

Retirement Choice Program Second Choice Window



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Retirement Choice Program

Pension Choice

UCRP pension benefit
Supplemental 401(k)-style component

Employee contributes 7%

Pension with predictable benefit payments throughout your lifetime in retirement. Includes disability benefits and options for income for eligible survivors.

OR

Savings Choice

Stand-alone 401(k)-style

Employee contributes 7%

An account you withdraw money from during retirement. Remaining funds can be left to your beneficiaries. Does not include disability or survivor benefits.

Chart is depicting benefits for a participant first hired on or after July 1, 2016




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Second Choice Window Overview




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The Second Choice Window is an opportunity for Savings Choice participants to permanently switch to Pension Choice (UCRP)



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Second Choice Window

- Opens based on the year you elected Savings Choice
 - Not impacted by separating from UC (and returning)
- 5 year and 5 month window to elect to switch
- Submit election through RAYS portal or UCRS 216 form
- Elections are effective with the start of the fiscal year (7/1)
 - Elections submitted by May 31 cutoff are effective July 1 immediately following

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In 2024...

Active Savings Choice participants who elected in 2016, 2017, 2018, or 2019 may switch to Pension Choice*

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Open Second Choice Window

Election Year	Window Opens	Window Closes
2016	1/1/2021	5/31/2026
2017	1/1/2022	5/31/2027
2018	1/1/2023	5/31/2028
2019	1/1/2024	5/31/2029



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Second Choice Window Schedule cont...

Election Year	Window Opens	Window Closes
2020	1/1/2025	5/31/2030
2021	1/1/2026	5/31/2031
2022	1/1/2027	5/31/2032
2023	1/1/2028	5/31/2033
2024	1/1/2029	5/31/2034

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UCRAYS online portal

<https://retirementatyour.service.ucop.edu>

OR

Submit the UCRS 216 Form

<https://ucnet.universityofcalifornia.edu/forms/pdf/ucrs-216.pdf>

RASC
PO BOX 24570
Oakland, CA 94601
Fax: 800-792-5178



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HOME MESSAGES LOG OUT

Savings Choice Service
5.2701 years
as of 10/31/2021

Membership Details My UC Retirement Beneficiary Designations

Second Choice Election

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Effective Date of Election Schedule

Second Choice Election Date	Pension Choice Effective Date
1/1/2024 to 5/31/2024	7/1/2024
6/1/2024 to 5/31/2025	7/1/2025



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Resources

UCNet

<https://ucal.us/secondchoice>

Program overview

Factsheet

Q&A

Fidelity Workplace Financial Consultants

1-800-558-9182

Retirement Administration Service Center (RASC)

1-800-888-8267

myucretirement.com



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What happens to my Savings Choice benefit?



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Savings Choice Contributions & Service Credit

- Contributions from you and UC remain in the DC Plan
- Service credit earned based on percent time worked and is for retiree insurance

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Savings Choice Service Credit

<https://retirementatyour.service.ucop.edu>

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Savings Choice Service Credit

- Time under Savings Choice counts towards eligibility for Pension Choice benefits, including DC Supplement (if eligible)
 - Does not increase your monthly UCRP pension benefit

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Can I stay in Savings Choice?



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YES!

There is no requirement to make a second choice

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Second Choice Window Summary

- Opens based on the year you elected Savings Choice
- 5 year and 5 month window to elect to switch
- Elections are effective with the start of the fiscal year (7/1)
 - Elections submitted by May 31 cutoff are effective July 1 immediately following
- Pension benefits are earned prospectively
 - Time under savings choice will count towards 5 years of service credit needed to be eligible for pension benefits
 - There is no option to convert time under savings choice to pension service

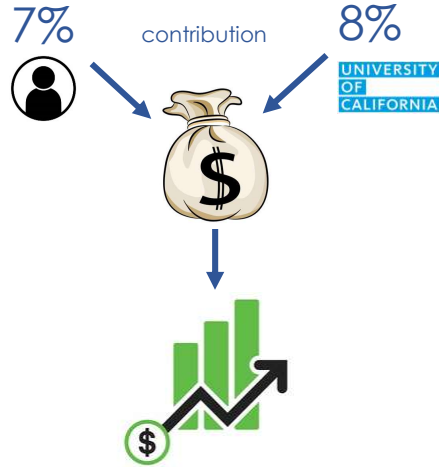
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Retirement Benefits under Savings Choice



