Business Requirements Document

SR100688 - 2014 Covered Compensation Limit Changes
## Document Information

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<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>
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## Revision History

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<td>1.0</td>
<td>05/20/2014</td>
<td>1st Draft</td>
</tr>
<tr>
<td>1.1</td>
<td>5/22/2014</td>
<td>B. Burkart – added attachments.</td>
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## Document Approvals

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<tr>
<td>Controller</td>
<td>Peggy Arrivas</td>
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1 Overview

Update the 401(a)(17) Annual Compensation Limits for the Fiscal Year beginning July 1, 2014

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 have increased for 2014. This increase is effective for the fiscal year beginning July 1, 2014.

1.2 Objectives
Update the PPS System Parameter Table with the Covered Compensation Limit for FY 14/15 (2014 rates).

1.3 Related Projects & Dependencies
None

1.4 Stakeholders

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<td>Responsible for creating this document</td>
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<tbody>
<tr>
<td>John Barrett</td>
<td>Tax Coordinator</td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>Marcia Johnson</td>
<td>Senior Analyst</td>
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1.5 Proposed Strategy

Update the System Parameter Table as follows:

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<th>Code</th>
<th>Description</th>
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<tr>
<td>023</td>
<td>FYTD Retirement Max (prior to July 1, 1994)</td>
<td>$385,000.00</td>
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<tr>
<td>067</td>
<td>FYTD Retirement Max</td>
<td>$265,000.00</td>
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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
Changes to the System Parameters 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
N/A

5.2 Functional Requirements

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<tr>
<td>R0001</td>
<td>Control Table</td>
<td>Update System Parameters 023 and 067</td>
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5.3 Reporting Requirements
N/A

6  Non-Functional Requirements
N/A

7  External References
N/A
### PAYROLL/PERSONNEL

#### SYSTEM PARAMETERS TABLE

UPAY559 (R01/03) R1460

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PREPARED BY: [Signature]

DATE: 5/20/14

APPROVED BY: [Signature]

DATE: 5/22/14
TO: BENEFITS REPRESENTATIVES

RE: 2014 INDEXED DOLLAR LIMITS FOR TAX-QUALIFIED EMPLOYEE BENEFIT PLANS
2014 SOCIAL SECURITY WAGE BASE

The following amounts will apply in 2014:

§415(b)(1)(A) maximum benefit from defined benefit plans
The IRC §415(b) annual dollar limit on retirement income payable to 1976 Tier members, 2013 Tier members and Safety Members retiring at age 62 or older will be $210,000 for 2014. This limit also applies to Safety Members with at least 15 years of Safety service, regardless of retirement age. The limit is lower for 1975 Tier members, 2013 Tier members and Safety Members retiring under age 62 with less than 15 years of Safety service. Use the 1976 Tier table when the BRI calculation uses the 1976 age factors. Use the 2013 Tier table when the BRI calculation uses the 2013 Tier age factors. Please see the attached tables:

* UCRP, Annual 415 Dollar Limits, 1976 Tier Coordinated/Noncoordinated Members retiring in 2014
* UCRP, Annual 415 Dollar Limits, 2013 Tier Members retiring 2014
* UCRP, Qualified Safety Annual 415 Dollar Limits, Safety Members retiring in 2014

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

§403(b) Plan Elective Deferral Limit (if under age 50 as of 12/31/2014)

§403(b) Plan Elective Deferral Limit (if age 50 or over as of 12/31/2014)

Eligible Participants may make additional catch-up contributions of up to $3,000 under the special Catch-Up Provision.

§457(b) Plan Elective Deferral Limit (if under age 50 as of 12/31/2014)

§457(b) Plan Elective Deferral Limit (if age 50 or over as of 12/31/2014)

Eligible Participants may make additional catch-up contributions.

§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)

2014 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.

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%. 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
Actuarial Services Group

Attachments

CC: Chief Human Resources Officers
Academic Personnel Directors
HR Team Leaders and Unit Heads
John Barrett, Payroll Coordination

1 Effective 7/1/2014