

Retirement Benefits Decision Guide

For eligible faculty and staff hired on or after July 1, 2016

UNIVERSITY
OF
CALIFORNIA





Your UC Retirement Benefits

Our people make UC great, and we pride ourselves on being a place where everyone feels valued and recognized for their contributions.

Your retirement benefits are an important part of your compensation, so UC gives you options: Pension Choice, for a lifetime pension benefit, or Savings Choice, for a portable 401(k)-style account.

Choose the option that's right for you and enroll as soon as you can — your benefits only begin to grow once you enroll.

The summaries in this booklet explain the plans' provisions and the policies and rules that govern them. If a conflict exists between these summaries and the plan documents, the plan documents govern. The Plan Administrator has the authority to interpret disputed provisions.

1.

Getting Started

Welcome to UC! You may be more focused on *starting* your UC career right now than on your retirement. But preparing for a successful retirement is one of the most significant financial responsibilities you'll face, and we're here to help. In this guide, we'll explain your options and resources so you can choose the retirement benefits that are right for you.

Your Benefits Decision Checklist

Your retirement benefits don't start until you enroll — check off these tasks to make an informed decision and enroll as soon as possible.

☐ **UNDERSTAND YOUR OPTIONS**

Whether you choose **Pension Choice** (a lifetime pension benefit) or **Savings Choice** (a 401(k)-like account), you and UC will both contribute to your retirement. But Pension Choice and Savings Choice work very differently — and if you choose (or default into) Pension Choice, you can't change your mind later.

HOW EACH OPTION WORKS

Pages 6–11

ILLUSTRATIONS OF DIFFERENT CHOICES

Pages 14–15

MODEL YOUR OPTIONS

myUCretirement.com/choose

☐ **GET HELP**

You don't have to do this alone! Take advantage of webinars and counseling from UC to help you make the right retirement choices for you.

ATTEND A WEBINAR

myuc retirement.com/Classes/RetirementChoice

MEET WITH A WORKPLACE FINANCIAL CONSULTANT

800-558-9182 or
Fidelity.com/schedule/UC

☐ **MAKE YOUR CHOICE**

ENROLL ON

MYUCRETIREMENT.COM

myUCretirement.com/choose

THE SOONER THE BETTER:

Every day — and dollar — counts. You don't receive UC contributions or service credit toward your primary retirement benefits and retiree health benefits until you enroll or you default (after 90 days) into Pension Choice.

For Pension Choice

If you wait 90 days to enroll or default, you lose three months of UCRP service credit, which counts toward your eligibility for — and the amount of — your pension.

For Savings Choice

If you wait until the deadline, you lose three months of contributions from UC. If you miss the deadline, you'll be enrolled in Pension Choice with no option to switch later.

2.

Your Primary Retirement Benefit Options: Pension Choice or Savings Choice

Pension Choice and Savings Choice can both help you build valuable retirement income, but there are some big differences. Here's an overview of who's eligible for these benefits, how each option works, and how long you have to make your choice. For complete details, please see the Summary Plan Descriptions.

WHO IS ELIGIBLE FOR RETIREMENT CHOICE?

You are eligible for a choice of primary retirement benefits if you:

- Are hired into an eligible faculty or career staff appointment on or after July 1, 2016; OR
- Are hired in an ineligible position on or after July 1, 2016 and then become eligible for retirement benefits.

REHIRED, NEWLY ELIGIBLE AND FORMER CALPERS-COVERED EMPLOYEES

You may not be subject to the PEPPA maximum (see information to the right), and your retirement options may differ, if you:

- Previously worked for UC in an eligible appointment;
- Were hired before July 1, 2016 and became eligible for retirement benefits after July 1, 2016; OR
- Were a “Classic Member” under CalPERS and are eligible for reciprocity with UC.

If you believe you meet or have questions about these criteria, contact the UC Retirement Administration Service Center (RASC) at 800-888-8267. If you were classified as a “Classic Member” under CalPERS and are also eligible for reciprocity with UC, you need to self-identify by submitting the UBEN 300 form (available on UCnet) to the RASC within 90 days of becoming a member of the University of California Retirement Plan (UCRP).

UNION-REPRESENTED EMPLOYEES

If you're represented by a union, your retirement benefits are governed by your union's contract with UC and may be different than the benefits outlined here. Please refer to your collective bargaining agreement (available at ucal.us/agreements) for details.

ABOUT PEPPA AND RETIREMENT EARNINGS MAXIMUMS

The maximum amount of your compensation that counts toward your retirement benefits may be affected by a number of factors, including the 2013 California Public Employees' Pension Reform Act (PEPPA) maximum, the IRS dollar maximum and UC guidelines about eligible pay.