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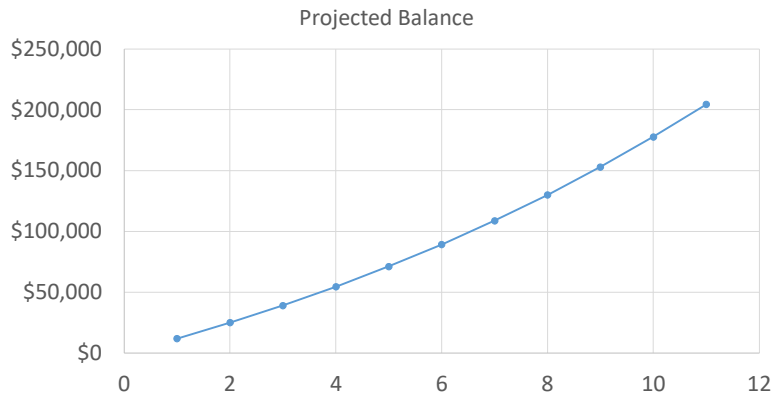
Savings Choice Retirement Benefits



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Savings Choice Example

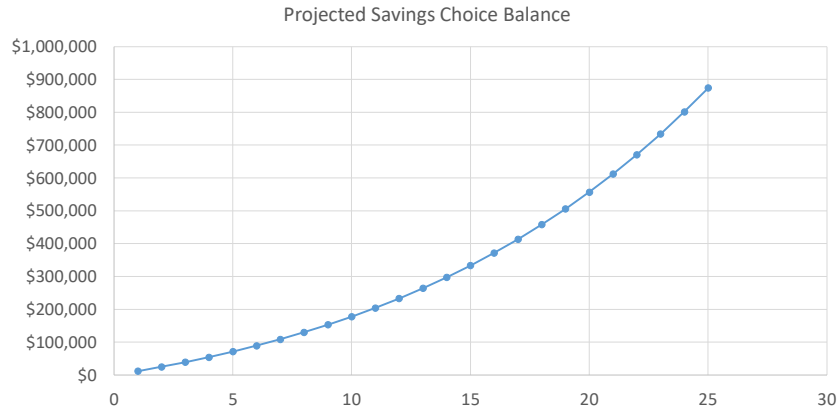
- Starting salary of \$75,000 with an increase of 3% per year for 10 years
- 6% assumed investment earnings



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Savings Choice Example Continued

- 25 years of contributions
- 6% assumed investment earnings for 25 years



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Savings Choice Survivor Benefits

- Remaining account balance (if any) is left to designated beneficiary
- Dependents may be covered under retiree insurance for lifetime of retiree



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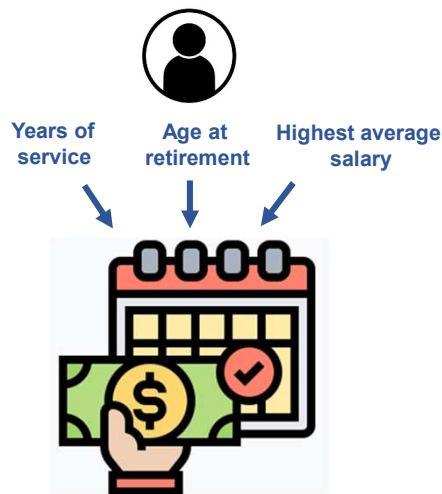
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Retirement Benefits Under Pension Choice



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Pension Choice Retirement Benefits



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Pension Choice with DC Supplement

first hired on or after July 1, 2016



Wages up to \$151,446*



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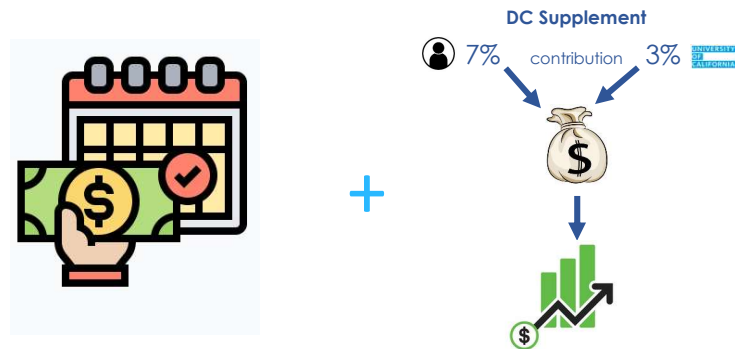
*Annual compensation limit is indexed yearly

