Retirement Choice Program
Second Choice Window
Retirement Choice Program

**Pension Choice**
- UCRP pension benefit
- Supplemental 401(k)-style component

Employee contributes 7%

Pension with predictable benefit payments throughout your lifetime in retirement. Includes disability benefits and options for income for eligible survivors.

**Savings Choice**
- Stand-alone 401(k)-style

Employee contributes 7%

An account you withdraw money from during retirement. Remaining funds can be left to your beneficiaries. Does not include disability or survivor benefits.

Chart is depicting benefits for a participant first hired on or after July 1, 2016
Second Choice Window
Overview
The Second Choice Window is an opportunity for Savings Choice participants to permanently switch to Pension Choice (UCRP)
Second Choice Window

• Opens based on the year you elected Savings Choice
  • Not impacted by separating from UC (and returning)

• 5 year and 5 month window to elect to switch

• Submit election through RAYS portal or UCRS 216 form

• Elections are effective with the start of the fiscal year (7/1)
  • Elections submitted by May 31 cutoff are effective July 1 immediately following
In 2024…

Active Savings Choice participants who elected in 2016, 2017, 2018* or 2019 may switch to Pension Choice
# Open Second Choice Window

<table>
<thead>
<tr>
<th>Election Year</th>
<th>Window Opens</th>
<th>Window Closes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1/1/2021</td>
<td>5/31/2026</td>
</tr>
<tr>
<td>2017</td>
<td>1/1/2022</td>
<td>5/31/2027</td>
</tr>
<tr>
<td>2018</td>
<td>1/1/2023</td>
<td>5/31/2028</td>
</tr>
<tr>
<td>2019</td>
<td>1/1/2024</td>
<td>5/31/2029</td>
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Second Choice Window Schedule cont…

<table>
<thead>
<tr>
<th>Election Year</th>
<th>Window Opens</th>
<th>Window Closes</th>
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</thead>
<tbody>
<tr>
<td>2020</td>
<td>1/1/2025</td>
<td>5/31/2030</td>
</tr>
<tr>
<td>2021</td>
<td>1/1/2026</td>
<td>5/31/2031</td>
</tr>
<tr>
<td>2022</td>
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<td>5/31/2033</td>
</tr>
<tr>
<td>2024</td>
<td>1/1/2029</td>
<td>5/31/2034</td>
</tr>
</tbody>
</table>
UCRAYS online portal

https://retirementatyourservice.ucop.edu

OR

Submit the UCRS 216 Form

https://ucnet.universityofcalifornia.edu/forms/pdf/ucrs-216.pdf

RASC
PO BOX 24570
Oakland, CA 94601
Fax: 800-792-5178
Savings Choice Service

5.2701 years
as of 10/31/2021

Membership Details
My UC Retirement
Beneficiary Designations

Second Choice Election
## Effective Date of Election Schedule

<table>
<thead>
<tr>
<th>Second Choice Election Date</th>
<th>Pension Choice Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1/2024 to 5/31/2024</td>
<td>7/1/2024</td>
</tr>
<tr>
<td>6/1/2024 to 5/31/2025</td>
<td>7/1/2025</td>
</tr>
</tbody>
</table>
Resources

UCNet

https://ucal.us/secondchoice

- Program overview
- Factsheet
- Q&A

Fidelity Workplace Financial Consultants
1-800-558-9182

Retirement Administration Service Center (RASC)
1-800-888-8267

myucretirement.com
What happens to my Savings Choice benefit?
Savings Choice Contributions & Service Credit

- Contributions from you and UC remain in the DC Plan
- Service credit earned based on percent time worked and is for retiree insurance
Savings Choice Service Credit

6,0000 years
as of 11/30/2023

Membership Details

https://retirementatyourservice.ucop.edu
Savings Choice Service Credit

• Time under Savings Choice counts towards eligibility for Pension Choice benefits, including DC Supplement (if eligible)
  • Does not increase your monthly UCRP pension benefit
Can I stay in Savings Choice?
YES!

