# The University of California
# Retirement Choice Program

## 3Q19 Election Summary

*- hired/newly Choice eligible employees since 7/1/16*
*- who completed their 90-day election cycle as of 9/30/19*

v. 1/22/20

# Executive Summary

- Starting July 1, 2016, the Retirement Choice Program offers newly hired/eligible employees the option to choose between Pension Choice and Savings Choice for their primary retirement benefit.
  - Covered compensation for Pension Choice is subject to the PEPRA max; effective 7/1/2019, the PEPRA limit is $124,180 (increasing to $126,291 in 2020).
  - The DC supplement for Pension Choice differs for Designated Faculty and Staff groups.
  - There is a 90-day election window before defaulting into Pension Choice.
- The experience to date shows that the level of default Pension Choice (27%) has fallen, active Pension Choice (38%) increased, and active Savings Choice elections (35%) fairly static. **Overall, 65% are enrolled in Pension Choice and 35% in Savings Choice.**
- There were **33,737** employees eligible to choose between Pension Choice and Savings Choice who were hired on/after July 1, 2016 and completed their 90-day election cycle by September 30, 2019.
  - Of these, **33%** were rehires or existing employees who achieved a newly eligible status (Safe Harbor -> career) in the time period – thus not subject to the PEPRA max.
- New hires under collective bargaining units are becoming eligible as the units are accepting the Choice Program. **78%** of these employees are enrolled in Pension Choice.
- The IRS private letter ruling request for a “second Choice window” for Savings Choice elections has been submitted. Pension Choice election would remain irrevocable.

UNIVERSITY OF CALIFORNIA Retirement Choice Program

# Election Summary

## 1) Count

| 7/1/16 – 9/30/19 | Elected Pension Choice | Defaulted Pension Choice | Elected Savings Choice* | Total Eligible |
|---|---|---|---|---|
| NOT Subject to PEPRA max | 3,999 | 3,412 | 3,884 | 11,295 |
| Subject to PEPRA max | 8,605 | 5,821 | 8,016 | 22,442 |
| **TOTAL** | **12,604** | **9,233** | **11,900** | **33,737** |

