The UC Retirement Choice Program

UNIVERSITY OF CALIFORNIA

First & Second Choice Election Summary

UCRS Advisory Board
June 23, 2023

Presented by:
Scott Sylva
Retirement Policy

Retirement Choice Program – Executive Summary

UNIVERSITY OF CALIFORNIA

- The UC Retirement Choice Program offers newly hired/eligible employees on/or after July 1, 2016 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 covered compensation limit; **effective 7/1/2023, the PEPRA limit will be $146,042.**
  - The DC supplement for Pension Choice differs for Faculty and Staff groups.
  - There is a 90-day election window before defaulting into Pension Choice.
- The experience to date shows choice elections remain fairly static:
  - **63% enrolled in Pension Choice** (36% make an active election, 27% default)
  - **37% elect Savings Choice**
- There were **78,171** employees eligible to choose between Pension Choice and Savings who made their choice, or defaulted, by **March 31, 2023**.
  - **27% are not subject to the PEPRA limit** (those who were UCRP members or Safe Harbor employees prior to July 1, 2016 and rehired or newly eligible).
- **79% of represented staff employees** whose collective bargaining units participate in the choice program **are enrolled in Pension Choice**. *CNA, AFSCME and UPTE do not participate in the choice program and new hires in those unions become members of the UCRP Modified 2013 Tier.*
- A five year **"Second Choice Window"** to irrevocably switch to Pension Choice for Savings Choice participants is offered to those after five years from their initial election starting Jan 2021.

First Choice Election Summary

UNIVERSITY OF CALIFORNIA

Count of Total Elections*:

7/1/2016 to 3/31/2023	Elected Pension Choice	Defaulted to Pension Choice	Elected Savings Choice	Total Eligible
Not Subject to PEPRA	7,761	5,773	7,041	20,575
Subject to PEPRA	20,140	15,669	21,787	57,596
Total	**27,901**	**21,442**	**28,828**	**78,171**

Percent of Total Elections*:

7/1/2016 to 3/31/2023	Elected Pension Choice	Defaulted to Pension Choice	Elected Savings Choice	Total Eligible
Not Subject to PEPRA	10%	7%	9%	26%
Subject to PEPRA	26%	20%	28%	74%
Total	**36%**	**27%**	**37%**	**100%**

