Preparing for Retirement

• Your UCRP Retirement
• Monthly Retirement Income
• Lump Sum Cashout
• Retirement payment vs Employee paycheck
• Other sources of retirement income
• Retiree health benefits
• Retirement process
• Once you are retired
Eligibility for UCRP retirement benefits

• UCRP membership
  • Hired into an eligible appointment for 50 percent time or more for a year or more
  • Work 1,000 or more hours in a 12-month period (750 hours for academic appointments)
  • Automatic for eligible employees
    • Most 2016 Tier eligible employees must choose UCRP participation

• Five or more years of UCRP service credit

• Age 50 or after
  • Age 55 if you are in 2013/2016 Tiers

• Inactive Member
Your UCRP benefits depend on your membership classification

1976 Tier—coordinated with Social Security
1976 Tier – not coordinated with Social Security
Safety
2013 Tier
2013 Modified Tier*
2016 Tier*

Multi-tier—service in more than one tier

*UCRP benefits are subject to collective bargaining and may be different for members of certain unions.

Your UCRP Retirement benefits are based on:

• Age on the date of retirement
• Years of UCRP service credit
• Highest average plan compensation (HAPC)

Age Factor x Service Credit x HAPC =

Basic Retirement Income
Age Factor

1976/2013 Modified Tier – ranges from:
• 1.1% for age 50 (minimum retirement age)
• Up to 2.5% for age 60 (maximum age factor)

2013/2016 Tier – ranges from:
• 1.1% for age 55 (minimum retirement age)
• Up to 2.5% for age 65 (maximum age factor)

Higher age factor = higher monthly benefit

Service Credit

• Based on actual time worked in a UCRP-eligible position
• No service credit earned during unpaid leaves
• Unused sick leave converts to service credit if you elect monthly retirement income
  • Unused sick leave hours / 2000 = UCRP service credit
• Unused vacation is paid on your last paycheck
Highest average plan compensation (HAPC)

- Highest average salary over 36 consecutive months
- Calculated based on Covered Compensation
  - Full time equivalent pay received for your regular and normal appointment
  - Administrative stipends
  - Shift differentials
- Does not include
  - Overtime
  - Summer Salary
  - Negotiated Annual Additions/Incentive Compensation (Health Sciences)
- 1976 Coordinated – HAPC is reduced by $133
  - Monthly supplement restores reduction until 65

Limits on your pension

- Limits on earnings that can be used to calculate your HAPC, currently:
  - $395,000 if you became a UCRP member before July 1, 1994
  - $265,000, if you became UCRP member July 1, 1994 or later
  - 2016 tier: $117,020 if newly hired on/after 7/1/2016
  - If your HAPC is from a prior period, the salary limits imposed for that calendar year apply

- No more than 100% of your HAPC

- Maximum total benefit payable from a pension
  - 415(m) Restoration Plan restores the difference
Basic Monthly Income for a 1976 tier member that paid into Social Security:

\[
0.025 \times 20 \text{ years} = 50\% \\
0.5 \times [5,000 \text{ (HAPC)} - 133 \text{ (Social Security offset)}] = 2,433.50 \text{ monthly basic retirement income} \\
+ 66.50 \text{ Social Security supplement until age 65} = 2,500 \text{ Total monthly retirement income}
\]
Retirement Calculator on At Your Service Online

My UCRP benefit estimates

If eligible, upon separation from UC employment, you may choose either monthly retirement income or the one-time lump sum cashout. The estimates below assume that you continue working for UC until the ages listed. These estimates are not a guarantee of eligibility or benefit amounts.

<table>
<thead>
<tr>
<th>Monthly alternative payment options at:</th>
<th>Age 60</th>
<th>Age 65</th>
<th>Age 70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Retirement Income Option</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lifetime monthly amount</td>
<td>$1,717</td>
<td>$2,016</td>
<td>$2,534</td>
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<tr>
<td>Temporary Social Security Supplement*</td>
<td>$31</td>
<td>n/a</td>
<td>n/a</td>
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</tbody>
</table>

*View More Monthly Income Options

Lump Sum Cashout (LSC) Option

<table>
<thead>
<tr>
<th>One-Time Payment</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$279,130</td>
<td>$303,708</td>
</tr>
<tr>
<td>$456,148</td>
<td></td>
</tr>
</tbody>
</table>

Member's date of birth: May 22, 1964
Membership classification: With Social Security

Information used to calculate your UCRP estimates

Retirement Calculator on At Your Service Online
Cost of Living Adjustments

- Based on changes in Consumer Price Index (CPI)

