Clarifying: online and paper form options

For those who may not have Internet access or have other reasons for not going online, you are not required to use the new online process for naming and changing beneficiaries. You can use a new paper form instead. The form (UBEN 116) is available on At Your Service or from your local Benefits office. However, we encourage you to use the online process, which allows you to name and change your beneficiaries instantaneously. Records of most of your designations will eventually be maintained online and available for your review at any time.

Importance of using the new process

It is important for you to use either the new online or paper form process to (1) confirm that your UCRS designations are up to date, and to (2) enter your insurance plan designations.

Insurance plan designations are particularly important.

The old insurance beneficiary forms are housed at the UC locations. UC will be using the new process to create a new centralized online database for insurance beneficiary designations.

Insurance designations

Until 2006, insurance designation forms on file at the locations will be used to pay benefits if beneficiaries have not been named using the new process. In early 2006, use of those old forms will be discontinued. The new UBEN 116 forms will continue to be used, however.

After 2006, for employees who have never used the new online or form process for naming beneficiaries, insurance benefits will be paid according to the order of succession (spouse or domestic partner, child or children, parents, siblings, estate). In late 2005, we will mail a reminder to employees who have not used the new process for insurance beneficiaries.

UCRS designations

If you never completed an old UCRS designation form or do not use the new designation process, the order of succession (see paragraph above) will also be used for UCRS beneficiary payments.

The online process

To use the online process, go to the At Your Service website and select "Your Benefits Online" on the home page. Sign in with your UC PIN and select the link "View Your Beneficiaries" under either "Your Money" or "Your Health and Welfare."

Please remember to update your records whenever necessary, such as when a beneficiary has moved. Note: Your insurance beneficiary information is not currently displayed online, but it will be once you've made an entry online or submitted a new form.

Confirming your information

You will receive confirmation of any beneficiary changes you make online or by paper form. If we have a UC e-mail address for you, we will send you an e-mail confirmation. Otherwise, we will send a written statement to your home address. ▲



Security for your personal information online

Your Benefits Online
(<http://atyourservice.ucop.edu>)

UC For Yourself
(<https://ucfy.ucop.edu>)

As the online options available to you through “Your Benefits Online” and “UC for Yourself” continue to expand, ensuring the security of your online personal information and benefits and employment records remains among our highest priorities.

The measures we use to protect your personal information meet industry standards and practices. They include fire wall barriers and encryption and authentication procedures. We also adopt electronic and procedural changes in response to new requirements and advances in technology.

Personalized security

We also provide you the opportunity to personalize your security preferences (see “Your online security options” boxed item below). You can create a personal login user name and change your UC Personal Identification Number (UC PIN). Additionally, you can create a personalized question and answer that will enable you to access your account if you forget your UC PIN. ▲

SAFEGUARD YOUR UC PIN

Guard your UC PIN. Do not give it to anyone else. No one at UC, including UC Customer Service Representatives and Benefits Representatives, will ask you for your UC PIN, and you should not give it to them.



Features of *Your Benefits Online*

Use this site to:

- View your UCRS account balances,
- View your estimated income tax saving through Tax-Deferred 403(b) Plan (403(b) Plan) contributions,
- See your estimated monthly retirement benefits and the future value of your plan accounts,
- Use the 403(b) Plan loan application,
- View your current health & welfare enrollments,
- Review, name and change your beneficiaries (see article on page 4).

Features of *UC For Yourself*

Use this site to:

- Update your personal information (name, address, home telephone number),
- Calculate and update your tax withholding information,
- See a record of your UC earnings,
- Verify your UC employment (useful when applying for a loan).

Your online security options

For *UC for Yourself*, when you login, choose “Update Your Security Preferences”. From *At Your Service*, choose “Your Benefits Online” (right) and after logging in, choose the “Security Preferences” icon.

Your HR/Benefits records will be safe after a disaster

The HR/Benefits Business Continuity Plan is designed to continue critical business functions in the event of a major disaster, such as an earthquake or fire. We have identified the functions and the resources required to restore business functions for each area of responsibility in this office, and the Office of the President periodically tests our emergency backup systems for thoroughness, readiness, and coordination.

