

# 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.

OR

## 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

---

<u>Election Year</u>	<u>Window Opens</u>	<u>Window Closes</u>
2016	1/1/2021	5/31/2026
2017	1/1/2022	5/31/2027
2018	1/1/2023	5/31/2028
2019	1/1/2024	5/31/2029

# Second Choice Window Schedule cont...

---

<u>Election Year</u>	<u>Window Opens</u>	<u>Window Closes</u>
2020	1/1/2025	5/31/2030
2021	1/1/2026	5/31/2031
2022	1/1/2027	5/31/2032
2023	1/1/2028	5/31/2033
2024	1/1/2029	5/31/2034



# 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*

UNIVERSITY  
OF  
CALIFORNIA

# Retirement At Your Service

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

---

Second Choice Election Date	Pension Choice Effective Date
1/1/2024 to 5/31/2024	7/1/2024
6/1/2024 to 5/31/2025	7/1/2025

# 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](https://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

UNIVERSITY OF CALIFORNIA Retirement At Your Service

HOME MESSAGES

Savings Choice Service  
**6.0000 years**  
as of 11/30/2023  
Membership Details

My UC Retirement

Beneficiary Designations

Second Choice Election

<https://retirementatyour.service.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

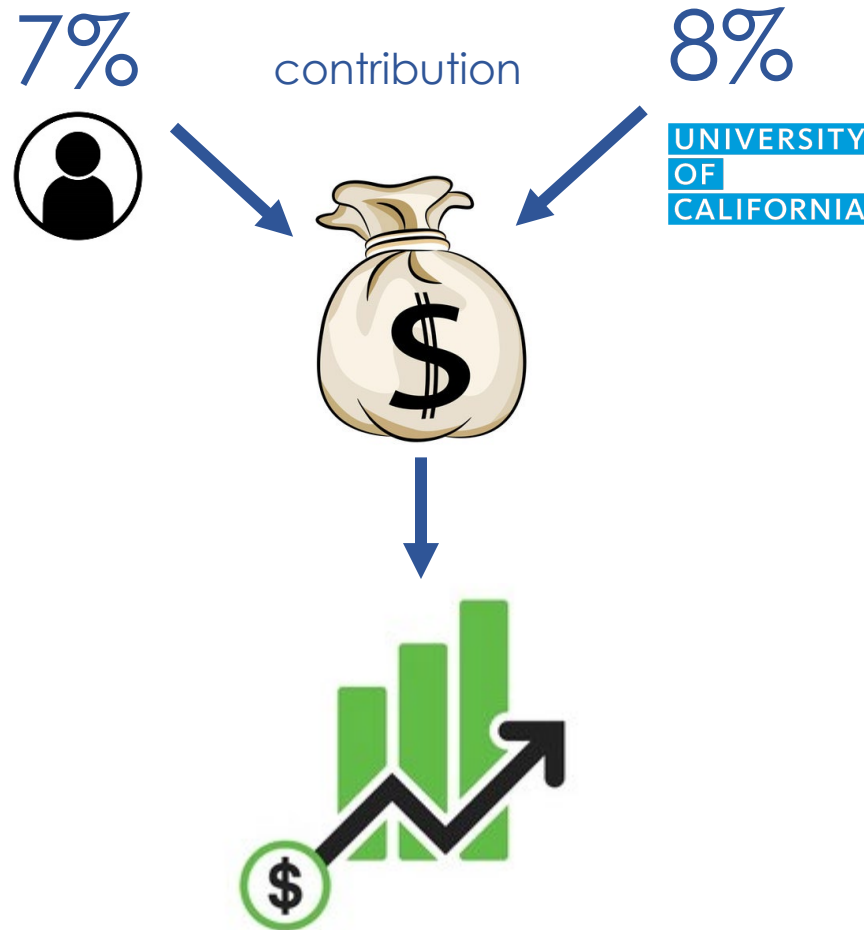
---

- 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

---



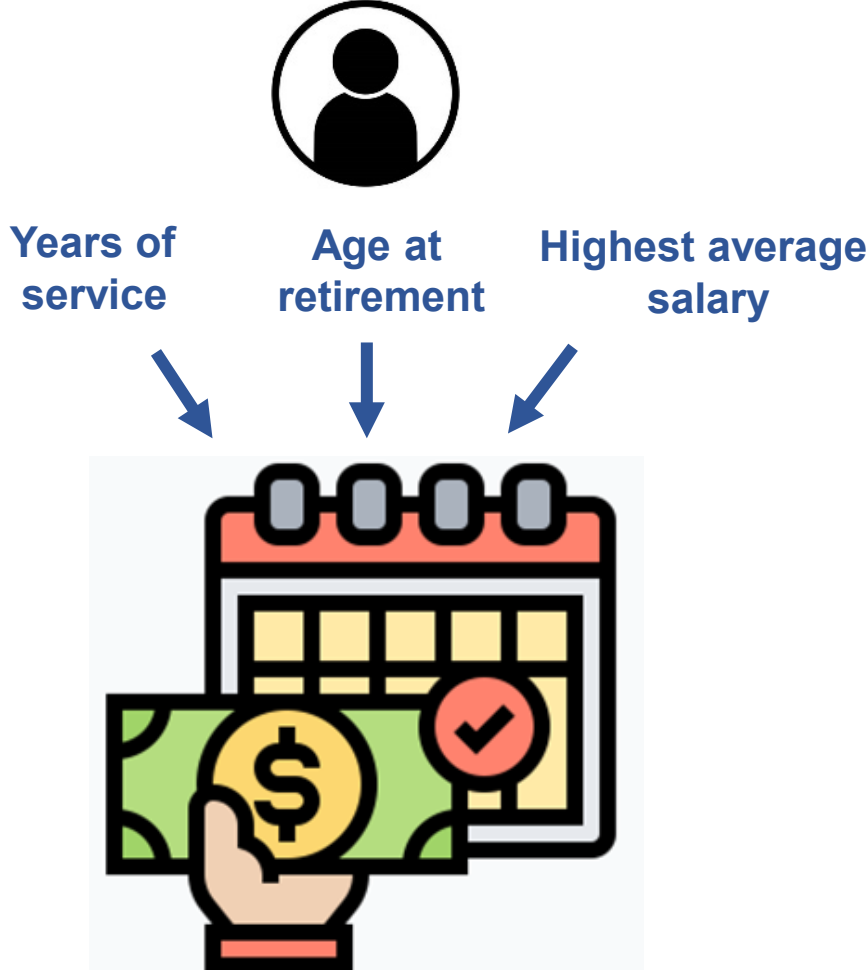
# Savings Choice Survivor Benefits

---

- 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

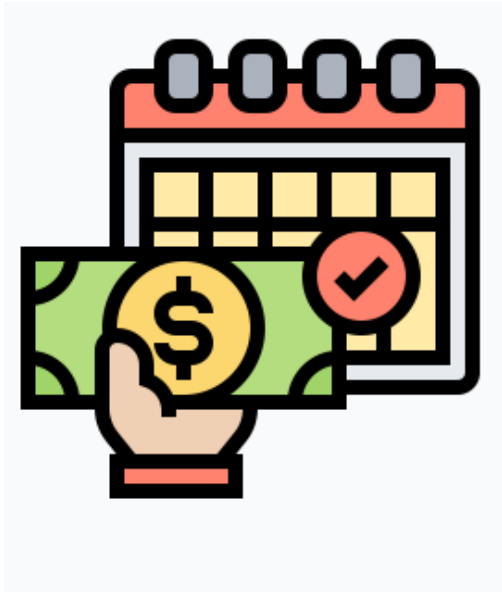




# Pension Choice with DC Supplement

*first hired on or after July 1, 2016*

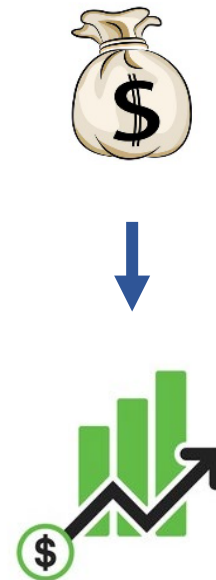
## Pension



Wages up to \$151,446\*

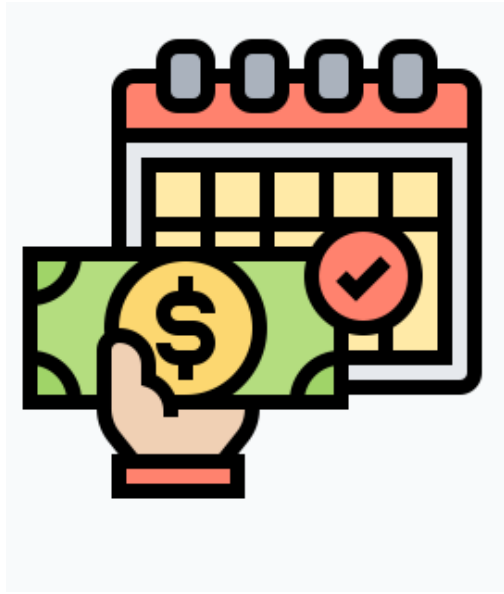
+

## DC Supplement



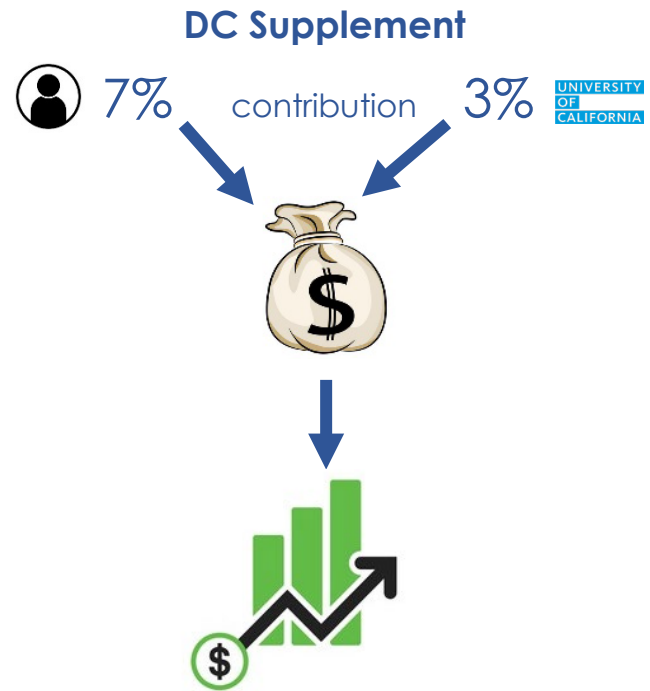
# Pension Choice with DC Supplement

Staff first hired on or after July 1, 2016



Wages up to \$151,446\*

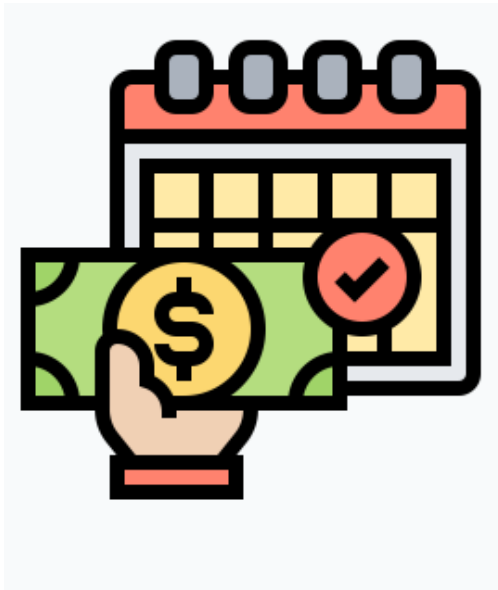
+



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

# Pension Choice with DC Supplement

Faculty first hired on or after July 1, 2016



Wages up to  
\$151,446\*

+

UNIVERSITY  
OF  
CALIFORNIA