Please note that the Plan year runs from July 1 to June 30.

PEPPA Pensionable Earnings Maximum

The maximum salary that counts toward your pension benefits is consistent with the maximum on pensionable earnings for the Plan year under PEPPA. This maximum also applies to other California public pension plans and is reviewed annually and may be adjusted. For the 2025 Plan year, the maximum is \$155,081.

IRS Pay Maximum

The IRS sets a dollar maximum for annual earnings for the Plan year upon which retirement benefits and contributions may be based. This maximum is also reviewed and may be adjusted annually. For the 2025 Plan year, this maximum is \$350,000.

Eligible Pay

Retirement benefits are calculated based on “eligible pay,” which does not include certain types of compensation. For a list of types of compensation that are not considered “eligible pay” when calculating retirement benefits, see *A Complete Guide to Your UC Retirement Benefits* on UCnet (ucal.us/guidetoretirementben).

Know Your Options

This at-a-glance summary will give you the big picture. See pages 10-11 and the Complete Guide to Retirement Benefits for details and definitions.

Remember, if you don't make an election within 90 days from your date of hire (or your eligibility date), you will be enrolled in Pension Choice — with no option to change your mind later.

Whichever option you choose, **once you enroll**:

- Required pretax contributions of 7% of your eligible pay (up to the IRS maximum) will be deducted from your paycheck; your contributions belong to you.
- UC will contribute to your retirement benefits.
- You'll earn service credit toward UC's retiree health benefits.

Here's a quick comparison of a few very important differences:

Pension Choice	Savings Choice
How will I build retirement savings?	
You earn service credit toward a lifelong pension benefit when you retire. UC also contributes toward a 401(k)-style supplemental account if you are eligible. Your pension, through the UC Retirement Plan (UCRP), is based on a formula that factors in your time at UC, your age at retirement and your highest salary (averaged over three years, up to the PEPPA maximum).	Your contributions (7% of eligible pay), contributions from UC (8% of eligible pay, up to the IRS maximum) and any investment earnings accumulate in a tax-deferred retirement account similar to a 401(k). You choose your investments from a menu of available funds, and you assume the investment risk. UC provides educational resources to help you plan.
When do I vest¹ in (become eligible for) my retirement benefits/savings?	
After earning five years of service credit with UC	After earning one year of service credit with UC
Disability and survivor benefits	
UCRP offers disability and survivor benefits, including continued UC health and welfare benefits, for you and for your survivor(s), depending on eligibility rules. You can choose someone to receive lifetime monthly income upon your death.	Savings Choice does not include disability or survivor benefits, or the continuation of UC health and welfare coverage often available with such benefits, as provided under UCRP. You can designate a beneficiary for your account balance and opt for employee-paid disability and/or supplemental life insurance group coverage.
Can I change my mind later?	
No. Whether you actively enroll or default into Pension Choice, you may not switch to Savings Choice.	Yes. After five years, you will have an opportunity to switch to Pension Choice prospectively. See page 17 for details.

¹ "Vesting" refers to your right to receive a retirement benefit after you leave the University, subject to the distribution rules.

HOW YOUR OPTIONS COMPARE¹

PENSION CHOICE

How it Works

Pension Choice includes a monthly pension benefit under the University of California Retirement Plan (UCRP), for predictable lifetime retirement income based on your eligible pay (up to the PEPRa maximum), service credit and age when you start receiving retirement benefits.

Along with the pension benefit, some faculty and staff are eligible for a supplemental 401(k)-style account, with contributions from you and UC.

UC makes decisions about the investments of the UCRP and assumes the investment risk. For the supplemental account, you choose from a menu of funds and you assume the investment risk.

The decision to participate in Pension Choice is irrevocable—you cannot change your participation to Savings Choice later.

Shared Contributions³

You contribute 7% of your eligible pay, before taxes. Contributions on pay above the PEPRa maximum up to the annual IRS pay maximum go into your supplemental account.

UC contributes:

Pension: A percentage of eligible pay (determined by the UC Regents), up to the PEPRa maximum.

Supplement for designated faculty⁴: 5% on **all** eligible pay up to the IRS pay max.

Supplement for staff and other academic employees: 3% on eligible pay **above** the PEPRa maximum, up to the IRS pay maximum.

Your Retirement Income and Benefits

When you vest in (become eligible for) benefits: Your contributions to your pension and supplemental account (if you have one) are always yours. You vest in your pension benefits and in UC's contributions to your supplemental account once you have earned five years of service credit with UC. You begin to earn service credit when you start making contributions.

