Addendum to Service Request 15219
Final 5/7/01

The original requirements for Payroll/Personnel System modifications in support of Faculty Summer Salary Defined Contribution Plan (DCP) deductions and contributions specified the following logic to determine the 401(a)(17) limit and the Summer Salary Compensation limit to be used:

1. **Determine the 401(a)(17) limit for the employee.** The limit is determined by the value in EDB 0236, UCRP Covered Compensation Limit Code. If the value of EDB 0236 is ‘G’, the employee should be considered ‘grandfathered’ and the value in System Parameter 023 (currently $275,000) should be used as the 401(a)(17) limit. If the value of EDB 0236 is ‘N’ or blank, the employee should be considered ‘NOT grandfathered’, and the value in System Parameter 067 (currently $170,000) should be used as the 401(a)(17) limit.

2. **Determine the Summer Salary Compensation Limit by multiplying the above limit by 25%.** For example, $275,000 X .25 = $68,750; $170,000 X .25 = $42,500.

This logic does not correctly specify the determination of the limit for employees in career retirement plans other than UCRP (Retirement Code (EDB 0122) values ‘P’, ‘F’, ‘S, and ‘O’). Employees with these retirement code values always have a UCRP Covered Compensation Limit Code (EDB 0236) value of blank. They are not subject to the limit because no DCP deductions are assessed against their retirement gross. Because no DCP deductions are taken from the retirement gross for PERS, FCSRS, SCERA, and OCERS members, the retirement gross should not be used in enforcing an overall 401(a)(17) limit.

To correctly handle the limits for all employees, the above two steps should be replaced by the following logic:

1. **Determine the 401(a)(17) limit for the employee.** The limit is determined by the value in EDB 0236, UCRP Covered Compensation Limit Code, together with the value of EDB 0122, Retirement System Code, as follows:
   a. If the value of EDB 0236 is ‘G’, the employee should be considered ‘grandfathered’ and the value in System Parameter 023 (currently $275,000) should be used as the 401(a)(17) limit.
   b. If the value of EDB 0236 is ‘N’, the employee should be considered ‘NOT grandfathered’ and the value in System Parameter 067 (currently $170,000) should be used as the 401(a)(17) limit.
   c. If the value of EDB 0236 is blank and the retirement code is ‘H’, the employee should be considered ‘NOT grandfathered’ and the value in System Parameter 067 (currently $170,000) should be used as the 401(a)(17) limit.
   d. If the value of EDB 0236 is blank and the retirement code is ‘P’, ‘F’, ‘S’, or ‘O’, no 401(a)(17) limit applies to the retirement gross and high values should be used.

2. **Determine the Summer Salary Compensation Limit for 1a, 1b, and 1c by multiplying the 401(a)(17) limit by 25%.** For example, $275,000 X .25 = $68,750; $170,000 X .25 = $42,500.

Determine the Summer Salary Compensation Limit for 1d (that is, for PERS, OCERS, FSTRS, and SCERA employees) by multiplying the value in System Parameter 067 by 25%. For example, $170,000 X .25 = 42,500.