

From Disability to Retirement

For Members Whose UCRP Disability Date is
November 5, 1990 or Later

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If you're receiving monthly UCRP disability income and are at or near retirement age, choosing the right time to retire is extremely important. That's because the timing of your retirement will affect the retirement income that you'll receive for the rest of your life. Your retirement date also helps determine UC's contribution to your retiree health premiums, if eligible.

This fact sheet can help you compare UCRP retirement income with your UCRP disability income, so you can choose your optimal retirement date. It explains when UCRP disability income ends and the differences between UCRP disability and retirement benefits. It also includes examples showing how retirement income may differ depending on when you decide to retire, your age, years of service credit and when you joined UCRP. And it outlines the steps you need to take to retire.

The information in this fact sheet applies to employees who joined UCRP before July 1, 2013 (the 1976 Tier), those who joined on or after July 1, 2013 (2013 Tier) and those who joined on or after July 1, 2016 (2016 Tier). If you're a UCRP Safety member, you'll find information that applies to you in the *Summary Plan Description for Safety Members*, at ucal.us/UCRPsafety. Please note that participants in Savings Choice are not members of UCRP, and are therefore not eligible for UCRP disability or retirement income.

When Disability Income Ends

Your UCRP disability income will end on the earliest date that one of the following occurs:

- You're no longer disabled, based on UCRP definitions
- You elect to retire or
- You reach your disability income cutoff date. This is the date when you're no longer eligible to receive disability benefits because you've reached the maximum age limit. (Your cutoff date depends on your UCRP membership classification and your age when you began receiving disability benefits; see the chart below.)

UCRP DISABILITY INCOME CUTOFF DATES

Membership Classification	Your age on your UCRP disability date	Disability income cutoff date
Members with Social Security (2016 Tier, 2013 Tier, 1976 Tier, Tier Two)	Under 65	After 5 years or at age 65, whichever is later
	65 or older	After 12 months or at age 70, whichever is later
Members without Social Security (2013 Tier, 1976 Tier, Tier Two)	Under 65	After 5 years or at age 67, whichever is later
	65 or older	After 12 months or at age 70, whichever is later

Tip

Here's another element to factor into the timing of your retirement: Your retirement date needs to be on the first of a month. Ideally, you would contact the Retirement Administration Service Center about 90 days before your target retirement date—but you must apply no later than the last day of the month you want your retirement to begin. For example, if you want to retire on Jan. 1, you'll need to contact the Retirement Administration Service Center sometime between Oct. 1 and Jan. 31. (For more about the retirement process, see "When You Decide to Retire: What To Do," page 13.)

Choosing When to Retire

DISABILITY CUTOFF RATE

If you're receiving UCRP disability income, you'll be notified approximately four months before your disability cutoff date, so you have time to plan your retirement. (If you are aware that your disability cutoff date is coming up in the next four months and you haven't received a notification letter, please contact the Retirement Administration Service Center at 800-888-8267.)

But you don't need to wait until your cutoff date to retire. Once you become eligible to retire, you may elect to do so at any time.¹ In fact, it may be to your advantage to retire before your disability benefits end. There are a number of factors to consider when determining when to retire, including UC's contributions toward your health insurance, your service credit cap date and your maximum age factor.

UC CONTRIBUTIONS TOWARD PREMIUMS

If you retire while receiving UCRP disability income, your medical and dental insurance may continue. If eligible, UC's contribution toward premiums will be at least 50 percent of its maximum contribution—even if you don't have the ten years of service credit normally required for this UC contribution level. Depending on your total service credit, the percentage of UC's contribution toward premiums could even be higher than 50 percent: UC's contribution will be based on the service credit you earned during employment, plus any additional service credit you earned while receiving UCRP disability income.

SERVICE CREDIT CAP DATE

You'll also be notified approximately three to six months before another important milestone—your service credit cap date. This is the first date your UC retirement benefit would equal or exceed your basic disability benefit (not including cost-of-living adjustments, or COLAs). Until you reach your service credit cap date, you may continue to earn UCRP service credit while you're receiving UCRP disability income, at the same rate as when you were working during the last 12 months of employment. After this date, you won't accrue any more UCRP service credit that could increase your retirement benefit, so you may find that it's preferable to retire rather than continue on disability.

