



PPSM II-71 Senior Management Supplemental Benefit Program

Responsible Officer:	VP - Human Resources
Responsible Office:	HR - Human Resources
Issuance Date:	3/15/2018
Effective Date:	3/15/2018
Scope:	Members of the Senior Management Group.

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I. POLICY SUMMARY

This policy describes provisions by which University contributions can be made to the Retirement Savings Program Plans in lieu of the benefit provided under the Senior Management Severance Pay Plan.

II. DEFINITIONS

Exception to Policy: An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception.

Executive Officer: The University President, Chancellor, Laboratory Director, or Vice President – Agriculture and Natural Resources.

Senior Management Group (SMG): Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% and an appointment to a Senior Management Group position will be considered to possess a career appointment in the Senior Management Group.

Top Business Officer: Executive Vice President – Chief Operating Officer for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location’s financial reporting and payroll as designated by the Executive Officer

III. POLICY TEXT

A. General

The Senior Management Supplemental Benefit Program (Supplemental Benefit Program) provides for contributions to be made to the Retirement Savings Program Plans (RSP Plans)¹ in lieu of the benefit provided under the Senior Management Severance Pay Plan (SMSPP) in effect as of December 31, 2004. The SMSPP has been amended to comply with requirements of the Internal Revenue Code and related guidance from the Internal Revenue Service.

B. Eligibility

The University no longer offers participation in the Supplemental Benefit Program to new SMG hires or new SMG appointees. Subject to the limitations under policy, current participants may continue to participate in the Supplemental Benefit Program until they separate from their current positions or change positions within the University.

An SMG member whose current full-time (100%) SMG appointment was approved as required by policy before May 25, 2017 is eligible to participate in the Supplemental Benefit Program. A SMG member is not eligible to participate in the Supplemental Benefit Program if the SMG member:

1. holds an SMG appointment that was approved as required by policy on or after May 25, 2017;
2. holds a dual tenured academic appointment;²
3. is appointed at less than full-time; or
4. is appointed in an acting or interim capacity.

Eligible SMG members participating in the Supplemental Benefit Program are precluded from participating concurrently in the Health Sciences Severance Pay Plan Program.

Contributions

No participant in the SMSPP, other than an eligible SMG member who separates from University-paid service in 2005, shall accrue additional pay-based credits under the SMSPP after 2004. In lieu of such pay-based credits, under the Supplemental Benefit Program the University will make a contribution to one or more of the RSP Plans on behalf of each eligible SMG member equal to the percentage rate of

¹ The RSP Plans include the University of California Defined Contribution Plan, the University of California Tax-Deferred 403(b) Plan, and the University of California 457(b) Deferred Compensation Plan.

² A Senior Manager who was in the Executive Program and who held a dual academic appointment as of June 30, 1996 shall continue participation in the Supplemental Benefit Program, provided that the SMG member is otherwise eligible pursuant to Section B.

compensation established for such manager's base salary and appointment level grade (3% for Grade A appointments; 5% for Grades B and higher), subject to any limitations in the applicable RSP Plans. If an individual resigns from an eligible Senior Management position, but continues employment with the University, the employee will no longer be eligible for a contribution to the RSP Plan in lieu of pay-based credits.

In addition, the University may make one or more contributions in a flat dollar amount (Fixed Contribution) on behalf of an eligible individual. A Fixed Contribution shall be in an amount designed to offset credits, if any, previously accrued under the SMSPP plus imputed interest and other adjustments determined by the Plan Administrator of the RSP Plans, in the administrator's sole discretion, as indicated in order to provide the individual a benefit reasonably equivalent to the benefit that would have been provided under the SMSPP formula in effect as of December 31, 2004, subject to the limitations of the RSP Plans. The amount of a Fixed Contribution, if any, shall be stated in the applicable RSP Plans. Any benefit accrued by an individual under the SMSPP shall be reduced to the extent offset by a Fixed Contribution in a corresponding amount made to the RSP Plans on the individual's behalf, and the individual shall have no further right or claim to a benefit under the SMSPP with respect to the offset amount.

