

The UC Retirement Choice Program

UNIVERSITY
OF
CALIFORNIA

**For Designated Staff
Subject to the PEPRA limit**



- Types of Retirement Plans
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 - Defined Contribution
- UC's Retirement Choice Program
 - Who's eligible
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- Important considerations
- How to make your election
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Types of Retirement Plans

Defined Benefit	Defined Contribution
<p>Employer-sponsored retirement plans that promise a certain monthly pension benefit upon retirement</p> <p>For UC this benefit is based on the following formula: Age Factor x Service Credit x HAPC</p>	<p>Employer-sponsored retirement plans where the primary focus is on contributions made by the employee, and sometimes employer contributions, as well as investment earnings</p>

HAPC = Highest Average Plan Compensation

Average of your 36 continuous months of highest covered compensation (up to PEPR limit)

UC's Retirement Choice Program

You choose the best plan for you

The Retirement Choice Program allows you a 90 day window to choose your primary retirement benefit:

PENSION CHOICE

Defined Benefit Plan

SAVINGS CHOICE

Defined Contribution Plan

You will be automatically defaulted into Pension Choice if you do not make an election within 90 days of hire (or becoming eligible, if later)

Benefits accrue only once an election/default is made

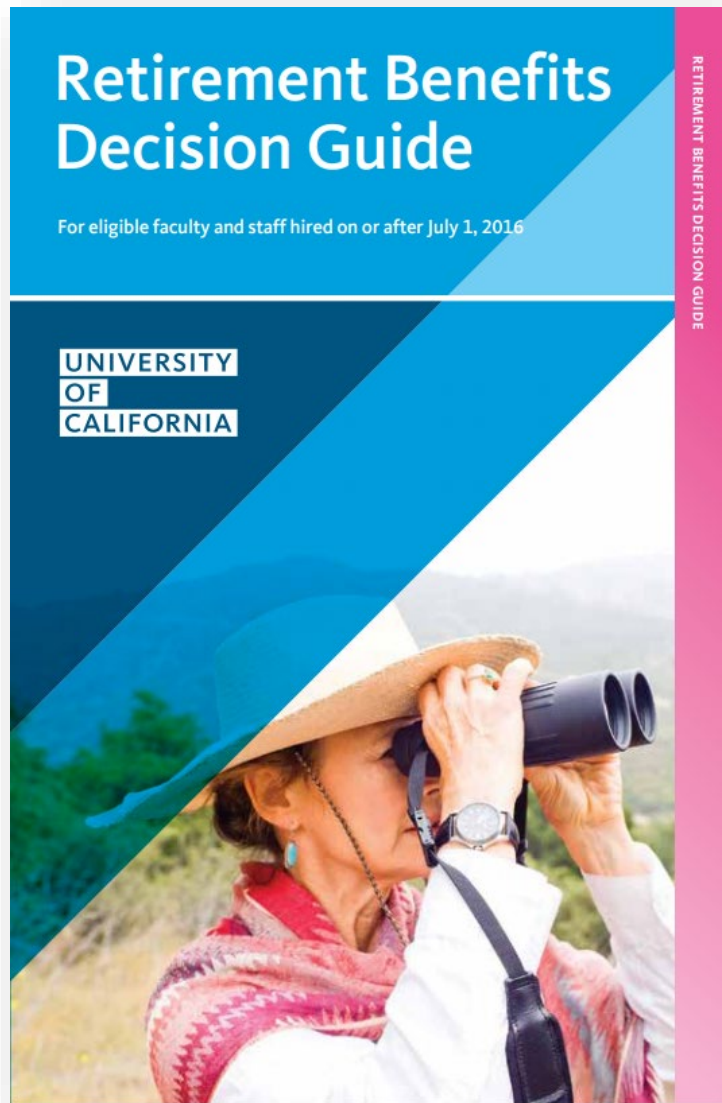
Who is eligible for the Choice Program?

On or after July 1, 2016:

- Hired into an eligible faculty or staff appointment; or
- Completed an hours requirement (generally, 1,000 hours worked within a 12-month period, or 750 hours for IX lecturers); or
- Are rehired into an eligible faculty or staff appointment, following a “tier” break in service

Eligibility questions? Contact UC Retirement Administration Service Center (RASC) at 800-888-8267.

Choice Program Decision Guide



The *Choice Program Decision Guide* is mailed to your home address shortly after your hire date.