¹ You must be separated from UC employment before retirement begins. If you have any questions about whether you have been separated, please contact a benefits representative.

RETIREMENT AGE FACTOR

Finally, you should consider when you reach your maximum retirement age factor. Your age factor is based on your age at retirement, and it is used in calculating your basic retirement income. If you have not reached the maximum age factor as of your service credit cap date and you remain disabled, you may receive a higher retirement income if you wait to retire until the maximum age (60 for members of the 1976 or Modified 2013 Tier²; 65 for members of the 2013 or 2016 Tier).

Review the examples on pages 8–12 to better understand the most advantageous time for you to retire, given the details of your situation.

BASIC RETIREMENT INCOME

Your basic retirement income will be based on:

- Your average monthly salary, calculated over your highest-paid 36 continuous months of active employment (known as your “highest average plan compensation,” or HAPC, and subject to maximums if they apply)
- Your “age factor,” a number based on your age in complete years and months on the date you retire and
- Your years of UCRP service credit.

It’s calculated according to this two-step process:

1. Service credit x age factor = benefit percentage

For example, if you retire at age 65 (age factor .0250), with 20 years of service credit, $20 \text{ years} \times .0250 = 50.0\%$ (benefit percentage).

2. Multiply your benefit percentage by your HAPC³

For example, if your benefit percentage is 50.0% and your HAPC is \$4,000, then $50.0\% \text{ of } \$4,000 = \$2,000$, for a basic retirement income of \$2,000 per month.

For a more detailed explanation of how retirement income is calculated, please see *A Complete Guide to Your UC Retirement Benefits* (at ucal.us/guidetoretirementben) or the plan summary for your UCRP membership tier, available on UCnet. You’ll find a chart showing age factors for members of your UCRP tier,

² As negotiated under AFSCME, CNA and UPTE bargaining contracts. Please see your collective bargaining contract at ucal.us/agreements for more information.

³ For 1976 Tier members coordinated with Social Security, the HAPC is reduced by \$133.

⁴ Please see your collective bargaining contract at ucal.us/agreements for more information.

definitions of key terms and information about maximums and other provisions that may apply to your contributions and/or benefits. If you had a partial-year career appointment, contact the Retirement Administration Service Center (800-888-8267) for information about your basic retirement income.

DISABILITY VS. RETIREMENT

The two tables on pages 6–7 show the main differences between UCRP disability and retirement benefits.

If you joined UCRP on or after July 1, 2013 (“2013 Tier”), you should review the first table. If you joined UCRP before that date (“1976 Tier”), take a look at the second one.

The “Maximizing Retirement Income—Examples” section that follows the tables illustrates how these benefits might differ depending on a member’s individual situation.

LUMP SUM CASHOUT

Some UCRP members, including members of the 1976 Tier and members of the 2013 Modified Tier (as negotiated under AFSCME, CNA and UPTE bargaining contracts⁴), may choose a single lump sum cashout instead of receiving UCRP monthly retirement income.

Be aware, though, that choosing a lump sum cashout requires you to waive all rights to continue retiree medical, dental, vision and legal benefits, as well as any UCRP benefits that would otherwise be payable to your survivors at the time of your death. For more information, please see the *Lump Sum Cashout Fact Sheet* at ucal.us/lumpsumcashout.

Mind the Gap

Whatever the age at which you choose to retire, make sure that you don’t have a gap of more than 120 days between the end of your disability period and the first day of retirement. If you do have such a gap, you could lose the option of continuing your UC-sponsored health coverage in retirement.