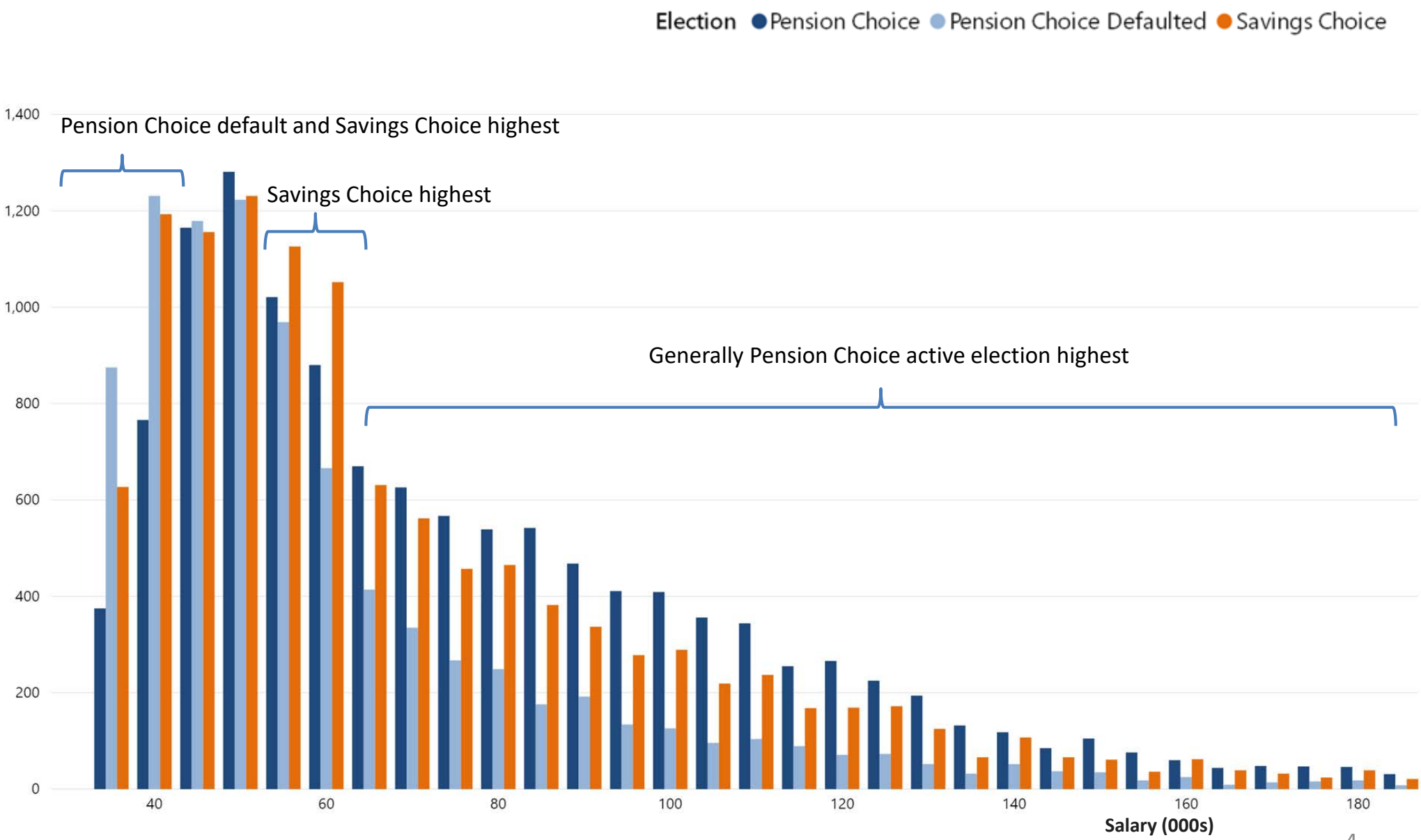
## 2) Percent of Total Elections

| 7/1/16 – 9/30/19 | Elected Pension Choice | Defaulted Pension Choice | Elected Savings Choice* | Total Eligible |
|---|---|---|---|---|
| NOT Subject to PEPRA max | 12% | 10% | 11% | 33% |
| Subject to PEPRA max | 26% | 17% | 24% | 67% |
| **TOTAL** | **38%** | **27%** | **35%** | **100%** |

* Covered compensation under Savings Choice option subject to IRC limit, not PEPRA max.