Income: When you retire, you receive lifetime monthly income based on your highest average 36 months of eligible pay (up to the PEPRa max), your UCRP service credit, and your age. You can choose a "contingent annuitant" to receive monthly lifetime income upon your death. Supplemental account distributions are governed by plan rules. The balance depends on contributions from you and UC and your investments' performance, and can be left to your beneficiary.

Additional benefits: You may be eligible for retiree health benefits (see ucal.us/retireehealth) and continuing health benefits for your contingent annuitant (if an eligible survivor) after your death. If you become disabled before retirement, you may be eligible for UCRP disability income and health benefits.

SAVINGS CHOICE

How it Works

Savings Choice works much like a 401(k) plan. Your mandatory pretax contributions, contributions from UC (based on your eligible pay²) and any investment earnings accumulate in a tax-deferred retirement account. You choose your investments from a menu of available funds, and you assume the investment risk. UC provides educational resources to help you plan.

If you choose Savings Choice, you will have a second opportunity to prospectively enroll in Pension Choice, beginning on the fifth anniversary of the calendar year you make your election. See page 17.

Shared Contributions³

You contribute 7% of your eligible pay, before taxes, up to the annual IRS pay maximum. **UC contributes** 8% of your eligible pay, up to the IRS pay maximum.

Your Retirement Income and Benefits

When you vest in (become eligible for) benefits: Your contributions to your account are always yours. UC's contributions will vest after one year.

Income: You draw money from your account; distributions are governed by plan rules. The balance will depend on the amount contributed by you and UC and your investments' performance, and can be left to your designated beneficiary.

Additional benefits: You may be eligible for retiree health benefits from UC (see ucal.us/retireehealth). Savings Choice does not include disability benefits or continuing health benefits for your survivor, but you can choose employee-paid disability and supplemental life insurance.

¹ See *A Complete Guide to Your UC Retirement Benefits* on UCnet for more information.

² Some types of compensation not considered "eligible pay" when calculating retirement benefits are:

- Pay that exceeds the full-time rate or established base pay rates for regular, normal positions;
- Pay that exceeds the base salary (X+X') under the Health Sciences Compensation Plan.
- Overtime pay (unless for compensatory time off);

³ Employer and employee contribution rates are set periodically by the UC Regents. Because UCRP is a defined benefit plan, a member receives a specified payment amount at retirement (based on UCRP service credit, retirement age and eligible annual pay, up to the applicable maximum), irrespective of the amount the individual or UC contributes. Provisions of the 2016 Retirement Choice Program are subject to collective bargaining for represented employees. Please refer to the appropriate collective bargaining agreement, as benefits and other provisions may vary.

⁴ In general, you are eligible for the faculty program if you are an academic appointee in one of the following groups.

- Ladder-rank faculty and equivalent titles (Professorial and Equivalent titles, which include Agronomists, Astronomers, Clinical Professor of Dentistry [over 50%] and Supervisor of Physical Ed)
- Professor in Residence series
- Professor of Clinical (X) series
- Acting full, associate and assistant professors
- Lecturers/Senior Lecturers (full-time) with Security of Employment or Potential Security of Employment (excluding UC College of the Law, San Francisco, Lecturers/Senior Lecturers)
- Adjunct Professor series
- Health Science Clinical Professor series
- Librarians covered by the Professional Librarians Unit (LX Unit) and Non-Senate Instructional/UC-AFT (IX), due to specific provisions within their collective bargaining agreement

3.

Pension Choice or Savings Choice: Which One is Right for You?

Deciding which option is right for you depends on a number of factors, including your age, the length of time you expect to work for UC, your personal financial situation, your investing style and risk tolerance, and how much retirement income you expect from other sources (e.g., Social Security).

HOW YOUR OPTIONS COMPARE

CONSIDER
PENSION CHOICE
IF YOU

- Want predictable and secure retirement income payments.
- Expect to work for UC for most of your career (and at least five years).
- Want the protections offered by the UC Retirement Plan, such as the option to provide health benefits and a secure income for your survivor and income and health benefits if you become disabled.

