UC Retirement Income Sources
What we will cover today

- UC Retirement Plan (aka UCRP, Pension)
- Retirement payment vs Employee paycheck
- Capital Accumulation Payment (CAP)
- UC Retirement Savings Program
- Important Resources
UCRP Benefits
UCRP benefits depend on your membership classification

1976 Tier – *coordinated with Social Security*
1976 Tier – *NOT coordinated with Social Security*

Safety

2013 Tier
2013 Modified Tier*

2016 Tier*

Multi-tier – *service in more than one tier*

*UCRP benefits are subject to collective bargaining and may be different for members of certain unions.*
Which tier are you in?

- 1976 A
- 2013 B
- 2013 Modified C
- 2016 D
- Multi-Tier E

Multi-Tier

1976

2016

2013

2013 Modified
Your Basic Retirement Income is based on:

1. Age on the date of retirement
2. Years of UCRP service credit
3. Highest average plan compensation (HAPC)

\[
\text{Age Factor } \times \text{ Service Credit } \times \text{HAPC} = \text{Basic Retirement Income}
\]
Age Factor

- **1976/2013 Modified Tier** – ranges from:
  - 1.1% for age 50 (minimum retirement age)
  - Up to 2.5% for age 60 (maximum age factor)

- **2013/2016 Tier** – ranges from:
  - 1.1% for age 55 (minimum retirement age)
  - Up to 2.5% for age 65 (maximum age factor)

Higher age factor = higher monthly benefit
2 Service Credit

- Based on actual time worked in a UCRP-eligible position
- No service credit earned during unpaid leaves
- Unused sick leave converts to service credit if you elect monthly retirement income
  - \[ \text{unused sick leave hours} / 2000 = \text{UCRP service credit} \]
- Unused vacation is paid on your last paycheck
Highest average plan compensation (HAPC)

- Highest average salary over 36 consecutive months
- Calculated based on Covered Compensation
  - Full time equivalent pay received for your regular and normal appointment
  - Administrative stipends
  - Shift differentials
- 1976 Coordinated Tier – HAPC is reduced by $133
  - Monthly supplement restores reduction until 65
Highest average plan compensation (HAPC)

Excludes

- Overtime
- Summer Salary
- Negotiated Annual Additions/Incentive Compensation (Health Sciences)
- Salary that exceeds the Covered Compensation limit
  - IRC 401(a)(17): $280,000
  - UCRP entry date prior to July 1, 1994: $405,000
  - PEPRA limit for 2016 tier member: $124,180
  - If your HAPC is from a prior period, the salary limits imposed for that calendar year apply
Additional limits on your pension benefit

- Cannot exceed 100% of your HAPC. Generally:
  - **1976 & Modified 2013 Tiers**: Age 60 and 40 years service credit
  - **2013 & 2016 Tiers**: Age 65 and 40 yrs
  - **Safety Members**: Age 50 and 33.34 yrs

- Maximum total benefit payable from a pension
  - 415(m) Restoration Plan restores the difference
Monthly Retirement Income
My UCRP benefit estimates

If eligible, upon separation from UC employment, you may choose either monthly retirement income or the one-time lump sum cashout. The estimates below assume that you continue working for UC until the ages listed. These estimates are not a guarantee of eligibility or benefit amounts.

<table>
<thead>
<tr>
<th>Monthly alternate payment options at:</th>
<th>Age 60</th>
<th>Age 65</th>
<th>Age 70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Retirement Income Option</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lifetime monthly amount</td>
<td>$1,717</td>
<td>$2,616</td>
<td>$3,514</td>
</tr>
<tr>
<td>Temporary Social Security Supplement*</td>
<td>$31</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>View More Monthly Income Options</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lump Sum Cashout (LSC) Option</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One-time Payment</td>
<td>$278,130</td>
<td>$383,706</td>
<td>$456,146</td>
</tr>
</tbody>
</table>
Retirement Estimator on At Your Service Online
Alternate payment option – with eligible survivor

Example for 1976 Tier coordinated with SS, retiree age 60, C.A. age 57

<table>
<thead>
<tr>
<th>Monthly Retirement Option</th>
<th>Lifetime monthly payment to you</th>
<th>UPON DEATH - Monthly payment to:</th>
<th>Eligible Survivor 25% of BRI</th>
<th>Contingent Annuitant</th>
<th>Combined to Eligible Survivor and Contingent Annuitant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Retirement Income (BRI)</td>
<td>$2,433</td>
<td>$608</td>
<td>not applicable</td>
<td>not applicable</td>
<td>not applicable</td>
</tr>
<tr>
<td>Payment Option A full continuance</td>
<td>$2,219</td>
<td>$608</td>
<td>$1,611</td>
<td>$2,219</td>
<td></td>
</tr>
<tr>
<td>Payment Option B two thirds continuance</td>
<td>$2,285</td>
<td>$608</td>
<td>$1,118</td>
<td>$1,726</td>
<td></td>
</tr>
<tr>
<td>Payment Option C one half continuance</td>
<td>$2,319</td>
<td>$608</td>
<td>$855</td>
<td>$1,463</td>
<td></td>
</tr>
<tr>
<td>Payment Option D one half continuance to eligible spouse or domestic partner</td>
<td>$2,357</td>
<td>not applicable</td>
<td>$1,178</td>
<td>$1,178</td>
<td></td>
</tr>
</tbody>
</table>
### Alternate payment option – no eligible survivor

**Example for 2013 Tier retiree age 60, C.A. age 57**

<table>
<thead>
<tr>
<th>Monthly Retirement Option</th>
<th>Lifetime monthly payment to you</th>
<th>UPON DEATH - Monthly payment to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Retirement Income (BRI)</td>
<td>$2,433</td>
<td>not applicable</td>
</tr>
</tbody>
</table>
| Payment Option A  
full continuance | $2,148 | not applicable | $2,148 |
| Payment Option B  
two thirds continuance | $2,235 | not applicable | $1,490 |
| Payment Option C  
one half continuance | $2,282 | not applicable | $1,141 |
| Payment Option D  
one half continuance to eligible spouse or domestic partner | not applicable | not applicable | not applicable |
For retirement estimates, please continue to use At Your Service Online (atyourserviceonline.ucop.edu). We’ll update you when retirement modelling is available on UCRAYS.