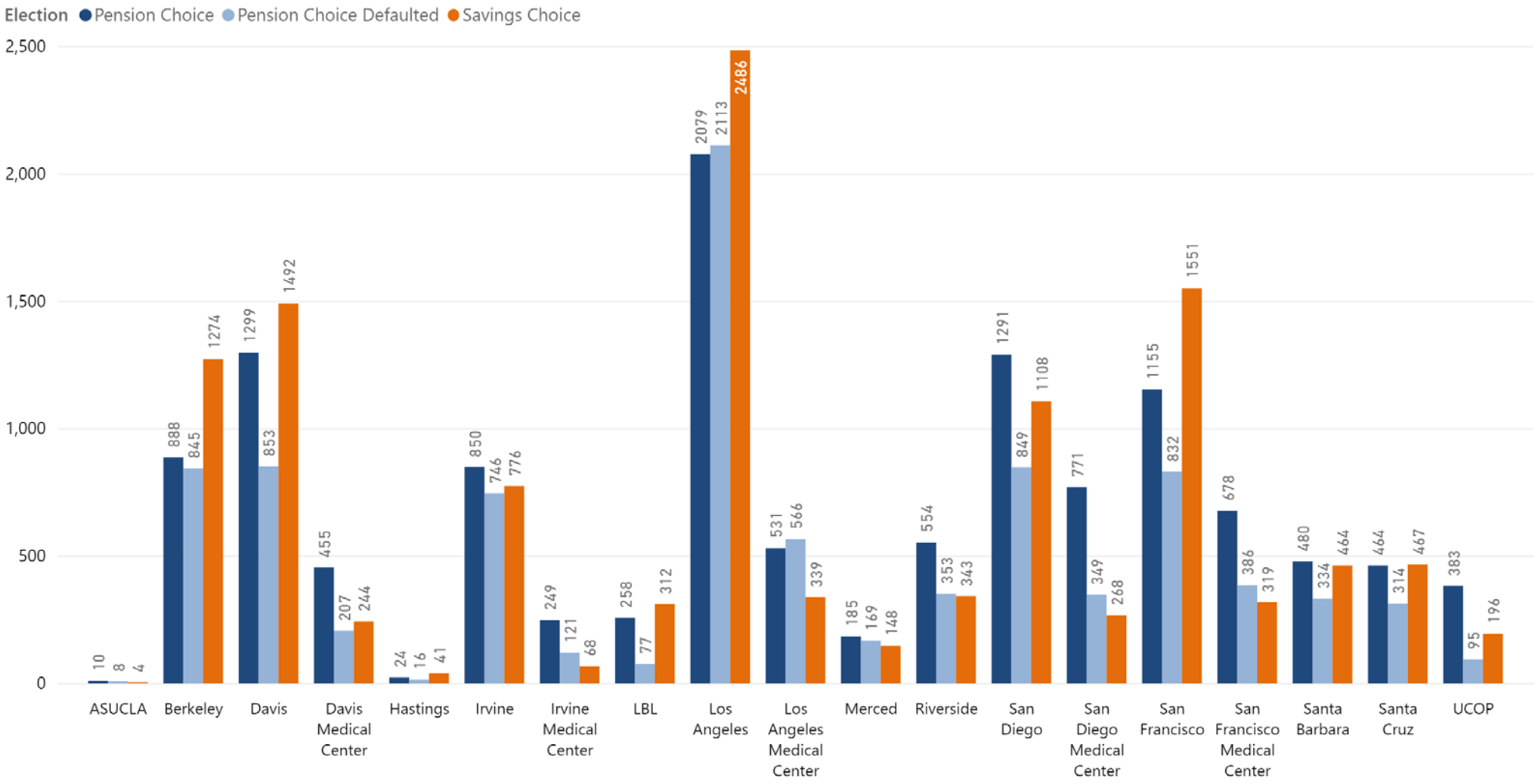
UNIVERSITY OF CALIFORNIA Retirement Choice Program