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Pension Choice with DC Supplement

Staff *first hired on or after July 1, 2016*



Wages up to \$151,446*

Wages > \$151,446
up to \$345,000*



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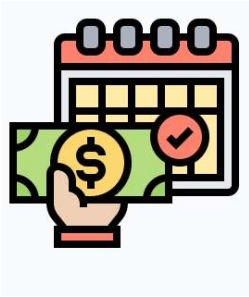
*Annual compensation limit is indexed yearly

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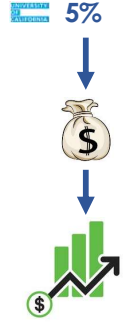
Pension Choice with DC Supplement

Faculty first hired on or after July 1, 2016




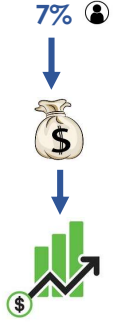
Wages up to \$151,446*

5% contribution




Wages up to \$345,000*

7%  contribution



Wages > \$151,446 up to \$345,000*




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*Annual compensation limit is indexed yearly

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Pension Choice Survivor Benefits

- Option to name a contingent annuitant
 - Receives monthly lifetime income upon the retirees passing
 - May continue UC sponsored insurance if they are a qualified “survivor” (spouse, domestic partner, disabled child)
- \$7,500 Basic Death Benefit



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Retirement Benefits Under Second Choice



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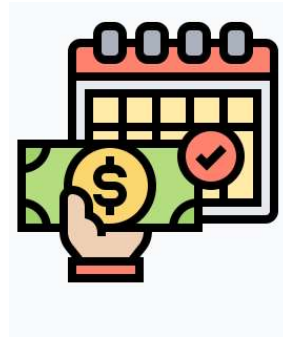
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Second Choice Retirement Income



SAVINGS CHOICE

+



PENSION CHOICE

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Second Choice Retirement Income

- 401(k)-style benefit
 - Savings Choice accumulations
 - Supplemental Account accumulations (if applicable)

PLUS

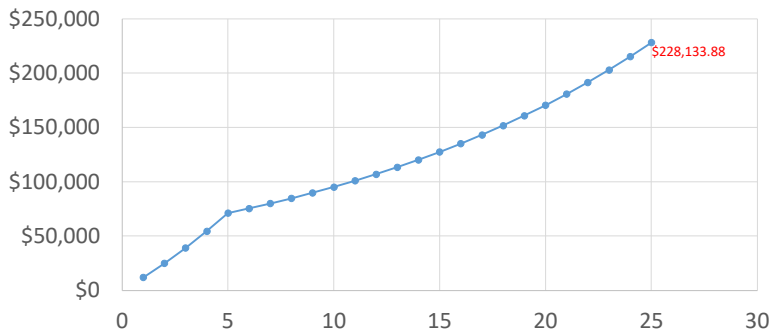
- Monthly lifetime income
 - Based on the service credit earned while a Pension Choice participant

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Second Choice Retirement Income Example

- Worked at UC from age 40 to 65 – starting salary of \$75,000
- 5 years in Savings Choice contributions
- 25 years of assumed investment earnings at 6%

Projected Savings Choice Balance at Age 65



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Second Choice Retirement Income Example

- Total UC retirement income is based on 20 years in Pension Choice and 5 years in Savings Choice;
 - $20 \times .025$ (age 65) \times \$12,297.39 = **\$6,148 / month**

PLUS

\$228,133 in DC Plan based on 5 years of Savings Choice (contributions and 25 years of investment earnings with a hypothetical investment return of 6%)

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Second Choice Retirement Income Calculator


- Calculator tool developed by UC professors is available to help you compare options

<https://senate.universityofcalifornia.edu/files/committees/tfir/tfir-pension-choice-model.xlsm>




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Second Choice Retiree Insurance




Medical Dental Legal Vision


AD&D Pet

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UCRP



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Eligibility for benefits under UCRP

- Pension

- 5 years of service credit to be eligible
 - Savings Choice service counts towards eligibility
- Must be at least age 55 to begin drawing pension

- Disability

- No minimum age
- Minimum of 5 years of service credit
 - Savings Choice service counts

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UCRP Pension

Formula based on three factors

- Age at date of retirement (age factor)
- Years of Pension Choice service credit
- Highest Average Plan Compensation (HAPC)

$$\text{Age Factor} \times \text{Service Credit} \times \text{HAPC} = \text{Monthly Basic Retirement Income}$$