PEPRA Eligible Earnings Maximums

Eligible Earnings Maximums*	2024 Plan Year Limit**
PEPRA California Public Employees' Pension Reform Act limit on pensionable earnings	\$151,446
IRC Internal Revenue Code dollar max for annual earnings upon which retirement benefits and contributions may be based	\$345,000

* Retirement benefits are calculated based on “eligible pay,” which does not include certain types of compensation, such as overtime

** 2024 Plan Year runs from 7/1/23 - 6/30/24.



No prior UCRP eligible service before 7/1/16 – subject to PEPRA

UCRP Pension

(on eligible wages up to the PEPRRA maximum)

+

Employee and Employer Contributions to DC Supplement

(on eligible wages above PEPRRA maximum)

+

Investment Earnings on DC Supplement

Pension Choice – Retirement Benefit Overview

UCRP Pension

Years of Service x Age Factor x HAPC (eligible pay up to PEPRA maximum)

DC Supplement

3% UC contribution (earnings *above* PEPRA limit up to the \$345,000 IRC covered compensation limit)

7% employee contribution (earnings *above* PEPRA limit up to the \$345,000 IRC covered compensation limit)

Investment Earnings on the DC Supplement

Investment earnings on Employee and Employer contributions to the DC Supplement accumulate in a tax-deferred retirement account

HAPC = Highest Average Plan Compensation

Average of your 36 continuous months of highest covered compensation (up to PEPRA limit)

Pension Choice – Retirement Benefit Breakdown

UCRP Pension

Monthly Retirement Income

Years of Service x Age Factor =
Benefit Percentage

Benefit % x HAPC (max \$11,245.42*) =
Monthly Retirement Income

DC Supplement

3% employer contribution on all eligible compensation above the PEPRA limit of \$151,446** and up to the IRC limit of \$345,000**

7% employee contribution on all eligible compensation above the PEPRA limit of \$151,446** and up to the IRC limit of \$345,000**

3% on \$151,446 - \$345,000

7% on \$151,446 - \$345,000

Investment earnings

*1/12 of the 2024 PEPRA maximum (indexed yearly)

** Indexed yearly

Employee and Employer Contributions to DC Plan
+
Investment Earnings
+
Future Opportunity to switch to Pension Choice

Employee and Employer Contributions

8% UC contribution (up to the \$345,000 IRC covered compensation limit)

7% employee contribution (up to the \$345,000 IRC covered compensation limit)

Investment Earnings

Investment earnings on Employee and Employer contributions accumulate in a tax-deferred retirement account

Future Opportunity to switch to Pension Choice

5 year window to switch to Pension Choice will be provided to active participants starting January 1 of the 5th calendar year anniversary of when Savings Choice was elected and ending May 31st five years later

Savings Choice – Retirement Benefit Breakdown

UCRP Pension

Opportunity to switch to pension choice

DC Plan

8% employer contribution on all eligible compensation up to IRC limit of \$345,000*

7% employee contribution on all eligible compensation up to IRC limit of \$345,000*

8% on \$0 - \$345,000

7% on \$0 - \$345,000

Investment earnings

*Indexed yearly

Comparison – Employee Contributions

Pension Choice

7% employee contribution on all eligible compensation up to IRC limit of \$345,000

UCRP: \$0 - \$151,446*

DC Supplement: \$151,446 - \$345,000

**Contributions to UCRP are used to fund your pension benefit, and are not paid in addition to monthly retirement income*

Savings Choice

7% employee contribution on all eligible compensation up to IRC limit of \$345,000

DC Plan: \$0 - \$345,000

Note:

Contributions to UCRP earn 6% interest and may be distributed upon separation from UC employment if not vested, or in lieu of monthly retirement income

Contributions to the DC Plan and DC Supplement are subject to investment performance and may be distributed upon the earlier of age 59 ½ or separation from UC employment

Pension Choice	Savings Choice
UCRP Pension 5 years of service credit*	Employee and Employer Contributions 1 year from date of hire (or eligibility, if later) for UC's contributions Your contributions vest immediately
DC Supplement 5 years of UCRP service credit* for UC's contributions and related investment earnings Your contributions and related investment earnings vest immediately	Investment Earnings Investment earnings on your contributions vest immediately Investment earnings on UC's contributions vest one year from date of hire (or eligibility, if later)

*Service credit for time worked is earned once you start contributing.

Note: If you leave UC employment prior to becoming vested, you may leave your contributions in UCRP and return at a later date to achieve a vested status. Employee contributions to UCRP earn 6% interest and are always immediately vested.