# Elections by Salary



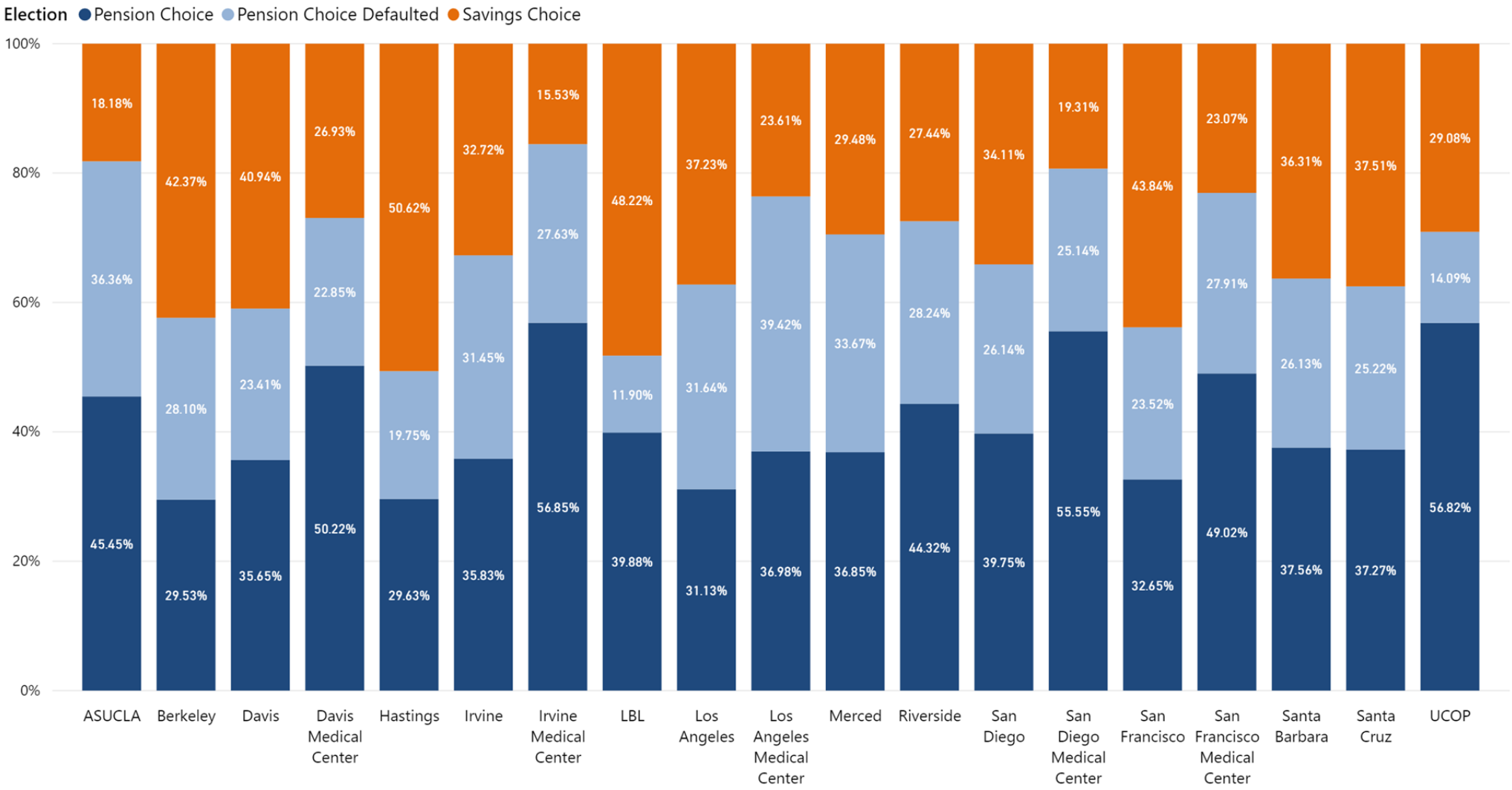
UNIVERSITY OF CALIFORNIA Retirement Choice Program

