



HUMAN RESOURCES

1111 FRANKLIN STREET
OAKLAND, CALIFORNIA 94607

November 23, 2020

TO: BENEFITS REPRESENTATIVES

RE: **2021 TOTAL NORMAL COST RATES FOR SERVICE CREDIT PURCHASES**

The University of California Retirement Plan (UCRP or Plan) allows Members to purchase Service Credit used in the calculation of retirement benefits for periods of approved leave of absence, temporary layoff, furlough, sabbatical leave, or extended sick leave (“approved leaves”).

To purchase Service Credit for periods of approved leaves starting July 1, 1997 and later, Members who are within their three-year window pay the Total Normal Cost with interest for the first two years and pay the Individual Actuarial Cost for any additional years. To purchase Service Credit for periods of approved leaves from November 1, 1990 to June 30, 1997, Members who are within their three-year window pay the Total Normal Cost with interest with no two-year limit. To purchase Service Credit for periods of approved leaves for Members who are outside of their three-year window the cost is based on the Individual Actuarial Cost for all years.

Total Normal Cost amount is determined by applying the Total Normal Cost Rate in effect at the time of the election to purchase the Service Credit to the Covered Compensation during the applicable approved leave period. The total amount charged to the Member is adjusted with interest at the Plan’s assumed earnings rate, currently 6.75%, from the date the Member returns to work to the date the purchase is completed.

<u>Establishing UCRP Service Credit Earned as a</u>	<u>Total Normal Cost Rate for 2021 Elections</u>
Member with Safety Benefits	31.03%
Member with Tier Two Benefits	10.80%
1976 Tier Member	21.59%
2013 Tier Member	19.05%
Modified ¹ 2013 Tier Member	20.23%
2016 Tier Member	18.14%

The Excel-based tool will be updated to reflect the 2021 Total Normal Cost Rates and will be provided to you at the beginning of January 2021.

If you have any questions, please contact me at 510-987-9351.

Melissa Rad
Actuarial Services Group

cc: Chief Human Resource Officers
Academic Personnel Directors
HR Team Leaders and Unit Heads

¹ Non-1976 Tier or 2016 Tier Members represented by bargaining units for CNA (NX), HA, UPTE (HX, RX, TX), and AFSCME (EX, SX, K7).