

Created on: June 10, 2004

Updated August 12, 2004

Updated August 17, 2004

Updated August 20, 2004

SR 80895 Requirements 457(b) Plan

Objective:

This service request addresses requirements to implement a new 457(b) tax-deferred contribution plan, modeled closely on the existing 403(b) implementation. These requirements include:

- establishment of two new data elements for a 457(b) MAC and MAC Change Date
- PPS screen modifications and maintenance changes
- a one-time process to set the initial MAC value

Project Type:

This is a new payroll program.

Requested by:

Human Resources & Benefits

Analysts:

Carrie Gatlin

Rowena Wong

Due Date(s):

It is requested that development be completed in time for the October 1, 2004 paycheck for September earnings.

Background:

In May of 2004, The Regents approved a new voluntary savings plan for UC faculty, staff, and national laboratory employees, defined as a 457(b) plan per Internal Revenue Code regulations. The 457(b) Plan is similar to the 403(b) Plan, and employees may choose to enroll in both plans concurrently.

At the time of this service request, the University is reviewing bids from several firms to administer the plan and act as the Master Recordkeeper (MRK).

Current Process:

There are no current processes in place. This is a new program.

Proposed Process:

In the proposed process, the employee will work directly with the MRK to establish an account, to choose specific investment funds, or to transfer between funds. The employee enrolls in the program by completing a 457(b) Salary Reduction Agreement form (similar to UPAY801 for 403(b) enrollment). In designing the enrollment form for the 457(b) Plan, it is possible that the current UPAY801 may be modified to include the new plan. Note that at this time, there is no web enrollment available, either via 'Your Benefits Online' or a third party application.

Upon receipt of the 457(b) Salary Reduction Agreement, the locally designed office enters the requested deduction amount using the appropriate 457(b) GTN for a flat or percentage deduction amount.

The monthly deduction amount is sent to the MRK.

Note that this proposed process is contingent upon the selection of the MRK and that the final process might be different than outlined here.

1.0	Control Table Updates	4
1.1	System Parameters Table	4
1.2	Gross to Net (GTN)	4
1.3	Code Translation (CTT)	4
2.0	Data Elements	4
3.0	Screen Modifications	4
3.1	CICS EDB	5
3.1.1	ECEN	5
3.1.2	ERET	5
3.1.3	IRET	5
3.1.4	IRTR	5
3.2	Web EDB Inquiry	5
3.2.1	Retirement Information Screen	5
3.3	History	5
4.0	One-time Processes	5
5.0	EDB Maintenance	6
5.1	Explicit Maintenance	6
5.1.1	Range and Value Edits	6
5.1.2	Derivations	6
5.2	Periodic Maintenance	6
5.2.1	Year End Maintenance	6
6.0	History Process	7
7.0	Interface Files	7
8.0	Forms	7
9.0	Other Processes	8
9.1	W-2 and Tax Reporting	8
10.0	Reporting and Notification	8
10.1	Stand-alone Reporting	8
10.2	IDOC	8
Appendix A		9
Appendix B		10
Appendix C		11
Appendix C		11
Appendix D		12
Appendix E		13
Appendix E		13
Appendix F		14
Appendix G		15

Requirements:

1.0 Control Table Updates

1.1 System Parameters Table

Two new parameters should be added to the System Parameters Table to store the default 457(b) MAC "under 50" value and the default 457(b) MAC "over 50" value for the current year. These parameters may be modeled on the current parameters used to store 403(b) MAC values (019, 020).

It is suggested that the description of the new parameters be:

Parameter	Description	
TBD	457 MAC UNDER50	13000.0000
TBD	457 MAC 50PLUS	16000.0000

1.2 Gross to Net (GTN)

Two Gross-to-Net (GTN) numbers must be established on the GTN table for the 457(b) funds to which future contributions can be directed. For both numbers listed below, an effective date should be required and a year-to-date balance should be collected.

GTN Number	Payroll GTN Description
396	TD-457
397	TD-457 %

1.3 Code Translation (CTT)

CTT values must be established on the CTT table for the 457(b) funds.

