Envisioning your Retirement & Income Planning
“FULFILLMENT”
What does it mean and how do you find it?

“RETIREMENT”
What is it today and how do you define it?
How many years might you need to fulfill?

- Average retirement age in America: 63
- Average length of retirement: 18
- Average Retirement planning horizon: 30

Source: US Census Bureau, 2017, labor force participation rates for people ages 40 - 80
4 tips for finding fulfillment in retirement

1. Ask key questions…and answer truthfully
2. Create your purpose
3. Acknowledge this is not “business as usual”
4. Do your research
Ask key questions… and answer truthfully

• Are you ready to leave what you have been doing?
• Are you prepared for the challenges of creating a new life?
• Do you have the resources to create your new life?
• Have you coped well with other transitions?
• Are you patient?
Create your purpose

• Identify and nurture your passion if you have one
• Start “living your dream”
• Expand on what you already know and love
• Talk to everyone you know
• Give each new idea 6 months or more to see if it “sticks”
Consider care of you and your family

- Plan to care for an aging parent
- Consider you might become a caregiver
- Consider you might become the one needing care
Acknowledge this is not “business as usual”

- Expect a transition period – 2 to 5 years
- Create a new identity
- Embrace a new chapter of freedom
- Build and expand your social network
- Take the time to do what you’ve always promised yourself you would do
Where to start?

• Blogs and Books
• AARP

Where to start?

- UC Retirement Centers
- Emeriti and Retirees’ Associations
- Other happy retirees
A detailed **path** that helps you determine how to use your **financial resources** to generate **income to last** the rest of your life.
Benefits of a Retirement Income Plan

- Decide when you can retire
- Align your income and expenses
- Incorporate income security
- Re-evaluate your investments
- Streamline and keep things simple
Decide when you can retire
Part 1: What you want

**When?**
- By choice?
- By need?

**Where?**
- Downsizing?
- Upsizing?

**What?**
- Filling your days?
- Days of fulfillment?
Part 2: What you can afford

Ensure your savings last through retirement

Achieve the retirement goals and lifestyle you want

Maintain flexibility for opportunities and emergencies

Preserve your money for a legacy or inheritance
Align your income and expenses
Categories of expenses

1. Essential Expenses
2. Discretionary Expenses
3. Emergency Expenses
Estimated income per month: $5,000
Estimated expenses per month: -$7,000
Potential gap per month: -$2,000
Incorporate income security
Traditional retirement income sources

- UCRP (pension)
- Social Security
- UC Retirement Savings Program
- Other Savings
UC Retirement Review

ESTIMATED INCOME FROM ALL UC SOURCES
Welcome to your 2021 Retirement Review

Marilyn, your current retirement readiness score is 78%

Your UC benefits may provide retirement income of about $4,873 per month, or 78% of your current estimated annual pay. This estimate assumes you will retire from UC at 70 or later. To see how your income stacks up after you add in Social Security and personal savings, select the YOUR MODELED RETIREMENT READYNESS INFORMATION tab below and start modeling.

YOUR CURRENT RETIREMENT READINESS INFORMATION
Does not include any modeled changes

YOU MAY HAVE
$4,873
per month
78% of your current pay, assuming you retire from UC at 70

YOU MAY NEED
$5,000
per month
80% of your current pay; you may need more or less than this.

POTENTIAL GAP
$127
per month
Use the modeler to see ways to help make up a potential gap.

WANT TO SAVE MORE?
You can increase your contributions to the 403(b), 457(b) or DC Plan online.

NETBENEFITS.COM

DATA USED IN THIS ESTIMATE
Data for the UC 403(b), 457(b) and DC Plans is as of December 31, 2019. Data for the UC Retirement Plan and CAP is as of December 31, 2000.

