Savings Choice participants: Your opportunity to switch to Pension Choice

If you elected Savings Choice, you may be eligible for a second choice of primary retirement benefits. During your "second choice window" you'll have an extended opportunity to switch prospectively from Savings Choice to Pension Choice, and become a member of the UC Retirement Plan (UCRP).

Enrollment in Pension Choice is permanent—whether you select Pension Choice initially, are enrolled in Pension Choice after 90 days, or switch to Pension Choice during your second choice window.

This is a big decision, so UC is allowing plenty of time for you to consider your options and discuss them with a Fidelity Retirement Planner and/or your personal financial advisor.

For more information about Savings Choice, Pension Choice and UCRP, including a glossary of related terms, please see *A Complete Guide to Your UC Retirement Benefits*. If you're represented by a union, your retirement benefits are governed by your union's contract with UC. Please refer to your collective bargaining agreement (available at ucal.us/agreements).

YOUR SECOND CHOICE WINDOW

The second choice window opens on Jan. 1 of the fifth anniversary of the calendar year in which you made your initial election and extends through May 31 five years later, as shown at right. You must be an active Savings Choice participant when you submit your election.

Savings Choice Election Date	Second choice window opens	Second choice window closes
July 1, 2016–Dec. 31, 2016	Jan. 1, 2021	May 31, 2026
Jan. 1, 2017–Dec. 31, 2017	Jan. 1, 2022	May 31, 2027
Jan. 1, 2018–Dec. 31, 2018	Jan. 1, 2023	May 31, 2028
Jan. 1. 2019–Dec. 31, 2019	Jan. 1, 2024	May 31, 2029
Jan. 1, 2020–Dec. 31, 2020	Jan. 1, 2025	May 31, 2030
Jan. 1, 2021–Dec. 31, 2021	Jan. 1, 2026	May 31, 2031
Jan. 1. 2022–Dec. 31, 2022	Jan. 1, 2027	May 31, 2032
Jan. 1, 2023–Dec. 31, 2023	Jan. 1, 2028	May 31, 2033
Jan. 1, 2024–Dec. 31, 2024	Jan. 1, 2029	May 31, 2034

Your move from Savings Choice to Pension Choice will be effective the next plan year (which begins on July 1), depending on when you submit your election form. For example, if your form is received on or before May 31, 2024, the change will be effective on July 1, 2024. If your form is received between June 1, 2024, and May 31, 2025, your election will be effective July 1, 2025.

UNDERSTANDING YOUR CHOICE

The decision to switch from Savings Choice to Pension Choice is complicated. Since you have plenty of time, it's a good idea to talk to a Fidelity Workplace Financial Consultant and/or your personal financial advisor to help you understand whether the decision is right for you.

A switch from Savings Choice to Pension Choice is a change in the primary retirement benefits you will contribute to going forward; it is not retroactive.

If you switch to Pension Choice:

- You will remain in the pension plan for the remainder of your career, even if you separate from UC and return to another eligible UC position later. Participants in Pension Choice may not switch to Savings Choice.
- Your Savings Choice account balance will remain yours. On the date the switch takes effect, contributions (from you and UC) to your Savings Choice account will stop and you'll begin contributing to UCRP and earning UCRP service credit.
- The service credit you earned as a participant in Savings Choice:
  - **Will count** toward the 5 years of service credit required to become vested in (eligible for) benefits through UCRP or the employer contribution to the Supplemental DC Plan, if you have one, and towards eligibility for retiree health benefits.
  - **Will not count** as UCRP service credit toward the calculation of your pension benefit. Please see "Your retirement benefits if you switch to Pension Choice" for more information about how this will affect your retirement benefits.

Getting help
Workplace Financial Consultants are available to meet with you by phone or in person—at no cost to you. Call 800-558-9182 or visit Fidelity.com/schedule/UC to get started.

YOUR RETIREMENT BENEFITS IF YOU SWITCH TO PENSION CHOICE

Your future retirement benefits will be calculated differently if you switch from Savings Choice to Pension Choice.

Savings Choice is considered a “defined contribution” program. As a Savings Choice participant, you and UC make defined contributions to a retirement savings account. When you retire, your account balance is based on contributions from you and UC, plus investment performance.

If you switch from Savings Choice to Pension Choice, your Savings Choice account (including contributions from you and UC) will belong to you, and you will continue to direct your investments. When you retire, you can draw money from your Savings Choice account, in addition to receiving a monthly pension benefit from UCRP.

On the date your switch is effective, contributions from you and UC to your Savings Choice account will stop, and you’ll begin contributing to UCRP and earning UCRP service credit. Pension Choice is considered a “defined benefit” program. Once you have earned five years of combined Savings Choice and UCRP service credit, you are vested in UCRP, which means that you are eligible to receive a defined pension benefit, subject to plan rules.

UCRP also provides disability and survivor benefits for qualifying eligible members and survivors, and members can choose someone to receive monthly lifetime income upon their death.

CALCULATING YOUR UCRP PENSION BENEFIT

Your pension benefit is calculated based on your highest average 36 months of eligible pay (up to the PEPRA or IRS maximum; see sidebar at right), your age at retirement and your UCRP service credit. The service credit you earned as a participant in Savings Choice will not count toward this calculation.