- *Retirement COLA*: effective July 1 after one full year of retirement
  - Paid annually on August 1 pension check
  - Retirement COLA ranges from 0% to 6%; generally 1-2%

- *Inactive COLA*: One-time adjustment to your HAPC, resulting in a higher benefit
  - 1976 Tier and Safety Members only
  - Maximum of 2%

Payment continuation after death

- Post-retirement Survivor Continuance
  - Eligible survivors defined by the plan
  - Available to 1976 and Safety Members

- Alternate Payment Option to Contingent Annuitant
  - Can name anyone
  - Available to all members

- Pre-retirement Survivor Income
  - Benefits depend on eligible family members and eligibility for retirement
Post retirement survivor continuance

• Monthly income to eligible survivors automatically

• If you die, your eligible survivor receives:
  • 25% of basic retirement income if coordinated with Social Security
  • 50% of basic retirement if you are not coordinated with Social Security (including Safety)

• This provision is only available to 1976 and Safety

Order in which eligible survivors are paid:

• Spouse or domestic partner
  • Married/Partnered one year prior to retirement until death
  • Payable for life
  • Marriage Certificate
  • UBEN 250 Declaration of Domestic Partnership

• Children
  • Under age 18, or age 22 if full-time student
  • Disabled, provided disability occurred before 18 or 22

• Dependent parent(s)
  • Must be tax dependent(s)
  • Payable for life
Alternate payment options to Contingent Annuitant

- Provides lifetime monthly income after your death
- Can be anyone, including person eligible for post-retirement survivor continuance, if applicable
- Your monthly retirement income is reduced
- Reduction based on your age, the age of your contingent annuitant and option you choose
- Election is irrevocable

Alternate payment option – with eligible survivor

<table>
<thead>
<tr>
<th>MONTHLY RETIREMENT INCOME OPTIONS</th>
<th>UPON DEATH - Monthly payment to:</th>
<th>Eligible Survivor</th>
<th>Contingent Annuitant</th>
<th>Combined to Eligible Survivor and Contingent Annuitant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Retirement Option</td>
<td>Lifetime monthly payment to you</td>
<td>$2,433</td>
<td>$608</td>
<td>not applicable</td>
</tr>
<tr>
<td>Basic Retirement Income (BRI)</td>
<td>UPON DEATH - Monthly payment to:</td>
<td>Eligible Survivor</td>
<td>Contingent Annuitant</td>
<td>Combined to Eligible Survivor and Contingent Annuitant</td>
</tr>
<tr>
<td>Payment Option A</td>
<td>$2,219</td>
<td>$608</td>
<td>$1,611</td>
<td>$2,219</td>
</tr>
<tr>
<td>two thirds continuance</td>
<td>$2,285</td>
<td>$608</td>
<td>$1,118</td>
<td>$1,726</td>
</tr>
<tr>
<td>Payment Option C</td>
<td>$2,319</td>
<td>$608</td>
<td>$855</td>
<td>$1,463</td>
</tr>
<tr>
<td>one half continuance</td>
<td>$2,357</td>
<td>not applicable</td>
<td>$1,178</td>
<td>$1,178</td>
</tr>
<tr>
<td>Payment Option D</td>
<td>$2,357</td>
<td>not applicable</td>
<td>$1,178</td>
<td>$1,178</td>
</tr>
<tr>
<td>one half continuance to eligible</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>spouse or domestic partner</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Alternate payment option – no eligible survivor

### MONTHLY RETIREMENT INCOME OPTIONS

<table>
<thead>
<tr>
<th>Monthly Retirement Option</th>
<th>Lifetime monthly payment to you</th>
<th>UPON DEATH - Monthly payment to:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Eligible Survivor 25% of BRI</td>
</tr>
<tr>
<td>Basic Retirement Income (BRI)</td>
<td>$2,433</td>
<td>not applicable</td>
</tr>
<tr>
<td>Payment Option A full continuation</td>
<td>$2,148</td>
<td>not applicable</td>
</tr>
<tr>
<td>Payment Option B two thirds continuation</td>
<td>$2,235</td>
<td>not applicable</td>
</tr>
<tr>
<td>Payment Option C one half continuation</td>
<td>$2,282</td>
<td>not applicable</td>
</tr>
<tr>
<td>Payment Option D one half continuation to eligible spouse or domestic partner</td>
<td>not applicable</td>
<td>not applicable</td>
</tr>
</tbody>
</table>

Death prior to retirement

- Death while eligible to retire
  - Alternate Payment Option A to your spouse or domestic partner
- Pre-retirement Survivor Income
  - Percentage of salary depending on Tier
  - Surviving Spouse/Domestic Partner: lifetime monthly income at age 60
  - Eligible Child(ren): monthly income until the age of 18, 22 if in school, or no longer disabled
- Refund of UCRP contributions
Basic death benefit

