Your UCRP Retirement Benefits & How to Retire From UC

UCSF HR/BENEFITS

Presented by Pamela Hayes
March 2019
UCRP – University of California Retirement Plan is a Defined Benefit Plan

- Traditional pension plan with a vesting requirement
  - Income you receive at retirement is based on a formula and is independent from what you contribute
- Monthly benefit is paid for life
1976 Tier
- Members hired or rehired prior to July 1, 2013

2013 Tier
- Members hired or rehired – following a tier break in service*, on July 1, 2013 through June 30, 2016

2016 Retirement Choice – Pension Option**
- Members hired or rehired – following a tier break in service*, on July 1, 2016 or later

* For UCRP membership purposes, a break in service is deemed to have occurred when a member in the 1976 tier or 2013 tier is rehired on or after the first day of the second month following the month the member left UC employment

** Subject to collective bargaining agreements; currently represented staff employees are automatically enrolled in the 2013 Tier, with the exception of Teamsters (CX) and AFSCME (SX) and (EX) members
Contributions required*

- **Employees Pay**
  - 8% – 1976 Tier
  - 7% – 2013 Tier
  - 7% – 2016 Pension Choice

- **UC Pays**
  - 14% – UC contribution and a supplement to applicable employees

- All employee contributions currently earn 6% interest

*Up to applicable limits
**Subject to collective bargaining
Vesting Requirement

- 5 years of UCRP service credit

‘Vested’ after accruing 5 full years of UCRP service credit
Great – I’m vested!

But what does that mean??

It means you are now eligible for a benefit from the ‘Plan’ once you meet the age requirement applicable to your respective pension tier.
UCRP

Monthly Retirement Income
How is the Basic Retirement Income Calculated?

Based on a formula with three components on the date you retire—applies to all tiers:

1. **Your Age Factor** – based on your age on the date of retirement
   - 1976 Tier: Earliest age you can retire is age 50, factors increase to age 60
   - 2013 and 2016: Earliest age you can retire is age 55, factors increase to age 65

2. **Your Years of UCRP Service Credit**
   - Based on actual time worked up to 100%

3. **Your HAPC (Highest Average Plan Compensation)**
   - Average of your 36 continuous months of highest base salary (X/X prime) – based on full time equivalent up to the applicable compensation limits
   - 1976 Tier Members Coordinated with Social Security: HAPC is reduced by a one-time ‘Social Security Off-set’ of $133.00
     - Monthly ‘supplement’ restores reduction until you reach age 65

Your UCRP benefit is independent of the amount of UCRP contributions made
Professor Rank: Step 4, Scale 4

**Health Sciences Compensation Plan**

- **HSCP INSURANCE**
  - Compensation Covered under SOM HSCP
  - Life/AD&D & Long Term Disability

- **FULL BENEFITS**
  - Compensation Covered under UCRP and UC-Sponsored Health and Welfare Plans

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**BASE PAY**

- **X/X prime**
  - $185,400

**UCRP HAPC**

- Based on your X/X' earnings (up to applicable limits)

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**Z**

- $10,000

**Y**

- $50,000

**$185,400**

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**$245,400**

**$235,400**

**$185,400**

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Academic Salary Scales effective July 1, 2018
Provides for lifetime monthly retirement income or lump sum cashout (1976 Tier)

Monthly Benefit =
  ◦ Age factor × UCRP service credit = Your Benefit %
  ◦ Benefit % × HAPC* = $ Basic Retirement Income $

Lump Sum Cashout
  ◦ Present-day value of projected lifetime basic retirement income, including COLAs
  ◦ Waives health insurance
  ◦ Waives rights to all other UCRP benefits (except CAP)
  ◦ Immediately taxable unless rolled over

* HAPC is reduced by a one-time $133 offset for 1976 Tier members coordinated with Social Security; monthly supplement restores reduction until your reach age 65
### UCRP – 1976 Tier

**Benefit Percentage Table**

<table>
<thead>
<tr>
<th>Age Factor: Retirement Age in Years</th>
<th>0.011 50</th>
<th>0.0124 51</th>
<th>0.0138 52</th>
<th>0.0152 53</th>
<th>0.0166 54</th>
<th>0.018 55</th>
<th>0.0194 56</th>
<th>0.0208 57</th>
<th>0.0222 58</th>
<th>0.0236 59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years of Service Credit</td>
<td></td>
<td></td>
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</tbody>
</table>

**Effective January 1, 2001**

Use Benefit Percentage to estimate UCRP Basic Retirement Income: Benefit Percentage x Salary** = Basic Retirement Income (estimated***)

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* This Benefit Percentage Table does not apply to Safety and Tier Two Benefits and is subject to collective bargaining.