Choosing When to Retire

DISABILITY VS. RETIREMENT OVERVIEW—2013 OR 2016 TIER (IF YOU JOINED UCRP AFTER 6/30/2013)*

	While receiving UCRP disability income	While receiving UCRP retirement income
Eligibility to retire	Any time after age 55 with at least five years of service credit.	Already retired.
Monthly UCRP income	Maximum of 25% of your final salary, depending on how much service credit you have.** (If you're also receiving Voluntary Disability, those payments would supplement your UCRP Disability income and other sources, such as Social Security income. For more about Voluntary Disability, please see <i>Your Guide to UC Disability Benefits</i> at ucal.us/disabilitystaff .)	A percentage of your highest average plan compensation (HAPC), based on your age at retirement and years of service credit. The minimum is 5%. (If you're also receiving Voluntary Disability, those payments would supplement your UCRP retirement income and other sources, such as Social Security. For more about Voluntary Disability, contact the carrier or see <i>Your Guide to UC Disability Benefits</i> at ucal.us/disabilitystaff .)
Cost of living adjustments (COLAs)	Annual increases, based on Consumer Price Index; often around 2% per year; maximum of 6% per year. Payable beginning the July 1 after you've received UCRP disability income for one year.	Annual increases, based on Consumer Price Index; often around 2% per year; maximum of 6% per year. Payable beginning the July 1 after you've received UCRP benefits (disability and/or retirement income) for one year.
Age at which your "age factor" for calculating retirement income reaches its maximum of .0250	65 (60 for members of the 2013 Modified Tier, as negotiated under AFSCME, CNA and UPTE bargaining contracts. Please see your collective bargaining contract at ucal.us/agreements for more information.)	65 (60 for members of the 2013 Modified Tier, as negotiated under AFSCME, CNA and UPTE bargaining contracts. Please see your collective bargaining contract at ucal.us/agreements for more information.)
Restrictions on outside income?	Yes	No
Medical exams required to verify continuing eligibility?	Yes	No
Service credit accrual	May continue at the same rate of accrual as during final 12 months on pay status. Stops when you reach your service cap: when basic disability income (not including COLAs) equals what retirement income would be. Service credit you earn while on disability doesn't affect your disability income, but may increase your retirement income and the amount UC pays toward your health premiums in retirement.	N/A. Once you retire, you no longer accrue service credit.
Medical and dental benefits	Continue. The percentage of UC's contributions toward your premiums is the higher of: <ul style="list-style-type: none"> • 50% of the maximum UC contribution or • The percentage of UC's contribution for which you would otherwise be eligible in retirement, based on your age, years of service and when you joined UCRP 	For members who retire while receiving UCRP disability, benefits continue automatically into retirement if you retire with monthly income within 120 days of termination of UCRP disability benefits, with UC paying at least 50% of its maximum contribution toward premiums. You may be eligible for a higher level of UC contributions toward premiums, depending on your age and years of service credit. For details, please see the Graduated Eligibility charts in <i>A Complete Guide to Your UC Retirement Benefits</i> at ucal.us/guidetoretirementben .
Vision benefits	You may continue this benefit if you pay the full premium directly to the carrier.	If you were enrolled while receiving UCRP disability, you may continue coverage as long as you pay the full cost of the premiums directly to the carrier.
Legal benefits	You may continue this benefit if you pay the full premium, which will be deducted from your monthly disability benefit.	If you were enrolled while receiving UCRP disability, you may continue coverage as long as you pay the full cost of the premiums. The premium will be deducted from your monthly retirement benefit.

* If you have separate periods of service in both tiers, please see *Your Guide to UC Disability Benefits* at ucal.us/disabilitystaff.

** For a chart showing the specifics of how this percentage is calculated, please see *Your Guide to UC Disability Benefits* at ucal.us/disabilitystaff.

