



RETIREMENT PROGRAMS & SERVICES

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

From: Melissa Rad, Actuarial Services Group

Date: March 22, 2021

RE: **July 1, 2021 Annual COLA Information for UCRP and UC-PERS Plus 5 Plan**

The July 1, 2021 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 2020 to February 2021. This CPI increase was 1.28%.

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, 2020 are not yet eligible.

The July 1, 2021 COLA for UCRP and UC-PERS Plus 5 Plan benefit recipients, which does vary by Retirement or Disability Dates, is as follows:

Retirement Date¹	UCRP COLA	UC-PERS Plus 5 COLA
On or before July 1, 2019	2.00%	2.00%
July 2, 2019 up to and including July 1, 2020	1.28%	N/A

The University of California-PERS Plus 5 (“UC-PERS Plus 5”) Plan annual COLA uses a formula equivalent to the UCRP annuitant COLA formula but only is payable to the extent that the UC-PERS Plus 5 Plan has sufficient funding as of the previous July 1st to pay the increased benefits. Since the funded percentage as of July 1, 2020 for purposes of determining the COLA was 277.3%, the full annual COLA is payable on July 1, 2021.

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 1st, 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, 2021 Inactive COLA for certain Inactive Members who separate employment is as of follows:

Separation Date²	UCRP Inactive COLA
On or before June 29, 2020	2.00%
June 30, 2020 up to and including June 29, 2021	1.28%

Beginning April 1, 2021, the updated 2021 Inactive COLA information will be used in the calculations in Redwood and UCRAYS for retirements July 1, 2021 and later. Any questions on these COLAs should be sent to your assigned representative at the Retirement Administration Service Center (RASC).

¹ 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.

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