** Salary = Highest Average Plan Compensation (HAPC) over three consecutive years. For Members with Social Security, reduce HAPC by $133 per month.

*** NOTE: Actual Basic Retirement Income may vary depending on additional months of age and/or an additional partial year of service credit and any applicable offsets.
# UCRP – 2013/2016 Tiers

**University of California Retirement Plan (UCRP)**

**Effective July 1, 2016**

## Benefit Percentage Table

### Benefit Percentage (For Members With Social Security*)

<table>
<thead>
<tr>
<th>Age Factor:</th>
<th>0.011</th>
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<td>Retirement Age in Years</td>
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<table>
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<th>Years of Service Credit</th>
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*Use Benefit Percentage to estimate UCRP Basic Retirement Income: Benefit Percentage x Salary** = Basic Retirement Income (estimated***)

---

*This Benefit Percentage Table does not apply to Safety, Tier Two Benefits and 1976 Tier Members and is subject to collective bargaining.*

**Salary = Highest Average Plan Compensation (HAPC) over three consecutive years up to the IRS 401(a)(17) Limit or up to the PEPRA Limit for applicable 2016 Retirement Program members.*

***NOTE: Actual Basic Retirement Income may vary depending on additional months of age and/or an additional partial year of service credit and any applicable offsets.*

13
At Your Service (AYS Online) Retirement Estimator


Select “AYS Online”
Usage Tips:

- Best viewed with Microsoft Internet Explorer 8.0, Mozilla Firefox, and Safari for the Mac.
- Chrome is not a supported browser.
- Do not use your browser's Back button.
- For confidentiality, always Log Off and close your browser when you have finished your online session.

New to UC and have a temporary password?

New User and don't have a password?

Forgot your Username or Password?

https://atyourserviceonline.ucop.edu/ayso/
At Your Service (AYS Online) Retirement Estimator

Select "Retirement Estimator"
On this page, you will find estimates starting at age 50 or 55, your next birthday if over age 50 or 55, or the age expected to vest. Click on ‘View More Ages’ to see more ages.

You can also click on “View More Monthly Income Options’ to customize your estimates.

- Current HAPC
- Current Years of Service Credit

Click for customized estimates
- Can specify retirement age or specific retirement & separation dates
- Can specify anticipated salary at time of retirement
- Can specify a contingent annuitant
- Can enter expected sick leave hours at time of retirement
Example – 1976 tier member, coordinated with Social Security

- Age at Retirement 60 = Age Factor of .0250
- UCRP Service Credit = 21.33 Years
- HAPC = $15,000.00

- Formula
  ✓ \((\text{age factor}) \times (\text{years of service credit}) \times (\text{HAPC})^*\)
  
  \[\text{\((.0250) \times (21.33) \times ($15,000 - 133^*) = \)}\]

\$7,928 a month in Basic Retirement Income

* Reduced by SS offset of $133 for 1976 tier members coordinated with Social Security
## Example of ‘Basic Retirement Income’

<table>
<thead>
<tr>
<th>Basic Retirement Income (BRI)</th>
<th>Estimated lifetime monthly payment to you</th>
<th>Estimated monthly payment to eligible survivor</th>
<th>Estimated lifetime payment to contingent annuitant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$7,928</td>
<td>$1,982</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>25% of BRI</td>
<td>No contingent annuitant benefit</td>
</tr>
</tbody>
</table>

### Payment Option A
- **Benefit reduced to provide contingent annuitant monthly income**
- **Estimated lifetime monthly payment**
  - $7,322
  - $1,982
  - $5,339

### Payment Option B
- **Benefit reduced to provide contingent annuitant monthly income**
- **Estimated lifetime monthly payment**
  - $7,512
  - $1,982
  - $3,687