DISABILITY VS. RETIREMENT OVERVIEW—1976 TIER (IF YOU JOINED UCRP BEFORE JULY 1, 2013)*

	While receiving UCRP Disability	While receiving UCRP retirement income
Eligibility to retire:	Beginning at age 50 with at least five years of service credit	Already retired.
Monthly UCRP income	Maximum of 40% of your final salary, depending on how much service credit you have.** (If you're also receiving Voluntary Disability, those payments would supplement your UCRP Disability income and other sources, such as Social Security Income. For more about Voluntary Disability, please see <i>Your Guide to UC Disability Benefits</i> at ucal.us/disabilitystaff .)	A percentage of your highest average plan compensation (HAPC), based on your age at retirement and years of service credit. The minimum is 5%. (If you're also receiving Voluntary Disability, those payments would supplement your UCRP Retirement income and other sources, such as Social Security For more about Voluntary Disability, contact the carrier or see <i>Your Guide to UC Disability Benefits</i> at ucal.us/disabilitystaff .)
Cost of living adjustments (COLAs)	Annual increases, based on Consumer Price Index; often around 2% per year; maximum of 6% per year. Payable beginning the July 1 after you've received UCRP disability income for one year.	Annual increases, based on Consumer Price Index; often around 2% per year; maximum of 6% per year. Payable beginning the July 1 after you've received UCRP disability or retirement income for one year.
Restrictions on outside income?	Yes	No
Medical exams required to verify continuing eligibility?	Yes	No
Age at which your "age factor" for calculating retirement income reaches its maximum of .0250	60	60
Service credit accrual	May continue at same rate of accrual as during final 12 months on pay status. Stops when you reach your service cap: when basic disability income (not including COLAs) equals what retirement income would be. Service credit you earn while on disability doesn't affect your disability income, but may increase your retirement income and the amount UC pays toward your health premiums in retirement.	N/A. Once you retire, you no longer accrue service credit.
Medical and dental benefits	Continue. The percentage of UC's contributions toward your premiums is the higher of: <ul style="list-style-type: none"> • 50% of the maximum UC contribution or • The percentage of UC's contribution for which you would otherwise be eligible in retirement, based on your age, years of service and when you joined UCRP*** 	For members who retire while receiving UCRP disability, benefits continue into retirement if you retire with monthly income within 120 days of termination of UCRP disability benefits, with UC paying at least 50% of its maximum contribution toward premiums. You may be eligible for a higher level of UC contributions toward premiums, depending on your age, years of service credit (including credit earned during UCRP disability), and when you joined UCRP***. For details, please see the Graduated Eligibility charts in <i>A Complete Guide to Your UC Retirement Benefits</i> at ucal.us/guidetoretirementben .
Vision benefits	You may continue this benefit if you pay the full premium directly to the carrier.	If you were enrolled while receiving UCRP disability, you may continue coverage as long as you pay the full cost of the premiums directly to the carrier.
Legal benefits	You may continue this benefit if you pay the full premium, which will be deducted from your monthly disability benefit.	If you were enrolled while receiving UCRP disability, you may continue coverage as long as you pay the full cost of the premiums. The premium will be deducted from your monthly retirement benefit.

* If you have separate periods of service in both tiers, please see *Your Guide to UC Disability Benefits* at ucal.us/disabilitystaff.

** For a chart showing the specifics of how this percentage is calculated, please see *Your Guide to UC Disability Benefits* at ucal.us/disabilitystaff.

*** If you became a member of UCRP before Jan. 1, 1990 and did not have a subsequent break in service of more than 120 days, UC pays 100% of its maximum contribution toward the cost of your premiums.

Maximizing Retirement Income—Examples

In selecting your retirement date, you need to think ahead and consider what your benefit will be if you choose an earlier vs. a later date. The rule of thumb is that you'll receive the maximum monthly UCRP retirement benefit if you retire on the later of:

- The age at which your age factor reaches its maximum (age 60 for 1976 Tier members or 65 for those in the 2013 or 2016 Tier) or
- Your service credit cap date

But the details will be different for everyone, so you'll need to examine your own situation closely as you make your decision.

The examples below highlight how a variety of factors—including age factors, service credit levels, service credit cap dates and disability cutoff dates—can affect benefit levels.

1976 TIER EXAMPLES

ASSUMPTIONS

The 1976 Tier examples below are based on the following assumptions:

- Members have Social Security (HAPC is reduced by \$133)
- Members worked 100 percent time before their disability date. (If you worked less than full-time, you earn less service credit.)
- The service credit cap date is based on basic retirement income. (If you're married or have a qualified domestic partner, your service credit cap date would be based on the Option A benefit. For details about this, please see *A Complete Guide to Your UC Retirement Benefits* at ucal.us/guidetoretirementben.)
- The annual COLA increase is 2 percent, effective each July 1 after the member has received disability or retirement income for one year.
- Members don't have Voluntary Long-Term Disability. (For information about Voluntary Disability benefits, please see *Your Guide to UC Disability Benefits* at ucal.us/disabilitystaff.)