D. Residual Benefits

An individual's residual benefit in the SMSPP shall be credited with earnings at the Short-Term Investment Pool (STIP) rate each calendar quarter until such time as the benefit is offset by a contribution to the RSP Plans or distributed to the individual. The STIP rate shall be at the most current quarterly rate used to calculate interest amounts except that the rate for the third calendar quarter shall also be used for the fourth calendar quarter. Contributions made to the RSP Plans shall be credited with earnings and reduced for losses as described in the RSP Plans, consistent with the individual's investment choices.

E. Payment of Residual Benefit

Any residual SMSPP benefit that is not offset in a year prior to, or during which, an individual separates from University-paid service will be paid in a lump sum to the individual when his or her University-paid service ends. Such benefits, to the extent not offset, also will be paid out if a SMG member is granted a leave of absence without pay with no reappointment to the same position or appointment to another University position. A residual SMSPP benefit that has not been offset or paid out at the death of an individual will be paid in a lump sum to the deceased individual's statutory beneficiary.

Payment of the residual SMSPP benefit will be subject to federal and state withholding taxes. If an employee has Social Security coverage, contributions for Social Security will

be deducted from the payment up to the Social Security wage base.

F. Authority

The Chancellor, Laboratory Director or Executive Vice President – Chief Operating Officer, as appropriate, designates the fund source(s) that the campus or Laboratory, or Office of the President accounting office shall use to make contributions under the Supplemental Benefit Program and to pay an individual's residual SMSPP benefit. General Funds shall not be used for either type of benefit.

G. Assignment

Neither the employee nor the beneficiary may assign or otherwise encumber an SMSPP benefit. Benefits provided under the RSP Plans are subject to the restrictions on alienation and assignment set forth in the plans.

H. Limitations

Except to the extent inconsistent with the terms of the Supplemental Benefit Program, any terms and conditions governing the benefit provided under the SMSPP in effect as of December 31, 2004 shall also govern the determination of an individual's benefit under the Supplemental Benefit Program.

IV. COMPLIANCE / RESPONSIBILITIES

A. Implementation of the Policy

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy.

The Chancellor is authorized to establish local procedures necessary to implement this policy. The Chancellor and the Vice President–Human Resources determine secondary administrative level responsibilities and authorities to establish such local procedures.

B. Approval of Actions

All actions within this policy or that exceed this policy must be approved in accordance with Section IV.C. of the policy on [SMG Appointment and Compensation \(Regents Policy 7701\)](#). All actions that are exceptions to this policy or not expressly provided for under any policy must be approved by the Regents.

C. Compliance with the Policy

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms and ensuring that monitoring procedures and reporting capabilities are established.

The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Director–HR Compliance may periodically monitor compliance to this policy.

D. Noncompliance with the Policy

Noncompliance with the policy is handled in accordance with The Regents' [Guidelines for Corrective Actions Related to Compensation Practices](#) and [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#).

E. Revisions to the Policy

The President is the Policy Approver and has the authority to approve policy revisions upon recommendation by the Vice President–Human Resources. The Regents is the Policy Approver for policy revisions that affect the compensation of Senior Management Group members.

The Vice President–Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.

The Executive Vice President – Chief Operating Officer has the authority to ensure that policies are regularly reviewed, updated, and consistent with other governance policies.

V. PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

VI. RELATED INFORMATION

- [Guidelines for Corrective Actions Related to Compensation Practices](#) (referenced in Section IV.D. of this policy)
 - [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#) (referenced in Section IV.D of this policy)
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VII. FREQUENTLY ASKED QUESTIONS

Not applicable.

VIII. REVISION HISTORY

March 15, 2018: The University no longer offers participation in the Supplemental Benefit Program to new SMG hires or new SMG appointees. Subject to the limitations under policy, current participants may continue to participate in the Supplemental Benefit Program until they separate from their current positions or change positions within the University.

October 17, 2017: This Policy was remediated to meet Web Content Accessibility Guidelines (WCAG) 2.0.

October 1, 2012: This policy was reformatted into the standard University of California policy template.