

UNIVERSITY
OF
CALIFORNIA

PATHWAY
to Retirement



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*

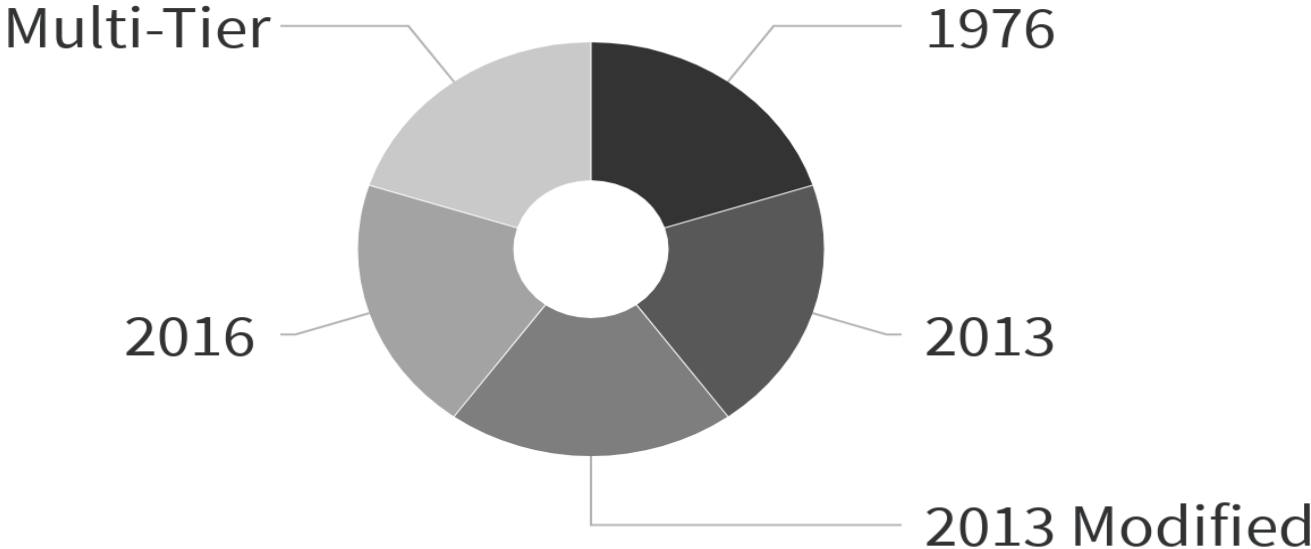
2016 Tier*

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



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)

**Age Factor x Service Credit x HAPC =
Basic Retirement Income**

1 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

3 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

3 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
 - › PEPPRA 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

Retirement Estimator on At Your Service Online

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.

	View More Ages >		
Monthly alternate payment options at:	Age <u>60</u>	Age <u>65</u>	Age <u>70</u>
Basic Retirement Income Option			
Lifetime monthly amount	\$1,717	\$2,616	\$3,514
Temporary Social Security Supplement*	\$31	n/a	n/a
View More Monthly Income Options 			
Lump Sum Cashout (LSC) Option			
One-time Payment	\$278,130	\$383,706	\$456,146



Retirement Estimator on At Your Service Online

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Tuesday, May 03, 2016, 6:49 PM PDT

To get started, please provide some basic information.

Retirement Age or Date

I want to retire at age (Enter a full age between 50 and 99):

I want to retire on: Retirement date Separation date

Relationship Status
Your spouse or domestic partner may be eligible to receive a postretirement survivor continuance if the date of the marriage or domestic partnership is at least one year before your retirement date.

I am legally married
 I am in a domestic partnership
 I am not married or in a domestic partnership

Marriage/domestic partnership date

Alternate payment option – with eligible survivor

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

MONTHLY RETIREMENT INCOME OPTIONS				
Monthly Retirement Option	Lifetime monthly payment to you	UPON DEATH - Monthly payment to:		
		Eligible Survivor <i>25% of BRI</i>	Contingent Annuitant	Combined to Eligible Survivor and Contingent Annuitant
Basic Retirement Income (BRI)	\$2,433	\$608	<i>not applicable</i>	<i>not applicable</i>
Payment Option A <i>full continuance</i>	\$2,219	\$608	\$1,611	\$2,219
Payment Option B <i>two thirds continuance</i>	\$2,285	\$608	\$1,118	\$1,726
Payment Option C <i>one half continuance</i>	\$2,319	\$608	\$855	\$1,463
Payment Option D <i>one half continuance to eligible spouse or domestic partner</i>	\$2,357	<i>not applicable</i>	\$1,178	\$1,178