CONSIDER
SAVINGS CHOICE
IF YOU

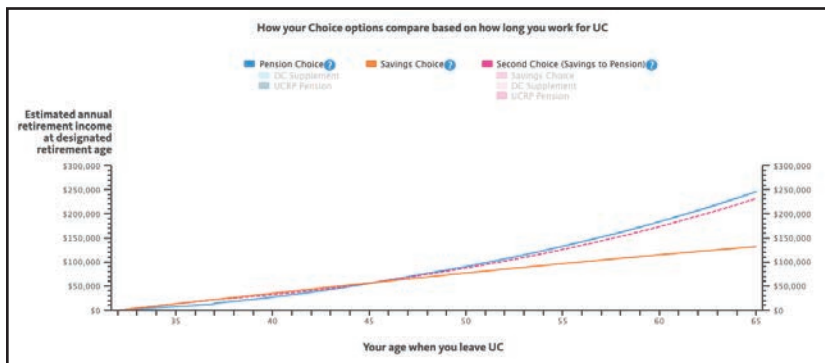
- Want a portable retirement benefit (vested after one year) you can roll over into an IRA or another employer's retirement plan if you leave UC.
- Don't know how long you'll be at UC, and prefer the option to switch to Pension Choice later.
- Are comfortable choosing and managing your retirement investments.

RESOURCES TO HELP YOU CHOOSE

RETIREMENT DECISION TOOL

This interactive tool helps you weigh your options (including enrolling in Savings Choice then switching to Pension Choice), considering your age, role, income, how long you expect to be at UC and when you want to retire. The retirement stories on page 15 offer examples of estimated retirement benefits generated by the decision tool.

myUCretirement.com/choose



PERSONAL RETIREMENT COUNSELING

UC offers you free one-on-one, personal help with your retirement benefits decisions. Talk with a Workplace Financial Consultant when and where it's convenient for you.

800-558-9182 Fidelity.com/schedule/UC

WEBINARS

Attend a webinar to learn about your retirement benefit options, understand how to make your choice and get answers to your questions.

myUCretirement.com/classes/retirementchoice

4.

Retirement Stories

Everyone's circumstances and needs are different, so it's important to think carefully about which retirement option is most likely to help you meet your goals. These retirement stories illustrate how a few people might decide, with estimates of their retirement income from the modeler on myUCretirement.com/choose.

Meet Madhu

**ASSOCIATE PROFESSOR, 36,
\$150,000/YEAR**

ELECTED: PENSION CHOICE

"Pension Choice was an easy decision for me since I'm confident I'll be with UC for a long time."

Estimates of annual retirement income¹ at age 65 if they leave UC after:
4 years (before vesting): \$12,000
10 years: \$65,000
29 years (at 65): \$275,000

Meet Mike

ANALYST, 31, \$80,000/YEAR

ELECTED: SAVINGS CHOICE

"Since I'm early in my career, I like the fact that I can take my Savings Choice account with me if I leave, and that I'll have the opportunity to switch to Pension Choice if I stay with UC for five years."

Estimated annual retirement income¹ at age 65 if they leave UC after:
4 years: \$15,000
10 years (switch to Pension Choice at 5 years): \$33,000
34 years (at 65; switch to Pension Choice at 5 years): \$235,000

Meet Debra

PROFESSOR, 51, \$200,000/YEAR

ELECTED: PENSION CHOICE

"The supplemental account I'm eligible for as a faculty member was a big plus. Since I plan to stay at UC for the long term, Pension Choice was the right option for me."

Estimated annual retirement income¹ at age 65 if they leave UC after:
4 years: \$8,000
10 years: \$60,000
14 years (at age 65): \$90,000

Meet Javier

**HEALTH PROFESSIONAL, 37,
\$160,000/YEAR**

ELECTED: PENSION CHOICE

"I'm hoping to spend a good portion of my career at UC, and since my income is above the PEPRA maximum I'll also receive UC contributions to a supplemental account."

Estimated annual retirement income¹ at age 65 if they leave UC after:
4 years (before vesting): \$11,000
10 years: \$50,000
28 years (at 65): \$210,000

Meet Jiro

**ASSISTANT PROFESSOR, 42,
\$100,000/YEAR**

ELECTED: SAVINGS CHOICE

"My partner hasn't found a position in the area yet, so we may need to relocate before I can vest in the pension. If I'm able to stay at UC, I'll switch to Pension Choice during my second choice window."

Estimated annual retirement income¹ at age 65 if they leave UC after:
4 years (before vesting): \$10,000
10 years (switch to Pension Choice at 5 years): \$38,000
23 years (at 65; switch to Pension Choice at 5 years): \$135,000

Model your own estimated retirement income on myUCretirement.com/choose. If you enroll in Pension Choice, you can run personalized retirement estimates at retirementatyour.service.ucop.edu.

¹ Estimates are for illustration only and do not guarantee future benefits. Your own experience will differ. See myUCretirement.com/choose for details about the assumptions underlying these estimates. For example, for estimates of annual income from Savings Choice and from the accumulation of UCRP contributions you'd be entitled to prior to vesting, balances are converted to a fixed monthly stream of payment beginning at 65.