Pension Choice

UCRP Pension

Lifetime monthly retirement income based on your years of service, age when you retire, and your Highest Average Plan Compensation (subject to the PEPRA limit)

DC Supplement

Contributions and investment earnings accumulated throughout your career

- One time withdrawals, as needed
- Ability to setup monthly withdrawals from account
- Minimum Required Distributions

Savings Choice

Employee and Employer Contributions

Contributions and investment earnings accumulated throughout your career

- One time withdrawals, as needed
- Ability to setup monthly withdrawals from account
- Minimum Required Distributions

Comparison – *Disability Benefits*

Pension Choice

UCRP disability options available both prior to and after reaching minimum retirement age, which can include annuitant benefits (medical, dental, legal, and possibility of earning additional UCRP service credit)

Employee-paid disability coverage is available through Lincoln Financial (voluntary enrollment in short and long-term disability)

Savings Choice

Does not provide disability benefits directly through the DC Plan

Employee-paid disability coverage is available through Lincoln Financial (voluntary enrollment in short and long-term disability) – no health and welfare option

Comparison – *Survivor Benefits*

Pension Choice

Pre-retirement survivor income available for spouse or eligible children if you pass away prior to retirement

Lifetime monthly retirement income can be assigned to a person of your choosing by naming a contingent annuitant at retirement

UCRP \$7,500 basic death benefit to your beneficiaries

Money you don't withdraw from the DC Supplement can be left to your beneficiaries

Savings Choice

Does not provide survivor benefits

Money you don't withdraw from the DC Plan can be left to your beneficiaries

Comparison - *Investments*

Pension Choice

UCRP Pension

Your retirement income is not based on investment performance, but rather a formula based on pay, age, service credit

DC Supplement

You are responsible for investment choices

The default investment is UC Pathway Fund, which is based on the closest year you turn 65

Investments may be changed at any time

Savings Choice

You are responsible for investing your money in Savings Choice

The default investment is UC Pathway Fund*, which is based on the closest year you turn 65

Investments may be changed at any time

*UC Pathway 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.

Investments – Pension Choice DC Supplement Account and Savings Choice

 myUCretirement.com>ucretirementbenefits>ucfundmenu

Effective June 30, 2022, companies that own fossil fuel reserves were removed from the fund options in the UC Retirement Savings Program - 403(b), 457(b) and DC plans.

TIER I - TARGET DATE FUNDS UC PATHWAY FUNDS		
UC Pathway Income Fund	UC Pathway Fund 2035	UC Pathway Fund 2055
UC Pathway Fund 2020	UC Pathway Fund 2040	UC Pathway Fund 2060
UC Pathway Fund 2025	UC Pathway Fund 2045	UC Pathway Fund 2065
UC Pathway Fund 2030	UC Pathway Fund 2050	
TIER II - MAIN FUND MENU BOND AND STOCK INVESTMENTS*		
Bond	Domestic Stock	Foreign Stock
<i>Short-Term</i>	<i>Broad Cap</i>	<i>Developed Markets</i>
UC Savings Fund	UC Domestic Equity Index Fund	UC International Equity Index Fund
		UC Diversified International Fund
<i>Intermediate-Term</i>	<i>Large Cap</i>	<i>Emerging Markets</i>
UC Bond Fund	UC Growth Company Fund	UC Emerging Markets Equity Fund
<i>Inflation-Protected</i>	<i>Small Cap</i>	<i>Specialty Stock</i>
UC Short Term TIPS Fund	UC Domestic Small Cap Equity Fund	UC Global Equity Fund
UC TIPS Fund		UC Real Estate Fund
		UC Social Equity Fund
TIER III - FIDELITY BROKERAGELINK®		

Important Considerations

Pension Choice	Savings Choice	Second Choice
<p>Expect to work for UC for most of your career</p> <p>Want predictable retirement income payments</p>	<p>Want a portable retirement benefit you can roll over into another employer's retirement plan or an IRA if you leave UC</p> <p>Are comfortable choosing and managing your investments</p>	<p>Starting with Savings Choice and switching to Pension Choice</p> <p>Uncertain about how long you will stay at UC (for example you want to take more time to decide if you want to stay in California or at UC for the rest of your career)</p>

Within your 90-day election period:

- 1 Go to www.myUCretirement.com/choose. You'll get a quick refresher on the options and how they compare.
- 2 Consider your options carefully, and when you're ready select your choice online. Make your choice only when you are sure which option works best for you. Once an election is made, it can't be changed, even during the 90-day period.
- 3 You'll receive a confirmation statement with next steps to consider.

