The University of California
Retirement Choice Program

Election data as of 10/17/2017

UNIVERSITY OF CALIFORNIA Human Resources

v. 11/17/17

Executive Summary

- Starting July 1, 2016, the Retirement Choice Program offered newly hired/eligible employees the option to choose between Pension Choice and Savings Choice for their primary retirement benefit.
  - Covered compensation for Pension Choice is subject to the PEPRA max (unless have pre-7/1/16 service); currently $118,775.
  - The DC supplement for Pension Choice differs for Designated Faculty and Staff groups.
  - There is a 90 day election window before defaulting into Pension Choice.
- The experience to date shows that the level of active Pension Choice (32%), default Pension Choice (32%) and active Savings Choice elections (36%) are similar. **Overall, 64% are enrolled in Pension Choice and 36% in Savings Choice.**
- There were **9,973** employees eligible to choose between Pension Choice and Savings Choice who were hired on/after July 1, 2016 and completed their 90-day election cycle by October 17, 2017.
  - Of these, **43%** were rehires or existing employees who achieved a newly eligible status (Safe Harbor -> career) in the time period – thus not subject to the PEPRA max.
- New hires under collective bargaining units are becoming eligible as the units are accepting the Choice Program. **72% of these employees are enrolled in Pension Choice.**
- The IRS private letter ruling request for a “second Choice window” for Savings Choice elections has been submitted. Pension Choice election would remain irrevocable.

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Retirement Classification Breakdown (6/30/17 valuation report)

Plan	# of employees	% of employees
1976 Tier	81,274	62%
2013 Tier	24,531	19%
Modified 2013 Tier	18,680	14%
2016 Tier (Pension Choice)	4,494	3%
Savings Choice	2,662	2%
TOTAL	**131,641**	**100%**

Data For Choice-Eligible Employees

- hired/newly eligible since 7/1/16

- who completed their 90-day election cycle as of 10/17/17

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Elections by Covered Compensation Limit

1) Count

7/1/16 – 10/17/17	Elected Pension Choice	Defaulted Pension Choice	Elected Savings Choice*	Total Eligible
NOT Subject to PEPRA max	1,159	1,632	1,492	4,283
Subject to PEPRA max	1,968	1,626	2,096	5,690
TOTAL	**3,127**	**3,258**	**3,588**	**9,973**

2) Percent

7/1/16 – 10/17/17	Elected Pension Choice	Defaulted Pension Choice	Elected Savings Choice*	Total Eligible
NOT Subject to PEPRA max	12%	16%	15%	43%
Subject to PEPRA max	20%	16%	21%	57%
TOTAL	**32%**	**32%**	**36%**	**100%**

* Covered compensation under Savings Choice option subject to IRC limit, not PEPRA max.

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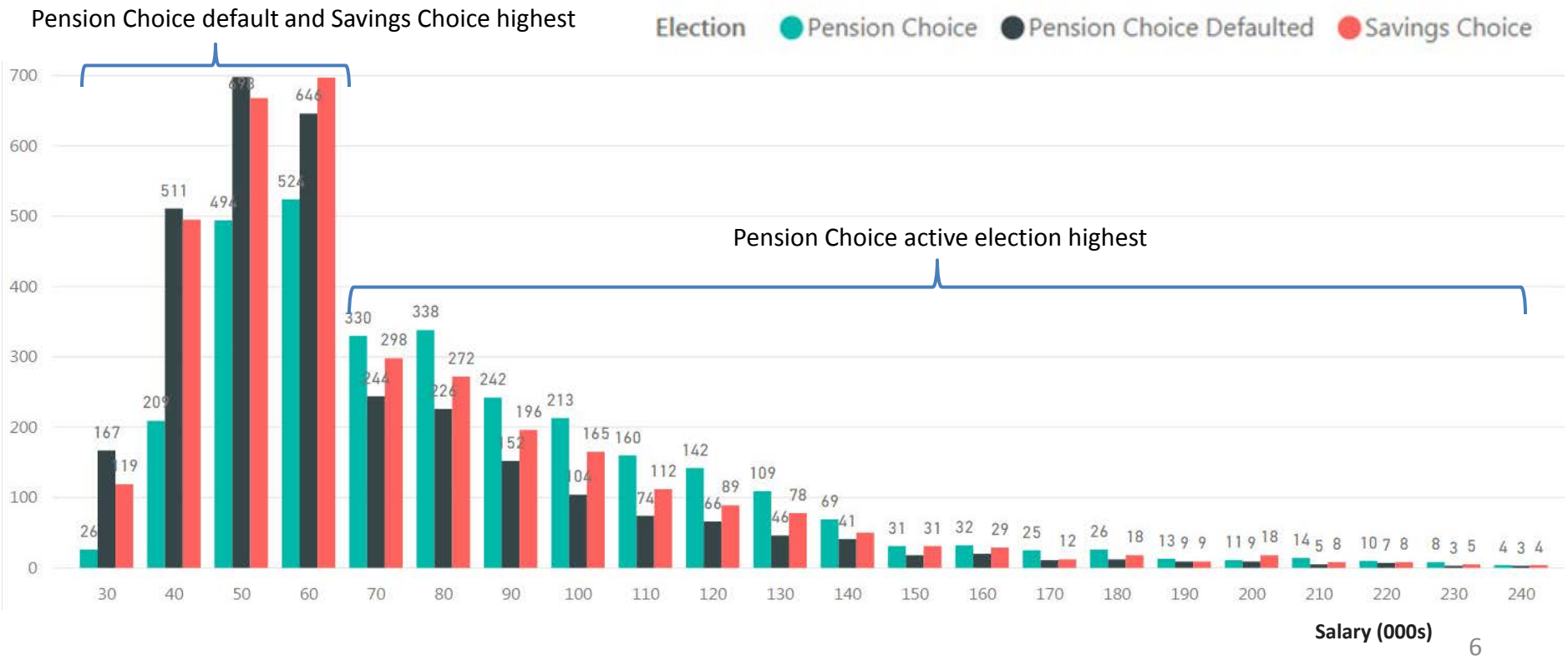
Elections by Salary

