

Service Request 82602
Covered Compensation Limit Changes for 2009
May 18, 2009

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Created on: May 18, 2009

Objective:

Modify PPS to update the Covered Compensation Limit with the 2009 rates.

Project Type:

PPS modification

Requested By:

Payroll Coordination and Tax Services

Analyst:

Carolyn Murray

Urgency:

Date Mandated

Target Processing Deadline:

The changes must be made available so that campuses can update their tables after the processing of June earnings has been completed but before the processing of any computes with July earnings.

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Statement of Business Need:

The Internal Revenue Service has announced a cost of living adjustment applicable to the covered compensation limit for defined benefit retirement plans. Therefore, effective July 1, 2009, the new limits are as follows:

- The annual compensation limit for employees who became active University of California Retirement Plan (UCRP) members prior to July 1, 1994 has been increased from \$345,000.00 to \$360,000.00.
- The annual compensation limit for employees who became active UCRP members on or after July 1, 1994 has been increased from \$230,000.00 to \$245,000.00.

Background:

Per IRC section 401(a) (17), the IRS updates annually the limit on recognizable pay for retirement plans for two categories of employees: those who first became Active members of UCRP prior to July 1, 1994 and those who became Active Members of UCRP on July 1, 1994 and after. UCRP contributions should not be deducted from compensation exceeding these limits.

Current Process:

The values are entered on the System Parameter Table.

Proposed Process:

Update the System Parameter Table as follows:

Attached is a System Parameter Table form (UPAY 559) displaying the new rates. The tolerance limit is blank because it is set locally. The changes must be made available to campuses so that they can update their tables after the processing of June earnings has been completed but before any computes with July earnings are processed.

Please make the rate changes available to campuses via an FTP.

