Business Requirements Document

SR83948 - FY 2013 Covered Compensation Limit Changes
Document Information

<table>
<thead>
<tr>
<th>Document Attributes</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>ID</td>
<td>SR83948</td>
</tr>
<tr>
<td>Owner</td>
<td>Payroll Coordination and Tax Services</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Marcia Johnson</td>
</tr>
<tr>
<td>Contributor(s)</td>
<td>John Barrett</td>
</tr>
</tbody>
</table>

Revision History

<table>
<thead>
<tr>
<th>Version</th>
<th>Issue Date</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>6/3/2013</td>
<td>1st Draft</td>
</tr>
<tr>
<td>1.2</td>
<td>6/12/13</td>
<td>Added signed Protrack</td>
</tr>
</tbody>
</table>

Document Approvals

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controller</td>
<td>Peggy Arrivas</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table of Contents

1 Overview ...............................................................................................................................................................4
2 Product/Solution Scope ........................................................................................................................................5
3 Business Services and Processes...........................................................................................................................6
4 Business Rules .......................................................................................................................................................6
5 Business Requirements ........................................................................................................................................6
6 Non-Functional Requirements .............................................................................................................................7
7 External References ............................................................................................................................................7
1 Overview

Update the 401(a)(17) Annual Compensation Limits for the Fiscal Year beginning July 1, 2013.

1.1 Background

The Internal Revenue Service makes annual cost-of-living adjustments for dollar limits provided under qualified plans and tax-sheltered annuity arrangements. The 401(a)(17) Annual Compensation Limits for employees who became active UCRP members prior to July 1, 1994 and employees who became active UCRP members after July 1, 1994 increased for 2013. This increase is effective for the fiscal year beginning July 1, 2013.

1.2 Objectives

Update the PPS System Parameter Table with the Covered Compensation Limit for FY 14 (2013 rates).

1.3 Related Projects & Dependencies

1.4 Stakeholders

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>*</td>
<td>Authorize</td>
<td>Has ultimate signing authority for any changes to the document</td>
</tr>
<tr>
<td>R</td>
<td>Responsible</td>
<td>Responsible for creating this document</td>
</tr>
<tr>
<td>A</td>
<td>Accountable</td>
<td>Accountable for accuracy of this document (e.g. project manager)</td>
</tr>
</tbody>
</table>
1.5 Proposed Strategy

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.

1.6 Glossary

N/A

2 Product/Solution Scope

2.1 Included in Scope

Updates to System Parameter Table
2.2 Excluded from Scope
N/A

2.3 Assumptions & Constraints
N/A

2.4 Outstanding Items
N/A

3 Business Services and Processes
N/A

4 Business Rules
N/A

5 Business Requirements

5.1 User Requirements

5.2 Functional Requirements

<table>
<thead>
<tr>
<th>Req ID</th>
<th>Requirement Type</th>
<th>Requirement Description</th>
<th>Priority [L/M/H]</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>R0001</td>
<td>Control Table Update</td>
<td>Changes to Parameters 23 and 67 per attached UPAY form</td>
<td>H</td>
<td></td>
</tr>
</tbody>
</table>

5.3 Reporting Requirements
N/A
6  Non-Functional Requirements
N/A

7  External References
N/A
TO: BENEFITS REPRESENTATIVES  

RE: 2013 INDEXED DOLLAR LIMITS FOR TAX-QUALIFIED EMPLOYEE BENEFIT PLANS  
2013 SOCIAL SECURITY WAGE BASE  

The following amounts will apply in 2013:

§415(b)(1)(A) maximum benefit from defined benefit plans
The IRC §415(b) annual dollar limit on retirement income payable to UCRP Coordinated, Noncoordinated and Safety Members retiring at age 62 or older will be $205,000 for 2013. This limit also applies to Safety Members with at least 15 years of Safety service, regardless of retirement age. The limit is lower for Coordinated, Noncoordinated and Safety Members retiring under age 62 with less than 15 years of Safety service. Please see the attached tables:  
- UCRP, Annual 415 Dollar Limits, Coordinated/Noncoordinated Members retiring in 2013  
- UCRP, Qualified Safety Annual 415 Dollar Limits, Safety Members retiring in 2013

§415(c)(1)(A) individual maximum annual addition to defined contribution plans

§403(b) Plan Elective Deferral Limit (if under age 50 as of 12/31/2013)

§403(b) Plan Elective Deferral Limit (if age 50 or over as of 12/31/2013)

§457(b) Plan Elective Deferral Limit (if under age 50 as of 12/31/2013)

§457(b) Plan Elective Deferral Limit (if age 50 or over as of 12/31/2013)

§401(a)(17) recognizable pay for retirement plans

§401(a)(17) recognizable pay for retirement plans (applicable to employees who first became Active Members of UCRP prior to July 1, 1994)

2013 taxable wage base for the Old Age, Survivors, and Disability Insurance (OASDI) component of the Federal Insurance Contributions Act (FICA) taxes

The tax rate for the OASDI component is 6.20% for employers and employees. The OASDI rate for employees was reduced to 4.20% for 2011 and 2012. This reduction is set to expire December 31, 2012.

All wages are subject to the payroll tax for Medicare. The tax rate for the Medicare Hospital Insurance (HI) component will remain at 1.45%. Beginning with 2013, an additional 0.9% Medicare tax rate will apply on wages over $200,000 for single filers, wages over $250,000 for joint filers and wages over $125,000 for persons who are married but filing separately.

Please contact me at 510-287-3898 if you have any questions.

Kathie Fujisaka  
Pension & Retirement Programs

Attachments
cc:Chief Human Resources Officers  
Academic Personnel Directors  
HR Team Leaders and Unit Heads  
John Barrett, Payroll Coordination
# SYSTEM PARAMETERS TABLE

<table>
<thead>
<tr>
<th>A/C/D</th>
<th>TBL. NO.</th>
<th>PARAM. NO.</th>
<th>VALUE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>01</td>
<td>0.23</td>
<td>0.3800000000</td>
<td>FYTD RETIREMENT MAX</td>
</tr>
<tr>
<td>C</td>
<td>01</td>
<td>0.67</td>
<td>0.2550000000</td>
<td>FYTD RETIREMENT MAX</td>
</tr>
</tbody>
</table>

PREPARED BY: [Signature]  DATE: 4/13  APPROVED BY: [Signature]  DATE: 4/13

RETAIN UNTIL ACTION TAKEN
FY 2013 Covered Compensation Limit Changes