

4.9 RETIREMENT & FICA DERIVATION

Overview

This section describes the PPS derivation process for Retirement and FICA codes.

Background

PPS automatically derives Retirement and FICA codes for all employees. (See *System Derivation of Retirement/FICA Codes* on page 4 of this section.)

It is the Service Center's responsibility for determining that Retirement and FICA codes are correct for employees.

Service Centers should contact the Payroll Office with any questions or concerns on the derivation process. It is important that the Payroll Office be informed when the system derives Retirement/FICA codes other than what was intended, or when the Service Center is unclear what Retirement/FICA codes will derive. This is necessary in order to compute and maintain correct pay.

Central Offices should be the ONLY units to explicitly enter Retirement, FICA, and Derivation Codes.

The Retirement and FICA Codes can be viewed on the Inquiry Function, IGEN (General Information).

Retirement Codes:

N	Not eligible for retirement system membership
U	1976 Tier - Eligible and participating in the UCRS retirement system
W	2013 Tier - Eligible and participating in the UCRS retirement system
H	Participating in the Safe Harbor retirement system
B	Eligible but not participating in the UCRS retirement system (not currently in use)

University Of California Retirement System Membership

A non-student employee, appointed 50% or more, for one year or more, is mandatorily eligible for UCRS retirement system membership.

"One year or more" can be determined three ways:

1. By the appointment Begin and End Dates.
2. An appointment End Date of 99/99/99 (Indefinite or Tenured).
3. An appointment End Date that is identified "For Budgetary Purposes Only" (Budget)

FICA Codes:

N	Not eligible to participate in FICA
E	Participating in FICA (OASDI and Medicare)
M	Participating in the Medicare portion of FICA only (not participating in OASDI)

FICA Exemption

Employees **EXEMPT** from OASDI/Medicare are:

1. UC students employed at UC with minimum course load requirement:
 - Undergraduates: 6.0 units
 - Graduates: 5.0 units
 - Total active appointment percentage, including both fixed and variable appointments is **LESS THAN 80%** for the month or any partial period within that month.
2. Non-resident aliens with F1 & J1 visas

Derivation Indicators

A “derivation indicator” is a data element that indicates whether the Retirement System Code and FICA Eligibility Code should be automatically derived by the system, and also what rules PPS should use for derivation.

The Retirement/FICA Derivation Indicator can be viewed on the History function HPER (Personal Data History).

Derivation Indicators:	
N	Do NOT derive Retirement and FICA codes
Y	Derive Retirement and FICA codes
L	Derive Retirement and FICA codes using special derivation rules for UCRP members who, in 1976, made a lifetime election not to be coordinated with FICA
1,2,3	Indicator that derivation is pending for a rehire

Derivation For New Hires And Rehires

PPS will evaluate all eligible appointments from the date of hire to determine whether the employee has the adequate percentage and duration of time to qualify for UCRP.

Derivation For Student Employees

PPS will automatically derive Retirement and FICA codes for students based on number of units and total appointment percentage.

Contact the Career Center with questions or concerns on the Student FICA derivation process.

Automatic Rederivation For Continuing Employees

Triggers include, but are not limited to, changes in the following data elements:

- Citizenship Status Code
- Visa Type Code
- UC Student Status Code
- Number of Registered Units
- Duration code
- Appointment Begin Date
- Appointment End Date
- Aggregated Appointment Percentage
- Title code
- Addition or deletion of an appointment
- Addition or deletion of a distribution
- DOS code

Post Authorization Notifications

A change to Retirement/FICA coding is a PAN event.

A **preparer** can preview this event while in the PAN Preparation function by pressing F11 for detail.

A **reviewer** can view this event by selecting a PAN from the INBX or INRS function.

