UC Retirement Income Sources - Don Goldberg
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.
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
  - unused sick leave hours / 2000 = 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
HAPC (Highest average plan compensation)

Excludes:
- Overtime
- Summer Salary
- Negotiated Annual Additions/Incentive Compensation (Health Sciences)
- Salary that exceeds the Covered Compensation limit:
  - IRC 401(a)(17): $275,000
  - UCRP entry date prior to July 1, 1994: $405,000
  - PEPRA limit for 2016 tier member: $121,388
- 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>View More Ages &gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age 60</td>
</tr>
<tr>
<td>Basic Retirement Income Option</td>
<td></td>
</tr>
<tr>
<td>Lifetime monthly amount</td>
<td>$1,717</td>
</tr>
<tr>
<td>Temporary Social Security Supplement*</td>
<td>$31</td>
</tr>
<tr>
<td>View More Monthly Income Options</td>
<td></td>
</tr>
<tr>
<td>Lump Sum Cashout (LSC) Option</td>
<td></td>
</tr>
<tr>
<td>One-time Payment</td>
<td>$278,130</td>
</tr>
</tbody>
</table>
Retirement Estimator on At Your Service Online

Retirement Estimator
Main Menu

Retirement Estimator

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 MM/DD/YYYY Separation date MM/DD/YYYY

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 MM/DD/YYYY
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
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></td>
<td></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></td>
<td>$1,611</td>
<td>$2,219</td>
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<tr>
<td>Payment Option B two thirds continuance</td>
<td>$2,285</td>
<td>$608</td>
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<td>$1,118</td>
<td>$1,726</td>
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<tr>
<td>Payment Option C one half continuance</td>
<td>$2,319</td>
<td>$608</td>
<td></td>
<td>$855</td>
<td>$1,463</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></td>
<td>$1,178</td>
<td>$1,178</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>Eligible Survivor 25% of BRI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contingent Annuitant</td>
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<tr>
<td>Payment Option A</td>
<td>$2,148</td>
<td>not applicable</td>
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<tr>
<td>full continuance</td>
<td></td>
<td>$2,148</td>
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<tr>
<td>Payment Option B</td>
<td>$2,235</td>
<td>not applicable</td>
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<tr>
<td>two thirds continuance</td>
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<td>$1,490</td>
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<tr>
<td>Payment Option C</td>
<td>$2,282</td>
<td>not applicable</td>
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<tr>
<td>one half continuance</td>
<td></td>
<td>$1,141</td>
</tr>
<tr>
<td>Payment Option D</td>
<td>not applicable</td>
<td>not applicable</td>
</tr>
<tr>
<td>one half continuance to eligible spouse or domestic partner</td>
<td>not applicable</td>
<td>not applicable</td>
</tr>
</tbody>
</table>
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>Monthly gross income</td>
<td>SALARY</td>
<td>UCRP</td>
</tr>
<tr>
<td>Deductions, withholdings</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>Monthly net income</td>
<td></td>
<td>Difference may be less than you think</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
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
YOUR UC RETIREMENT BENEFITS

Preparing for a successful retirement is one of the biggest financial responsibilities you’ll face. UC offers a comprehensive array of retirement benefits, savings programs and educational and counseling resources to help you plan for retirement.

UC’s primary retirement benefits provide a strong foundation, with costs shared by you and UC. Voluntary savings programs and retirement planning resources give you the tools to save even more toward a financially secure future.
Questions?

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

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