SEE DATA

HOW THE ESTIMATE WAS CALCULATED
The Retirement Review is

For illustrative purposes only.
Set up automatic withdrawals

- Regular payments
- Straight to your bank account
- May help offset your IRS Minimum Required Distributions (MRDs), requirements
Re-evaluate your investments
**TIER I - TARGET DATE FUNDS**

<table>
<thead>
<tr>
<th>UC Pathway Income Fund</th>
<th>UC Pathway Fund 2035</th>
<th>UC Pathway Fund 2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>UC Pathway Fund 2020</td>
<td>UC Pathway Fund 2040</td>
<td>UC Pathway Fund 2060</td>
</tr>
<tr>
<td>UC Pathway Fund 2025</td>
<td>UC Pathway Fund 2045</td>
<td>UC Pathway Fund 2065</td>
</tr>
<tr>
<td>UC Pathway Fund 2030</td>
<td>UC Pathway Fund 2050</td>
<td>UC Pathway Fund 2070</td>
</tr>
</tbody>
</table>

**TIER II - MAIN FUND MENU**

**BOND AND STOCK INVESTMENTS**

- **Bond**
  - Short-Term
  - UC Savings Fund
  - Intermediate-Term
  - UC Bond Fund
  - Inflation-Protected
  - UC Short Term TIPS Fund
  - UC TIPS Fund
- **Domestic Stock**
  - Broad Cap
  - UC Domestic Equity Index Fund
  - Large Cap
  - UC Growth Company Fund
  - Small Cap
  - UC Domestic Small Cap Equity Fund
- **Foreign Stock**
  - Developed Markets
  - UC International Equity Index Fund
  - Emerging Markets
  - UC Diversified International Fund
  - Specialty Stock
  - UC Global Equity ex Fossil Fuel Fund
  - UC Real Estate Fund
  - UC Social Equity Fund

**TIER III - FIDELITY BROKERAGELINK®**

*Target Date Funds are an asset mix of stocks, bonds and other investments that automatically becomes more conservative as the fund approaches its target retirement date and beyond. Principal invested is not guaranteed.*
Deferred Lifetime Income Option
(available through the UC Pathway Funds)

- Annual purchase opportunity
- Get all the details about this new feature at myUCretirement.com>Retirement Income>Strategies

Purchase Deferred Lifetime Income using a portion of your Retirement Savings Program account balance.

Start receiving Deferred Lifetime Income payments from the insurer every month until your death (or spouse’s death if you select the Joint & Survivor option).

Information is provided by the University of California. Fidelity Investments is not responsible for its content.
Streamline and keep things simple
Streamline your accounts

- Consolidate to one UC plan
- Rollover other accounts into a single plan

Be sure to consider all your available options and the applicable fees and features of each before moving your retirement assets.
A distribution from a Roth IRA is tax-free and penalty-free, provided the 5-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, qualified first-time home purchase, or death.
## Specific Actions Needed at Specific Ages

<table>
<thead>
<tr>
<th><strong>50s–Quick Plan</strong></th>
<th><strong>60s–Detailed Plan</strong></th>
<th><strong>65+ –Master Plan</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Write down best estimates</td>
<td>• Determine Social Security strategies</td>
<td>• Sign up for Medicare</td>
</tr>
<tr>
<td>• “Super save”</td>
<td>• Reassess risk and asset allocation</td>
<td>• Discuss retiree health insurance options with employer</td>
</tr>
<tr>
<td>• Set up an initial planning session with Fidelity</td>
<td>• Build a detailed financial assessment</td>
<td>• Prepare portfolio for required minimum distributions</td>
</tr>
</tbody>
</table>
Next steps

Attend classes available at myUCretirement.com/classes

Gather your UCRP estimate, UCRSP account balances and Social Security Estimate

Read articles on income planning at myUCretirement.com

Schedule a planning session in person or over the phone 800-558-9182
The retirement planning information contained herein is general in nature and should not be considered legal or tax advice. Fidelity does not provide legal or tax advice. This information is provided for general educational purposes only and you should bear in mind that laws of a particular state, changes in Social Security rules, and your particular situation may affect this information. You should consult your attorney or tax advisor regarding your specific legal or tax situation.

