

Retirement Benefits Fact Sheet

For faculty and staff hired on or after July 1, 2016

Rehired, newly eligible and former CalPERS-covered employees—please see page 4 for important information about your benefits.

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UC offers you a choice of primary retirement benefit options—here’s an overview of how each option works. See page 4 for important information about eligibility and other rules, and available

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 pay¹ (up to the PEPR maximum; see page 4 for more information), UCRP service credit, and your age at retirement.

Along with the pension benefit, some faculty and staff are eligible to build retirement savings through a supplemental 401(k)-style account. The decision to participate in Pension Choice is irrevocable—you cannot change your participation to Savings Choice later.

Shared Contributions²

You contribute 7% of your eligible pay, before taxes; your contributions always belong to you. Contributions on pay up to the PEPR maximum go toward the cost of the UCRP pension benefit. Contributions on pay above the PEPR maximum up to the annual IRS pay maximum (\$345,000 for 2024; see page 4 for details) go into your supplemental account.

UC contributes:

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

Supplement for designated faculty³: 5% on all eligible pay up to the IRS pay maximum.

Supplement for staff and other academic employees: 3% on eligible pay **above** the PEPR maximum, up to the IRS pay maximum.

Investing

UC makes decisions about the investments of the UCRP and assumes the investment risk. If you are eligible for the supplemental account, you select how to invest the contributions made to your account from a menu of available funds and you assume the investment risk.

Vesting

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.

Your individual contributions to your supplemental account will vest immediately. Contributions UC makes to the supplemental account will vest after you have earned five years of UCRP service credit. Distributions are governed by plan rules.

Your Retirement Income

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

When you retire, you can draw retirement income from your supplemental account. The balance of your account will depend on the amount contributed by you and UC and the performance of your investments. You can designate a beneficiary for your supplemental account balance.

Disability and Survivor Benefits

UCRP benefits for your eligible survivors, as well as disability income if you become totally and permanently disabled before retirement.

THE SOONER THE BETTER:

The sooner you enroll in Pension Choice or Saving 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 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.

resources to help you make your choice. You can also find more information on UCnet, including *A Complete Guide to Your UC Retirement Benefits* and *Retirement Benefits Decision Guide*.

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 pay¹) and any investment earnings accumulate in a tax-deferred retirement account.

Employees who choose Savings Choice will have a one-time opportunity on the fifth anniversary of the calendar year in which they made their initial election to switch to Pension Choice prospectively. See ucal.us/secondchoice for details.

Shared Contributions²

You contribute 7% of your eligible pay, before taxes, up to the annual IRS pay maximum (\$345,000 for 2024; see page 4 for more information).

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

Investing

Under Savings Choice, you select how you want to invest the contributions made to your account from a menu of available funds and you assume the investment risk. UC provides tools, resources and one-on-one guidance to help you understand how to plan and invest for retirement.

Vesting

Your contributions to your account will vest immediately. UC's contributions will vest after one year. Distributions are governed by plan rules.

Your Retirement Income

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.

Disability and Survivor Benefits

Savings Choice does not include disability or survivor benefits, but you can designate a beneficiary for your account balance. Employee-paid disability and employee-paid supplemental life insurance are available.

¹ 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;
- Overtime pay (unless for compensatory time off);
- Pay that exceeds the base salary (X+X') under the Health Sciences Compensation Plan.

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

² 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 2016 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 In general, you are eligible for the faculty program if you are an academic appointee in one of the following groups.

- Ladder-rank faculty and equivalent titles (Professorial and Equivalent titles, which include Agronomists, Astronomers, Clinical Professor of Dentistry [over 50%] and Supervisor of Physical Ed)
- Professor in Residence series
- Professor of Clinical (X) series
- Acting full, associate and assistant professors
- Lecturers/Senior Lecturers (full-time) with Security of Employment or Potential Security of Employment (excluding UC Hastings Lecturers/Senior Lecturers)
- Adjunct Professor series
- Health Science Clinical Professor series
- Librarians covered by the Professional Librarians Unit (LX Unit) and Non-Senate Instructional/UC-AFT (IX), due to specific provisions within their collective bargaining agreement

WHO IS ELIGIBLE FOR RETIREMENT CHOICE?

You are eligible for a choice of primary retirement benefits if you:

- Are hired into an eligible faculty or career staff appointment on or after July 1, 2016; OR
- Are hired in an ineligible position on or after July 1, 2016 and then become eligible for retirement benefits.

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 2013 California Public Employees' Pension Reform Act (PEPRA) maximum, the IRS dollar maximum and UC guidelines about eligible pay.

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

PEPRA Pensionable Earnings Maximum: The maximum salary that counts toward your pension benefits is consistent with the maximum on pensionable earnings under PEPRA. This maximum also applies to other California public pension plans and is reviewed annually and may be adjusted. For the 2024 Plan year, the maximum is \$151,446.

IRS Maximum: The IRS sets a dollar maximum for annual earnings upon which retirement benefits and contributions may be based. This maximum is also reviewed and may be adjusted annually. For the 2024 Plan year, this maximum is \$345,000.

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).

REHIRED, NEWLY ELIGIBLE AND FORMER CALPERS-COVERED EMPLOYEES

You may not be subject to the PEPRA maximum (and your retirement benefit options may differ) if you:

- Previously worked for UC in an eligible appointment;
- Were hired before July 1, 2016 and became eligible for retirement benefits on or after July 1, 2016; OR
- Were a "Classic Member" under CalPERS and are eligible for reciprocity with UC.

If you believe you meet these criteria, or if you have questions, contact the UC Retirement Administration Service Center at 800-888-8267. New UC employees who were classified as a "Classic Member" under CalPERS and are also eligible for reciprocity with UC need to self-identify within 90 days of their pension choice election by submitting the UBEN 300 form directly to the UC Retirement Administration Service Center.

Please note: If your original UCRP entry date was before July 1, 1994, and you are rehired in an eligible appointment, you will automatically become an active member of UCRP and will not be eligible to choose between Pension Choice and Savings Choice.

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.

SECOND CHOICE OPPORTUNITY

Enrollment in Pension Choice is irrevocable—you cannot change your participation to Savings Choice later.

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 for Savings Choice participants 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:

RESOURCES TO HELP YOU CHOOSE

You can use our interactive decision tool to compare how your retirement benefits may grow over time with each option. You can also get one-on-one personal retirement counseling, or find a class or webinar, to learn more about your options and preparing for retirement. These resources are available at no cost to you.

Retirement Decision Tool
myUCretirement.com/choose

Workplace Financial Consultants
800-558-9182
Fidelity.com/schedule/UC

Classes and Webinars
myUCretirement.com/classes

UCnet
ucnet.universityofcalifornia.edu

- 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.

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, 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.

