

Retirement Benefits Decision Guide

For rehired or newly eligible employees who
worked for UC before July 1, 2016, and former
CalPERS-covered employees

UNIVERSITY
OF
CALIFORNIA





Your UC Retirement Benefits

As a University of California employee, you help shape the quality of life for people throughout California and around the world. Every faculty and staff member plays an important role in UC's mission of education, research and public service.

UC's comprehensive benefits are among the ways we recognize our employees for their contributions, and are an important part of your compensation.

UC offers you a choice of primary retirement benefit options—Pension Choice or Savings Choice. Participation in one of the options is required, and you choose the one that's right for you.

The summaries in this booklet explain the plans' provisions and the policies and rules that govern them. If a conflict exists between these summaries and the plan documents, the plan documents govern. The Plan Administrator has the authority to interpret disputed provisions.

1.

Helping You Prepare for a Successful Retirement

Preparing for a successful retirement is one of the biggest financial responsibilities you'll face. All eligible new employees have a choice of primary (required) retirement benefits, with costs shared by you and UC. With this guide, we'll show you your options, explain how each one works, and highlight resources to help you choose the best option for your personal situation.

Steps to Making Your Choice

LEARN ABOUT YOUR PRIMARY RETIREMENT BENEFIT OPTIONS—PENSION CHOICE OR SAVINGS CHOICE

SEE HOW EACH OPTION WORKS
Pages 6–9

COMPARE THE OPTIONS AND DECIDE WHICH PLAN IS RIGHT FOR YOU
myUCretirement.com/choose

GET HELP WITH YOUR DECISION

ATTEND A WORKSHOP OR WEBINAR

myUCretirement.com/classes

TALK WITH A RETIREMENT PLANNER

800-558-9182 or
getguidance.fidelity.com/universityofcalifornia

MAKE YOUR SELECTION

CHOOSE YOUR OPTION ONLINE

myUCretirement.com/choose

IMPORTANT:

Enrollment in primary retirement benefits is **prospective**. The sooner you enroll in Pension Choice or Saving Choice, the sooner you start receiving UC contributions (and service credit under Pension Choice). See page 11 to learn more about reasons to make your choice as soon as possible. Your enrollment window closes once you submit a choice.

If you don't choose a primary retirement option within 90 days of the date you became eligible, you automatically will be enrolled in Pension Choice (effective with your next pay period). In general, your eligibility date is your hire date. If you are uncertain about your eligibility date, please contact the UC Retirement Administration Service Center at 800-888-8267.

2.

Your Primary Retirement Benefit Options: Pension Choice or Savings Choice

When it comes to choosing your primary retirement benefits, you have two options—Pension Choice or Savings Choice. Both options help you build valuable retirement income in addition to Social Security benefits and any savings you may have. Here’s an overview of who’s eligible for these benefits, how each option works, and how long you have to make your choice. For complete details, please see your Summary Plan Description.

ELIGIBILITY

You are eligible for the choice of primary retirement benefits described in this guide if you:

- Are a prior active member of UCRP who was rehired on or after July 1, 2016 into an eligible faculty or staff appointment, after a qualified break in UC service (between one and two months);
- Were hired by UC before July 1, 2016 and became eligible for retirement choice benefits on or after that date; OR
- Were hired by UC on or after July 1, 2016 and are classified as a “Classic Member” under CalPERS eligible for reciprocity with UC. If so, you will need to self-identify with the UC Retirement Administration Service Center (800-888-8267) to ensure you are enrolled in the appropriate benefits.

Note: If you are eligible for retirement choice and you **do not** meet the conditions above, please refer to the *Retirement Benefits Decision Guide* for faculty and staff hired on or after July 1, 2016 (ucal.us/decisionguide).

If you have questions about your eligibility, please contact the UC Retirement Administration Service Center at 800-888-8267.