Alternate payment option – no eligible survivor

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

MONTHLY RETIREMENT INCOME OPTIONS			
Monthly Retirement Option	Lifetime monthly payment to you	UPON DEATH - Monthly payment to:	
		Eligible Survivor <i>25% of BRI</i>	Contingent Annuitant
Basic Retirement Income (BRI)	\$2,433	<i>not applicable</i>	<i>not applicable</i>
Payment Option A <i>full continuance</i>	\$2,148	<i>not applicable</i>	\$2,148
Payment Option B <i>two thirds continuance</i>	\$2,235	<i>not applicable</i>	\$1,490
Payment Option C <i>one half continuance</i>	\$2,282	<i>not applicable</i>	\$1,141
Payment Option D <i>one half continuance to eligible spouse or domestic partner</i>	<i>not applicable</i>	<i>not applicable</i>	<i>not applicable</i>

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Retirement
At Your Service

For retirement estimates, please continue to use At Your Service Online (atyourserviceonline.ucop.edu). We'll update you when retirement modeling 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”

	ACTIVE	RETIRED
Monthly gross income	SALARY	UCRP
Deductions, withholdings		
Federal, state, local tax	✓	✓
Social Security (OASDI)	✓	--
Medicare	✓	--
Health Benefits	✓	✓
UCRP Contribution	✓	--
Parking, commuter costs	✓	--
Other work-related deductions	✓	--
Monthly net income	Difference may be less than you think	



Other Sources of Retirement Income

Other sources of retirement income

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

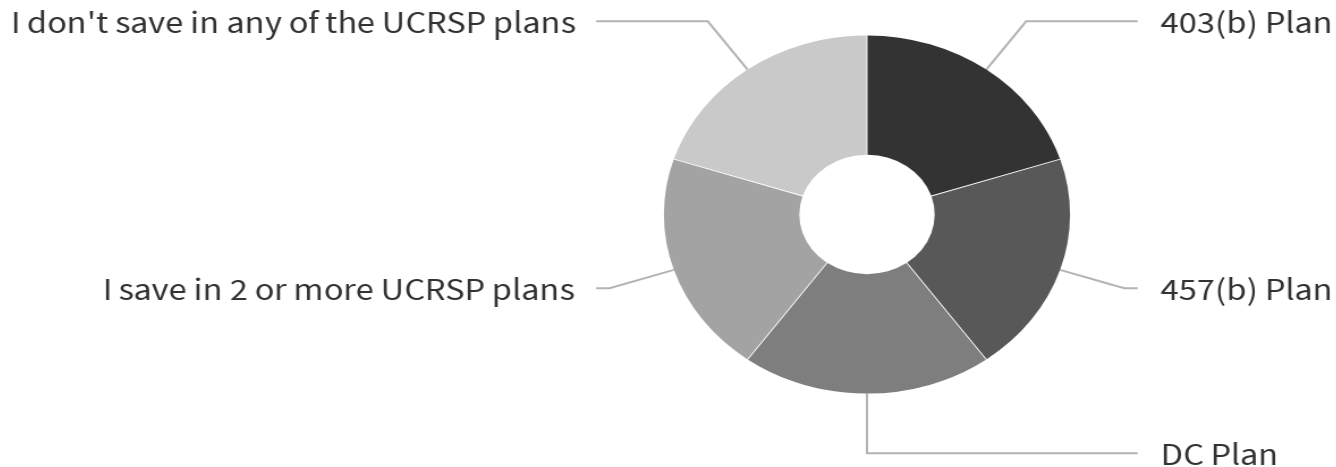
Capital Accumulation Payment (CAP)

- Special allocations to UCRP members based on a percentage of compensation
 - › CAP I – issued 1992-1994
 - › 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 plan... D I don't save in any of the UCR... E



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?

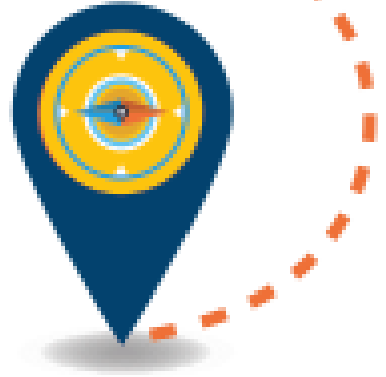
■ UCRP, CAP

- › 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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