- Those earning less than $70,000 mainly default to Pension Choice or elect Savings Choice.
- Actively electing Pension Choice is generally more popular among those earning over $70,000.



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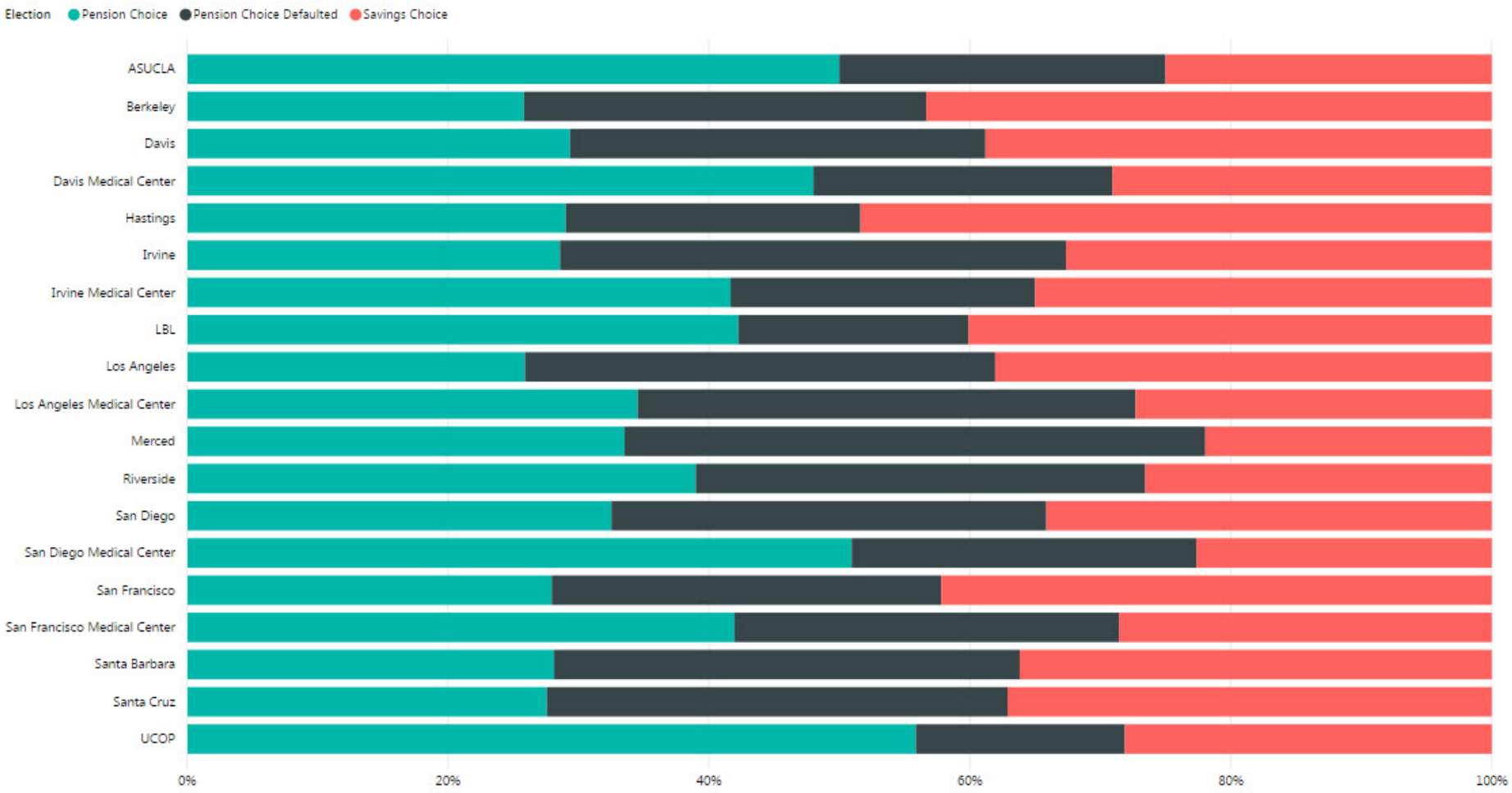
Elections by Location