If you are eligible for a Pension Choice supplemental account (see sidebar at right), your mandatory contributions to your supplemental account will vest (become yours) immediately. UC’s contributions will vest after you have earned five years of UCRP service credit. The service credit you earned as a participant in Savings Choice will not count toward vesting in UC’s contribution to your supplemental account.

Examples

Here are examples of how this would work, depending on a few important factors. In all examples, we’ll assume that you submit your election to switch to Pension Choice as soon as your second choice window opens.

At the beginning of the next plan year after you switch (July 1), you begin making contributions to UCRP and earning UCRP service credit. You and UC stop making contributions to your Savings Choice account.

Does the PEPRA maximum apply to you?

The “PEPRA maximum” refers to the maximum on pensionable earnings set under the 2013 California Public Employees’ Pension Reform Act (PEPRA). This maximum also applies to other California public pension plans and is reviewed annually and may be adjusted.

The PEPRA maximum applies to most UC employees who are hired into an eligible faculty or career staff appointment on or after July 1, 2016. However, employees are not subject to PEPRA if they:

- Were a UCRP member before July 1, 2016, or
- Were employed in a safe harbor position prior to July 1, 2016, or
- Were a “Classic Member” under CalPERS and are eligible for UCRP/CalPERS reciprocity

If you switch to Pension Choice and the PEPRA maximum applies to you, you may be eligible for a Pension Choice supplemental account, with contributions from you and UC. Contributions from UC to the supplemental account differ for designated faculty.

The IRS sets a dollar maximum for annual earnings for the Plan year upon which retirement benefits and contributions may be based. If the PEPRA maximum does not apply to you, your pensionable earnings will be subject to the IRS maximum.

See *A Complete Guide to Your Retirement Benefits* for more information.

Example 1: PEPRA maximum applies

You retire at 65, after 25 years of working full time with UC. Retiring at 65 gives you the maximum “age factor” of .0250, and you have 20 years of UCRP service credit. Your basic retirement income from UCRP will be 50.0% (.0250 x 20) of your highest average eligible compensation, up to the PEPRA maximum.

As a staff member whose eligible pay exceeded the PEPRA maximum, you and UC contributed to a supplemental Pension Choice account for 20 years.

At retirement, your primary retirement benefits would include accumulations in your Savings Choice account, accumulations in your supplemental Pension Choice account, and basic retirement income from UCRP.

Example 2: PEPRA maximum does not apply

You retire at 60, after 15 years of working full time with UC. Your "age factor" is .0180, and you have 10 years of UCRP service credit. Your basic retirement income will be 18% (.0180 x 10) of your highest average eligible compensation, up to the IRS maximum.

Because the PEPRA maximum does not apply to you, you are not eligible for a supplemental Pension Choice account.

At retirement, your primary retirement benefits would include accumulations in your Savings Choice account and basic retirement income from UCRP.

Example 3: PEPRA maximum applies

You leave UC at 40, after 9 years of working full time. When you reach 55, you decide to begin collecting UCRP retirement benefits. Your "age factor" is .0110, and you have 4 years of UCRP service credit. Your basic retirement income from UCRP will be 4.4% (.0110 x 4) of your highest average eligible compensation, up to the PEPRA maximum.

As a designated faculty member whose eligible pay exceeded the PEPRA maximum, you and UC made contributions to a supplemental Pension Choice account for four years.

At retirement, your primary retirement benefits would include accumulations in your Savings Choice account, your contributions to your supplemental Pension Choice account, and your basic retirement income from UCRP.

Because you left UC before earning 5 years of UCRP service credit, UC's contributions to your Pension Choice supplemental account would not belong to you.

WHAT YOU NEED TO DO

No action is required if you decide to continue participating in the defined contribution option. If you do not submit an election form or make an election through UCRAYS, you will remain a Savings Choice participant.

If you decide to switch your primary retirement benefits to Pension Choice, complete an election online through UCRAYS or complete and sign the UCRS 216 election form during your second choice window and return it to the UC Retirement Administration Service Center. An election you submit while you're not an active Savings Choice participant or before the opening of your second choice window will not be honored.

When your election has been verified, you will receive a confirmation statement from the UC Retirement Administration Service Center with the effective date for your switch to Pension Choice and instructions for designating your UCRP beneficiary or beneficiaries. Make sure to designate beneficiaries as soon as possible.

It is important to remember the effective date of your switch to Pension Choice is irrevocable once your election is received and verified, so be sure to make your decision carefully.

Need additional assistance? Here are some resources available to help:

Fidelity Workplace Financial Consultants

Online: Fidelity.com/schedule/UC
Phone: 800-558-9182
Monday–Friday, 5 a.m. to 6 p.m. (PT)

UC Retirement Administration Service Center

UCRAYS secure message: retirementatyourservice.ucop.edu
Sign in to your UCRAYS account and select "Messages"
Phone: 800-888-8267
Monday–Friday, 8:30 a.m. to 4:30 p.m. (PT)
Fax: 800-792-5178

Mail:
UC Retirement Administration Service Center
P.O. Box 24570
Oakland, CA 94623-1570