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Age Factor

- Represents a % of compensation (HAPC) for every year of *UCRP* service credit
 - 1.1% for age 55 (minimum retirement age)
 - Up to 2.5% for age 65 (maximum age factor)

- Increases incrementally each month starting at age 55

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Service Credit

- Based on actual time worked in a *UCRP* eligible position
 - Time under Savings Choice does *not* increase pension benefit but does counts towards vesting in *UCRP*
 - No option to purchase *UCRP* service credit for time under Savings Choice

- No service credit earned during unpaid leaves (LOA)
 - Option to purchase service credit for unpaid LOA under Pension Choice

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HAPC

- Highest average salary over 36 consecutive months
- Calculated based on Covered Compensation
 - Full time equivalent pay received for your regular and normal appointment
 - Includes; administrative stipends and shift differentials
 - Excludes; Savings Choice compensation, overtime, bonuses, summer salary, negotiated / incentive compensation (Health Sciences)

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HAPC continued

Covered Compensation used in HAPC is subject to a limit

- **PEPRA** limit
 - Employees *first* hired on or after July 1, 2016
 - \$151,446 in 2024 plan year
 - May be eligible for DC Supplement
- OR -
- **IRC 401(a)(17)** limit
 - \$345,000 in 2024 plan year
 - NOT eligible for DC Supplement

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Monthly Retirement Income Example

- Elected Savings Choice on July 15, 2017
- Switched to Pension Choice effective on July 1, 2024
- 12 years of UCRP service credit (earned from July 1, 2024 through retirement date in 2036)
- Retire at age 65
- HAPC = \$7,000 / month

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Monthly Retirement Income Example

Age Factor = .025

Pension Choice Service Credit = 12 years

HAPC = \$7,000

Age Factor x Service Credit x HAPC =
Monthly Basic Retirement Income

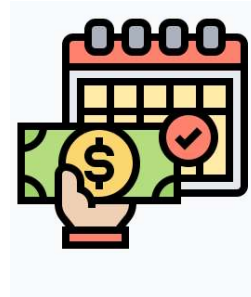
.025 x 12 x \$7,000 = \$2,100 / month

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Total UC Retirement Income Example



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Contributions through 2024

Service from 2024 – 2036



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Retirement Income Example

- Savings Choice accumulations
 - 15% of covered compensation from July 2017 to June 2024
 - Investment earnings

AND

- Pension Choice monthly income of \$2,100 / month
 - Based on 12 years of service, age factor of 2.5% and HAPC of \$7,000/month

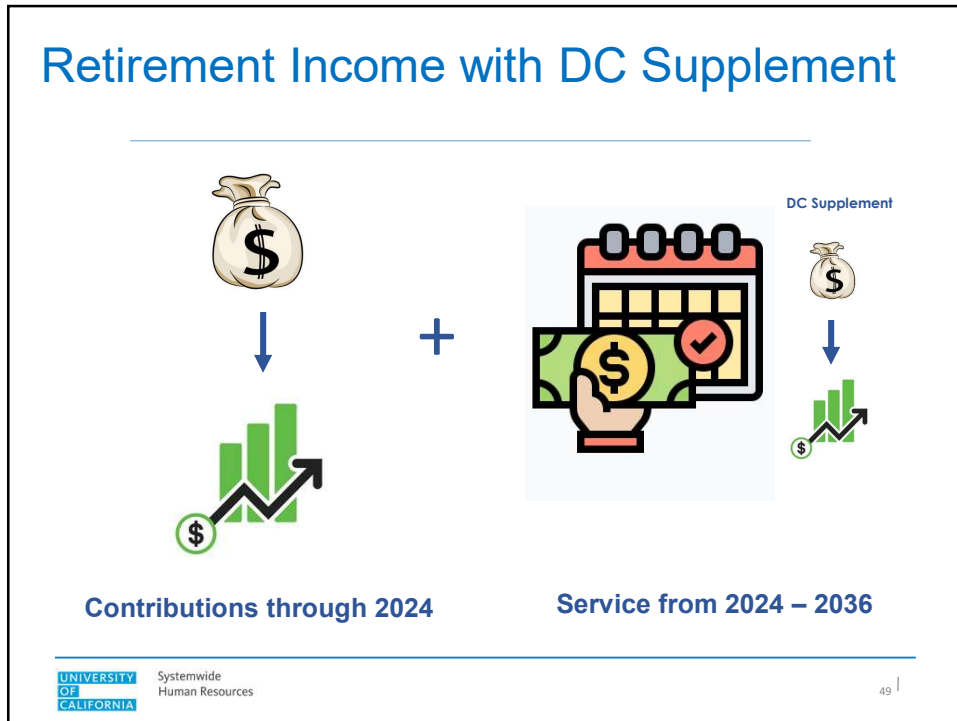


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Retirement Income with DC Supplement