**Investing involves risk, including risk of loss.**

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Retirement Income Sources
- Social Security

5 Important Questions to Ask Before You Claim
5 Important questions

1. When should I claim (vs. when can I claim)?
2. How can I claim retirement benefits?
3. Where do I get information?
4. What do I need to get my benefits?
5. Where does Social Security fit in my plan?
Q1. When should I claim (vs. when can I claim)?
Everyone knows the earliest age to claim, but is that the right time for you?

- **How much income do you need?**
- **What other income sources are available?**
- **The longer your wait, the higher the benefit**
- **Consider life expectancy and longevity**
Claiming early locks in permanent reductions

PERMANENT REDUCTION IF CLAIMING BEFORE FULL RETIREMENT AGE (FRA)

AGE 60
Early age for surviving spouse benefits

PERMANENT REDUCTION IF CLAIMING BEFORE FULL RETIREMENT AGE (FRA)

AGE 62
Earliest age to claim
Lock in 25%–30% reduction
Can reduce surviving spouse benefit

PERMANENT REDUCTION IF CLAIMING BEFORE FULL RETIREMENT AGE (FRA)

AGE 65
Medicare eligibility

PERMANENT REDUCTION IF CLAIMING BEFORE FULL RETIREMENT AGE (FRA)

FRA AGE 66–67
Full Retirement Age
Full Social Security benefit available

PERMANENT REDUCTION IF CLAIMING BEFORE FULL RETIREMENT AGE (FRA)

AGE 70
Maximum benefit
Maximum surviving spouse benefits

Source: Social Security Administration.
Q2. How can I claim retirement benefits?
4 Ways to claim

1. Individual Worker
2. Spouse
3. Ex-Spouse
4. Surviving Spouse
Individual worker

MAXIMIZE BENEFITS at 70?

OTHER RESOURCES AVAILABLE?

CONTINUE WORKING?
Spouse

You are married

Spouse enrolled in Social Security

Maximum benefit: half of spouse’s full benefit

Reduced amount if you claim before FRA

50%
You have a work record and a current spouse

For illustrative purposes only and based on Social Security rules in effect at the time of publication, and subject to change at any time. All figures assumed to be pretax.
Ex-spouse

Marriage for 10 years
You have not remarried
Both at least age 62
Divorced 2+ years or ex is claiming
Ex’s can claim on each other’s records

- Cannot exceed 50% of ex-spouse’s PIA
- Reduced payment if you claim before your FRA

Confidentiality:
- Between you and the SSA
- Marriage certificate
- Divorce decree
- Ex’s SSN
- Other required proof and documentation
Surviving Spouse or Surviving Ex-Spouse

Your spouse dies

You “step into his/her shoes”
When the higher-earning spouse / ex dies first

Your ex-spouse dies
if you were married 10+ years and did not remarry before age 60
Survivor benefit considerations:

• Survivor benefits available as early as age 60
• Early claims will be reduced
• Can switch between survivor and individual benefits
• You are responsible for notifying the SSA
Q3. Where do I get information?
Q4. What do I need to get my benefits?
You must first qualify for Social Security

1. You paid into Social Security
2. You earned at least 40 “credits”
3. Reach age 62
You need to know your Full Retirement Age

<table>
<thead>
<tr>
<th>If you were born in...</th>
<th>Your full retirement age is...</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943–1954</td>
<td>66 years</td>
</tr>
<tr>
<td>1955</td>
<td>66 years, 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 years, 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 years, 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 years, 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 years, 10 months</td>
</tr>
<tr>
<td>1960 or later</td>
<td>67 years</td>
</tr>
</tbody>
</table>