Database	Data Element	Code Value	Translation Length	Code Translation
CTL	GTNLBL	396	24	Tax Defer-457
CTL	GTNLBL	397	24	Tax Defer-457 %

2.0 Data Elements

The 457(b) requires the creation of two new data elements:

1. 457(b) MAC
This data element is established to record the 457(b) Maximum Annual Contribution limit that is computed each calendar year for eligible UC employees. The data element should be established in the 6000 series, similar to the 403(b) MAC (EDB6008U).
2. 457(b) MAC Change Date (Appendix A)
This data element indicates the most recent 457(b) MAC change date. The value for this field should be in standard date format.

3.0 Screen Modifications

3.1 CICS EDB

3.1.1 ECEN

The '457(b) MAC' data element should be added to the ECEN entry/update screen. Online help links should be provided for this data element. See Attachment B for suggested layout.

3.1.2 ERET

The two new data elements, '457(b) MAC' and '457(b) MAC Change Date', should be added to the ERET screen as read only data elements. Online help links should be provided for these data elements. See Attachment C for suggested layout.

3.1.3 IRET

The two new data elements, '457(b) MAC' and '457(b) MAC Change Date', should be added to the IRET inquiry screen. Online help links should be provided for these data elements. See Attachment D for suggested layout.

3.1.4 IRTR

The two new data elements, '457(b) MAC' and '457(b) MAC Change Date', should be added to the IRTR inquiry screen. Online help links should be provided for these data elements. See Attachment E for suggested layout.

3.2 Web EDB Inquiry

3.2.1 Retirement Information Screen

The two new data elements, '457(b) MAC' and '457(b) MAC Change Date', should be added to the Retirement Information Screen directly below the 'Last Change to MAC' row. In addition, deductions taken for the new 457(b) GTNs should be listed on this page.

3.3 History

The two new data elements do not need to be added to any History screens.

4.0 One-time Processes

A one-time program should be developed to establish the initial values for the 457(b) Maximum Annual Contribution limit for 2004.

One time Default Rules

IF

- Employment status (EDB0144 Employment Status Code) = "S" or blank

THEN

- Set (457(b) MAC) = 0 **AND**
- Set (457(b) MAC Change Date) = Current date

ELSE

IF

- Employment status (EDB0144 Employment Status Code) = "A" or "P" or "I" or "N" **AND**
- Student status (EDB0119 UC Student Status Code) = "3", "4", "6" or "7" **AND**
- Weekly Average Hour (EDB5132 Avg Hours Worked Per Week) < 20

THEN

- Set (457(b) MAC) = 0 **AND**
- Set (457(b) MAC Change Date) = Current date

ELSE

IF

- Employee's age as of December 31 < 50

THEN

- Set (457(b) MAC) = under age 50 limit for current year **AND**
- Set (457(b) MAC Change Date) = Current date
- Else
- Set (457(b) MAC) = age 50 or over limit for current year **AND**
- Set (457(b) MAC Change Date) = Current date

5.0 EDB Maintenance

5.1 Explicit Maintenance

5.1.1 Range and Value Edits

Valid values for the '457(b) MAC' data element are five digit numbers not larger than the "age 50 or over" limit for current year.

If an illegal value is entered on the ECEN Entry/Update screen, the transaction should be rejected and the following error message should be issued:

"Field out of range or illegal value"

If the 457(b) MAC Amount is changed to an amount smaller than the year-to-date balance for the 457(b) deductions, the message below should be issued with the severity level of Warning on-line and in batch.

Warning 457B LIMIT AMOUNT IS LESS THAN EMPLOYEE'S 457B YTD AMOUNT
Warning 457B LIMIT AMOUNT IS LESS THAN EMPLOYEE'S 457B YTD AMOUNT

5.1.2 Derivations

Modify Explicit Maintenance to automatically generate and populate the 457(b) MAC and the 457(b) MAC Change Date when the employee is hired (Action Code 01). If the employee is rehired (Action Code 02), the system should recalculate the MAC for the employee and overwrite the old 457(b) MAC and 457(b) MAC Change Date.

The one time algorithm can be used to calculate the 457(b) MAC amount for New Hires and Rehired Employees. The employee's age should be calculated as of December 31 of the year for which the 457(b) MAC is being set.

For this process, the (457(b) MAC Change Date should be set to the current date.

Note that if a catch up amount for the 457(b) MAC has been entered, the derivation process will overwrite this value. This is consistent with 403(b) processing.