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UCRP Disability

- Percentage of Final Salary based on your years of UCRP service credit
 - Minimum of 5 years of UCRP service credit to qualify. Time under Savings Choice counts towards satisfying the 5 years*
 - Combined with voluntary short and long-term disability plan (currently administered by Lincoln Financial)
 - Maximum of 25%
- Continuation of insurance offered while on UCRP disability
 - Savings Choice does *not* offer a long-term disability option that provides sponsored medical and dental insurance

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Questions?

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Extra Examples

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Monthly Retirement Income Example

- First hired July 9, 2017
- Elected Savings Choice on July 15, 2017
- Submitted second choice election on April 11, 2024
 - Start earning UCRP service credit on July 1, 2024
- 2 years of UCRP service credit when they retire on July 1, 2026 at age 65
- Covered Compensation
 - 7/1/2024 – 6/30/2025 = \$6,000 / month
 - 7/1/2025 – 6/30/2026 = \$7,000 / month

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Monthly Retirement Income Example

Age Factor = .025

Pension Choice Service Credit = 2 years

HAPC = \$6,500

Age Factor x Service Credit x HAPC =
Monthly Basic Retirement Income

.025 x 2 x \$6,500 = \$325 / month

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Total UC Retirement Income Example

- Savings Choice accumulations
 - 15% of covered compensation from July 2017 to June 2024
 - Investment earnings

AND

- Pension Choice monthly income of \$325 / month
 - Based on 2 years of service, age factor of 2.5% and HAPC of \$6,500/month

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Monthly Retirement Income - FACULTY

- First hired July 1, 2019
- Elected Savings Choice on July 3, 2019
- Submitted second choice election on June 15, 2024
 - Start earning UCRP service credit on July 1, 2025
- 20 years of UCRP service credit when they retire on July 1, 2045 at age **60**
- Total Salary = \$350,000
- Pension Salary = PEPR limit - \$12,620.50 / month

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Monthly Retirement Income Example

Age Factor = .018

UCRP Service Credit = 20 years

HAPC = \$12,620.50

Age Factor x Service Credit x HAPC =
Monthly Basic Retirement Income

.018 x 20 x \$12,620.50 = \$4,543.38 / month



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Total UC Retirement Income Example

- Savings Choice accumulations
 - 15% of covered compensation from July 2019 to June 2025
 - Investment earnings

PLUS

- Pension Choice monthly income of \$4,543 / month
 - Based on 20 years of service, age factor of 1.8% and HAPC of \$12,620.50/month

PLUS

- Faculty DC Supplement accumulations
 - Earned during pension choice period July 2025 to June 2045
 - 5% employer contribution on wages up to IRC limit
 - 7% employee contribution on wages above PEPRA up to IRC
 - Investment earnings



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Monthly Retirement Income - FACULTY

- First hired July 1, 2019
- Elected Savings Choice on July 3, 2019
- Submitted second choice election on June 15, 2024
 - Start earning UCRP service credit on July 1, 2025
- 20 years of UCRP service credit when they retire on July 1, 2045 at age **65**
- Total Salary = \$350,000
- Pension Salary = PEPR limit - \$12,620.50 / month

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Monthly Retirement Income Example

Age Factor = .025

UCRP Service Credit = 20 years

HAPC = \$12,620.50

Age Factor x Service Credit x HAPC =
Monthly Basic Retirement Income

.025 x 20 x \$12,620.50 = \$6,310.25 / month

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Total UC Retirement Income Example

- Savings Choice accumulations
 - 15% of covered compensation from July 2019 to June 2025
 - Investment earnings

PLUS

- Pension Choice monthly income of \$6,310 / month
 - Based on 20 years of service, age factor of 2.5% and HAPC of \$12,620.50/month

PLUS

- Faculty DC Supplement accumulations
 - Earned during pension choice period July 2025 to June 2045
 - 5% employer contribution on wages up to IRC limit
 - 7% employee contribution on wages above PEPRA up to IRC
 - Investment earnings
-