Source: Social Security Administration.
You need to understand the implications

Claiming Age

Average of your 35 highest-earning years

Actuaries determine PIA

Not waiting:
Permanent reduction
As much as 30% less

Waiting:
Increases until age 70
Up to 32% more
Q5. Where does Social Security fit in my plan?
When you claim Social Security can have a significant impact on your savings

<table>
<thead>
<tr>
<th></th>
<th>Social Security</th>
<th>Your Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FRA (Full Retirement Age)</strong></td>
<td>$1,800</td>
<td>$2,200</td>
</tr>
<tr>
<td><strong>Age 70</strong></td>
<td>$2,232</td>
<td>$1,768</td>
</tr>
<tr>
<td><strong>Age 62</strong></td>
<td>$1,260</td>
<td>$2,740</td>
</tr>
</tbody>
</table>

Hypothetical example to illustrate how different Social Security claiming dates deliver different income amounts. Assumes FRA is 67. Essential expense need is $4,000 per month.
Deciding when to claim is a key piece of your retirement income plan

- How long you may live
- Impact on your survivors
- Your overall financial situation
Next steps

- Attend Social Security classes available at myUCretirement.com/classes
- Get your Social Security Statement at SSA.gov
- Read articles on Social Security at myUCretirement.com
- Schedule a planning session in person or over the phone 800-558-9182
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What we will cover today

- UC Retirement Plan (aka UCRP, Pension)
- Retirement payment vs Employee paycheck
- Capital Accumulation Payment (CAP)
- UC Retirement Savings Program
- Retiree Health Benefits
- Retirement Process and Important Resources
UCRP benefits depend on your membership classification

1976 Tier:  *Coordinated with Social Security*  
            *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 Basic Retirement Income is based on:

1. Age on the date of retirement
2. Years of UCRP service credit
3. 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 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 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

- 1976 Coordinated Tier – HAPC is reduced by $133
  - Monthly supplement restores reduction until 65
Highest average plan compensation (HAPC)

Excludes

- Overtime
- Summer Salary
- Negotiated Annual Additions/Incentive Comp (Health Sciences)
- Salary exceeding the Covered Compensation Limit (in current plan year)
  - IRC 401(a)(17): $290,000
  - UCRP entry date prior to July 1, 1994: $430,000
  - PEPRA limit for 2016 tier member: $128,059
- If your HAPC is from a prior period, the salary limits imposed for that calendar year apply
Additional limits on your pension benefit

- Cannot exceed 100% of your HAPC. Generally:
  - 1976 & Modified 2013 Tiers: Age 60 and 40 years service credit
  - 2013 & 2016 Tiers: Age 65 and 40 yrs
  - Safety Members: Age 50 and 33.34 yrs

- Maximum total benefit payable from a pension
  - 415(m) Restoration Plan restores the difference
Monthly Retirement Income
Retirement Estimator on UC Retirement At Your Service (UCRAYs)

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

<table>
<thead>
<tr>
<th>Basic Retirement Income Option</th>
<th>Age 53</th>
<th>Age 58</th>
<th>Age 63</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifetime Monthly Amount*</td>
<td>$2,298.83</td>
<td>$4,149.83</td>
<td>$5,261.08</td>
</tr>
<tr>
<td>Temporary Social Security Supplement**</td>
<td>$52.87</td>
<td>$91.32</td>
<td>$115.77</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lump Sum Cashout (LSC) Option</th>
<th>Age 53</th>
<th>Age 58</th>
<th>Age 63</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Time Payment</td>
<td>$422,279.71</td>
<td>$713,354.57</td>
<td>$829,821.49</td>
</tr>
</tbody>
</table>

*If you are a multi-tier member and retire prior to age 55, any monthly retirement income attributable to a 2013 and/or 2016 tier service credit will not be payable until you reach age 55. A lump sum cashout is not payable for any service credit in the 2013 and/or 2016 tier.
Retirement Estimator on UCRAYS

Create a Retirement Estimate

The retirement estimate allows you to model different retirement scenarios utilizing current employment data and information you provide.