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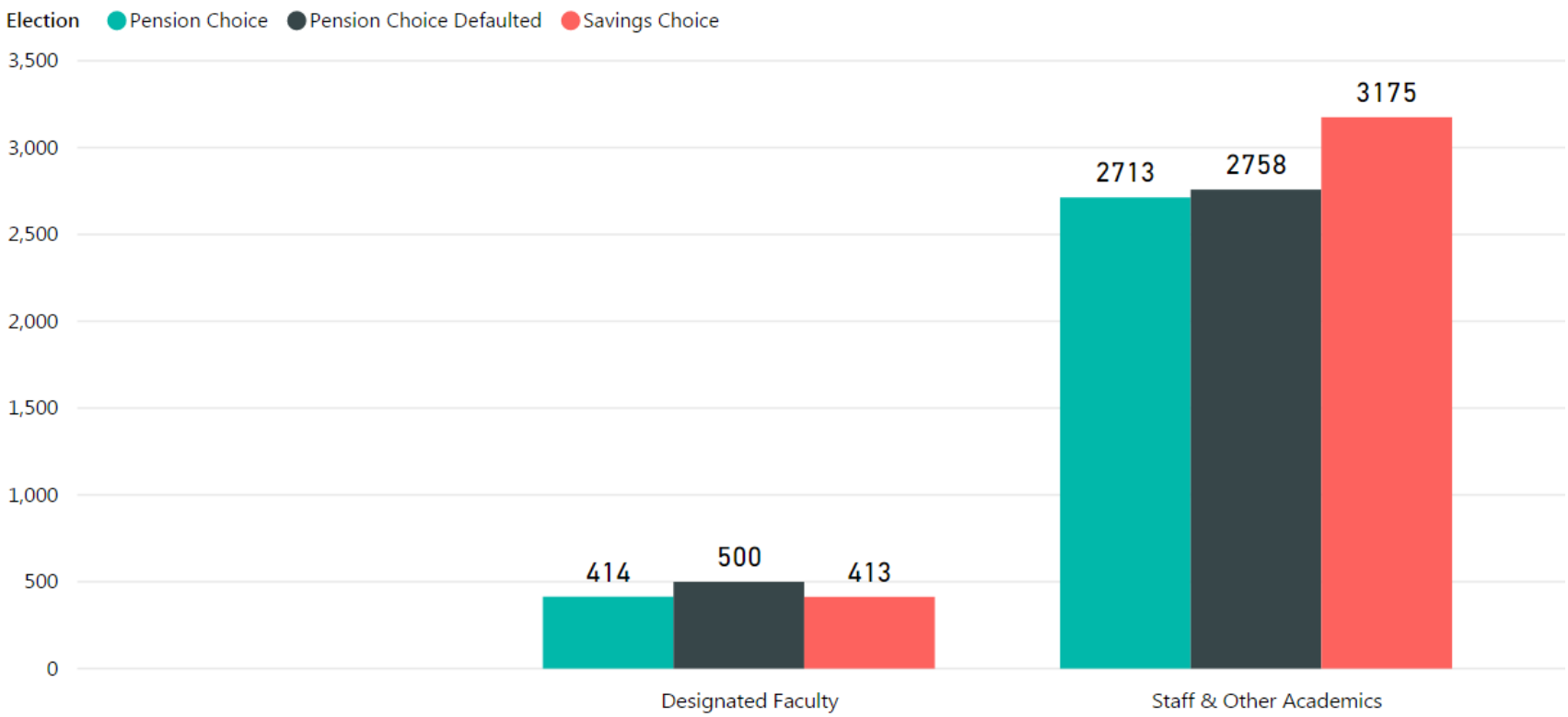
Elections by Designated Faculty vs Staff

- There are far more eligible “Staff and Other Academics” than “Designated Faculty”.
- “Designated Faculty” include Lecturers and Librarians.
- Savings Choice is more popular among “Staff and other Academics”.