One time payment of $7,500 to beneficiaries

UCRP Pre-tax / After-tax Contributions

• Mandatory employee contributions into UCRP
  • After-tax contributions prior to 1983

• Help to fund your UCRP benefits

• Not payable separately upon retirement

• Any unpaid contributions are refunded to your beneficiaries upon death
Capital Accumulation Payment (CAP)

- Special allocations to UCRP members based on a percentage of compensation
  - CAP I – issued 1992-1994 earn 8.5% annual interest
  - CAP II – issued 2002-2003 earn 7.25% annual interest
- Must be distributed upon retirement
  - Rollover or a taxable distribution paid to you
- Issued the end of the month after your first pension check or lump sum cashout

Check your CAP balance at:
https://atyourserviceonline.ucop.edu/ayso

Other retirement system agreements

- CalPERS: Reciprocity
  - Must transfer from CalPERS to UCRP, or vice versa, within 180 days
  - Retire from both systems on the same date
- CalSTRS: Concurrent retirement
  - Must be an active UCRP member on or after July 1, 2002
  - Cannot retire from one system and continue to work in the other

- Advantages:
  - Service shared for vesting purposes
  - Highest salary in either system used to calculate benefits
  - Separate benefits from each system
Lump Sum Cashout

- One time, lump sum payment
- May elect instead of lifetime monthly income
- Based on the present value of the retirement income you would receive over your life expectancy
  - Basic Retirement Income x Single Payment Factor
- Available to 1976 Tier members, Safety and 2013 Modified Tier members
  - Not available to 2013 or 2016 Tier members
Lump sum cashout

• Forfeit other benefits:
  • Health benefits
  • UCRP basic death benefit
  • UCRP survivor and contingent annuitant benefits

• Sick leave is not converted to service credit in calculating the Lump sum cashout

• More restrictive return-to-work rules

Lump sum cashout

• Subject to taxes the year in which you take the payout
• May roll over into another eligible retirement account
  • UC Retirement Savings Plans—403(b), 457(b), DC Plan
  • Other qualified employer retirement plans
  • IRA
• Decision to take cashout is irrevocable
Retirement Payment vs. Paycheck

Employee in 1976 Tier with Social Security

30 years of service credit
Retiring at age 60 and five months
Earns $60,000 a year full time
### Monthly gross UC salary:

- **$5,000**

### Deductions, withholdings

- **Federal tax:** $464
- **State tax:** $122
- **Social Security (OASDI):** $310
- **Medicare:** $72
- **Medical plan (Health Net Blue & Gold), for employee and spouse:** $208* 
- **403(b) contribution:** $500
- **Employee UCRP contribution:** $381

### Monthly take-home pay:

- **$2,943**

*2016 costs

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### Calculating retirement benefit

- **Age factor:** 0.025
- **Service credit:** 30 years
- **1,440 hours unused sick leave adds** 0.72 years service credit
- **HAPC:** $5,000
- **(5000 – 133) x .025 x 30.72 = 3737**
- **Basic retirement benefit:** $3,737 a month
- **Social Security Supplement:** $102 per month

Monthly retirement income plus Social Security supplement: **$3,839**
Calculating net retirement benefit

Monthly gross UC retirement benefit: $3,839

Deductions
- Federal tax: $305
- State tax: $75
- Medical plan (Health Net Blue & Gold), retiree and spouse: $470*

Net monthly retirement payment: $2,989

*2016 cost

Take-home pay comparison

<table>
<thead>
<tr>
<th>UC monthly paycheck</th>
<th>UC retirement payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,943</td>
<td>$2,989</td>
</tr>
</tbody>
</table>

+ UC Retirement Savings Program
+ CAP, if applicable
+ Social Security
+ Annual COLAs
Higher take-home benefit later

At age 65:
• Loses the $102 Social Security Supplement
• Signs up for Medicare; pays Part B premium ($121+)
• UC plan medical costs reduced (from $470 to $76)
• Net gain: $50 per month

Additional income once Social Security begins

Other sources of retirement income
Other sources of retirement income

• Retirement Savings Program
• Social Security

Retirement Savings Programs - Employee

• Defined Contribution Plan (DC Plan)
  • UCRP eligible employees working between 1990 and 2010 have pretax money in this plan
  • Voluntary contributions on an after-tax basis

• 403(b) & 457 Plan
  • Voluntary Pretax contributions – cease when you retire
  • Deferral limit = $18,000 + $6,000 if over age 50 to each plan

Check your balances, manage investments or enroll by contacting Fidelity - http://netbenefits.com or 1-866-682-7787
Retirement Savings Programs - Retiree

- Maintain accounts if balance greater than $2,000
- Request one time or systematic withdrawals
- Manage investments
- Roll money into or out of the plans
- If you return to work at UC after retirement, you may be limited in taking distributions from some or all plans.