5.2 Periodic Maintenance

5.2.1 Year End Maintenance

The calculation of the 457(b) MAC will be based on employee information available at the end of the calendar year or at the time of initial employment. The 457(b) MAC will be set at the Tax Reform Act Limit for the tax year or at a greater limit if the eligible employee has achieved the age of 50 by

December 31 of the applicable tax year. Employees who are age 50 or older will be allowed to make additional contributions to the 457(b) plan. The additional contribution is show in the table below.

On or Before December 31	Under age 50	Age 50 or Over
2004	13000	16000
2005	14000	18000
2006	15000	20000

Modify the calendar year-end file maintenance process to populate the MAC for all current employees.

IF

- Employment status (EDB0144 Employment Status Code) = "S" or blank
THEN
 - Set (457(b) MAC) = 0 **AND**
 - Set (457(b) MAC Change Date) = Beginning of the year started by calendar year maintenance

ELSE

IF

- Employment status (EDB0144 Employment Status Code) = "A" or "P" or "I" or "N" **AND**
- Student status (EDB0119 UC Student Status Code) = "3", "4", "6" or "7" **AND**
- Weekly Average Hour (EDB5132 Avg Hours Worked Per Week) < 20
THEN
 - Set (457(b) MAC) = 0 **AND**
 - Set (457(b) MAC Change Date) = Beginning of the year started by calendar year maintenance

ELSE

Calculate the employee's age on December 31 of the year being started by calendar year end maintenance.

IF

- Employee's age as of December 31 < 50
THEN
 - Set (457(b) MAC) = under age 50 limit for current year **AND**
 - Set (457(b) MAC Change Date) = Beginning of the year started by calendar year maintenance

Else

- Set (457(b) MAC) = age 50 or over limit for current year **AND**
- Set (457(b) MAC Change Date) = Beginning of the year started by calendar year maintenance

6.0 History Process

The two new data elements do not need to be added to History.

7.0 Interface Files

Interface file modifications and vendor transaction specifications will be included in a separate service request.

8.0 Forms

HR&B Communications will develop a new Salary Reduction Agreement form for the 457(b) Plan, based on the current 403(b) SRA (form UPAY801) or modify the existing UPAY801. The three National Laboratories may need to develop or modify their existing SRA forms.

9.0 Other Processes

9.1 W-2 and Tax Reporting

Necessary modifications to the W-2 form and corresponding tax process reporting will be included in Payroll Coordination's annual year-end W-2 SR.

10.0 Reporting and Notification

10.1 Stand-alone Reporting

No one-time detail report is necessary; the standard audit report (PPP1800, Database Audit Register) may be used.

10.2 IDOC

The 457(b) MAC and the current year-to-date 457(b) contribution total should be added to the "Benefits Enrollment" and "Retirement and Savings" IDOCs. See attachments F and G for suggested layouts.

Appendix A

System Number: EDBXXX

User Access Name:

Programming Name:

Revision Date:

Comments

Name: 457(B) MAC CHANGE DATE

Type: NUMERIC

Length: 6

Format

MM/DD/YY - Inquiry Only

General Description

The date of the last update to the 457(b) Maximum Annual Contribution (EDB6XXXU).

Code Interpretation

N/A

Appendix B

ECEN Screen

PPECEN0-E1537 EDB Entry/Update 06/10/04 09:36:52
04/12/04 10:58:49 Central Office Information Userid: PAYCMP0
ID: 444000022 Name: BABBIT, WINSTON Emp Stat: A Pri Pay: MO

403b Limit Amt: 12000 S:

457b Limit Amt: _____¹

Anticipated Retirement Date:

Limited Hours as of Date: 070101

PIE: 073101

Medical Coverage Level: UA

Current MCB: 82 Future MCB: 82

Next Func: ID: Name: SSN:

===>

F: 1-Help 3-PrevMenu 4-Print 5-Update

¹ 457(b) MAC

Appendix C

ERET Screen

PPERET0-E1523 EDB Entry/Update 06/10/04 09:43:09
04/12/04 10:58:49 Retirement Information Userid: PAYCMP0
ID: 444000022 Name: BABBIT, WINSTON Emp Stat: A Pri Pay: MO

Retirement System Code: U FICA Eligibility Code: E Ret FICA Derive: Y
Covered Comp Limit Cd : N DCP Plan Code: S
DepCare Annual: Monthly: Eff Date: Term Date:
HCRA Annual : Monthly: Eff Date: Term Date:
HCRA Decl/YTD: 0.00/ 0.00 403b Lmt: 12000 MAC Change: 01/01/04
457b Lmt: 13000² MAC Change: 09/01/04³

