

# 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

Our people make UC great, and we pride ourselves on being a place where everyone feels valued and recognized for their contributions.

Your retirement benefits are an important part of your compensation, so UC gives you options: Pension Choice, for a lifetime pension benefit, or Savings Choice, for a portable 401(k)-style account.

Choose the option that's right for you and enroll as soon as you can — your benefits only begin to grow once you enroll.

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.

## Getting Started

Welcome to UC! You may be more focused on starting your UC career right now than on your retirement. But preparing for a successful retirement is one of the most significant financial responsibilities you'll face, and we're here to help. In this guide, we'll explain your options and resources so you can choose the retirement benefits that are right for you.

# Your Benefits Decision Checklist

Your retirement benefits don't start until you enroll — check off these tasks to make an informed decision and enroll as soon as possible.

## UNDERSTAND YOUR OPTIONS

Whether you choose **Pension Choice** (a lifetime pension benefit) or **Savings Choice** (a 401(k)-like account), you and UC will both contribute to your retirement. But Pension Choice and Savings Choice work very differently — and if you choose (or default into) Pension Choice, you can't change your mind later.

### HOW EACH OPTION WORKS

Pages 6–9

### FIND DEFINITIONS AND DETAILS

[ucal.us/guidetoretirementben](http://ucal.us/guidetoretirementben)

### MODEL YOUR OPTIONS

[myUCretirement.com/choose](http://myUCretirement.com/choose)

## GET HELP

You don't have to do this alone! Take advantage of webinars and counseling from UC to help you make the right retirement choices for you.

### ATTEND A WEBINAR

[myucretirement.com/Classes/RetirementChoice](http://myucretirement.com/Classes/RetirementChoice)

### MEET WITH A WORKPLACE FINANCIAL CONSULTANT

800-558-9182 or  
[Fidelity.com/schedule/UC](http://Fidelity.com/schedule/UC)

## MAKE YOUR CHOICE

### ENROLL ON MYUCRETIREMENT.COM

[myUCretirement.com/choose](http://myUCretirement.com/choose)

## THE SOONER THE BETTER:

Every day — and dollar — counts. You don't receive UC contributions or service credit toward your primary retirement benefits and retiree health benefits until you enroll or you default (after 90 days) into Pension Choice.

### For Pension Choice

If you wait 90 days to enroll or default, you lose three months of UCRP service credit, which counts toward your eligibility for — and the amount of — your pension.

### For Savings Choice

If you wait until the deadline, you lose three months of contributions from UC. If you miss the deadline, you'll be enrolled in Pension Choice with no option to switch later.

# 2.

## **Your Primary Retirement Benefit Options: Pension Choice or Savings Choice**

Pension Choice and Savings Choice can both help you build valuable retirement income, but there are some big differences. 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 the Summary Plan Descriptions.

## 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](http://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](http://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 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](http://ucal.us/guidetoretirementben)).

## HOW YOUR OPTIONS COMPARE<sup>1</sup>

### PENSION CHOICE

#### How it Works

Pension Choice includes a monthly pension benefit under the University of California Retirement Plan (UCRP), for predictable lifetime retirement income based on your eligible pay, service credit and age when you start receiving retirement benefits. UC makes decisions about the investments of the UCRP and assumes the investment risk.

**The decision to participate in Pension Choice is irrevocable — you cannot change your participation to Savings Choice later.**

#### Shared Contributions<sup>3</sup>

**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 and Benefits

**When you vest in (become eligible for) benefits:** Your contributions to your pension are always yours. You vest in your pension benefits once you have earned five years of UCRP service credit. You begin to earn service credit when you start making contributions.

**Income:** When you retire, you receive lifetime monthly income based on your highest average 36 months of eligible pay, your UCRP service credit, and your age. You can choose a “contingent annuitant” to receive monthly lifetime income upon your death.

**Additional benefits:** You may be eligible for retiree health benefits (see [ucal.us/retireehealth](http://ucal.us/retireehealth)) and continuing health benefits for your contingent annuitant (if eligible) after your death. If you become disabled before retirement, you may be eligible for UCRP disability income and health



## 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 pay<sup>2</sup>) and any investment earnings accumulate in a tax-deferred retirement account. You choose your investments from a menu of available funds, and you assume the investment risk. UC provides educational resources to help you plan.

**If you choose Savings Choice, you will have a second opportunity to prospectively enroll in Pension Choice, beginning on the fifth anniversary of the calendar year you make your election.** See page 13.

### Shared Contributions<sup>3</sup>

**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.

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

### Your Retirement Income and Benefits

**When you vest in (become eligible for) benefits:** Your contributions to your account are always yours. UC's contributions will vest after one year.

**Income:** You draw money from your account; distributions are governed by plan rules. The balance will depend on the amount contributed by you and UC and your investments' performance, and can be left to your designated beneficiary.