There is no requirement to make a second choice
Second Choice Window Summary

• Opens based on the year you elected Savings Choice

• 5 year and 5 month window to elect to switch

• Elections are effective with the start of the fiscal year (7/1)
  • Elections submitted by May 31 cutoff are effective July 1 immediately following

• Pension benefits are earned prospectively
  • Time under savings choice will count towards 5 years of service credit needed to be eligible for pension benefits
  • There is no option to convert time under savings choice to pension service
Retirement Benefits under Savings Choice
Savings Choice Retirement Benefits

7% contribution

8%

UNIVERSITY OF CALIFORNIA

Systemwide Human Resources
Savings Choice Survivor Benefits

• Remaining account balance (if any) is left to designated beneficiary

• Dependents may be covered under retiree insurance for lifetime of retiree
Retirement Benefits Under Pension Choice
Pension Choice Retirement Benefits

- Years of service
- Age at retirement
- Highest average salary

Benefit payments funded through employee and University contributions
Pension Choice with DC Supplement

*first hired on or after July 1, 2016*

Pension

Wages up to $151,446*

DC Supplement

*Annual compensation limit is indexed yearly*
Pension Choice with DC Supplement

**Staff** first hired on or after July 1, 2016

Wages up to $151,446*

Wages > $151,446 up to $345,000*

*Annual compensation limit is indexed yearly
Pension Choice with DC Supplement

**Faculty** first hired on or after July 1, 2016

- **Wages up to $151,446***
- **Wages up to $345,000***
- **Wages > $151,446 up to $345,000***

*Annual compensation limit is indexed yearly
Pension Choice Survivor Benefits

- Option to name a contingent annuitant
  - Receives monthly lifetime income upon the retirees passing
  - May continue UC sponsored insurance if they are a qualified “survivor” (spouse, domestic partner, disabled child)

- $7,500 Basic Death Benefit
Retirement Benefits Under Second Choice
Second Choice Retirement Income

SAVINGS CHOICE + PENSION CHOICE
Second Choice Retirement Income

- 401(k)-style benefit
  - Savings Choice accumulations
  - Supplemental Account accumulations (if applicable)

PLUS

- Monthly lifetime income
  - Based on the service credit earned while a Pension Choice participant
Second Choice Retiree Insurance

- Medical
- Dental
- Legal
- Vision
- AD&D
- Pet
Eligibility for benefits under UCRP

• Pension
  • 5 years of service credit to be eligible
    • Savings Choice service counts towards eligibility
  • Must be at least age 55 to begin drawing pension

• Disability
  • No minimum age
  • Minimum of 5 years of service credit
    • Savings Choice service counts
UCRP Pension

Formula based on three factors

• Age at date of retirement (age factor)
• Years of Pension Choice service credit
• Highest Average Plan Compensation (HAPC)

\[
\text{Age Factor} \times \text{Service Credit} \times \text{HAPC} = \text{Monthly Basic Retirement Income}
\]
Age Factor

• Represents a % of compensation (HAPC) for every year of UCRP service credit
  • 1.1% for age 55 (minimum retirement age)
  • Up to 2.5% for age 65 (maximum age factor)

• Increases incrementally each month starting at age 55
Service Credit

• Based on actual time worked in a UCRP eligible position

  • Time under Savings Choice does not increase pension benefit but does counts towards vesting in UCRP

  • No option to purchase UCRP service credit for time under Savings Choice

• No service credit earned during unpaid leaves (LOA)

  • Option to purchase service credit for unpaid LOA under Pension Choice
HAPC

• Highest average salary over 36 consecutive months

• Calculated based on Covered Compensation
  • Full time equivalent pay received for your regular and normal appointment
  • Includes; administrative stipends and shift differentials
  • Excludes; Savings Choice compensation, overtime, bonuses, summer salary, negotiated / incentive compensation (Health Sciences)
HAPC continued

Covered Compensation used in HAPC is subject to a limit

• **PEPRA** limit
  • Employees *first* hired on or after July 1, 2016
  • $151,446 in 2024 plan year
  • May be eligible for DC Supplement

- OR -

• **IRC 401(a)(17)** limit
  • $345,000 in 2024 plan year
  • NOT eligible for DC Supplement
Monthly Retirement Income Example

• Elected Savings Choice on July 15, 2017

• Switched to Pension Choice effective on July 1, 2024

• 12 years of UCRP service credit (earned from July 1, 2024 through retirement date in 2036)

• Retire at age 65

• HAPC = $7,000 / month
Monthly Retirement Income Example

Age Factor = .025
Pension Choice Service Credit = 12 years
HAPC = $7,000

Age Factor  \times  Service Credit  \times  HAPC =
Monthly Basic Retirement Income

.025 \times 12 \times $7,000 = $2,100 / month
Total UC Retirement Income Example

Contributions through 2024

Service from 2024 – 2036
Retirement Income Example

• Savings Choice accumulations
  • 15% of covered compensation from July 2017 to June 2024
  • Investment earnings

AND

• Pension Choice monthly income of $2,100 / month
  • Based on 12 years of service, age factor of 2.5% and HAPC of $7,000/month
Retirement Income with DC Supplement