5.

Making Your Choice

Remember, your enrollment is **prospective**. The sooner you enroll in Pension Choice or Savings Choice, the sooner you start earning retirement benefits (including UC contributions and service credit). Your enrollment window closes once you submit a choice. If you don't choose a primary retirement option, you automatically will be enrolled in Pension Choice at the end of the 90-day period.

READY TO MAKE YOUR SELECTION?

1. Go to myUCretirement.com/choose. You can begin the tutorial for a quick refresher on the options, and use an interactive modeler to compare how your retirement benefits may grow over time with Pension Choice or Savings Choice.
2. When you're ready to choose, you'll need to log in. If you haven't already registered, you'll be taken to the NetBenefits site to complete the registration process.
3. There are several steps before you make and confirm your choice, with the option along the way to return to the tutorial for more information. Your election is final once you click **"confirm choice."**
4. You'll receive a confirmation statement—check to ensure it accurately records your enrollment in Pension Choice or Savings Choice.
5. Your contributions will begin to be deducted from your paycheck following your choice (usually within one to two pay periods).

YOUR SECOND CHOICE WINDOW

Savings Choice participants have a window of opportunity to switch prospectively from Savings Choice to Pension Choice, and become members of the UC Retirement Plan (UCRP). The second choice window for Savings Choice participants opens on the fifth anniversary of the calendar year in which they made their initial election.

A move to Pension Choice is effective on July 1 (the beginning of the plan year) following your election, if your election is submitted on or before May 31.

A second choice election is a change in your primary retirement benefits going forward; it is not retroactive. As of the effective date of your switch:

- Contributions (from you and UC) to your Savings Choice account will stop. Your Savings Choice account balance will remain yours and you will continue to direct investments for the account.
- You will begin earning UCRP service credit toward the calculation of your pension benefit. The service credit you earned as a participant in Savings Choice will count toward vesting in UCRP and in your supplemental account (if you have one) and toward your retiree health benefits.
- If you leave UC and return in an eligible position you will be automatically enrolled in UCRP.

Enrollment in Pension Choice is irrevocable — you cannot change your participation to Savings Choice later.

6.

After You've Enrolled: Additional Opportunities to Save

Once you've enrolled in your primary (required) retirement benefits—Pension Choice or Savings Choice—it's a good idea to consider whether you'll need additional savings to reach your retirement goals. UC's voluntary savings opportunities and retirement planning resources can help.

VOLUNTARY RETIREMENT SAVINGS PROGRAM

UC 403(B), 457(B) AND DEFINED CONTRIBUTION PROGRAM

In addition to your Pension Choice or Savings Choice benefits, you may want to save additional money to prepare for retirement. UC's voluntary savings plans — with options for pretax, after-tax and/or Roth contributions — help you build additional retirement savings to augment your primary UC retirement benefits, Social Security, and other non-UC retirement income.

- UC's 403(b) and 457(b) Plans let you add to your retirement savings with your choice of pretax and/or Roth after-tax contributions. That means you can make pretax contributions now and pay taxes when you withdraw your money, or you can make after-tax contributions now and take tax-free withdrawals (including earnings) in retirement (as long as you meet certain requirements).
- UC's Defined Contribution Plan lets you add to your retirement savings with after-tax contributions. You can take the money out at any time and only pay taxes on your investment earnings.

You can enroll in these plans at any time. For more information and resources to help you understand your options, see "Supplemental Retirement Benefits" on myUCretirement.com.

RETIREMENT EDUCATION AND COUNSELING RESOURCES

PERSONAL RETIREMENT COUNSELING

Workplace Financial Consultants are available to meet with you by phone or in person—at no cost to you.

800-558-9182

Fidelity.com/schedule/UC

RETIREMENT CLASSES AND WEBINARS

Live and recorded webinars offer information about all of UC's retirement plans and programs, and guidance for saving and investing wisely. A schedule of upcoming classes and webinars is available online.

myucretirement.com/webinars/overview

MYUCRETIREMENT.COM

Explore articles and classes designed to help you make informed financial decisions.

myUCretirement.com

UCNET

Your source for information, tools and resources to help you understand your benefits and UC.

ucnet.universityofcalifornia.edu

UC RETIREMENT AT YOUR SERVICE (UCRAYS)

Review and manage your UCRP benefits and beneficiaries.

retirementatyourservice.ucop.edu

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).

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Systemwide AA/EEO Policy Coordinator, University of California, Office of the President, 1111 Franklin Street, Oakland, CA 94607, and for faculty to the Office of Academic Personnel and Programs, University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.