

**TECHNICAL LETTER
HR/Benefits 2005-08
ATTACHMENT B**

Date

<First Name> <Last Name>

<Address>

<City, State Zip>

**Re: New Retirement Program for California State University Employees Not Covered
By a Retirement System or Social Security**

Dear <First Name> <Last Name>,

Our records indicate that you currently are enrolled as an active participant in the University of California's Defined Contribution (UCDC) Plan. The UCDC Plan is a 401(a) defined contribution retirement program for certain California State University (CSU) employees not covered by the California Public Employees' Retirement System (CalPERS) or by Social Security.

As the result of an agreement between the CSU and your collective bargaining exclusive representative, your current retirement plan will change. **Effective July 1, 2005**, you will be enrolled in the ***Part-time, Seasonal, and Temporary Employees Retirement Program (PST Program)*** that is administered by the Department of Personnel Administration's (DPA) Savings Plus Program. The PST Program is an eligible 457 deferred compensation plan (457 Plan) under the Internal Revenue Code. The PST Program, like the UCDC Plan, qualifies as a Social Security alternative plan under the federal Omnibus Budget Reconciliation Act (OBRA) of 1990 that requires part-time, seasonal or temporary employees, who are not members of a retirement system, be covered by a qualified retirement plan or Social Security.

Your transition to the PST Program from the UCDC Plan as an active participant will be automatic and does not require any action from you. The May 2005 pay period will be the last pay period that contributions will be made to the UCDC Plan. If you are an intermittent employee, however, due to payroll processing deadlines, the April 2005 pay period will be the last pay period that contributions will be made to the UCDC Plan.

The PST Program will begin accepting ongoing deferrals on your behalf beginning with the June 2005 pay period. As of July 1, 2005, you will have two (2) retirement plans, an "active" plan with the PST Program and an "inactive" plan with the UCDC Plan.

Currently, from each pay warrant you receive as an employee of CSU, 7.5% of your gross wages are withheld automatically on a pre-tax basis, deposited in your UCDC Plan account and invested for you. Please be advised that this 7.5% deduction from your gross wages will continue, but now will be deposited into a PST Program account on your behalf. Your deductions will be deposited in the Dwight Stable Asset fund, a conservative fixed income fund with an annualized rate of return of 4.5% (as of March 2005). Your account balance(s) will consist of deductions from your gross wages, plus any interest earned.

No employer contributions are made by the CSU to the UCDC Plan, nor will CSU make employer contributions to the PST Program.

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Under current Department of the Treasury regulations, funds from your UCDC Plan account cannot be transferred into the new PST Program account, and vice versa.

Information Regarding the PST Program

As a PST Program participant, ongoing deductions will be deposited in your account until you separate from CSU, or become CalPERS eligible. If you become CalPERS eligible, 100% of your PST Program account balance will be transferred automatically to the Savings Plus 457 Plan. The Savings Plus 457 Plan is a voluntary defined contribution plan that offers a wide array of investment options to CalPERS members. The plan allows you to defer up to the maximum 457 Plan annual limit, currently \$14,000 of your annual income.

In addition, as a CalPERS member, you also can opt to use those funds to purchase service credit with CalPERS.

Upon separating from ALL state (California) service, you can opt to either:

- ✓ Request a withdrawal of funds without being subject to federal or state early withdrawal tax penalties, or;
- ✓ Roll over the funds into another 457 plan, IRA, 403(b) or 401(k) plan (as long as the entity sponsoring the plan accepts 457 funds).

Account statements will be issued on a semi-annual basis. The initial statement for the period of July 1, 2005, through December 31, 2005, will be mailed in February 2006. Thereafter, statements will be mailed in August and February of each year. You also can obtain account information via the voice response system (VRS) or the Website.

Additional forms and information, including the Beneficiary Designation form, are available by contacting the PST Program. Please note that death benefits will be paid to your survivor(s) in a designated order, unless you designate otherwise.

Current Contact Information for the PST Program:

Mailing Address	Savings Plus Program – PST Program 1800 15th Street Sacramento, CA 95814
Telephone – Voice Response System	(866) 566-4777, available anytime
Telephone – Live Customer Service	(866) 566-4777, 8:30 a.m. – 4:00 p.m. (Pacific time), Monday-Friday
Fax	(916) 327-1885
Website Address	http://www.sppforu.com

Information Regarding the UCDC Plan

Currently, your UCDC Plan account is part of the University of California Retirement System (UCRS). However, effective July 1, 2005, recordkeeping and administration will be handled by Fidelity Investments Tax-Exempt Services Company (FITSCO). Written notification from the UCDC Plan regarding this information will be provided to you in the near future.

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After your enrollment in the PST Program, the existing funds in your UCDC Plan account will continue to be maintained and invested in available options offered by UCDC Plan.

Your funds will remain in your UCDC Plan account until your CSU employment ends.

Upon separation from CSU employment, you can opt to either:

- ✓ Request a withdrawal of funds (may be subject to tax and/or penalties for early withdrawal); or
- ✓ Roll over the funds into another 401(a) plan, IRA, 403(b) or 401(k) plan (as long as the entity sponsoring the plan accepts 401(a) funds); or
- ✓ Leave funds on account in the UCDC Plan if account balance is at least \$2,000. (Balances less than \$2,000 must be distributed or rolled over.)

You will continue to receive statement information from the UCDC Plan regarding your account.

Current Contact Information for the UCDC Plan

Mailing Address	UCHR/Benefits P.O. Box 24570 Oakland, CA 94623-1570
Telephone	(800) 888-8267, 9:00 a.m. - 4:00 p.m. (Pacific time), Monday-Friday
Website Address	http://atyourservice.ucop.edu/

If you have additional questions regarding this notification, please contact your campus Benefits Representative.

Sincerely,

Campus Representative