Chapter 22: Defined Contribution Plan (DCP), Medicare, and Unemployment Insurance

The following is a brief explanation of DCP for Graduate Students. For additional information, contact: Graduate Division, (858) 534-6562 (general information about DCP rules), or on the web: http://grad.ucsd.edu/financial/employment/student-fica-dcp.html

For current balances in the DCP program, contact Fidelity Retirement Services at: 1-(866)-682-7787 or https://netbenefits.fidelity.com/.

Requirements
The requirements listed below do not apply to students receiving fellowship stipends or the salaried checks of international students (F-1 and J-1 visas) who are non-resident aliens.

- **Academic Year (September – June):** Under IRS guidelines, a student employee (non-career) who is a U.S. citizen, permanent resident or resident alien must be registered a minimum of half-time (six units at UCSD) and be employed less than 80% for at least one day of the month to remain exempt from DCP/Medicare deductions. During the academic year, a graduate student who has advanced to Ph.D. candidacy is not subject to the unit requirement.

- **Summer Months (July and August):** Most graduate students are subject to deductions during July and August. For these months, a graduate student must be registered in Summer Session for at least one day of the pay period and be employed less than 80% time to remain exempt. The minimum unit requirement is six units if registered in a ten-week summer session and three units if registered in a five-week summer session.

A graduate student who does not meet the above criteria will have 8.95% taxes withheld from the entire paycheck. The 8.95% consists of 7.5% into the Defined Contribution Plan (DCP) and 1.45% for Medicare.

**DCP Error Correction Form**
See Appendix E.

Please Note:
The IRS requirements for FICA exemption should not be confused with UCSD graduate student support guidelines requiring full-time registration (minimum of 12 units) for funding on fellowships, traineeships, scholarships and academic appointments greater than 25% time or the UCSD rules that limit employment to 50% (unless an exception has been approved by the Dean of the Graduate Division).