*Made through March 31, 2023

First Choice Election Summary

UNIVERSITY OF CALIFORNIA

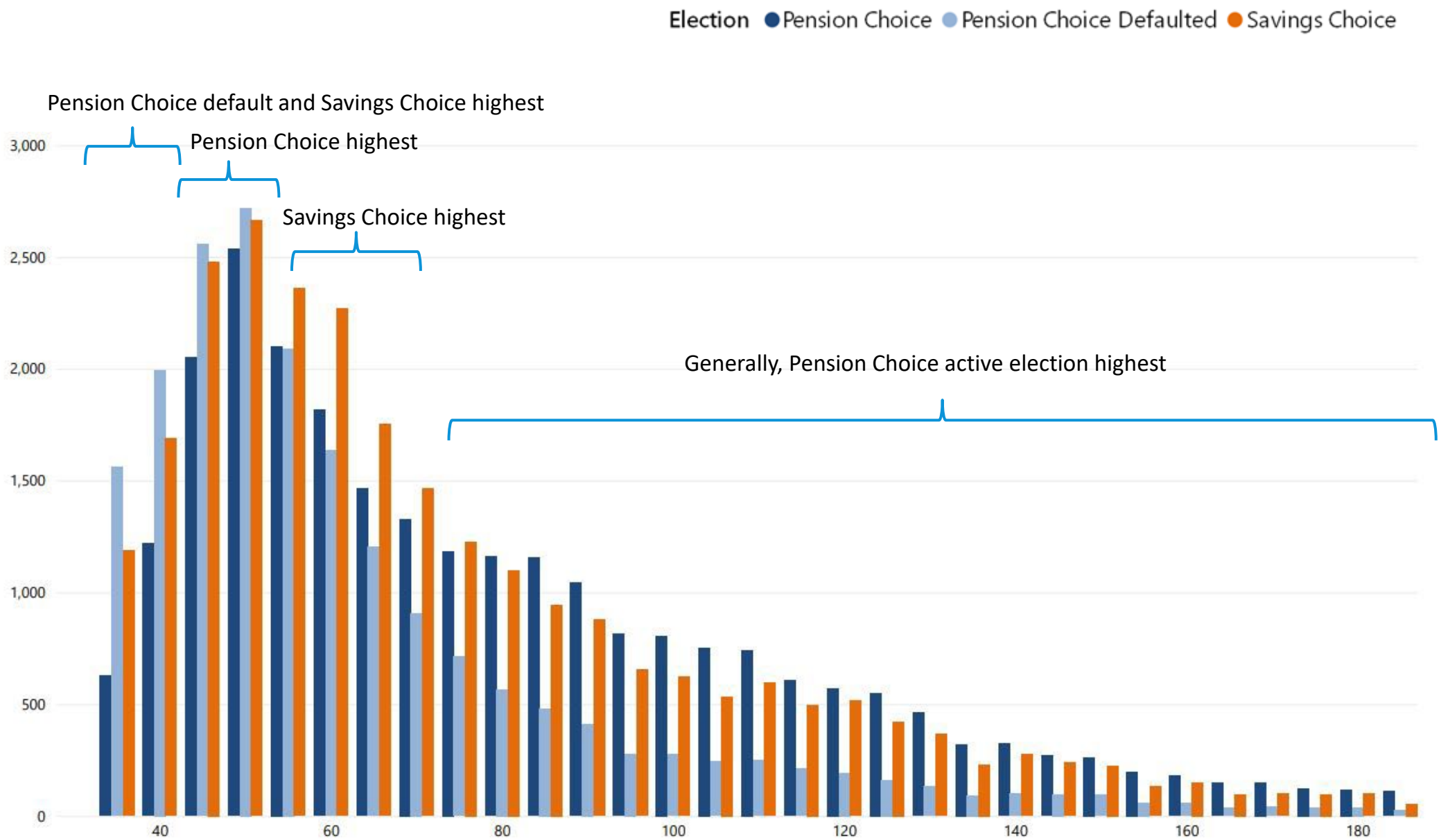
Count of Active Employees:

As of March/April 2023	Elected Pension Choice	Defaulted to Pension Choice	Elected Savings Choice	Total Active
Not Subject to PEPRA	5,207	2,573	3,436	11,216
Subject to PEPRA	12,854	7,438	12,687	32,979
Total	**18,061**	**10,011**	**16,123**	**44,195**

Percent of Active Employees:

