

# University of California Retirement System

## DC Plan 401(a)

Defined Contribution Plan

- ◆ **Pre-tax Account**
  - ✓ Mandatory, pre-tax contributions based on UC base salary
  - ✓ DC Plan Career
  - ✓ DC Plan Safe Harbor
- ◆ **After-tax/Rollover Account**
  - ✓ Voluntary, after-tax contributions
  - ✓ Rollovers from other employer-sponsored plans/IRAs accepted
- ◆ **Investment Options**
  - ✓ UC Retirement Savings Program at FITSCo

## UCRP 401(a)

UC Retirement Plan  
Defined Benefit Plan

- ◆ **Monthly Retirement Income**
  - ✓ UCRP formula based on age, UCRP service credit and UCRP full-time covered compensation rate (average of highest 36 months)
  - ✓ Vested with 5 years of UCRP service
- ◆ **Disability Income Benefits**
- ◆ **Survivor Income Benefits**
- ◆ **Death Benefits**
- ◆ **Lump Sum Cashout Amount**
  - ✓ In lieu of any UCRP benefits, except
- ◆ **Capital Accumulation Provision**

## 403(b)/457(b)\*

Tax-deferred Programs

- ◆ **Voluntary Employee Contributions**
  - ◆ **Annual Limit—MAC**
    - ✓ Maximum Annual Contribution Limit
    - ✓ EGTRRA (Economic Growth and Tax Relief Reconciliation Act of 2001)
  - ◆ **Investment Options**
    - ✓ UC Retirement Savings Program at FITSCo
    - ✓ Rollovers from other employer-sponsored plans/IRAs accepted
- \* some rules/options differ

# UCRS

## University of California Retirement System

- UC Retirement Plan (Defined Benefit Plans)
  - UCRP with Social Security
  - UCRP without Social Security
  - UCRP Safety
- UC Retirement Savings Programs
  - DC Plan
  - 403(b)
  - 457(b)
  - Account access and records kept at FITSCo

# University of California Retirement Plan

UCRP

## Defined Benefit Plan

- University responsible for funding benefits
- UCRP benefits based on formula:
  - age at retirement
  - UCRP service credit
  - HAPC (highest average Plan compensation)
- Contributions not required at present
  - Redirected to DC Plan, pretax account
- Vested with 5 FT years UCRP service credit

# Value of UCRP

<b>45 yr old starts at \$40,000 and works 5 years</b>	<b>Value of UCRP at retirement (age 60): \$83,125</b>	<b>Equivalent annual 401k contribution: 16.3% of salary</b>
<b>45 yr old starts at \$40,000 and works 15 years</b>	<b>Value of UCRP at retirement (age 60): \$289,764</b>	<b>Equivalent annual 401k contribution: 22.6% of salary</b>
<b>30 yr old starts at \$60,000 and works until retirement</b>	<b>Value of UCRP at retirement (age 60): \$1,479,314</b>	<b>Equivalent annual 401k contribution: 16.6% of salary</b>
<b>50 yr old starts at \$60,000 and works 5 years</b>	<b>Value of UCRP at retirement (age 60): \$113,840</b>	<b>Equivalent annual 401k contribution: 21.3% of salary</b>

# UCRP Membership

- Automatic with eligible appointment
  - 50% (or more) for 12 months (or longer)
  - Upon change, extension of appointment
  - Upon working 1000 hours
    - Limited appointment
    - Rolling 12-month period
- Active Member until break-in-service

# UCRP Monthly Retirement Income Age Factors

Age 50

1.10%

. . . . .