To create a customized retirement estimate, complete the following steps:

Step 1: Review your membership account(s)
Step 2: Enter retirement details
Step 3: Review and customize estimate details
Step 4: Enter eligible survivor details
Step 5: Enter contingent annuitant details
Step 6: Review and create estimate

Create a Retirement Estimate
Cost of Living Adjustments

- **Retirement COLA**: effective July 1 after one full year of retirement
  - Paid annually on August 1 pension check
  - 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%

- Based on changes in Consumer Price Index (CPI)
Potential payments upon retiree death

- Basic death payment

- Postretirement survivor continuance
  - Only available to 1976 Tiers and Safety members

- Alternate monthly payment option
  - Lifetime monthly income to designated contingent annuitant
  - Your basic retirement income is reduced to provide for potential payments to second person

- None available under lump sum cashout
### Alternate payment option – with eligible survivor

Example for 1976 Tier coordinated with SS, retiree age 60, C.A. age 57

<table>
<thead>
<tr>
<th>Monthly Retirement Option</th>
<th>Lifetime monthly payment to you</th>
<th>UPON DEATH - Monthly payment to:</th>
<th>Eligible Survivor 25% of BRI</th>
<th>Contingent Annuitant</th>
<th>Combined to Eligible Survivor and Contingent Annuitant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Retirement Income (BRI)</td>
<td>$2,433</td>
<td>$608</td>
<td><strong>not applicable</strong></td>
<td><strong>not applicable</strong></td>
<td><strong>not applicable</strong></td>
</tr>
<tr>
<td>Payment Option A</td>
<td>$2,219</td>
<td>$608</td>
<td>$1,611</td>
<td>$2,219</td>
<td></td>
</tr>
<tr>
<td>full continuance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment Option B</td>
<td>$2,285</td>
<td>$608</td>
<td>$1,118</td>
<td>$1,726</td>
<td></td>
</tr>
<tr>
<td>two thirds continuance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment Option C</td>
<td>$2,319</td>
<td>$608</td>
<td>$855</td>
<td>$1,463</td>
<td></td>
</tr>
<tr>
<td>one half continuance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment Option D</td>
<td>$2,357</td>
<td><strong>not applicable</strong></td>
<td>$1,178</td>
<td>$1,178</td>
<td></td>
</tr>
<tr>
<td>one half continuance to eligible spouse or domestic partner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Alternate payment option – no eligible survivor

Example for 2013 Tier retiree age 60, C.A. age 57

<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</td>
</tr>
<tr>
<td>Basic Retirement Income (BRI)</td>
<td>$2,433</td>
<td>not applicable</td>
</tr>
<tr>
<td>Payment Option A full continuance</td>
<td>$2,148</td>
<td>not applicable</td>
</tr>
<tr>
<td>Payment Option B two thirds continuance</td>
<td>$2,282</td>
<td>not applicable</td>
</tr>
<tr>
<td>Payment Option D one half continuance to eligible spouse or domestic partner</td>
<td>not applicable</td>
<td>not applicable</td>
</tr>
</tbody>
</table>
Lump sum cashout (LSC)

- 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 under 1976 Tier, Safety, & 2013 Modified Tier
  - Not available to 2013 or 2016 Tier members
LSC – important considerations

- 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
LSC – Payout

- Subject to taxes the year in which it is paid
- May roll over into another eligible retirement account and defer taxes
  - 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. Current Paycheck
## Active vs Retired “Paycheck”