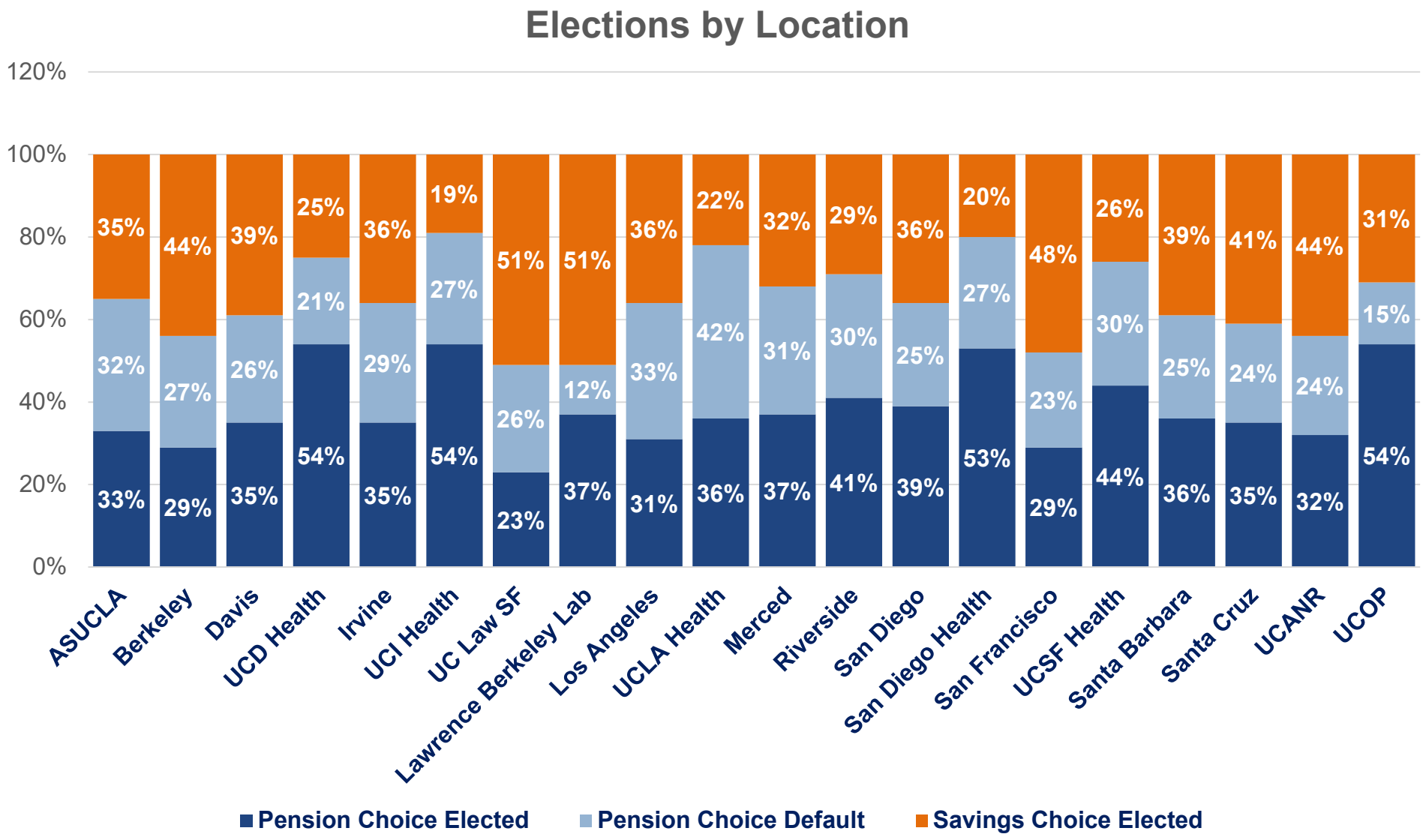
As of March/April 2023	Elected Pension Choice	Defaulted to Pension Choice	Elected Savings Choice	Total Active
Not Subject to PEPRA	12%	6%	7%	25%
Subject to PEPRA	29%	17%	29%	75%
Total	**41%**	**23%**	**36%**	**100%**