Age 60

2.50%

- Age factors increment monthly between ages 50 and 60

# UCRP Monthly Retirement Income Service Credit

- Accrues in direct proportion to percentage of time on paid status up to 100%
- .0833 (1/12 yr) Full-time, monthly accrual
- University service vs UCRP service
- Sick leave balance converts to additional UCRP service credit

# UCRP Monthly Retirement Income Service Credit

## Sick Leave Conversion\*

S/L balance ÷ 2000 = additional service

Example:

500 hours

÷ 2000 conversion factor

.25 years of additional service credit

\*Not applicable to Lump Sum Cashout

# UCRP Monthly Retirement Income Highest Average Plan Compensation

## HAPC

- 100% monthly salary rate regardless of part-time status
- Average of 36 highest consecutive months
- Reduced by \$133 for Members with Social Security (Social Security Offset)

# UCRP Monthly Retirement Income

## Members with Social Security Basic Retirement Income (BRI)

### ➤ Example:

• age	57
• age factor	.0208
• service credit	20
• HAPC (\$3,000 minus \$133)	\$2867

### ➤ Benefit %

- $.0208 \times 20 = 41.60\%$

### ➤ BRI

- $41.60\% \times \$2,867 = \$1192.67$

# UCRP Monthly Retirement Income

Members with Social Security  
Social Security Offset/Temporary Supplement

## ➤ Social Security Offset

- Example:

- benefit %

- $.0208 \times 20 = 41.60\%$

- $41.60\% \times \$133 = \underline{\$55.32}$

## ➤ Temporary Social Security Supplement

- amount equal to Social Security Offset

- temporarily restores offset until age 65

# Who's Who?

- Beneficiary
  - UCRP
    - Member Death Benefit
    - Capital Accumulation Provision (CAP)
  - Life/AD&D Insurance proceeds
  - UC Retirement Savings Program (FITSCo)
- Survivor
- Contingent Annuitant

# UCRP--Other Benefits

## Basic Death Payment

- One-time payment to beneficiary upon Member's death
  - The greater of:
    - \$7,500, or
    - \$1,500 plus one month's final salary
      - Active Members only--UCRP entry before 10/1/90
- Beneficiary: person(s) you designate
  - Otherwise:
    - Legal Spouse/Domestic Partner, or if none,
    - Child(ren) (or, if deceased, grandchild(ren), or if none,
    - Parent(s), or if none,
    - Siblings, or if none,
    - Member's estate

# UCRP Monthly Retirement Income Survivor Income Benefits

- Pre-retirement
- Death While Eligible
- Post-retirement
- Survivors are pre-defined as your:
  - legal spouse or registered/declared domestic partner
    - Marriage Certificate/Divorce Decree
    - State of California Registration of DP/Termination of DP
      - [http://www.ss.ca.gov/business/sf/sf\\_dp.htm](http://www.ss.ca.gov/business/sf/sf_dp.htm)
    - UC Declaration of DP/Termination of DP
  - eligible children <18, or <22 if FT student, or disabled
  - eligible dependent parents



# UCRP Monthly Retirement Income Survivor Income Benefits Postretirement Survivor Continuance

- Lifetime monthly income payable to eligible survivor automatically upon Member's death
- Amount paid to survivor:
  - UCRP with Social Security
    - 25% of Basic Retirement Income
  - UCRP without Social Security
    - 50% of Basic Retirement Income



# UCRP Monthly Retirement Income Alternate Payment Options Election With a Contingent Annuitant

- Contingent Annuitant can be anyone
- Can be eligible survivor or not
- Irrevocable election at retirement
- Reduces benefit payable to Member
- Options based on life expectancy of both the Member and contingent annuitant

# UCRP Monthly Retirement Income Alternate Payment Options

## Election With a Contingent Annuitant

- Option A: Contingent Annuitant receives same amount Member was receiving
- Option B: Reduced to  $\frac{2}{3}$  of what Member was receiving
- Option C: Reduced to  $\frac{1}{2}$  of what Member was receiving
- Option D:  $\frac{1}{2}$  continuance to qualified spouse/DP