UCRP Service Credit

**24.4179 years**

as of 9/21/2019

- Membership Details
- Beneficiary Designations

View and manage your contacts' details. Your contacts include your plan beneficiaries, power of attorney, or your domestic partner.

- Manage Contacts
Cost of Living Adjustments

- Based on changes in Consumer Price Index (CPI)
- **Retirement COLA**: effective July 1 after one full year of retirement
  - Paid annually on August 1 pension check
  - Ranges from 0% to 6%; generally 1-2%
- **Inactive COLA**: One-time adjustment to your HAPC, resulting in a higher benefit
  - 1976 Tier and Safety Members only
  - Maximum of 2%
Potential payments upon retiree death

- Basic death payment
- Postretirement survivor continuance
  - Only available to 1976 Tiers
- Alternate monthly payment option
  - Lifetime monthly income to designated contingent annuitant
  - Your basic retirement income is reduced to provide for potential payments to second person
- None available under lump sum cashout
Lump Sum Cashout
Lump sum cashout (LSC)

- One time, lump sum payment
- May elect instead of lifetime monthly income
- Based on the present value of the retirement income you would receive over your life expectancy
  › Basic Retirement Income x Single Payment Factor
- Available under 1976 Tier, Safety, & 2013 Modified Tier
  › Not available to 2013 or 2016 Tier members
LSC – important considerations

- Forfeit other benefits:
  - Health benefits
  - UCRP basic death benefit
  - UCRP survivor and contingent annuitant benefits

- Sick leave is not converted to service credit in calculating the lump sum cashout

- More restrictive return-to-work rules
LSC – Payout

- Subject to taxes the year in which you take the payout
- May roll over into another eligible retirement account and defer taxes
  - UC Retirement Savings Plans—403(b), 457(b), DC Plan
  - Other qualified employer retirement plans
  - IRA
- Decision to take cashout is irrevocable
Retirement Payment vs. Current Paycheck
# Active vs Retired “Paycheck”

<table>
<thead>
<tr>
<th></th>
<th>ACTIVE</th>
<th>RETIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly gross income</strong></td>
<td>SALARY</td>
<td>UCRP</td>
</tr>
<tr>
<td><strong>Deductions, withholdings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal, state, local tax</td>
<td>✓ (✓)</td>
<td>✓</td>
</tr>
<tr>
<td>Social Security (OASDI)</td>
<td>✓</td>
<td>--</td>
</tr>
<tr>
<td>Medicare</td>
<td>✓</td>
<td>--</td>
</tr>
<tr>
<td>Health Benefits</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>UCRP Contribution</td>
<td>✓</td>
<td>--</td>
</tr>
<tr>
<td>Parking, commuter costs</td>
<td>✓</td>
<td>--</td>
</tr>
<tr>
<td>Other work-related deductions</td>
<td>✓</td>
<td>--</td>
</tr>
<tr>
<td><strong>Monthly net income</strong></td>
<td>Difference may be less than you think</td>
<td></td>
</tr>
</tbody>
</table>
Other Sources of Retirement Income
Other sources of retirement income

- Capital Accumulation Payment (CAP)
- Retirement Savings Program
- Social Security
- Other Retirement Systems
Capital Accumulation Payment (CAP)

- Special allocations to UCRP members based on a percentage of compensation
  - CAP II – issued 2002-2003

- Must be distributed upon retirement
  - Rollover or a taxable distribution paid to you

Check your CAP balance at: https://atyourserviceonline.ucop.edu/ayso
How many of you save through the UC Retirement Savings Program (403(b), 457(b) or DCP)?

- 403(b) Plan A
- 457(b) Plan B
- DC Plan C
- I save in 2 or more UCRSP plans D
- I don't save in any of the UCRSP plans E

I don't save in any of the UCRSP plans
Retirement Savings Program – While Active

- **Defined Contribution Plan (DC Plan)**
  - UCRP eligible employees working between 1990 and 2010 have pretax money in this plan
  - Voluntary contributions on an after-tax basis

- **403(b) & 457(b) Plans**
  - Voluntary pre-tax contributions
  - Deferral limit = $19,000 + $6,000 if over age 50 to each plan

- **Invest in funds managed by the UC Office of the Chief Investment Officer**
RSP – options after you retire

- Can maintain accounts in RSP as long as plan balance greater than $2,000
- Access your money through full or partial distributions
  - Can set up systematic withdrawals
- Consolidate retirement savings in one place
  - CAP, LSC (rollover not subject to taxes)
  - Other employer plans and IRAs
- Continue to manage investments
- If you return to work at UC after retirement, you may be limited in taking distributions from some or all plans.
RSP – withdrawals

- Taxed as income in year received, unless after-tax money or rolled over to another qualified plan

- Subject to early distribution penalty if taken before age 59 ½, unless:
  - 457(b) funds
  - Leaving UC during or after year in which you turn 55

- Minimum Required Distributions
  - Generally after you turn 70 ½
Questions?

- **UCRP, CAP**
  - RASC (800) 888-8267
  - ucal.us/askrasc
  - Preparing for Retirement Webinar - live, once/month

- **Retirement Savings Program**
  - UC-Dedicated Fidelity Retirement Planner (800) 558-9182
  - myUCretirement.com/classes
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