UNION-REPRESENTED EMPLOYEES

If you’re represented by a union, your retirement benefits are governed by your union’s contract with UC and may be different than the benefits outlined here. Please refer to your collective bargaining agreement (available at ucal.us/agreements) for details.

ABOUT RETIREMENT EARNINGS MAXIMUMS

The maximum amount of your compensation that counts toward your retirement benefits may be affected by a number of factors, including the IRS dollar maximum and UC guidelines about eligible pay.

Please note that the Plan year runs from July 1 to June 30.

IRS Pay Maximum

The IRS sets a dollar maximum for annual earnings for the Plan year upon which retirement benefits and contributions may be based. This maximum is reviewed and may be adjusted annually. For the 2021 Plan year, the maximum is \$290,000.

Eligible Pay

Retirement benefits are calculated based on “eligible pay,” which does not include certain types of compensation. For a list of types of compensation that are not considered “eligible pay” when calculating retirement benefits, see *A Complete Guide to Your UC Retirement Benefits* on UCnet (ucal.us/guidetoretirementben).

HOW YOUR OPTIONS COMPARE¹

PENSION CHOICE

How it Works

Pension Choice includes a monthly pension benefit under the University of California Retirement Plan (UCRP), offering a predictable level of lifetime retirement income. Your pension benefit is based on your highest average 36 months of eligible pay² (up to the IRS pay maximum), UCRP service credit and your age at retirement.

UC makes decisions about the investments of the UCRP and assumes the investment risk.

Shared Contributions³

You contribute 7% of your eligible pay, before taxes, up to the annual IRS pay maximum. Your 7% contribution will be automatically deducted from your paycheck. Your contributions always belong to you.

UC contributes a percentage of eligible pay to UCRP, as determined by the UC Regents, up to the IRS pay maximum.

Your Retirement Income

You will “vest” in UCRP (become eligible to receive pension benefits, subject to plan rules) once you have earned five years of UCRP service credit. You begin to earn service credit for your time worked when you start making contributions.

When you retire, you will receive lifetime monthly retirement income **based on your highest average 36 months of eligible pay (up to the IRS maximum), the amount of your service credit in UCRP, and your age at retirement.**

UCRP provides disability and survivor benefits for qualifying eligible members and survivors, and members can choose someone to receive monthly lifetime upon their death.

Choice Window

If you choose to participate in Pension Choice, it is best to enroll as soon as possible during your initial 90-day enrollment window. Employees who do not make a choice within the 90-day period will be enrolled prospectively in Pension Choice by default. The decision to participate in Pension Choice is irrevocable—you cannot change your participation to Savings Choice later.

SAVINGS CHOICE

How it Works

Savings Choice works much like a 401(k) plan. Your mandatory pretax contributions, contributions from UC (based on your eligible pay²) and any investment earnings accumulate in a tax-deferred retirement account.

You select how to invest the contributions made to your account from a menu of available funds and you assume the investment risk. UC provides tools and resources to help you understand how to plan and invest for retirement.

Shared Contributions³

You contribute 7% of your eligible pay, before taxes, up to the annual IRS pay maximum (\$290,000 for 2021). Your 7% contribution will be automatically deducted from your paycheck.

UC contributes 8% of your eligible pay, up to the IRS pay maximum.

Your Retirement Income

Your contributions to your account will vest immediately. UC's contributions will vest after one year. The timing of distributions is governed by plan rules.

When you retire, you can draw money from your account. Your account balance will depend on the amount contributed by you and UC and the performance of your investments.

Savings Choice does not include survivor or disability benefits under UCRP; and does not include continuation of UC health coverage that may be provided with eligibility for UCRP disability income. You can designate a beneficiary for your account balance and opt for employee-paid disability and/or supplemental life insurance group coverage.

Choice Window

If you choose to participate in Savings Choice, enroll as soon as possible during your initial 90-day enrollment window. Employees who choose Savings Choice will have a one-time opportunity on the fifth anniversary of their election to switch to Pension Choice prospectively. See page 13 for details.