### Payment Option C
- **Benefit reduced to provide contingent annuitant monthly income**
- **Estimated lifetime monthly payment**
  - $7,607
  - $1,982
  - $2,812

### Payment Option D
- **(Only if the spouse or domestic partner is also the contingent annuitant)**
- **Estimated lifetime monthly payment**
  - $7,714
  - $0
  - $3,857

### Lump Sum Cashout (LSC) Option
- **Estimated onetime payment to you**
  - $1,262,807

There will be no benefits payable upon your death if you elect a lump sum cashout.
1976 Tier Only

- Payable upon Member’s death
- Guaranteed benefit for ‘Eligible Survivor’
  - 25% of Basic Retirement Income for members coordinated with Social Security
  - 50% of Basic Retirement Income for members not coordinated with Social Security

“Eligible Survivor” is defined by the Plan as:

- 1) Spouse or Domestic Partner – where marriage or domestic partnership was established at least one year prior to the Member’s retirement and continuous until the Member’s death; or if none –
- 2) Natural or adopted children (50% support, unmarried, under age 18 or under age 22, if a full-time student; or disabled based on age, as above); or if none –
- 3) Dependent parent (50% support)

*Does not apply if electing a Lump Sum Cashout*
UCRP
Post Retirement Survivor Continuance

- 1976 Tier Only
  - Guaranteed benefit for “Eligible Survivor” – payable upon your death
    - 25% of Basic Retirement Income for members coordinated with Social Security
    - 50% of Basic Retirement Income for members not coordinated with Social Security
  - “Eligible Survivor” is defined by the Plan as:
    - 1) Spouse or Domestic Partner – where marriage or domestic partnership was established at least one year prior to the Member’s retirement and continuous until the Member’s death; or if none –
    - 2) Natural or adopted children (50% support, unmarried, under age 18 or under age 22, if a full-time student; or disabled based on age, as above); or if none –
    - 3) Dependent parent (50% support)

Does not apply if electing a Lump Sum Cashout
1976 and 2013/2016 Tiers

- A Contingent Annuitant is a person you can choose to designate at Retirement to receive UCRP benefits when you pass away; reduces the monthly UCRP income you receive while you are alive.
- Separate from the Post Retirement Survivor Continuance (on previous slide).
- Contingent annuitant can be anyone:
  - Can be eligible survivor (spouse/domestic partner) or not.
- 4 Possible Alternative Payment Options:
  - Your income reduction and the contingent annuitant benefit is based on your age, the age of the contingent annuitant,* and the option chosen.
  - Irrevocable election at the time of retirement – cannot be changed.
  - Does not apply if electing a Lump Sum Cashout.

*Requires IRS MDIB testing for a non-spouse that is 10 years or more younger than you.
### Example of Contingent Annuitant Options - Spouse as Contingent

<table>
<thead>
<tr>
<th>Basic Retirement Income (BRI)</th>
<th>Estimated lifetime monthly payment to you</th>
<th>Estimated monthly payment to eligible survivor</th>
<th>Estimated lifetime payment to contingent annuitant</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>$7,928</td>
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<td>$0</td>
</tr>
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</table>

#### Payment Option A
- Benefit reduced to provide contingent annuitant monthly income
- 1976 Tier
- Estimated monthly payment to you: $7,322
- Estimated monthly payment to survivor: $1,982
- Estimated lifetime payment to contingent annuitant: $5,339

#### Payment Option B
- Benefit reduced to provide contingent annuitant monthly income
- 25% of BRI
- Estimated monthly payment to you: $7,512
- Estimated monthly payment to survivor: $1,982
- Estimated lifetime payment to contingent annuitant: $3,687

#### Payment Option C
- Benefit reduced to provide contingent annuitant monthly income
- 25% of BRI
- Estimated monthly payment to you: $7,607
- Estimated monthly payment to survivor: $1,982
- Estimated lifetime payment to contingent annuitant: $2,812

#### Payment Option D
- Benefit reduced to provide contingent annuitant monthly income
- Not applicable
- Estimated monthly payment to you: $7,714
- Estimated monthly payment to survivor: $0
- Estimated lifetime payment to contingent annuitant: $3,857

### Lump Sum Cashout (LSC) Option
- Estimated payment onetime to you: $1,262,807
- There will be no benefits payable upon your death if you elect a lump sum cashout.
If contingent annuitant and/or survivor pre-deceases you, those benefits go away; ‘your’ benefit remains the same.