EXAMPLE 1—MAXIMUM RETIREMENT INCOME AT AGE 60 (Member reaches service credit cap before age 60)

Jean

Age at UCRP Disability Date	31
Service credit as of UCRP Disability Date	5 years
Final Salary	\$4,600
HAPC	\$4,400

Jean becomes disabled at age 31 and has five years of service credit. Her basic UCRP disability income (before any COLAs) is \$929 per month. She continues earning service credit for 19 years while receiving UCRP disability income, until she reaches her service cap at age 50, the first date she's eligible to retire. At that point she has 24 years of service credit.

If she retires at 50, her basic retirement income (\$1,126) will be more than her basic disability income (\$929). But because her monthly disability benefit now includes 19 years' worth of cumulative COLAs, she actually earns more from UCRP disability than she would by retiring:

Age 50 (service credit cap)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$929	\$398	\$1,327
Retirement income	\$1,126	\$0	\$1,126

If she retires at 60, she will have reached the maximum age factor and will receive her maximum UCRP retirement income:

Age 60 (maximum age factor)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$929	\$688	\$1,617
Retirement income	\$2,560	\$0	\$2,560

If she retires at 65—her disability income cutoff date—her basic retirement income would be the same as if she had retired at age 60. (Remember that age factors don't increase after age 60.) But she would have missed out on five years' worth of retirement COLAs, applied to a larger basic benefit amount than her disability income:

Age 65 (disability income cutoff)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$929	\$856	\$1,785
Retirement income	\$2,560	\$0	\$2,560

Summing up:

When Jean reaches age 65, her total benefit will depend on when she decided to retire. The age at which her age factor reached its maximum is later than her service credit cap date, so that is the most advantageous time for her to retire. The column at the far right of the chart below shows the monthly benefit she would receive at age 65 if she had retired at each of the three ages shown in the left-hand column:

Retire at	Basic benefit	COLAs at age 65	Total monthly UCRP benefit at age 65
50 (service credit cap)	\$1,126	\$389	\$1,515
60 (maximum age factor)	\$2,560	\$266	\$2,826
65 (disability income cutoff)	\$2,560	\$0	\$2,560

EXAMPLE 2—MAXIMUM RETIREMENT INCOME AT SERVICE CREDIT CAP

(Member reaches service credit cap at age 60)

Raymond

Age at UCRP Disability Date	55
Service credit as of UCRP Disability Date	12 years
Final Salary	\$2,389
HAPC	\$2,133

Raymond becomes disabled at age 55, with 12 years of service credit. His basic UCRP disability income (before any COLAs) is \$849 per month. He's eligible to retire, but at 55, his retirement benefit would be only \$432, so it makes more sense to continue on disability. At 60, with 17 years of service credit, he reaches his service cap.

If he retires at 60, his basic retirement income (\$850) will be more than his basic disability income (\$849) but less than disability plus COLA (\$919). However, this is the maximum UCRP retirement income—because his age factor won't go up past age 60, and he has reached his service credit cap:

Age 60 (maximum age factor; service credit cap)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$849	\$70	\$919
Retirement income	\$850	\$0	\$850

If he retires at 65—his disability cutoff date—his basic retirement income would be the same as if he had retired at age 60. (Remember that age factors don't increase after age 60.) But he would have missed out on five years' worth of retirement COLAs:

Age 60 (disability income cutoff)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$849	\$166	\$1,015
Retirement income	\$850	\$0	\$850

Summing up:

When Raymond reaches age 65, his total benefit will depend on when he decided to retire. He reaches his maximum age factor and service credit cap at 60; that is the most advantageous time for him to retire. At 65, here's what he would receive if he retired at these ages:

Retire at	Basic benefit	COLAs at age 65	Total monthly UCRP benefit at age 65
60 (maximum age factor; service credit cutoff)	\$850	\$88	\$938
65 (disability income cutoff)	\$850	\$0	\$850

Maximizing Retirement Income—Examples

EXAMPLE 3—MEMBER REACHES DISABILITY INCOME CUTOFF BEFORE SERVICE CREDIT CAP

Rudy

Age at UCRP Disability Date	65
Service credit as of UCRP Disability Date	7 years
Final Salary	\$3,287
HAPC	\$3,133

Rudy becomes disabled at age 65, with 7 years of service credit. His basic UCRP disability income (before any COLAs) is \$798 per month.