<table>
<thead>
<tr>
<th>Monthly gross income</th>
<th>ACTIVE</th>
<th>RETIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deductions, withholdings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal, state, local tax</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Social Security (OASDI)</td>
<td>✔️</td>
<td>--</td>
</tr>
<tr>
<td>Medicare</td>
<td>✔️</td>
<td>--</td>
</tr>
<tr>
<td>Health Benefits</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>UCRP Contribution</td>
<td>✔️</td>
<td>--</td>
</tr>
<tr>
<td>Parking, commuter costs</td>
<td>✔️</td>
<td>--</td>
</tr>
<tr>
<td>Other work-related deductions</td>
<td>✔️</td>
<td>--</td>
</tr>
<tr>
<td><strong>Monthly net income</strong></td>
<td>Difference may be less than you think</td>
<td></td>
</tr>
</tbody>
</table>
Other Sources of Retirement Income
Other sources of retirement income

- Capital Accumulation Payment (CAP)
- Retirement Savings Program
- Social Security
- Other Retirement Systems
Capital Accumulation Payment (CAP)

- Special allocations to UCRP members based on a percentage of compensation
  - CAP I – issued 1992-1994 (earns 8% annual interest)
  - CAP II – issued 2002-2003 (currently 6.75% annual interest)

- Must be distributed upon retirement
  - Rollover or a taxable distribution paid to you

Check your CAP balance at: [https://retirementatyour-service.ucop.edu/](https://retirementatyour-service.ucop.edu/)
Retirement Savings Program – While Active

- **Defined Contribution Plan (DC Plan)**
  - Voluntary contributions on an after-tax basis
  - Mandatory pretax contributions:
    - UCRP eligible employees working between 1990 and 2010
    - DC Supplement, DC Safe Harbor, Savings Choice

- **403(b) & 457(b) Plans**
  - Voluntary pre-tax contributions
  - Deferral limit = $20,500 + $6,500 if over age 50 to each plan

- **Invest in funds managed by the UC Office of the Chief Investment Officer**
RSP – options after you retire

- Can maintain RSP accounts as long as balance is greater than $2,000
- Access your money through full or partial distributions
  - Can set up systematic withdrawals
- Consolidate retirement savings in one place
  - CAP, LSC (rollover not subject to taxes)
  - Other employer plans and IRAs
- Continue to manage investments
- If you return to work at UC after retirement, you may be limited in taking distributions from some or all plans if under age 59 ½
RSP – withdrawals

- 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
  - Generally after you turn 72
UC Retiree Health & Welfare coverage
Health & welfare benefits that may continue into retirement

- Medical
- Dental
- Legal
- Vision
- Accidental Death & Dismemberment
UC retiree health & welfare eligibility requirements

- Enrolled in or eligible for UC employee health coverage
- 10 or more years of UCRP service credit
- Elect monthly retirement income. Not available with LSC
- Retirement date within 120 days of UC separation date
- Continue employee coverage until date retirement income begins
- Rehires must work at least 12 months in an eligible position
How much you pay for UC retiree medical and dental depends on

- Total premium cost of selected medical/dental plan
- UC’s contribution amount
- Percentage of UC’s contribution for which you are eligible
- Who is covered
- Medicare coordination with your UC medical plan
- May be subject to collective bargaining
## UC Retiree Health Eligibility Groups

<table>
<thead>
<tr>
<th>GROUP 1</th>
<th>GROUP 2</th>
<th>GROUP 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original UCRP entry date without break in service:</td>
<td>UCRP entry date without break in service:</td>
<td>UCRP entry date, or rehired after a break in service:</td>
</tr>
<tr>
<td><strong>Before January 1, 1990</strong></td>
<td><strong>January 1, 1990 - June 30, 2013</strong></td>
<td><strong>On/after July 1, 2013</strong></td>
</tr>
<tr>
<td>% of UC Contribution received:</td>
<td>% of UC contribution received:</td>
<td>% of UC contribution received:</td>
</tr>
<tr>
<td><strong>100%</strong></td>
<td><strong>50-100% based on service</strong></td>
<td><strong>0-100% based on age and service</strong></td>
</tr>
</tbody>
</table>