<table>
<thead>
<tr>
<th>Payment Option A</th>
<th>Estimated monthly payment to you</th>
<th>Estimated monthly payment to eligible survivor</th>
<th>Estimated lifetime payment to contingent annuitant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Retirement Income (BRI)</td>
<td>$7,928 100%</td>
<td>$0.00</td>
<td>$0.00</td>
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<td>Payment Option A</td>
<td>$7,322</td>
<td>Not applicable</td>
<td>No contingent annuitant benefit</td>
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<td>Payment Option B</td>
<td>$7,512</td>
<td>Not applicable</td>
<td>Member’s lifetime monthly payment less survivor payment</td>
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<tr>
<td>Payment Option C</td>
<td>$7,607</td>
<td>Not applicable</td>
<td>2/3 lifetime monthly payment less survivor payment</td>
</tr>
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<td>Payment Option D</td>
<td>$7,714</td>
<td>0% of BRI</td>
<td>1/2 of monthly benefit</td>
</tr>
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<table>
<thead>
<tr>
<th>Estimated one-time payment to you</th>
<th>Lump Sum Cashout (LSC) Option</th>
<th>There will be no benefits payable upon your death if you elect a lump sum cashout</th>
</tr>
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<tbody>
<tr>
<td>$1,262,807</td>
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</table>
What happens if I am eligible to retire and I die before I elect to Retire?

YIKES!!

Benefit is calculated as though you had elected Alternate Payment Option “A” on the date following your death and your spouse/domestic partner is designated as “Contingent Annuitant”
### Example of Death While Eligible to Retire - Eligible Spouse/DP

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#### Payment Option A
- Benefit reduced to provide contingent annuitant monthly income
- $7,322

#### Payment Option B
- Benefit reduced to provide contingent annuitant monthly income
- $7,512

#### Payment Option C
- Benefit reduced to provide contingent annuitant monthly income
- $7,607

#### Payment Option D
- (Only if the spouse or domestic partner is also the contingent annuitant)
- Benefit reduced to provide contingent annuitant monthly income
- $7,714

**Estimated onetime payment to you**

**Lump Sum Cashout (LSC) Option**

- **$1,262,807**

**1976 Tier**

- **$1,982**
- **$5,339**

**There will be no benefits payable upon your death if you elect a lump sum cashout**
UCRP & CAP Balances

UCRP After–Tax and UCRP Pre–Tax
- Balances can be viewed on At Your Service
- Balances represent your contributions to UCRP plus interest earned – to help fund your UCRP benefit
- Balances will be swept in to general UCRP pool at time of retirement

CAP Balance (for applicable 1976 Tier Members)
- Capital Accumulation Provision
  - Earns between 7.5 – 8.5% interest
- Disbursed at time of retirement
  - Subject to taxes and possibly early distribution penalties unless rolled over to another qualified plan (i.e. 403(b), 457(b), DCP)
To view your CAP Balance, Select "UCRP and CAP Balances"
# UCRP & CAP Balances

Your current balances in UCRP and CAP are below. For current balances in the DC, 403(b), or 457(b) plans in the UC Retirement Savings Program, contact Fidelity Retirement Services at 1-888-682-7787 or [https://netbenefits.fidelity.com/](https://netbenefits.fidelity.com/).

<table>
<thead>
<tr>
<th>Account</th>
<th>Balance as of Jul 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCRP After-Tax*</td>
<td>$32,772.25</td>
</tr>
<tr>
<td>UCRP Pretax*</td>
<td>$93,377.44</td>
</tr>
<tr>
<td>Capital Accumulation Provision (CAP)</td>
<td><strong>$44,188.66</strong></td>
</tr>
</tbody>
</table>

* Future benefits are based on your age, years of service, and your average salary, not on your UCRP after-tax and pretax balances.