If he retires at 65, his basic retirement income (\$525) will be less than his basic disability income (\$798). Because he became disabled at age 65, his disability cutoff date is age 70, so it makes more sense to continue on disability and retire later. His age factor won't increase, but he will earn more service credit.

Age 65	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$798	\$0	\$798
Retirement income	\$525	\$0	\$525

Summing Up:

If he retires at 70, his retirement income will exceed his disability income.

Age 70 (disability cutoff date)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$798	\$83	\$881
Retirement income	\$900	\$0	\$900

2013 OR 2016 TIER EXAMPLES

ASSUMPTIONS

The 2013 or 2016 Tier examples below are based on the following assumptions:

- Members have Social Security
- Members worked 100 percent time before their disability date. (If you worked less than full-time, you earn less service credit.)
- The service credit cap date is based on basic retirement income. (If you're married or have a qualified domestic partner, your service cap date would be based on the Option A benefit. For details about this, please see *A Complete Guide to Your UC Retirement Benefits* at ucal.us/guidetoretirementben.)
- The annual COLA increase is 2 percent, effective each July 1 after the member has received disability or retirement income for one year.
- Members don't have Voluntary Disability. (For information about Voluntary Disability benefits, please see *Your Guide to UC Disability Benefits* at ucal.us/disabilitystaff.)

Do You Belong to Other Retirement Plans?

If you've participated in a retirement plan other than UCRP, contact the plan about retirement benefits you may be eligible for.

And if you have reciprocity with CalPERS and would like your salary or service credit to be considered for both plans, your retirement date must be the same for both UCRP and CalPERS. For more information, please see the *UCRP/CalPERS Reciprocity Fact Sheet* at ucal.us/reciprocity.

EXAMPLE 1—MAXIMUM RETIREMENT INCOME AT AGE 65
(Member reaches service credit cap before age 65)

Lucy

Age at UCRP Disability Date	31
Service credit as of UCRP Disability Date	5 years
Final Salary	\$4,600
HAPC	\$4,400

Lucy becomes disabled at age 31 and has five years of service credit. Her basic UCRP disability income (before any COLAs) is \$602 per month. She continues earning service credit for 24 years while receiving UCRP disability income, until she reaches her service credit cap at age 55.

If she retires at 55, her basic retirement income (\$1,403) will be more than her basic disability income (\$602). Her monthly disability benefit now includes 23 years' worth of cumulative COLAs (one for each year after her first year of receiving benefits), but she would still earn more from retirement income:

Age 55 (service credit cap)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$602	\$347	\$949
Retirement income	\$1,403	\$0	\$1,403

If she retires at 60, her age factor will be higher, which will increase her retirement:

Age 60	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$602	\$446	\$1,048
Retirement income	\$2,297	\$0	\$2,297

If she retires at 65—the age at which her age factor reaches its maximum as well as her disability income cutoff date—her basic retirement income would be higher than if she had retired at 60:

Age 65 (maximum age factor; disability income cutoff)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$602	\$532	\$1,134
Retirement income	\$3,190	\$0	\$3,190

Summing up:

When Lucy reaches age 65, her total benefit will depend on when she decided to retire. It's most advantageous for her to retire when her age factor reaches its maximum. The column at the far right of the chart below shows the monthly benefit she would receive at age 65 if she had retired at each of the three ages shown in the left-hand column:

Retire at	Basic benefit	COLAs at age 65	Total monthly UCRP benefit at age 65
55 (service credit cap)	\$1,403	\$307	\$1,710
60	\$2,297	\$239	\$2,536
65 (maximum age factor; disability income cutoff)	\$3,190	\$0	\$3,190