Withdrawals from Retirement Savings Programs

- Taxed as income in year received, unless after-tax money or rolled over to another qualified plan
- Subject to early distribution penalty if taken before age 59 ½, unless:
  - 457(b) funds
  - Leaving UC during or after year in which you turn 55
- Minimum Required Distributions
  - Begin the later of:
    - April 1st of the year following the year you turn 70 ½
    - The year you separate from UC paid employment
Social Security

• Most UC employees eligible for Social Security
• Social Security benefits can begin at age 62
• Benefit higher if you delay taking Social Security
• Visit ssa.gov to project Social Security income

Social Security

• Some employees hired before 1976 or Safety are not coordinated with Social Security
• May still be eligible for Social Security benefits from another source
• May be subject to Windfall Elimination Provision and Government Pension Offset
• Contact Social Security for more information
Retiree health

Health and welfare benefits

- Medical
- Dental
- Legal
- Vision
- Accidental Death & Dismemberment
To be eligible:

• Enrolled or eligible to be enrolled in UC employee health coverage
• Elect monthly retirement income. If you take a lump sum cashout, you cannot continue UC-sponsored benefits
• 10 or more years of UCRP service credit for medical and dental
• Retirement date within 120 days of the date you separate from UC employment
• Continue coverage until the date your retirement income begins

Your cost of retiree medical and dental

• Premiums charged to UC by the medical/dental plan
• UC’s contribution, determined annually
• Percentage of UC’s contribution for which you are eligible
• May be subject to collective bargaining
Retiree Health Group 1

Original UCRP entry date prior to January 1, 1990, without a break in service

UC’s contribution: 100%

Retiree Health Group 2

UCRP entry date between January 1, 1990 and June 30, 2013*, without a break in service

UC’s contribution: 50% to 100% depending service credit at retirement
  • 50% at 10 years of service or if age + service is 75
  • Increases 5% for each full year over 10
  • 100% UC contribution with 20+ years of service

*Subject to collective bargaining
Retiree Health Group 3

UCRP entry date, or rehired after a break in service, on or after July 1, 2013*

UC’s contribution: 0% to 100% depending on age and years of service
- 10 years of service credit minimum
- No UC contribution if you retire under age 56
- UC’s contribution starts at 56 (5%) and increases each full age and each full year of service credit
- 100% UC contribution at age 65 with 20+ years of service

*Subject to collective bargaining

How UC’s contribution to medical and dental premiums works

<table>
<thead>
<tr>
<th>NON-MEDICARE PLAN</th>
<th>Eligible for 100% of UC Contribution</th>
<th>Subject to graduated eligibility; receiving 50% of UC Contribution</th>
<th>Subject to graduated eligibility; receiving 75% of UC Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total monthly premium</td>
<td>$575.00</td>
<td>$575.00</td>
<td>$575.00</td>
</tr>
<tr>
<td>UC Contribution</td>
<td>$450.00</td>
<td>$225.00</td>
<td>$337.50</td>
</tr>
<tr>
<td>Your monthly premium</td>
<td>$125.00</td>
<td>$350.00</td>
<td>$237.50</td>
</tr>
</tbody>
</table>

Numbers are for illustrative purposes only and are not actual premiums or contribution amounts.
Medicare

• Employees: may delay enrollment until retirement
  • Domestic partners contact Social Security

• Retirees: if eligible for premium-free Medicare Part A (hospital), you must enroll in Part B (medical)
  • Eligible under your own record or that of a current, former, or deceased spouse
  • Part B premium paid directly to Medicare

• Medicare becomes your primary insurance
  • Coordinates with your UC medical plan
  • Some medical plans do not have Medicare coordination and you will have to change to another medical plan

How UC’s contribution to medical and dental premiums works (continued)

<table>
<thead>
<tr>
<th>MEDICARE PLAN</th>
<th>Eligible for 100% of UC Contribution</th>
<th>Subject to graduated eligibility; receiving 50% of UC contribution</th>
<th>Subject to graduated eligibility; receiving 75% of UC contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total monthly premium</td>
<td>$250.00</td>
<td>$250.00</td>
<td>$250.00</td>
</tr>
<tr>
<td>UC Contribution</td>
<td>$350.00</td>
<td>$175.00</td>
<td>$262.50</td>
</tr>
<tr>
<td>Your monthly premium</td>
<td>$0.00</td>
<td>$75.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Medicare Part B reimbursement*</td>
<td>$100.00</td>
<td>$0.00</td>
<td>$12.50</td>
</tr>
</tbody>
</table>

* If UC’s contribution to your medical plan is greater than the premium, UC reimburses you for a portion of the standard Medicare Part B premium you pay for Medicare coverage, usually as a deduction from your Social Security benefit.