*Subject to collective bargaining*
Retiree Health Group 1

- UCRP entry before January 1, 1990

- 100% of UC contribution amount
Retiree Health Group 2 – Graduated Eligibility*

- UCRP entry or rehired January 1, 1990 – June 30, 2013

<table>
<thead>
<tr>
<th>Years of UCRP service credit</th>
<th>% of UC contribution</th>
</tr>
</thead>
</table>
| 5 - 9                        | • 50%, if age + service >= 75  
                              | • Otherwise, not eligible    |
| 10                           | • 50%                  |
| 11 - 20                      | • 50% + 5% per year over 10  
                              | • 100% at 20 years          |
| Over 20                      | • 100%                 |

*Subject to collective bargaining
Retiree Health Group 3 – Graduated Eligibility*

- UCRP entry or rehired on/after July 1, 2013

<table>
<thead>
<tr>
<th>Age, years of UCRP service credit</th>
<th>% of UC contribution</th>
</tr>
</thead>
</table>
| age 50 – 55 or less than 10 yrs service | • 0% under age 56 with 10+ yrs service credit  
• Otherwise, not eligible |
| age 56-65 and 10-20+ yrs service | • 5% + increases with each full year in age and full year service credit  
• 100% at age 65 and 20 years |
| age 65+ and 20+ yrs service | • 100% |

*Subject to collective bargaining
## Example of cost calculations – non-Medicare

<table>
<thead>
<tr>
<th></th>
<th>Example A</th>
<th>Example B</th>
<th>Example C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total monthly premium</strong> (Health Net B&amp;G, couple)</td>
<td>$1,552</td>
<td>$1,552</td>
<td>$1,552</td>
</tr>
<tr>
<td><strong>UC contribution</strong></td>
<td>$1,002</td>
<td>$752</td>
<td>$501</td>
</tr>
<tr>
<td><strong>Your monthly cost</strong></td>
<td>$550</td>
<td>$800</td>
<td>$1,051</td>
</tr>
</tbody>
</table>
Medical plan options

- **Non-Medicare (pre65) Retirees**
  - Same plan options as actives
  - Also applies to over 65 not coordinated with SS

- **Medicare (post65) Retirees**
  - Medicare Advantage Plans (comprehensive coverage)
  - Medicare supplemental plans (pay after Medicare)
  - Medicare exchange plan outside of California
Part A: Hospital insurance
› Financed by payroll taxes
› If you are eligible to receive it based on your own or your spouse’s contributions during employment, you do not pay a premium.

Part B: Medical insurance
› Monthly premium, usually deducted from SS check

Part D: Prescription drug insurance
› Most UC retirees do not pay extra premium, but may pay premium if income above certain threshold

*Part C is not a component, but a type of Medicare Advantage plan*
What happens when you* turn age 65?

- **Are age 65+ during retirement process**
  - The RASC will provide a Medicare Packet which includes the Request for Employment form to submit to Social Security Administration for Medicare application

- **Turn age 65 after retirement**
  - UC will notify you prior to turning age 65 with information about Medicare and instructions for applying

*or your covered dependents
Medicare and UC

- **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
  - Failure to enroll in Part B will permanently cancel UC medical coverage
Medicare and UC retiree medical

- **Medicare becomes your primary insurance**
  - You will switch to a version of your UC medical plan that coordinates with Medicare or a Medicare partner plan.
  - Some UC medical plans do not have Medicare coordination and you will have to change to another medical plan.

- **Once enrolled in UC-sponsored Medicare plan**
  - UC may reimburse a portion of your Part B premium if the monthly UC contribution exceeds the cost of your plan.