Contributions through 2024

Service from 2024 – 2036
UCRP Disability

• Percentage of Final Salary based on your years of UCRP service credit
  • Minimum of 5 years of UCRP service credit to qualify. Time under Savings Choice counts towards satisfying the 5 years*
  • Combined with voluntary short and long-term disability plan (currently administered by Lincoln Financial)
  • Maximum of 25%

• Continuation of insurance offered while on UCRP disability
  • Savings Choice does not offer a long-term disability option that provides sponsored medical and dental insurance

*Unless refunded
Second Choice Window

- Opens based on the year you elected Savings Choice
  - Not impacted by separating from UC (and returning)
- 5 year and 5 month window to elect to switch
- Elections are effective with the start of the fiscal year (7/1)
  - Elections submitted by May 31 cutoff are effective July 1 immediately following
- Pension benefits are earned prospectively
  - Time under savings choice will count towards 5 years of service credit needed to be eligible for pension benefits
  - There is no option to convert time under savings choice to pension service
Questions?
Extra Examples
Monthly Retirement Income Example

• First hired July 9, 2017

• Elected Savings Choice on July 15, 2017

• Submitted second choice election on April 11, 2024
  • Start earning UCRP service credit on July 1, 2024

• 2 years of UCRP service credit when they retire on July 1, 2026 at age 65

• Covered Compensation
  • 7/1/2024 – 6/30/2025 = $6,000 / month
  • 7/1/2025 – 6/30/2026 = $7,000 / month
Monthly Retirement Income Example

Age Factor = .025
Pension Choice Service Credit = 2 years
HAPC = $6,500

Age Factor \times \text{Service Credit} \times \text{HAPC} = \text{Monthly Basic Retirement Income}

.025 \times 2 \times 6,500 = $325 / \text{month}
Total UC Retirement Income Example

• Savings Choice accumulations
  • 15% of covered compensation from July 2017 to June 2024
  • Investment earnings

AND

• Pension Choice monthly income of $325 / month
  • Based on 2 years of service, age factor of 2.5% and HAPC of $6,500/month
Monthly Retirement Income - FACULTY

- First hired July 1, 2019

- Elected Savings Choice on July 3, 2019

- Submitted second choice election on June 15, 2024
  - Start earning UCRP service credit on July 1, 2025

- 20 years of UCRP service credit when they retire on July 1, 2045 at age 60

- Total Salary = $350,000

- Pension Salary = PEPRA limit - $12,620.50 / month
Monthly Retirement Income Example

Age Factor = .018
UCRP Service Credit = 20 years
HAPC = $12,620.50

Age Factor \( \times \) Service Credit \( \times \) HAPC = 
Monthly Basic Retirement Income

\[ .018 \times 20 \times $12,620.50 = $4,543.38 / \text{month} \]
Total UC Retirement Income Example

- Savings Choice accumulations
  - 15% of covered compensation from July 2019 to June 2025
  - Investment earnings

PLUS

- Pension Choice monthly income of $4,543 / month
  - Based on 20 years of service, age factor of 1.8% and HAPC of $12,620.50/month

PLUS

- Faculty DC Supplement accumulations
  - Earned during pension choice period July 2025 to June 2045
  - 5% employer contribution on wages up to IRC limit
  - 7% employee contribution on wages above PEPRA up to IRC
  - Investment earnings
Monthly Retirement Income - FACULTY

• First hired July 1, 2019

• Elected Savings Choice on July 3, 2019

• Submitted second choice election on June 15, 2024
  - Start earning UCRP service credit on July 1, 2025

• 20 years of UCRP service credit when they retire on July 1, 2045 at age 65

• Total Salary = $350,000

• Pension Salary = PEPRA limit - $12,620.50 / month
Monthly Retirement Income Example

Age Factor = .025
UCRP Service Credit = 20 years
HAPC = $12,620.50

Age Factor $\times$ Service Credit $\times$ HAPC = Monthly Basic Retirement Income

$.025 \times 20 \times $12,620.50 = $6,310.25 / month
Total UC Retirement Income Example

• Savings Choice accumulations
  • 15% of covered compensation from July 2019 to June 2025
  • Investment earnings

PLUS

• Pension Choice monthly income of $6,310 / month
  • Based on 20 years of service, age factor of 2.5% and HAPC of $12,620.50/month

PLUS

• Faculty DC Supplement accumulations
  • Earned during pension choice period July 2025 to June 2045
  • 5% employer contribution on wages up to IRC limit
  • 7% employee contribution on wages above PEPRA up to IRC
  • Investment earnings