If you don't choose a primary retirement option, you will be automatically enrolled in Pension Choice at the end of the 90-day period. *You will not receive any service credit or contributions until you have made a choice or defaulted.*

Primary Retirement Benefit



UNIVERSITY OF CALIFORNIA
PO BOX 145429
CINCINNATI, OH 45250-5429

CONFIRMATION

YOUR PRIMARY RETIREMENT BENEFIT: PENSION CHOICE

NAME: Mary Glen
CHOICE RECEIVED: 2:20 PM PT, 11/23/20
EMAIL ADDRESS: tstbenefits@ucop.com

I have met with a UC Retirement Planner or attended a class or webinar, and accepted the Terms and Conditions of this election.

I understand that my selection window has ended and that I am not able to change my choice of Pension Choice during my employment with University of California.

I acknowledge that contributions will be made, and UCRP service credit earned, only on eligible pay I earn after my choice is received, subject to payroll processing cycles. My contributions will begin as soon as administratively possible (generally, within one to two pay periods) after my choice is received.

My contributions and UC's contributions will be made to the UC Retirement Plan (UCRP) based on my eligible pay up to the PEPPA maximum (\$126,291 in the current plan year). If I am not subject to the PEPPA maximum, my contributions and UC's contributions will be made to the UC Retirement Plan (UCRP) based on my eligible pay up to the annual IRS maximum (\$285,000 in the current plan year). My supplemental account contributions, if any, will be made to my account in the University of California Defined Contribution Plan (DCP) based on my eligible pay above the PEPPA maximum and up to the annual IRS maximum. UC's contributions to my DCP supplemental account, if any, will be based on all eligible pay up to the annual IRS maximum.

I understand that all contributions to my DCP supplemental account (if eligible) will be invested in the UC Pathway Fund based on my date of birth, if I do not select other investments, and that I have the right to change my investments at any time.

NEXT STEPS

Here are next steps to consider:

Name a beneficiary for your retirement plan accounts.

Primary R

UNIVERSITY
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UNIVERSITY OF CALIFORNIA
PO BOX 145429
CINCINNATI, OH 45250-5429

CONFIRMATION

YOUR PRIMARY RETIREMENT BENEFIT: PENSION CHOICE

NAME: MARY GLEN
CHOICE RECEIVED: 9:34 AM PT, 10/20/23
EMAIL ADDRESS: tstbenefits@ucop.edu

I have met with a UC Retirement Planner or attended a class or webinar, and accepted the Terms and Conditions of this election.

I understand that my selection window has ended and that I am not able to change my choice of Pension Choice during my employment with University of California.

I acknowledge that contributions will be made, and UCRP service credit earned, only on eligible pay I earn after my choice is received, subject to payroll processing cycles. My contributions will begin as soon as administratively possible (generally, within one to two pay periods) after my choice is received.

My contributions and UC's contributions will be made to the UC Retirement Plan (UCRP) based on my eligible pay up to the PEPPA maximum (\$151,446 in 2024) if I am not subject to the PEPPA maximum, my contributions and UC's contributions will be made to the UC Retirement Plan (UCRP) based on my eligible pay up to the annual IRS maximum (\$345,000 in 2024) if eligible, all supplemental account contributions will be made to my account in the University of California Defined Contribution Plan (DCP) based on my eligible pay above the PEPPA maximum and up to the annual IRS maximum.

I understand that all contributions to my DCP supplemental account (if eligible) will be invested in the UC Pathway Fund closest to the year I turn age 65, if I do not select other investments, and that I have the right to change my investments at any time.

NEXT STEPS

Here are next steps to consider:

Name a beneficiary for your retirement plan accounts.

Important reminders about making your choice

- Online elections only (www.myUCretirement.com/choose)
- Choice elections must be made within 90 days from your date of hire (or qualifying eligibility date)
- If you don't make a choice within 90 days, your election will automatically be defaulted to Pension Choice
- Your election is irrevocable, even if you separate and return
- Contributions begin prospectively, following choice election, based on payroll processing cycles. Waiting to make an election could mean missing out on valuable contributions and service credit
- Savings Choice participants will be given a second choice window to switch to Pension Choice*

*Read the Second Choice article on [UCnet](#):

Additional ways to save – *Voluntary 403(b) and 457(b) Plans*

403(b) Plan

- Pretax and Roth Contributions
- Pretax contributions and investment earnings accumulate tax-deferred until withdrawn.
- Roth contributions have the potential for tax-free withdrawals of contributions and earnings in retirement.**
- Loans may be available
- Can withdraw money without penalty starting at age 59½