Total Elections by Salary

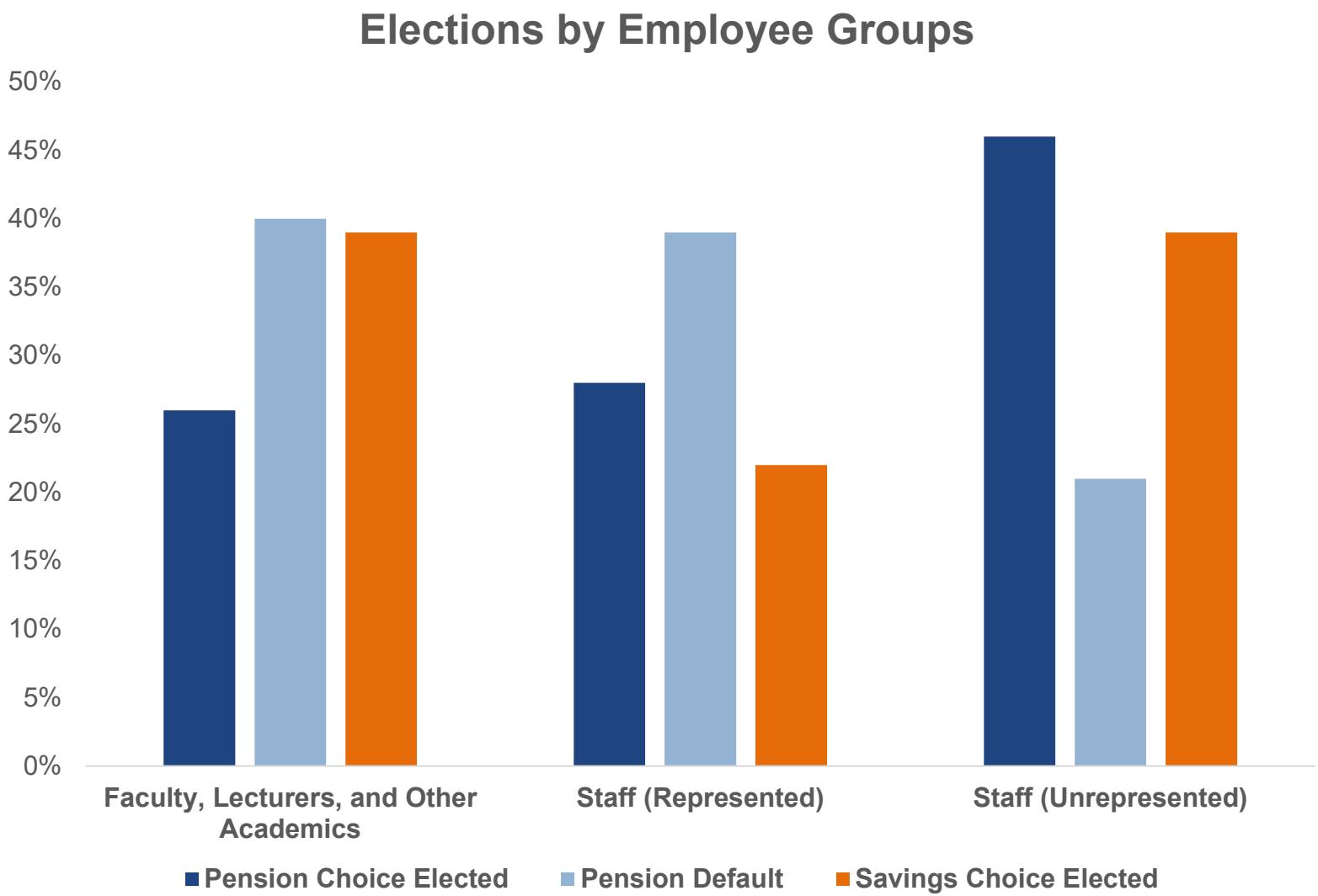


*Annual salary in thousands

Total Elections by Location



Total Elections by Employee Groups



Elections by Select Bargaining Groups

UNIVERSITY OF CALIFORNIA

Count of Active Employees:

As of March/April 2023	Elected Pension Choice	Defaulted to Pension Choice	Elected Savings Choice	Total Active
Total	**18,061 (41%)**	**10,011 (23%)**	**16,123 (36%)**	**44,195**
	64% in Pension Choice		**36% In Savings Choice**	

Count by Active Employees in Select Bargaining Units:

As of March/April 2023	Elected Pension Choice	Defaulted to Pension Choice	Elected Savings Choice	Total Active
Clerical & Allied Services (CX)	2,585	2,396	1,573	6,554
Non Senate Instuctional (IX)	265	644	501	1,410
Skilled Crafts (K)	433	203	48	684
Total for all bargaining units	**4,299**	**4,331**	**4,287**	**12,917**
	67% in Pension Choice		**33% in Pension Choice**	

Employees Eligible for Second Choice

UNIVERSITY OF CALIFORNIA

First Cohort (2016 Savings Choice elections)

- Window opened January 1, 2021, ends May 31, 2026

Second Cohort (2017 Savings Choice elections)

- Window opened January 1, 2022, ends May 31, 2027

Third Cohort (2018 Savings Choice elections)

- Window opened January 1, 2023, ends May 31, 2028

Eligible Savings Choice participants can elect via:

- UCRAYS second choice election tool
- UCRS 216 form submitted to the RASC

Second Choice Election Summary

UNIVERSITY OF CALIFORNIA

Active Savings Choice Participants who elected to switch:

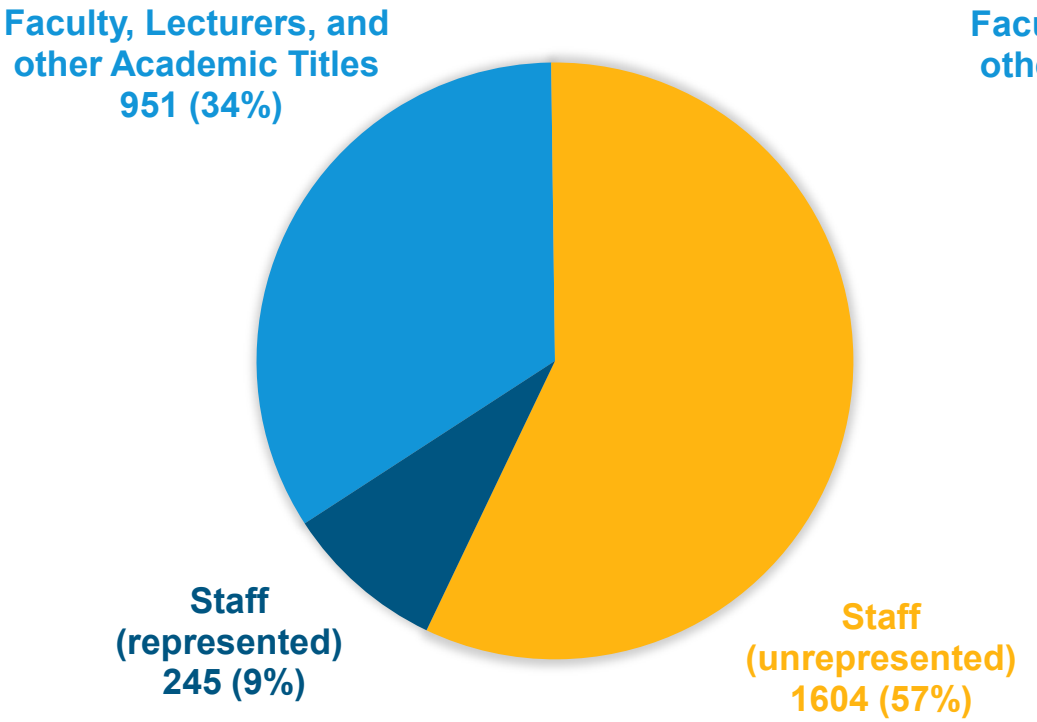
	Election Effective 7/1/2021	Election Effective 7/1/2022	Election Effective 7/1/2023	Remain Eligible to Switch
2016 Cohort	59	22	23	281
2017 Cohort	N/A	130	87	1,106
2018 Cohort	N/A	N/A	229	1,413
Total	**59**	**152**	**339**	**2,800**
Average Savings Choice Service*	4.3749	4.5634	4.8779	4.9575