5%

contribution

7%



Wages up to  
\$345,000\*

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

# Pension Choice Survivor Benefits

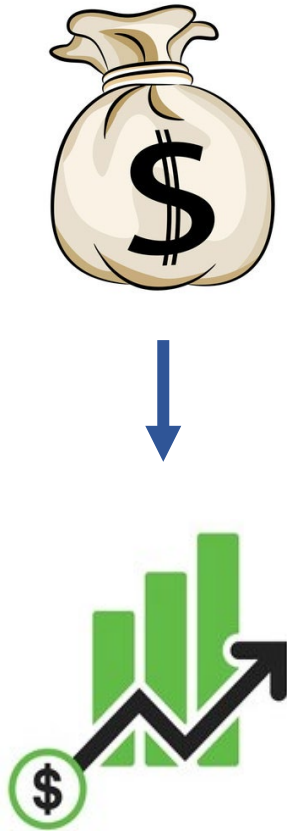
---

- 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

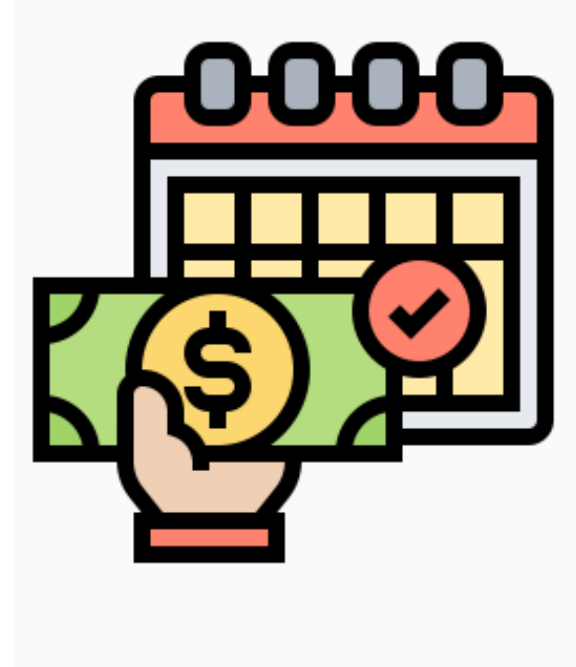
# Second Choice Retirement Income

---



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

---



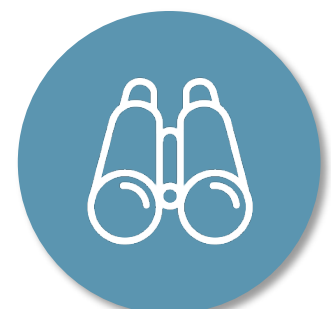
Medical



Dental



Legal



Vision



AD&D



Pet



# UCRP

# 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 x Service Credit x HAPC =  
Monthly Basic Retirement Income

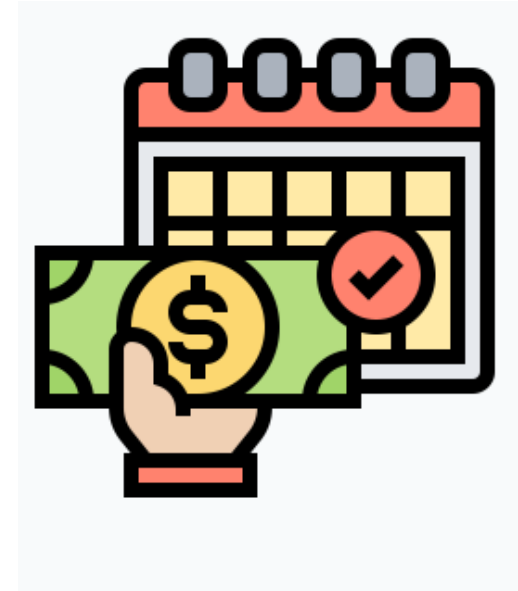
**.025 x 12 x \$7,000 = \$2,100 / month**

# Total UC Retirement Income Example



**Contributions through 2024**

+



**Service from 2024 – 2036**

# Retirement Income Example

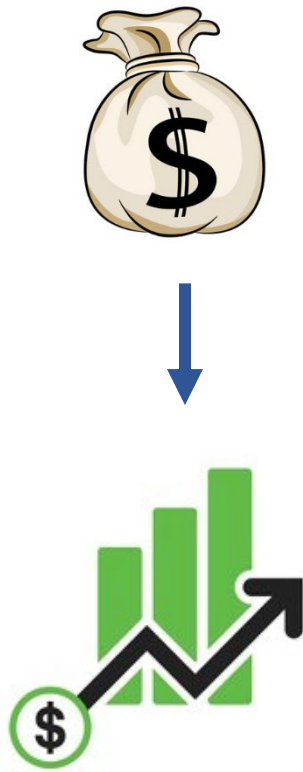
---

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

*AND*

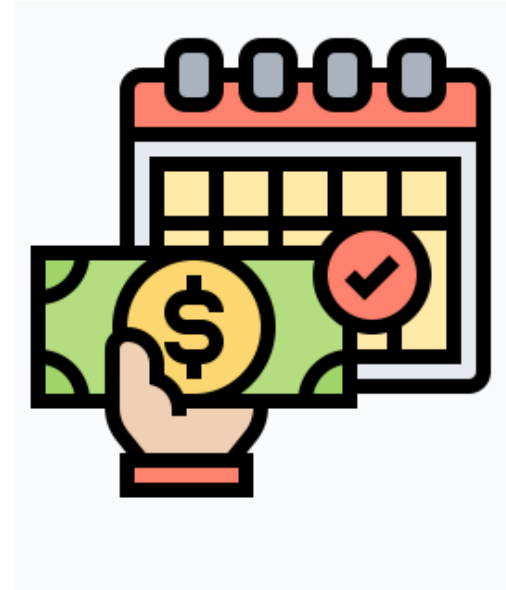
- Pension Choice monthly income of \$2,100 / month
  - Based on 12 years of service, age factor of 2.5% and HAPC of \$7,000/month

# Retirement Income with DC Supplement



Contributions through 2024

+



Service from 2024 – 2036

DC Supplement



# 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

# 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?*

The information contained herein has been provided by the University of California and is solely the responsibility of the University of California.

# *Extra Examples*

The information contained herein has been provided by the University of California and is solely the responsibility of the University of California.



# 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 x Service Credit x HAPC =  
Monthly Basic Retirement Income

**.025 x 2 x \$6,500 = \$325 / 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 x Service Credit x HAPC =  
Monthly Basic Retirement Income

**.018 x 20 x \$12,620.50 = \$4,543.38 / 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 x Service Credit x HAPC =  
Monthly Basic Retirement Income

**.025 x 20 x \$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