Maximizing Retirement Income—Examples

EXAMPLE 2—MAXIMUM RETIREMENT INCOME AT SERVICE CREDIT CAP

Herbert

Age at UCRP Disability Date	67
Service credit as of UCRP Disability Date	5 years
Final Salary	\$5,870
HAPC	\$5,235

Herbert becomes disabled at age 67, with five years of service credit. His basic UCRP disability income (before any COLAs) is \$768 per month. He’s eligible to retire, but his benefit would be only \$654, so it makes more sense to continue on disability. At 67 and 11 months, he reaches his service credit cap and has six years of service credit. His retirement benefit would be \$774, and his disability income (without COLA) would be \$783.

If he retires at 67, his basic retirement income (\$654) will be less than his basic disability income (\$768):

Age 67	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$768	\$0	\$768
Retirement income	\$654	\$0	\$654

If he retires at 67 and 11 months—his service credit cap—his basic retirement income would increase from age 67 because he would have more service credit:

Age 67 and 11 months (service credit cap)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$768	\$15	\$783
Retirement income	\$774	\$0	\$774

If he were to retire at 70—his disability cutoff date—his basic retirement income would be less than his disability benefit plus COLAs. He wouldn’t receive additional service credit between ages 68 and 70 because he has reached his service credit cap. His age factor wouldn’t increase because he is over 65.

Age 70 (disability cutoff date)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$768	\$47	\$815
Retirement income	\$774	\$0	\$774

Summing up:

When Herbert reaches age 70, his total benefit will depend on when he decided to retire. It’s to his advantage to retire at his service credit cap date. At 70, here’s what he would receive if he retired at these ages:

Retire at	Basic benefit	COLAs at age 65	Total monthly UCRP benefit at age 70
67	\$654	\$30	\$694
67 and 11 months	\$774	\$31	\$805
70	\$774	\$0	\$774

EXAMPLE 3—MEMBER REACHES DISABILITY INCOME CUTOFF CLOSE TO SERVICE CREDIT CAP DATE

Bill

Age at UCRP Disability Date	58
Service credit as of UCRP Disability Date	20 years
Final Salary	\$4,775
HAPC	\$4,560

Bill becomes disabled at age 58, with 20 years of service credit. His basic UCRP disability income (before any COLAs) is \$1,193 per month.

If he retires at 58, his disability date, his basic retirement income (\$1,386) will already be more than his basic disability income (\$1,193). That means he won’t accrue service credit while receiving UCRP disability income.

Age 58 (disability date)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$1,193	\$0	\$1,193
Retirement income	\$1,386	\$0	\$1,386

If he retires at 65, his retirement income will be significantly higher than his disability benefit—even though he has not been earning additional service credit during disability—because his age factor is higher:

Age 65 (maximum age factor; disability income cutoff)	Basic benefit	COLAs	Total monthly UCRP benefit
Disability income	\$1,193	\$147	\$1,340
Retirement income	\$2,280	\$0	\$2,280

Summing Up:

If he retires at 65, his retirement income will be higher. In his case, it’s best to wait to retire until his disability cutoff date.

When You Decide to Retire: What to Do

Call the Retirement Administration Service Center (800-888-8267) to start the process of retirement.

STEP 1:

Request a Personal Retirement Profile. UC can prepare your profile only when you're within 120 days of your retirement date.

Your profile will include up-to-date information summarizing your UCRP retirement benefit options. Requesting the profile doesn't commit you to taking any particular retirement action. The profile is intended as a personalized planning tool to help you make informed choices.

STEP 2:

Review your retirement choices. If you have questions about your options, you may call the Retirement Administration Service Center. Included with your Personal Retirement Profile will be an Election Checklist which will contain the Monthly Retirement Income Election form or the Lump Sum Cashout Election form. Complete the form indicating your final retirement election choices.

STEP 3:

Submit your election form to the Retirement Administration Service Center. When the election process is complete, the service center will send you a letter confirming your benefit amount. The decision is irrevocable from the retirement date specified on your election form, or—if this date is later—15 days after the date of the confirmation statement that the Retirement Administration Service Center will send you.