# UCRP

## Benefits Options

UCRP Options	Lifetime monthly payments to you	Monthly Payments upon your death	
		Lifetime payments to Eligible Survivor	Lifetime payments to Contingent Annuitant
Basic Retirement Income	\$3,613.34	\$903.34	Not applicable
Payment Option A	\$3,426.35	\$903.34	\$2,523.01
Payment Option B	\$3,485.97	\$903.34	\$1,721.84
Payment Option C	\$3,518.49	\$903.34	\$1,307.58
Payment Option D	\$3,548.30	\$1,774.15	
Lump Sum Cashout	One-time Payment to You		
	\$575,589.06		

# UCRP Monthly Retirement Income

## Cost of Living Adjustment (COLA)

- Matches first 2% of CPI increase
- 75% of CPI increase above 4%
- Maximum COLA generally 6%
- Example: (assumes CPI increase of 5%)
  - COLA matches first 2%                      2.00%
  - plus 75% of increase above 4%        0.75%
  - COLA    2.75%
- First COLA: first 7/1 following one full year of retirement status

# UCRP Monthly Retirement Income Insurance

- Annuitant Health (medical/dental)
  - Pre-1990 Rules
  - Graduated Eligibility Rules (1/1/90)
  - Elect MRI within 120 days of separation
  - Coverage must be continuous
  - If not eligible, COBRA may apply
- Legal Expense Insurance
  - May continue if currently enrolled
- Life Insurance
  - Subject to conversion

# UCRP Monthly Retirement Income Insurance

- AD&D (Accidental Death & Dismemberment)
  - Subject to conversion
- Vision Insurance
  - COBRA may apply
- Disability Insurance
  - Coverage ends on last day actively at work

# UCRP--Other Benefits

## Capital Accumulation Provision

### CAP

- 5 CAPs made to certain UCRP Members from 4/92 to 7/94
  - Interest accrues at 8.5% (guaranteed)
- April 1, 2002/April 1, 2003 CAP
  - Interest at specified rate (currently 7.5%)
- Distribution options upon:
  - Electing UCRP Monthly Retirement Income
  - Approval of UCRP Disability Income
  - Electing Lump Sum Cashout
  - Separation from UC employment

# UCRP--Other Benefits

## Lump Sum Cashout

### LSC

- Alternative to monthly retirement income
- Not a retirement benefit
- Eligibility: must be eligible to retire
  - not eligible if ever received UCRP income
- Benefit: Present-day value projection of lifetime basic retirement income, including COLAs, paid in a single lump sum
- Waives rights to all other UCRP benefits (except CAP) including Annuitant Health

# UCRP--Other Benefits

## Disability Income Benefits

- Vested Members
- Must satisfy UCRP disability criteria
- Benefits:
  - Based upon certain % of final salary determined by years of UCRP service
  - May qualify for annuitant health
  - Certain circumstances allow the Disabled Member to accrue additional UCRP service credit
  - Crossover at age 50 or later

# University of California Retirement Plan Income Taxes

- All UCRP distributions are subject to applicable federal and state taxes
- Monthly Retirement Income
  - taxable when paid
  - non-taxable amount based upon any:
    - Member contributions prior to 7/1/83
    - after-tax payments made for service credit buybacks (new rules effective 7/1/97)

# Preparing for Your Retirement

- Retirement Handbook
- Gather required documentation
- Access your "retirement estimates" and confirm your data elements at "Your Benefits Online"
  - UCRP Service Credit
  - HAPC
  - Also, "View Your Beneficiaries"
- Confirm with your department:
  - Sick balance
  - Vacation plans
  - Resignation procedures
- Contact UCSF HR/Benefits 90 days prior to your retirement date for Personal Retirement Profile and UCRP Election materials



# Thank you!

... for taking the time to come and join us today. Check out the schedules (including FITSCo) for other presentations at our UCSF HR/Benefits Website.

[www.ucsfhr.ucsf.edu/benefits](http://www.ucsfhr.ucsf.edu/benefits)