Voluntary Contribution
Deduction Num Description Amount/Percent Decl Balance Eff Date

Next Func: ID: Name: SSN:

===>

F: 1-Help 3-PrevMenu 4-Print 5-Update
F: 9-Jump 12-Exit

² 457(b) MAC

³ 457(b) MAC Change Date

Appendix D

IRET Screen

PPIRET0-I1219 EDB Inquiry 06/10/04 09:45:38
04/12/04 10:58:49 Retirement/Savings-Department Userid: PAYCMP0
ID: 444000022 Name: BABBIT, WINSTON
Hm Dept: 804918 CHAN OFFICE Emplmt Status: A Pri Pay: MO
Retirement: U DCP: S FICA: E Ret FICA Derive: Y Cov Comp Limit Code: N
403b MAC Change Date: 01/01/04 Limit: 12000
457b MAC Change Date: 09/01/04⁴ Limit: 13000⁵

GTN#	Balance Type	Description	Type	Eff Date	Amount/Value
009	QUARTER-TO-DATE	MEDICARE	DED		292.21
009	YEAR-TO-DATE	MEDICARE	DED		292.21
013	QUARTER-TO-DATE	OASDI	DED		1249.46
013	YEAR-TO-DATE	OASDI	DED		1249.46
211	YEAR-TO-DATE	DCP SAVINGS	RED		349.50

Next Func: ID: Name: SSN:

===>

F: 1-Help 2-Browse 3-PrevMenu 4-Print
F: 9-MainMenu 12-Exit

⁴ 457(b) MAC Change Date

⁵ 457(b) MAC

Appendix E

IRTR Screen

PPIRTR0-I1219 EDB Inquiry 06/10/04 09:47:39
04/12/04 10:58:49 Retirement/Savings Programs Userid: PAYCMP0
ID: 444000022 Name: BABBIT, WINSTON
Hm Dept: 804918 CHAN OFFICE Emplmt Status: A Pri Pay: MO
Tot Grs: 20325.00 Retir Grs: 20325.00 Medcr Grs: 20152.65
FWT Grs: 19803.15 SFHBR Grs: .00 OASDI Grs: 20152.65
Retir: U Cov Comp Limit Cd: N DCP: S FICA: E Ret FICA Derive: Y
403b MAC Change Date: 01/01/04 Limit: 12000
457b MAC Change Date: 09/01/04⁶ Limit: 13000⁷

Priority	GTN #	Description	Type	Group	Eff Date	Amount/Value
0920	012Q	CA STATE TAX	DED	TAX		1295.24
0920	012Y	CA STATE TAX	DED	TAX		1295.24
0900	014Q	FEDERAL TAX	DED	TAX		4073.55
0900	014Y	FEDERAL TAX	DED	TAX		4073.55
0110	048Q	KAISER SOUTH	RED	INS		172.35
0110	048Y	KAISER SOUTH	RED	INS		172.35
0400	211Y	DCP SAVINGS	RED	RETR		349.50
1212	340Y	ARAG LEGAL	DED	INS		35.01

Next Func: ID: Name: SSN:

====>

F: 1-Help 2-Browse 3-PrevMenu 4-Print
F: 9-MainMenu 12-Exit

⁶ 457(b) MAC Change Date

⁷ 457(b) MAC

Appendix F

IDOC "Benefits Enrollment"

RETIREMENT AND SAVINGS PROGRAM INFORMATION

Your 403(b) maximum annual contribution limit is \$12,000.00
Your current year-to-date 403(b) contributions total is \$ 0.00

Your 457(b) maximum annual contribution limit is \$13,000.00
Your current year-to-date 457(b) contributions total is \$ 0.00

You are directing your Defined Contribution Plan (DCP) funds to:
Savings Fund

Appendix G

IDOC "Retirement and Savings"

RETIREMENT AND SAVINGS PROGRAM INFORMATION

Your 403(b) maximum annual contribution limit is \$12,000.00
Your current year-to-date 403(b) contributions total is \$ 0.00

Your 457(b) maximum annual contribution limit is \$13,000.00
Your current year-to-date 457(b) contributions total is \$ 0.00

You are directing your Defined Contribution Plan (DCP) funds to:
Savings Fund