457(b) Plan

- Pretax and Roth Contributions
- Pretax contributions and investment earnings accumulate tax-deferred until withdrawn.
- Roth contributions have the potential for tax-free withdrawals of contributions and earnings in retirement.**
- Loans are not available
- Can withdraw money without penalty starting at age 59½*

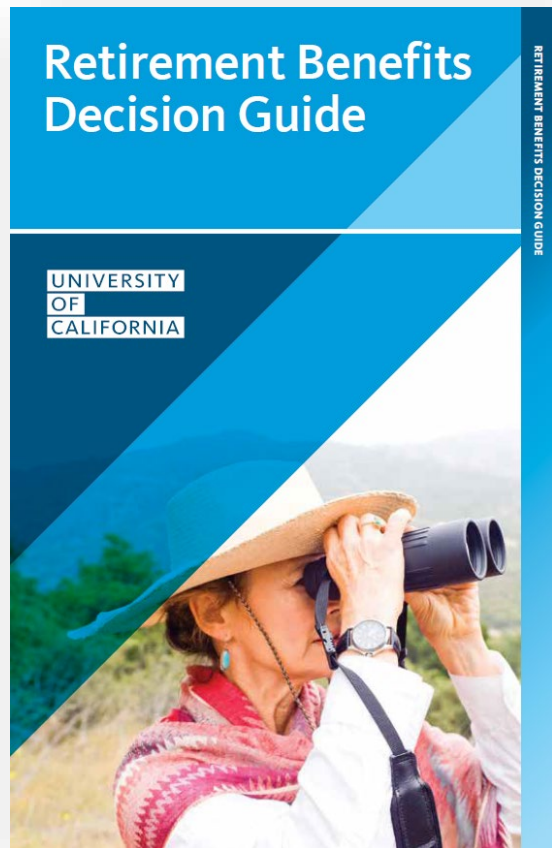
You may contribute to both plans at the same time, or just one plan

*If you are no longer working for UC, you do not have to wait to **age 59½**

**Roth distributions are federally tax-free when withdrawn after the aging requirement has been satisfied and one of the following conditions is met: age 59½; disability; or death.

Resources to Help with Your Decision





Your Decision Guide includes:

- Detailed information on each of the options
- Illustration of different choices
- Links to additional information and resources
- How to make your choice


PENSION CHOICE VS SAVINGS CHOICE

INTERACTIVE DECISION TOOL

Use this interactive decision tool to compare Savings Choice and Pension Choice, starting from your current age to retirement. Just answer the following questions.

What's your current age?

What's your current eligible annual pay? 

Are you eligible for the faculty program or the staff program? 

I AM ELIGIBLE FOR THE FACULTY PROGRAM I AM ELIGIBLE FOR THE STAFF PROGRAM

OK, LET'S CONTINUE



[Go to myuc retirement.com/choose/modeler](https://myuc retirement.com/choose/modeler)

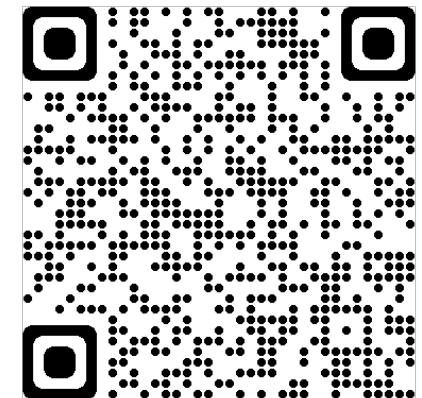
Note: An additional Choice modeler, created by TFIR, is available at:
<https://senate.universityofcalifornia.edu/resources/retirement-choice-model.html>

A UC-dedicated Workplace Financial Consultant can help you:

- Understand your financial situation
- Consider which option might better fit your needs
- Navigate the decision-making process
- Determine if you need to save more on your own
- Plan for other financial goals



- **CALL 1-800-558-9182**
- **SCHEDULE ONLINE BY SCANNING THIS QR CODE**
- **TEXT “UCPLANNER” TO 343898**



The UC Pathway Funds are designed for investors expecting to retire around the year indicated in each fund's name. The funds are managed to gradually become more conservative over time as they approach the target date. Principal invested is not guaranteed at any time, including at or after the funds' target dates.

By authority of The Regents, University of California Human Resources, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by The Regents. Source documents are available for inspection upon request (800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits—particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, retirees, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums, employer contributions and monthly costs at any time. Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, and may be affected by the state of California's annual budget appropriation. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. For more information, employees should contact your Human Resources Office and retirees should call the UC Retirement Administration Service Center (800-888-8267).

Investing involves risk, including risk of loss.

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