- **Most UC medical plans coordinate with Part D**
  - Do not need to enroll in separate plan.
  - If do enroll in separate plan, you may lose your UC medical coverage.
More about UC retiree health coverage

- Can cover same eligible family members as active health
- 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
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
Other Health & Welfare Benefits

**Benefits that can continue into retirement**
- **Legal:** premiums deducted from retirement check
- **Vision Service Plan & AD&D:** premiums paid directly to VSP & Prudential
- **Homeowners/renters/auto insurance:** premiums paid directly to California Casualty

**Benefits that end at retirement**
- **Life Insurance:** conversion or portability options possible
- **Health FSA:** ends on last day of last month you contributed
- **Disability:** ends on last day of work
UC Retiree Process
First steps

- Attend UC retirement planning presentations, workshops, or webinars (schedule and registration on UCnet)
- Review your UCRP estimate and retirement savings balances
- See your projected Social Security benefit
- Find out if you qualify for benefits from previous employers
- Consult with your tax or financial advisor
- Talk to a Fidelity Workplace Financial Consultant to create a retirement income plan
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
Initiate your retirement

Within 90 days of your retirement date

- Log on to UCRAYS and create your Personal Retirement Profile (PRP):
  - Retirement > Initiate & Elect Retirement > Create PRP

  or

- Fill out the Request for Retirement Initiation Packet form:
  http://ucal.us/retirementform
Review your Personal Retirement Profile

- Review the retirement options in your PRP
- Read the Retirement Handbook
- Contact the Retirement Administration Service Center (RASC) for questions
- Complete your retirement election on UCRAYS or via your Election Planning Worksheet
The election process

- Log on to UCRAYS and follow the prompts to prepare your retirement election
- Sign and submit your election
  - Your spouse or domestic partner must also sign
- Upload any 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
What to expect with your retirement payment

- Paid around the first of each month
- Electronically deposited to your bank
- Benefit Income Statements on UCRAYS
- Income reported on 1099R tax form
Keep your personal information up-to-date

**Use UCRAYS to update:**
- Address, phone and email
- Tax withholding
- Direct deposit information
- UCRP beneficiary designation and contact information
- Health benefits changes

**Use Fidelity to update:**
- Retirement Savings Program beneficiaries: www.netbenefits.com
Stay connected

- *New Dimensions* newsletter
- myUCretirement.com
- UCnet
- Local resources
  - Emeriti and Retiree Associations
  - Retirement Centers
    - Location and contact information available on UCnet: ucnet.universityofcalifornia.edu/retirees
  - Health Care Facilitator
myUCretirement.com

Your source for "All Things Retirement"

See how it works

See strategies for coping with market volatility

Choose a track to see information and next steps for UC members like you.

Recently Joined UC  Working and Saving  Ready to Retire  In Retirement
When You're Ready to Retire

Are you thinking about retiring in the next few years — or in the next few months? Congratulations! It's a good idea to start preparing as soon as possible, and UC offers plenty of resources to help.

Preparing for Retirement webinars

For UCRP members who are planning to retire within the next five years and for vested inactive members of UCRP, live and recorded webinars cover topics such as understanding UCRP pension benefits, retirement savings and retiree health coverage.

The UC Retirement Process — Step by Step webinar

For UCRP members who are planning to retire within the next 4-12 months. Live and recorded webinars explain everything you need to know about the retirement process, including required forms, important deadlines and helpful resources.

Webinar registration

Preparing for Retirement (schedule)

The UC Retirement Process — Step by Step (schedule)

When you register, you will receive a confirmation with relevant webinar information including the instructions for logging in.

If you are not already a Zoom user, you may need to download the Zoom app or a plug-in for your browser.
Questions?

UCRP/CAP

› RASC – (800) 888-8267 or via secure messaging on your UCRAYS account
› Additional RASC Retirement Webinars – registration on UCnet

Social Security/Medicare

› For Medicare enrollment and eligibility information, call Social Security at 800-772-1213. You can also find Medicare information online at www.medicare.gov.

Retirement Savings Program

› Fidelity’s UC-Dedicated Workplace Financial Consultants (800) 558-9182
› myUCretirement.com/classes
THANK YOU!