



## RETIREMENT PROGRAM SERVICES

To: Benefit Managers, Benefit Representatives and Retirement Administration Service Center

From: Gloria Sit, Actuarial Services Group

Date: March 20, 2023

RE: **July 1, 2023 Annual COLA Information for UCRP and UC-PERS Plus 5 Plan**

The July 1, 2023 cost-of-living adjustment (COLA) for the University of California Retirement Plan (UCRP) is based on the average increase in the “Consumer Price Index for all urban consumers” (CPI-U) for the metropolitan areas of San Francisco and Los Angeles from February 2022 to February 2023. This CPI increase was 5.20%.

### UCRP and PERS Plus 5 Annuitant COLA

In general, the UCRP annuitant COLA matches the annual increase in the CPI up to 2%, plus 75% of the CPI increase in excess of 4%, to a maximum COLA of 6%. In addition, each benefit recipient’s COLA percentage for a specific year depends not only on the CPI increase that year, but also on the cumulative increase in the CPI since the Member retired. Since UCRP requires all persons to be in benefit status for at least one year in order to receive a COLA, Members with a Retirement or Disability Date after July 1, 2022 are not yet eligible to receive a COLA.

The July 1, 2023 COLA for UCRP and UC-PERS Plus 5 Plan benefit recipients, which for this year does not vary by Retirement or Disability Dates, is as follows:

<b>Retirement or Disability Date</b>	<b>UCRP COLA</b>	<b>UC-PERS Plus 5 COLA</b>
On or before July 1, 2022	2.90%	2.90%

The University of California-PERS Plus 5 (“UC-PERS Plus 5”) Plan annual COLA uses a formula similar to the UCRP COLA but only is payable to the extent that the UC-PERS Plus 5 Plan has sufficient funding. Since the funded percentage as of July 1, 2022 was greater than 100%, the full annual COLA is payable on July 1, 2023.

### Adjustment to HAPC for Inactive UCRP Members (“Inactive COLA”)

For Inactive Members who retire with 1976 Tier service credit or who were Safety or Tier Two Members, UCRP provides that the Highest Average Plan Compensation (HAPC) used in the calculation of Basic Retirement Income or lump sum cashout (LSC) will be the HAPC as of the separation date increased by the lesser of 2% or the actual increase in the CPI, both compounded annually, each July 1<sup>st</sup>, over the period from the separation date to the Retirement/LSC date. Eligible Inactive Members will have their HAPC adjusted with the Inactive COLA at their Retirement/LSC Date.

The July 1, 2023 Inactive COLA for certain Inactive Members who separate employment is as follows:

<b>Separation Date</b>	<b>UCRP COLA</b>
On or before June 29, 2023	2.00%

Beginning in April 2023, the updated 2023 Inactive COLA information will be used in the calculations in Redwood and UCRAYS for retirements July 1, 2023 and later. Any questions on these COLAs should be sent to your assigned representative at the Retirement Administration Service Center (RASC).

<sup>1</sup> UCRP also provides a COLA for recipients of UCRP Disability, Death While Eligible (DWE), Pre-Retirement and Survivor Income. For multi-tier members who were required to defer commencement of their 2013 Tier benefit to their 55th birthday, this deferred commencement date is treated as a separate Retirement Date for COLA purposes.

<sup>2</sup> Based on standard Monday through Friday workweek. This date may be different for non-standard workweeks.