Recovery plans

In the event of a major disaster, our Information Systems Support unit will activate its recovery plans to reestablish web services, access to mainframe applications and the local area network (LAN).

Backups of UC HR/Benefits data are performed every night, and weekly backups are sent to a storage vendor. In the event that our local systems are inoperable, our data files will be sent to our contracted disaster recovery service providers to begin immediate recovery efforts. On a scheduled basis, we test our mainframe services and other key systems. ▲

Reminders

Retirement plan accounts online

As previously announced in this newsletter, the University discontinued sending semi-annual retirement account statements to employees, retirees and former employees in December 2003. You can obtain account information online or through the automated telephone service, bencom.fone.

Secure access to your account online

Go to the At Your Service website, select "Your Benefits Online" (right of the screen), and sign in for self-service applications and information specific to your UC retirement accounts, including "View UCRS Account Balances," "Transfer UC Fund Balances," and "Performance for UC-managed Funds." At Your Service contains online links for Fidelity Investments and the Calvert Group Mutual Funds, so you may check on your UCRS account balances invested with them, if applicable.

Requesting a statement by phone

To request a personalized account statement from bencom.fone, call 1-800-888-8267 and follow the prompts for the automated system. Then select the "Personalized Accounts and Transactions" option and follow the prompts for Statement on Demand. You can have a statement mailed to your address of record or faxed to you. [Bencom.fone](http://bencom.fone) is available 24 hours a day, seven days a week. ▲

Traveling this Summer?

Be Prepared

If you will be traveling this summer, be sure to take with you any telephone numbers that you might need in an emergency. For your convenience, a list of UC-affiliated plans and companies is available on the At Your Service website (<http://atyourservice.ucop.edu>) under "Contact List." ▲

LANL Employees

2003 Blue Cross/Blue Shield claims due

Claims from last year (2003) under Blue Cross/Blue Shield of New Mexico must be received no later than December 31, 2004 in order to be paid. ▲

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The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) provides for continued coverage for a certain period of time at applicable monthly COBRA rates if you, your spouse, or your dependents lose group medical, dental, or vision coverage because you terminate employment (for reasons other than gross misconduct); your work hours are reduced below the eligible status for these benefits; you die, divorce, or are legally separated; or a child ceases to be an eligible dependent. Note: The continuation period is calculated from the earliest of these qualifying events and runs concurrently with any other UC options for continued coverage. See your Benefits Representative for more information.

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Director of Diversity and Employee Programs, University of California Office of the President, 300 Lakeside Drive, Oakland, CA 94612 and for faculty to Director of Academic Affirmative Action, University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.

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



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Disability Plan Changes

For Short-Term and Supplemental plans

Effective January 1, 2004, the definition of active employment was modified under the Short-Term and Supplemental Disability plans. Employees must be in "active employment" in order to be covered by the plans.

The new definition will allow employees to be considered in active employment as long as they are on pay status and premiums have been paid (including periods on approved paid leaves of any kind). In addition, the eligible earnings used for calculating long-term Supplemental benefits will be the same as those used for calculating short-term Supplemental benefits.

To see the Short-Term Disability Plan or the Supplemental Disability Plan booklet (effective 1/1/2004), please go to <http://atyourservice.ucop.edu>, select "Forms and Publications", and then select "Disability/Pregnancy Disability" from the "By Subject" listing. You can also contact your local Benefits Office. ▲

No early retirement programs planned

(www.universityofcalifornia.edu/news/newsletter/issue12.html)

President Dynes recently addressed the topic of voluntary early retirement incentive programs under UCRP in the March 2004 issue of *Our University*, a newsletter from the University of California President for Faculty and Staff.

The newsletter explained that "the University will not offer a UCRP retirement incentive, like the former VERIP programs, for the next three years, and has no current plans to offer such a program after that time."

For a full explanation of the reasons for not offering such a program under UCRP at this time, including the associated costs and the potential impact on the retirement plan, please visit the website shown above. ▲

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