¹ See *A Complete Guide to Your UC Retirement Benefits* on UCnet for more information.

² Some types of compensation not considered “eligible pay” when calculating retirement benefits are:

- Pay that exceeds the full-time rate or established base pay rates for regular, normal positions;
- Pay that exceeds the base salary (X+X') under the Health Sciences Compensation Plan.
- Overtime pay (unless for compensatory time off);

For more about eligible pay, see *A Complete Guide to Your UC Retirement Benefits* on UCnet

³ Employer and employee contribution rates are set periodically by the UC Regents. Because UCRP is a defined benefit plan, a member receives a specified payment amount at retirement (based on UCRP service credit, retirement age and eligible annual pay, up to the applicable maximum), irrespective of the amount the individual or UC contributes. Provisions of the Retirement Choice Program are subject to collective bargaining for represented employees. Please refer to the appropriate collective bargaining agreement, as benefits and other provisions may vary.

3.

Pension Choice or Savings Choice: Which One is Right for You?

Deciding which option is right for you depends on a number of factors, including your age, the length of time you expect to work for UC, your personal financial situation, your investing style and risk tolerance, and how much retirement income you expect from other sources (e.g., Social Security).

HOW YOUR OPTIONS COMPARE

CONSIDER PENSION CHOICE IF YOU

- Expect to work for UC for most of your career.
- Want predictable retirement income payments.

CONSIDER SAVINGS CHOICE IF YOU

- Want a portable retirement benefit you can roll over into an IRA or another employer's retirement plan if you leave UC.
- Are comfortable choosing and managing your retirement investments.

RESOURCES TO HELP YOU CHOOSE

RETIREMENT DECISION TOOL

Use this interactive tool to compare your primary retirement benefit options and make your choice.

myUCretirement.com/choose

PERSONAL RETIREMENT COUNSELING

UC offers you one-on-one, personal help answering your enrollment questions or discussing your retirement benefits decisions. Talk with a Retirement Planner by phone or in person, when and where it's convenient for you. This service is available at no cost to you.

800-558-9182

getguidance.fidelity.com/universityofcalifornia

CLASSES AND WEBINARS

Attend an onsite class or webinar to learn about your retirement benefit options, understand how to make your choice and get answers to your questions. A schedule of upcoming classes and webinars is available online.

myUCretirement.com/classes

THE SOONER THE BETTER:

This is an important decision, so make sure you take advantage of UC's resources to help you make the choice that's right for you.

At the same time, it pays to enroll as soon as you've decided.

Here's why:

- If you wait 90 days to enroll or default into Pension Choice, you lose up to three months of service credit—delaying vesting and decreasing your benefits.
- If you wait until the deadline to enroll in Savings Choice, you lose up to three months of UC and personal pretax contributions—reducing your retirement savings contributions for the year.

So make your choice and start building your retirement benefits as soon as you can.

4.

Making Your Choice

Remember, your enrollment is **prospective**. The sooner you enroll in Pension Choice or Savings Choice, the sooner you start receiving UC contributions (and service credit under Pension Choice). Your enrollment window closes once you submit a choice. If you don't choose a primary retirement option, you automatically will be enrolled in Pension Choice at the end of the 90-day period.

READY TO MAKE YOUR SELECTION?

1. Go to myUCretirement.com/choose. You can begin the tutorial for a quick refresher on the options, and use an interactive modeler to compare how your retirement benefits may grow over time with Pension Choice or Savings Choice.
2. When you're ready to choose, you'll need to log in. If you haven't already registered, you'll be taken to the NetBenefits site to complete the registration process.
3. There are several steps before you make and confirm your choice, with the option along the way to return to the tutorial for more information. Your election is final once you click "confirm choice."
4. You'll receive a confirmation statement—check to ensure it accurately records your enrollment in Pension Choice or Savings Choice.
5. Your contributions will begin to be deducted from your paycheck following your choice (usually within one to two pay periods).