Numbers are for illustrative purposes only and are not actual premiums or contribution amounts.
Medicare Exchange

- For retirees living outside California
- All family members in Medicare
- More choices
- Individual plans for each family member
- Maximum $3,000 health reimbursement arrangement (HRA) for each covered member
  - Any unused money rolls over to next year
  - HRA is prorated based on the percentage of UC’s contribution for which you are eligible

Other things to know about retiree health coverage

- Your employee medical, dental and legal coverage continue into retirement
  - Continue to cover eligible family members
- Certain qualifying events allow changes mid year
- Make changes during Open Enrollment
- You may suspend medical and dental
- Your eligible survivors may continue health benefits depending on your tier and retirement election
Other insurance plans

Legal – may continue, full premium deducted from retirement benefit

Vision Service Plan – may continue but you pay entire premium directly to carrier

Life, AD&D, Homeowners/renters/auto insurance – may continue, pay full premium directly to carrier

Health FSA – ends on last day of last month you contributed

Disability – ends on last day of work

I’m ready to retire. What do I do now?
First steps

• Attend UC retirement planning presentations, workshops, or webinars
• Review your UCRP estimate and retirement savings balances
• Talk to a Fidelity Planning and Guidance Consultant
• See your projected Social Security benefit
• Find out if you qualify for benefits from previous employers
• Consult with your tax or financial advisor
• Ensure your personal finances are in order

Decide your retirement date

• Select a retirement date and begin the retirement process up to three months in advance
• Staff employees: inform your department
• Academic appointees: notify your Academic Personnel Director
Request Retirement Initiation Packet

• Fill out the Request for Retirement Initiation Packet form: http://ucal.us/retirementform

or

• Contact the UC Retirement Administration Service Center (RASC) at 1-800-888-8267

Begin the process

• One retirement counselor will work with you

• Counselor sends your retirement initiation packet
  • Personal Retirement Profile which outlines your options
  • Retirement Handbook
  • Election Planning Worksheets

• Contact your retirement counselor, or the RASC, for questions
The election process

- Complete and return your election worksheet
- Your retirement counselor prepares final election forms for signature
- Sign, return election form with required documents
  - Marriage certificate/Domestic partner documentation
  - Birth evidence for contingent annuitant, eligible children

Final Review

- RASC reviews your retirement election documents
- Receive confirmation letter in about 45 days
- Change or cancel election up to retirement date or 15 days after confirmation letter sent, whichever is later
Now that I’m retiring

When can I expect my pension payment?

• Around the first of each month
• Electronically deposited to your bank
• Statements on At Your Service Online (AYS Online)
• Income reported on 1099R form
Keep your personal information up to date

Use AYS Online to:
- Change tax withholding
- Update your address or email
- Change your direct deposit information
- Make health benefits changes during Open Enrollment
- Update UCRP beneficiary information

Use Fidelity website to update Retirement Savings beneficiaries: www.netbenefits.com

Stay connected

- *New Dimensions* newsletter
- UCnet
- Local resources
  - Emeriti and Retiree Associations
  - Retirement Centers
    - Location and contact information available on UCnet: ucnet.universityofcalifornia.edu/retirees
  - Health Care Facilitator
- UC for CA: www.uc4ca.org
Returning to work at UC after retirement

• You have skills and knowledge that the university cannot obtain with equal cost-effectiveness

• You must have a break in service of at least 30 days, preferably 90, before returning

• If under age 60, you must not discuss returning to work until after receiving your first retirement payment or 30 days, whichever is later

• Your appointment must be limited to 43% time
  • No affect on retiree health benefits

Returning to work at UC after retirement

• Your appointment may not exceed 12 months
• If re-employment is necessary after 12 months, department must go through approval process again
  • Faculty appointments renewed annually after review
• You may suspend retirement income to return to a career (UCRP-eligible) position
  • Return to employee health and welfare benefits
  • You may earn service in a new tier
  • Re-retire the day after position ends
• If taking lump sum cashout, staff may not be rehired into a career position at UC
Questions?

Retirement Administration Service Center
800-888-8267
ucal.us/askrasc
ucnet.universityofcalifornia.edu

Thank you