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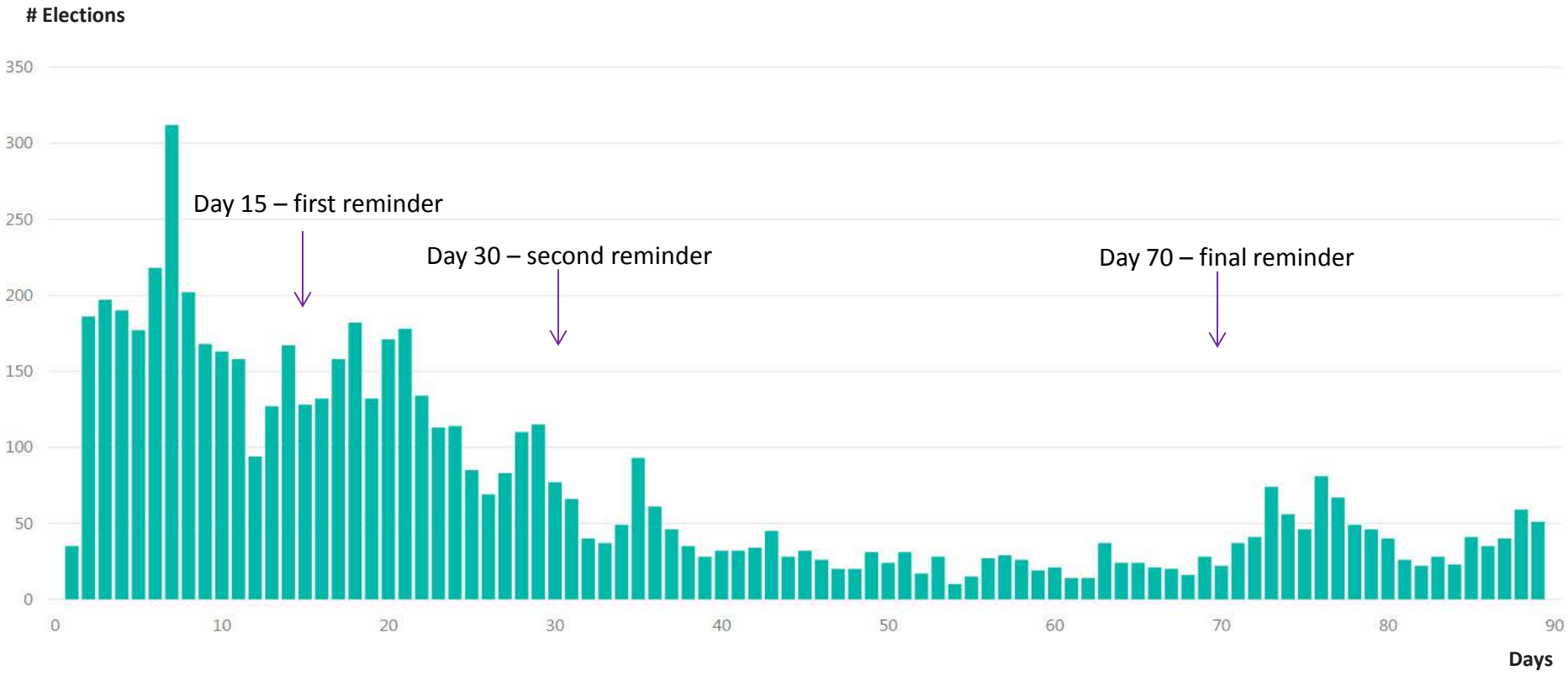
Days to Election

- Spikes in elections follow reminder mailings.



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Elections by Policy-Covered vs Select Bargaining Units

- 72% of employees in select bargaining units are enrolled in Pension Choice, compared to 63% of policy-covered.

7/1/16 – 10/17/17	Elected Pension Choice	Defaulted Pension Choice	Elected Savings Choice	Total Eligible
Total Policy-covered	**2,870 (32%)**	**2,801 (31%)**	**3,314 (37%)**	**8,985**
	63% in Pension Choice		**37% in Savings Choice**	
Non-Senate Instructional (IX)	77 (14%)	310 (55%)	177 (31%)	564
Clerical and Allied Services (CX)	118 (41%)	98 (34%)	71 (25%)	287
Professional Librarians (LX)	17 (47%)	8 (22%)	11 (31%)	36
Local Skilled Crafts	30 (48%)	30 (48%)	3 (4%)	63
Total Bargaining Units	**242 (25%)**	**446 (47%)**	**262 (28%)**	**950**
	72% in Pension Choice		**28% in Savings Choice**	

Second Choice Window

- A newly hired eligible employee must affirmatively elect Savings Choice; the default is Pension Choice.
- Employees who elected Savings Choice will get a one-time opportunity to switch to Pension Choice prospectively, subject to Internal Revenue Service (IRS) approval. The timing of the second choice window may vary based on appointment type.
- For those Savings Choice participants who elect to switch to Pension Choice, the service accrued under Savings Choice will count for vesting credit in Pension Choice.
- A Private Letter Ruling has been submitted to the IRS for approval and we are awaiting a response.