IMPORTANT:

Participants in Pension Choice may not switch to Savings Choice.

Savings Choice participants have a window of opportunity to switch prospectively from Savings Choice to Pension Choice, and become members of the UC Retirement Plan (UCRP). The second choice window opens on the fifth anniversary of the calendar year in which they made their initial election.

A move from Savings Choice to Pension Choice is effective on July 1 (the beginning of the plan year) following your election, if your election is postmarked on or before May 31.

A switch from Savings Choice to Pension Choice is a change in your primary retirement benefits going forward; it is not retroactive. A switch to Pension Choice during your second choice window means:

- Your Savings Choice account balance will remain yours. Contributions (from you and UC) to your Savings Choice account will stop on the date the change takes effect.
- The service credit you earned as a participant in Savings Choice will count toward vesting in UCRP and toward your retiree health benefits. You will begin earning UCRP service credit toward the calculation of your pension benefit on the date your switch to Pension Choice takes effect.
- You will remain in the pension plan for the remainder of your career, even if you separate and return.

For rehired employees with previous UCRP service credit:

Please note that time spent in Savings Choice does not count toward vesting in UCRP benefits in earlier tiers.

5.

After You've Enrolled: Additional Opportunities to Save

Once you've enrolled in Pension Choice or Savings Choice, it's a good idea to consider whether you'll need additional savings to reach your retirement goals. UC's voluntary savings opportunities and retirement planning resources can help.

VOLUNTARY RETIREMENT SAVINGS PLANS

UC 403(b), 457(b) AND DEFINED CONTRIBUTION PLANS

In addition to your primary retirement benefits, you may want to save additional money to prepare for retirement. UC's 403(b) and 457(b) pretax savings plans and after-tax Defined Contribution Plan help you build additional retirement savings to augment your primary UC retirement benefits, Social Security, and other non-UC retirement income.

- UC's 403(b) and 457(b) Plans let you add to your retirement savings with pretax contributions. Taxes are deferred until you withdraw the money.
- UC's Defined Contribution Plan also lets you add to your retirement savings, but with after-tax contributions. You can take the money out at any time and only pay taxes on your investment earnings, since you already paid taxes on the after-tax contributions you have made.

You can enroll in these voluntary plans at any time, choosing the contribution level that works for you (within IRS limits). For more information, see "Supplemental Retirement Benefits" on myUCretirement.com.

RETIREMENT EDUCATION AND COUNSELING RESOURCES

PERSONAL RETIREMENT COUNSELING

Retirement Planners are available to meet with you by phone or in person—at no cost to you.

800-558-9182

getguidance.fidelity.com/universityofcalifornia

RETIREMENT CLASSES AND WEBINARS

Onsite classes or webinars offer information about all of UC's retirement plans and programs, and guidance for saving and investing wisely. A schedule of upcoming classes and webinars is available online.

myUCretirement.com/classes

MYUCRETIREMENT.COM

Explore articles and classes designed to help you make informed financial decisions.

myUCretirement.com

UCNET

Your source for information, tools and resources to help you understand your benefits and UC.

ucnet.universityofcalifornia.edu

UC RETIREMENT AT YOUR SERVICE (UCRAYS)

Review and manage your UCRP benefits and beneficiaries.

retirementatyour.service.ucop.edu

By authority of the Regents, University of California Human Resources, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by the Regents. Source documents are available for inspection upon request (800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits—particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, retirees, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums, employer contributions and monthly costs at any time. Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, and may be affected by the state of California's annual budget appropriation. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. For more information, employees should contact their Human Resources Office and retirees should call the UC Retirement Administration Service Center (800-888-8267).

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Systemwide AA/EEO Policy Coordinator, University of California, Office of the President, 1111 Franklin Street, 5th Floor, Oakland, CA 94607, and for faculty to the Office of Academic Personnel and Programs, University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.