*Service credit as of 4/30/2023

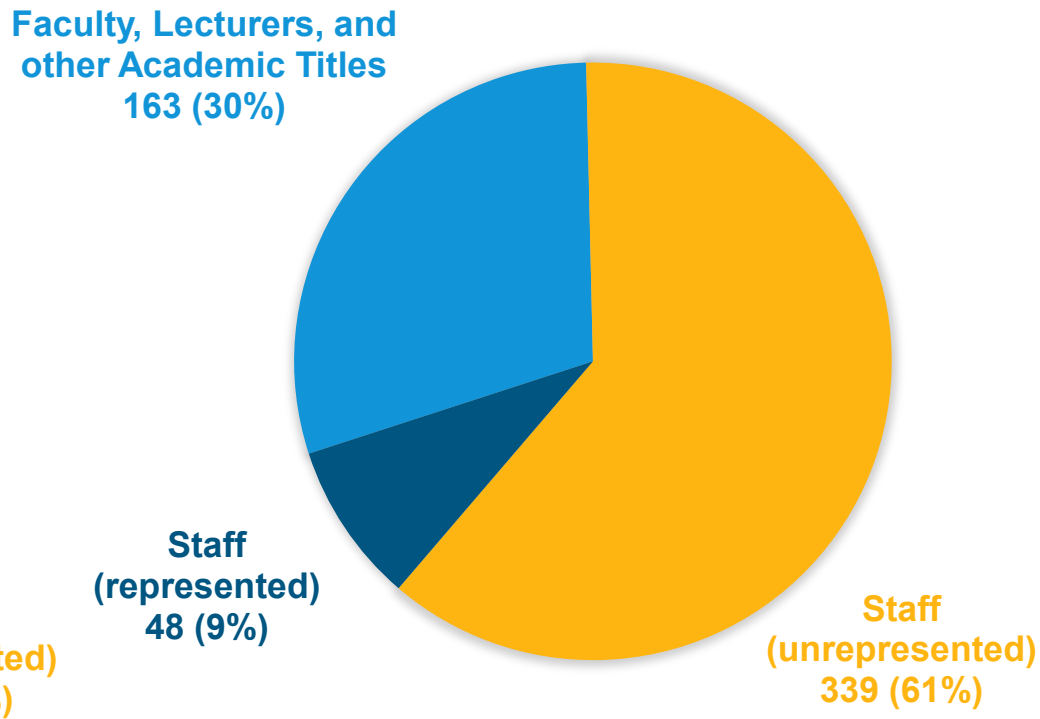
Second Choice - Employee Groups

UNIVERSITY OF CALIFORNIA

ELIGIBLE EMPLOYEES



SECOND CHOICE ELECTIONS

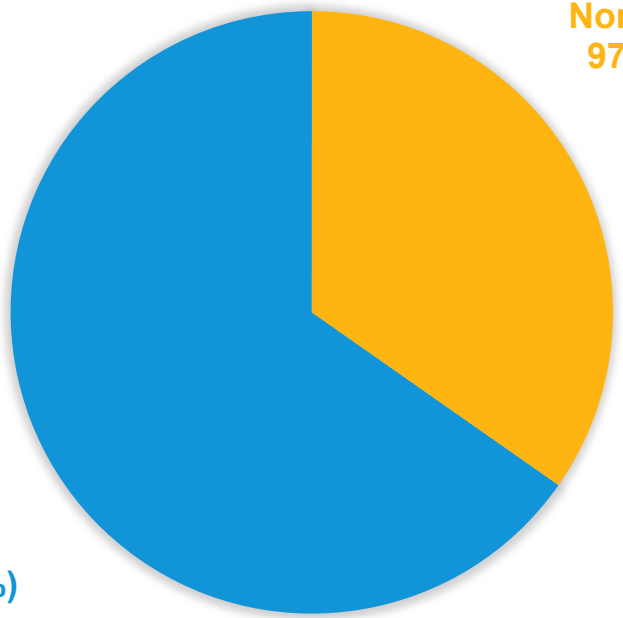


Data through 6/13/2023

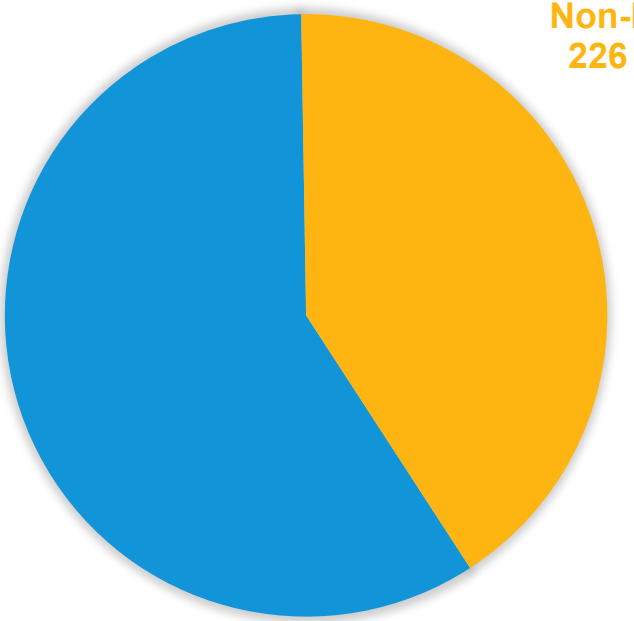
Second Choice - PEPRA / Non-PEPRA

UNIVERSITY OF CALIFORNIA

ELIGIBLE EMPLOYEES

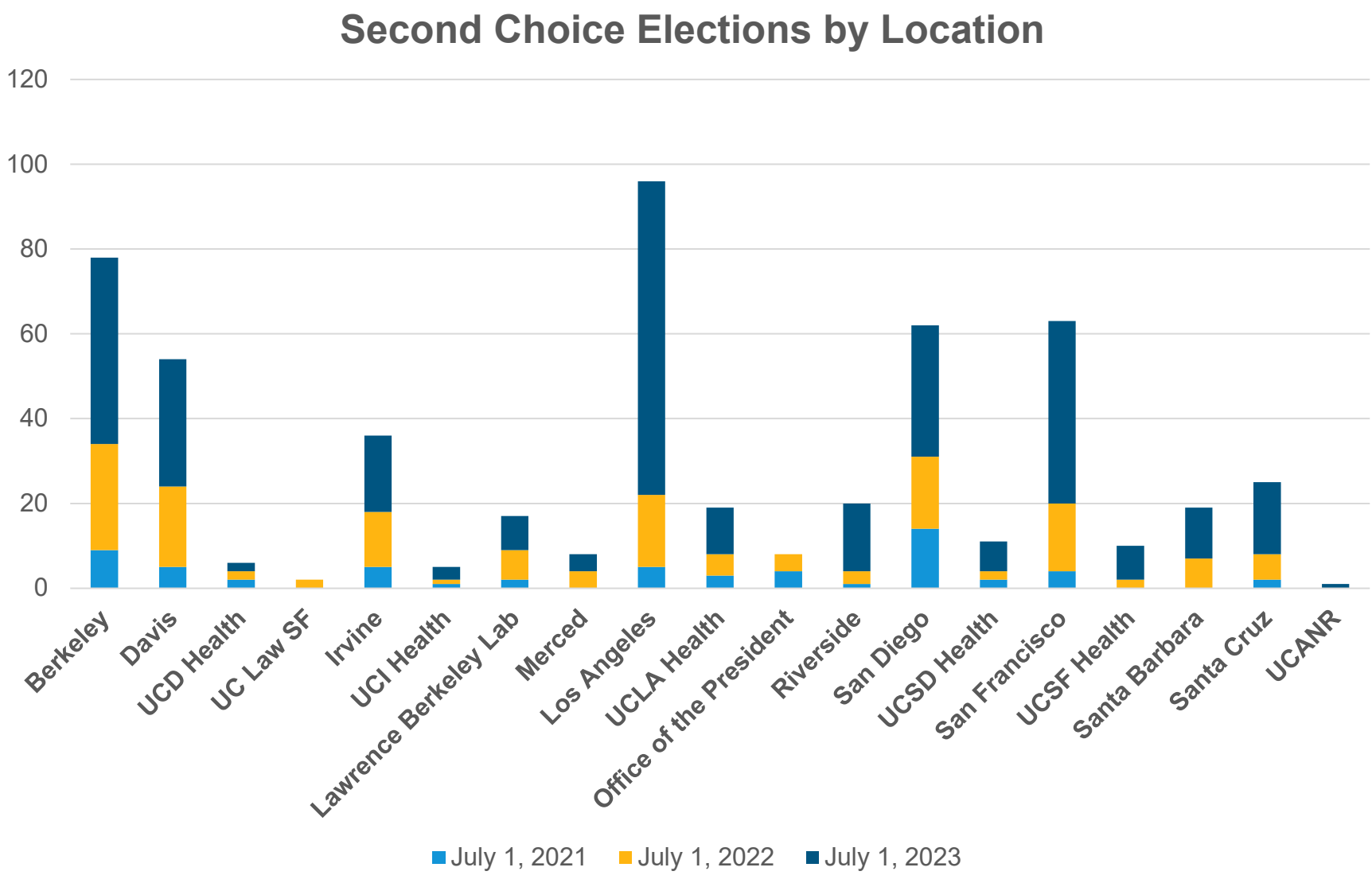


SECOND CHOICE ELECTIONS



Data through 6/13/2023

Summary of all Second Choice Elections



Effective date of switch to Pension Choice

UNIVERSITY OF CALIFORNIA

Upon the effective date of a second choice election, Savings Choice service credit will count towards:

- Vesting of the employer contributions to the DC Supplement for PEPRA limited members
- UCRP vesting
- Require 5 years combined UCRP and Savings Choice Service for vesting

Savings Choice service will also count towards:

- Retiree health benefits if not refunded

EX / SX employees can switch in the same manner as all other Savings Choice Participants

Educational Tools & Enhancements in 2023

UNIVERSITY OF CALIFORNIA

- Interactive Decision Tool (myucretirement.com)
  - New employees
    - Retirement Choice Program interactive decision tool updated in 2022 to include a second choice election
  - Current employees
    - Interactive decision tool is under development to model a second choice election
- Webinars
  - Second Choice Window webinar in January and May 2023 had over 400 attendees each session!