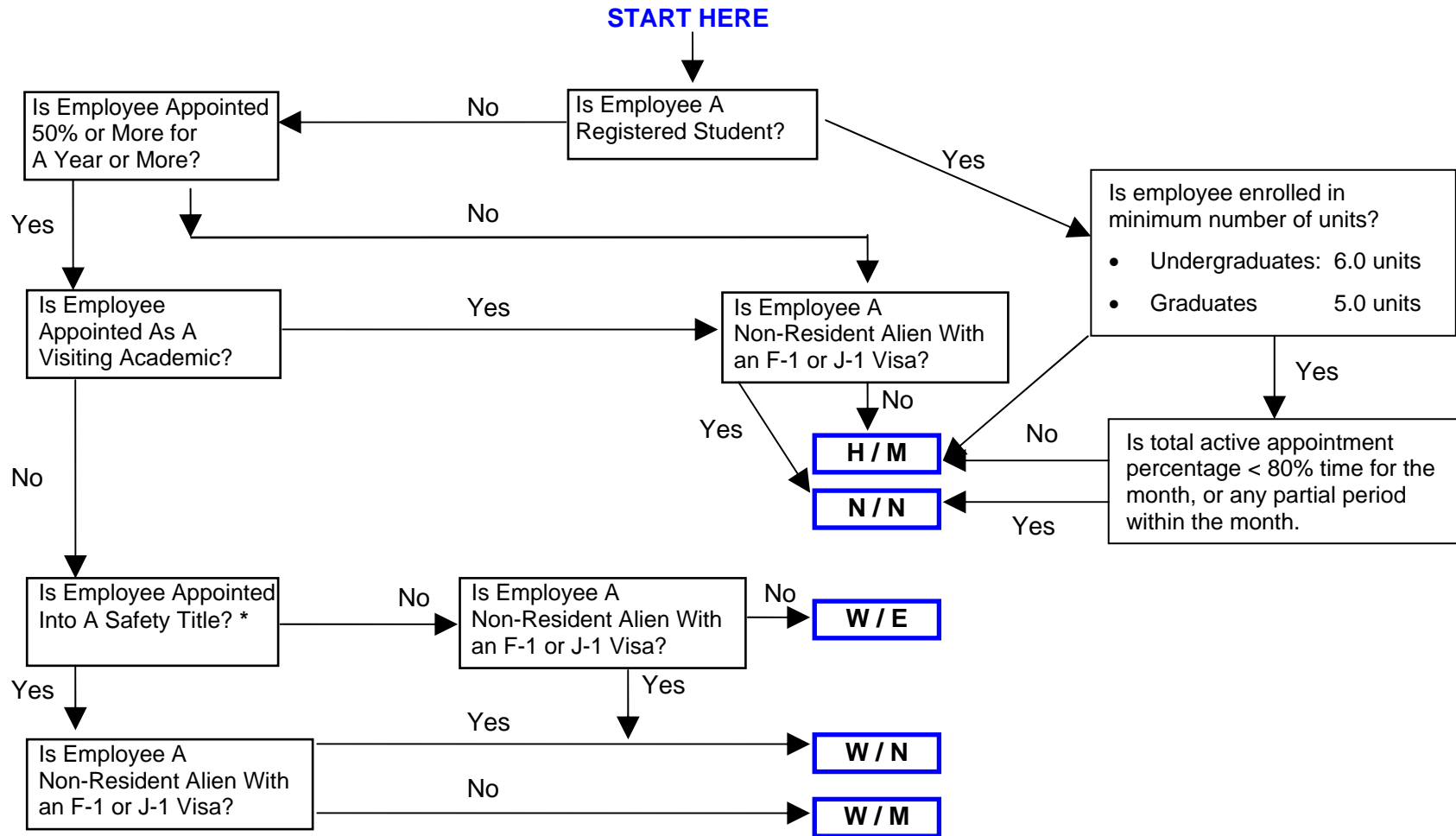
Reminder: A **preparer** and **reviewer** share equal responsibility for correct and appropriate actions.

EXAMPLE OF FICA EVENT:

-----< FICA>-----		
Employee Name: PENNY P PAN		
ID Number: 670000190		
A change to FICA and/or Retirement information has been recorded.		
	Previous	Current
*Retirement	H-SFHBR	U-UCRP
*FICA	M-Medicare Only	E-OASDI/Medicare
Ret/FICA Derive	Y-Elig Auto Derive	Y-Elig Auto Derive
UC Student Status	1-Not Registered	1-Not Registered
No. of Reg Units	00.0	00.0

System Derivation of Retirement / FICA Codes

(hired or became eligible 7/1/13 or later)



* See *Safety Titles*, p. 4.9-5

Safety Titles

Title Code	Translation
0478	Chief of Police
0479	Asst Chief of Police/Police Captain
5312	Police Lieutenant
5313	Police Sergeant
5323	Police Officer
0797	Fire Chief