**Additional benefits:** You may be eligible for retiree health benefits from UC (see [ucal.us/retireehealth](http://ucal.us/retireehealth)). Savings Choice does not include disability benefits or continuing health benefits for your survivor, but you can choose employee-paid disability and supplemental life insurance.

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

<sup>2</sup> 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

<sup>3</sup> 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

- Want predictable and secure retirement income payments.
- Expect to work for UC for most of your career (and at least five years).
- Want the protections offered by the UC Retirement Plan, such as the option to provide health benefits and a secure income for your survivor and income and health benefits if you become disabled.

### CONSIDER SAVINGS CHOICE IF YOU

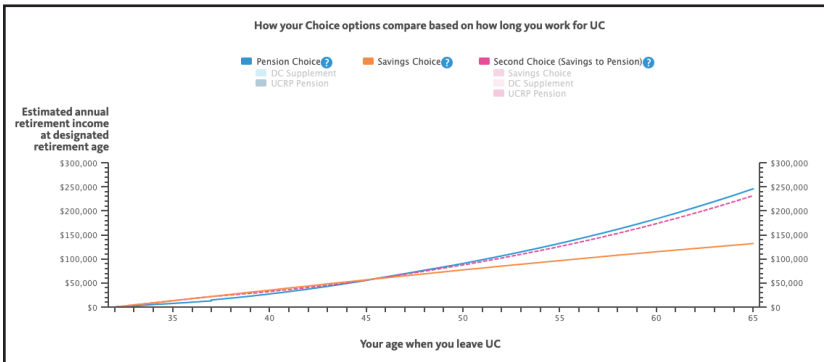
- Want a portable retirement benefit (vested after one year) you can roll over into an IRA or another employer's retirement plan if you leave UC.
- Don't know how long you'll be at UC, and prefer the option to switch to Pension Choice later.
- Are comfortable choosing and managing your retirement investments.

## RESOURCES TO HELP YOU CHOOSE

### RETIREMENT DECISION TOOL

This interactive tool helps you weigh your options (including enrolling in Savings Choice then switching to Pension Choice), considering your age, role, income, how long you expect to be at UC and when you want to retire.

[myUCretirement.com/choose](http://myUCretirement.com/choose)



### PERSONAL RETIREMENT COUNSELING

UC offers you free one-on-one, personal help with your retirement benefits decisions. Talk with a Workplace Financial Consultant when and where it's convenient for you.

**800-558-9182** [Fidelity.com/schedule/UC](http://Fidelity.com/schedule/UC)

### WEBINARS

Attend a webinar to learn about your retirement benefit options, understand how to make your choice and get answers to your questions.

[myUCretirement.com/classes/retirementchoice](http://myUCretirement.com/classes/retirementchoice)

# 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](http://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).

**YOUR SECOND CHOICE****WINDOW:**

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. **As of the effective date of your switch:**

Contributions (from you and UC) to your Savings Choice account will stop. Your Savings Choice account balance will remain yours.

You will begin earning UCRP service credit toward the calculation of your pension benefit. 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 remain in the pension plan for the remainder of your career, even if you separate from UC and return later.

# 5.

## **After You've Enrolled: Additional Opportunities to Save**

Once you've enrolled in your primary (required) retirement benefits—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 (required) retirement benefits, you may want to save additional money to prepare for retirement. UC's voluntary savings plans — with options for pretax, after-tax and/or Roth contributions — 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 your choice of pretax and/or Roth after-tax contributions. That means you can make pretax contributions now and pay taxes when you withdraw your money, or you can make after-tax contributions now and take tax-free withdrawals (including earnings) in retirement (as long as you meet certain requirements).
- UC's Defined Contribution Plan lets you add to your retirement savings with after-tax contributions. You can take the money out at any time and only pay taxes on your investment earnings.

You can enroll in these plans at any time. For more information and resources to help you understand your options, see "Supplemental Retirement Benefits" on [myUCretirement.com](http://myUCretirement.com).

## **RETIREMENT EDUCATION AND COUNSELING RESOURCES**

### **PERSONAL RETIREMENT COUNSELING**

Workplace Financial Consultants are available to meet with you by phone or in person — at no cost to you.

800-558-9182

[Fidelity.com/schedule/UC](http://Fidelity.com/schedule/UC)

### **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](http://myUCretirement.com/classes)

### **MYUCRETIREMENT.COM**

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

[myUCretirement.com](http://myUCretirement.com)

### **UCNET**

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

[ucnet.universityofcalifornia.edu](http://ucnet.universityofcalifornia.edu)

### **UC RETIREMENT AT YOUR SERVICE (UCRAYS)**

Review and manage your UCRP benefits and beneficiaries.

[retirementatyourservice.ucop.edu](http://retirementatyourservice.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).

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