The information shown here is based on available data and is not a guarantee of eligibility or benefit amounts. UCRP is a defined benefit pension plan described under IRC section 401(a). Retirement benefits are based on your age at retirement, your years of service, and your average salary, not on your UCRP balance. CAP is a supplemental benefit for certain UCRP members who were actively employed on specific dates and held.
All UCRP distributions are subject to applicable federal and state taxes

Monthly Retirement Income
- Taxable when paid
- Non–taxable amount base upon any:
  - Member contributions prior to July 1, 1993
  - After–tax payments made for service credit buybacks prior to July 1, 1997
How To Retire From UC
UCRP – Timing for Retirement

- Best time to retire?
  - Personal decision – everyone has a different time line

- Things to consider
  - Retiree health graduated eligibility considerations?
    - Graduated eligibility based on whole years
    - Sick leave converted service credit included for graduated eligibility
  - Age?
    - 1976 Tier – Age factors increase between ages 50 & 60
    - 2013 Tier & 2016 Pension Choice – Age factors increase between ages 55 & 65
  - Cost of living adjustments (COLA)
    - Two different COLAs
What is ‘Special’ About Retiring on July 1st?

- If you are a 1976 Tier member and retire on July 1st with at least one business day of separation….
  - You will be immediately eligible for the one-time ‘Inactive COLA’ on your HAPC which increases your retirement income
    - 2018 Inactive COLA was 2%
    - For 2019, requires that you separate June 27th or earlier

- A July 1st retirement will position you to receive your first ‘Retiree COLA’, exactly 12 months later on July 1st
  - Must be retired for 12 months, conferred on July 1st
  - Matches up to first 2% of Consumer Price Index, then 75% of difference over 4% – up to maximum 6%
Retirement Timeline

1. **Contact your retirement counselor**
   - Approximately 3 months in advance of retirement date to avoid delays
     - Campus Employees: 415–476–1400
     - Medical Center Employees: 800–888–8267

2. **Personal Retirement Profile generated**
   - Profile includes an estimate of your retirement options
     - Profile can be generated within 90 days of targeted retirement date
Retirement Timeline

3. Review your Personal Retirement Profile and make your decisions:

- Elect your retirement benefits option
  - Basic Retirement Income; OR Option A, B, C, or D; OR if eligible, Lump Sum Cashout—and determine how to take receipt of LSC
  - If electing one of the ‘Option’ payments, name your Contingent Annuitant (this is an irrevocable election)

- Select your Fed and CA State Tax Withholdings, if selecting monthly income—*withholdings can be changed at anytime*

- If Eligible for a CAP, elect your distribution method
Retirement Timeline

4. UCRP Election Form generated based on your decisions
   ◦ Election form must be signed and sent to Retirement Administration Service Center (RASC) for processing

5. Confirmation Letter Mailed to You
   ◦ Mailed by RASC to your home address approximately 45–60 days from receipt of election form
   ◦ Review for Confirmation Letter for accuracy
   ◦ Changes or cancellations must be completed by your retirement date or 15 days from date of Confirmation Letter if later; election irrevocable once deadline passes
6. Notify your department of intent to retire
   • Department must notify HR of your separation and intended retirement
   • Your unused vacation hours will be paid out with final check

7. UCRP benefit paid monthly
   • At the end of the month (i.e. Aug 1st for Jul 1st retirements)

8. CAP, if eligible
   • Distributed 4 weeks after initial UCRP benefit
     • Rollover to UC Fidelity plan transferred electronically
     • All other distributions are mailed to the employee’s address on record
View Your Retirement Income Statement

- Current Enrollments
- Health and Insurance
- Find a Doctor
- When Employment At UC Ends
- COBRA Notification

- Benefit Income
  - Tax Withholding
  - Tax Statements
  - Earnings Statement
  - W-2 and 1095-C
  - Internal Revenue Service
  - California Franchise Tax Board

- Retirement Estimator
- My UC Retirement
- UCRP and CAP Balances
- Investment Links
- Social Security Administration
Now you are prepared!

Time to take a deep breath – relax!
Questions
415–476–1400
THANK YOU

Program Partners:

Campus Benefits, HealthCare Facilitator Program, Academic Affairs, Fidelity Investments