# Elections by Location (count)



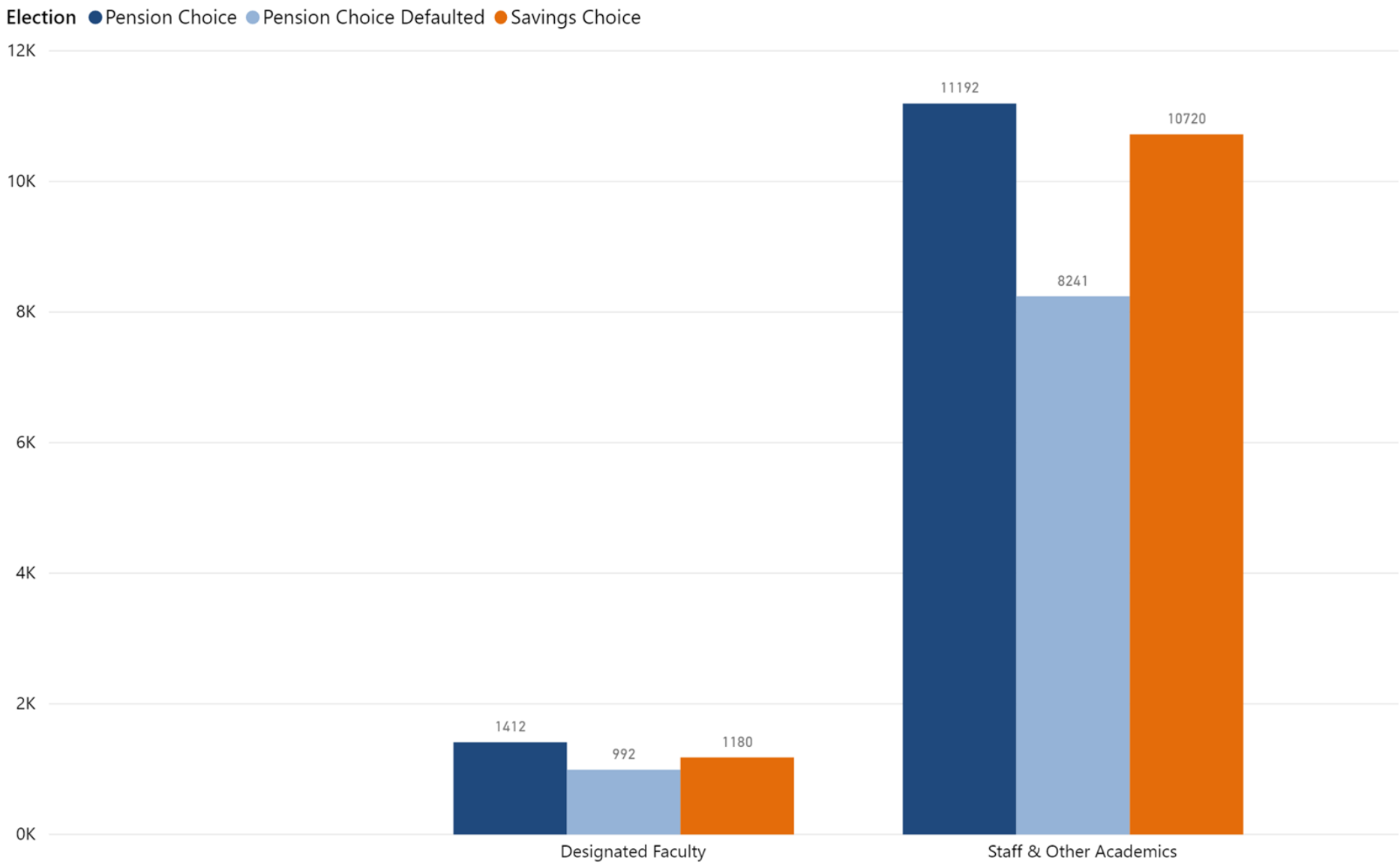
UNIVERSITY OF CALIFORNIA Retirement Choice Program

# Elections by Location (percentage)



UNIVERSITY OF CALIFORNIA Retirement Choice Program

# Elections by Designated Faculty vs Staff



UNIVERSITY OF CALIFORNIA Retirement Choice Program

# Elections by Select Bargaining Units

- 78% of employees in select bargaining units are enrolled in Pension Choice, compared to 65% of total eligible.

| 7/1/16 – 9/30/19 | Elected Pension Choice | Defaulted Pension Choice | Elected Savings Choice | Total Eligible |
|---|---|---|---|---|
| **Total Eligible** | **12,604 (38%)** | **9,233 (27%)** | **11,900 (35%)** | **33,737** |
| | **65% in Pension Choice** | | **35% in Savings Choice** | |
| Clerical and Allied Services (CX) | 1,607 (41%) | 1,283 (32%) | 1,054 (27%) | 3,944 |
| Non-Senate Instructional (IX) | 200 (16%) | 655 (51%) | 421 (33%) | 1,276 |
| Skilled Crafts | 234 (58%) | 132 (33%) | 38 (9%) | 404 |
| Patient Care Technical (EX) | 760 (54%) | 481 (34%) | 173 (12%) | 1,414 |
| Service (SX) | 342 (31%) | 627 (58%) | 124 (11%) | 1,093 |
| **Total Bargaining Units** | **3,143 (39%)** | **3,178 (39%)** | **1,810 (22%)** | **8,131** |
| | **78% in Pension Choice** | | **22% in Savings Choice** | |