

Preparing for Retirement

Welcome to the webinar
We will begin shortly...



Preparing for Retirement

- **Your UCRP Retirement**
- **Monthly Retirement Income**
- **Lump Sum Cashout**
- **Retirement payment vs Employee paycheck**
- **Other sources of retirement income**
- **Retiree health benefits**
- **Retirement process**
- **Once you are retired**

Your UCRP Retirement



Eligibility for UCRP retirement benefits

- UCRP membership
 - Hired into an eligible appointment for 50 percent time or more for a year or more
 - Work 1,000 or more hours in a 12-month period (750 hours for academic appointments)
 - Automatic for eligible employees
 - Most 2016 Tier eligible employees must choose UCRP participation
- Five or more years of UCRP service credit
- Age 50 or after
 - Age 55 if you are in 2013/2016 Tiers
- Inactive Member

Your UCRP benefits depend on your membership classification

1976 Tier— coordinated with Social Security

1976 Tier – not coordinated with Social Security

Safety

2013 Tier

2013 Modified Tier*

2016 Tier*

Multi-tier—service in more than one tier

*UCRP benefits are subject to collective bargaining and may be different for members of certain unions.

Your UCRP Retirement benefits are based on:

- Age on the date of retirement
- Years of UCRP service credit
- Highest average plan compensation (HAPC)

Age Factor x Service Credit x HAPC =

Basic Retirement Income

Age Factor

1976/2013 Modified Tier – ranges from:

- 1.1% for age 50 (minimum retirement age)
- Up to 2.5% for age 60 (maximum age factor)

2013/2016 Tier – ranges from:

- 1.1% for age 55 (minimum retirement age)
- Up to 2.5% for age 65 (maximum age factor)

Higher age factor = higher monthly benefit

Service Credit

- Based on actual time worked in a UCRP-eligible position
- No service credit earned during unpaid leaves
- Unused sick leave converts to service credit if you elect monthly retirement income
 - $\text{Unused sick leave hours} / 2000 = \text{UCRP service credit}$
- Unused vacation is paid on your last paycheck

Highest average plan compensation (HAPC)

- Highest average salary over 36 consecutive months
- Calculated based on Covered Compensation
 - Full time equivalent pay received for your regular and normal appointment
 - Administrative stipends
 - Shift differentials
- 1976 Coordinated – HAPC is reduced by \$133
 - Monthly supplement restores reduction until 65

Highest average plan compensation (HAPC)

Does not include

- Overtime
- Summer Salary
- Negotiated Annual Additions/Incentive Compensation (Health Sciences)
- Salary that exceeds the Covered Compensation limit
 - UCRP entry date prior to July 1, 1994: \$430,000
 - IRC 401(a)(17): \$290,000 (July 1, 1994 - June 30, 2016)
 - PEPRA limit for 2016 tier member: \$128,059

Additional limits on your pension

- No more than 100% of your HAPC
- Maximum total benefit payable from a pension
 - 415(m) Restoration Plan restores the difference

Monthly Retirement



Basic Monthly Income for a 1976 tier member that paid into Social Security:

$$\begin{aligned} &0.025 \quad (\text{age factor for 60}) \\ &\times 20 \text{ years} \quad (\text{service credit}) \\ &= 50\% \quad (\text{benefit percentage}) \\ & \\ &.50 \quad (\text{benefit percentage}) \\ &\times [5,000 \text{ (HAPC)} - \$133 \text{ (Social Security offset)}] \\ &= \mathbf{\$2,433.50} \quad \text{monthly basic retirement income} \\ & \\ &+ \$66.50 \quad \text{Social Security supplement until age 65} \\ &= \mathbf{\$2,500} \quad \text{Total monthly retirement income} \end{aligned}$$

Retirement Estimator on UC Retirement At Your Service (UCRAYS)

UCRP Benefit Estimate

If eligible, upon separation from UC employment, you may choose either monthly retirement income or, if eligible, the one-time lump sum cashout. If you are currently working at UC, the estimates below assume that you will continue working for UC until the ages listed. These estimates are not a guarantee of eligibility or benefit amounts.

Basic Retirement Income Option	Age 53	Age 58	Age 63
Lifetime Monthly Amount*	\$2,298.83	\$4,149.83	\$5,261.08
Temporary Social Security Supplement**	\$52.87	\$91.32	\$115.77



Lump Sum Cashout (LSC) Option	Age 53	Age 58	Age 63
One Time Payment	\$422,279.71	\$713,354.57	\$829,821.49

*If you are a multi-tier member and retire prior to age 55, any monthly retirement income attributable to a 2013 and/or 2016 tier service credit will not be payable until you reach age 55. A lump sum cashout is not payable for any service credit in the 2013 and/or 2016 tier.

Retirement Estimator on UC Retirement At Your Service (UCRAYS)

UCRAYS

Create a Retirement Estimate

The retirement estimate allows you to model different retirement scenarios utilizing current employment data and information you provide.

To create a customized retirement estimate, complete the following steps:

- Step 1: Review your membership account(s)
- Step 2: Enter retirement details
- Step 3: Review and customize estimate details
- Step 4: Enter eligible survivor details
- Step 5: Enter contingent annuitant details
- Step 6: Review and create estimate

[Create a Retirement Estimate](#)

Cost of Living Adjustments

- *Inactive COLA*: One-time adjustment to your *HAPC*, resulting in a higher benefit
 - 1976 Tier and Safety Members only
 - Maximum of 2%
- *Retirement COLA*: effective July 1 after one full year of retirement
 - Paid annually on August 1 pension check
 - Retirement COLA ranges from 0% to 6%; generally 1-2%
- Based on changes in Consumer Price Index (CPI)

Payment continuation after death

- Post-retirement Survivor Continuance
 - Eligible survivors defined by the plan
 - Available to 1976 and Safety Members
- Alternate Payment Option to Contingent Annuitant
 - Can name anyone
 - Available to all members
- Pre-retirement Survivor Income
 - Benefits depend on eligible family members and eligibility for retirement

Post retirement survivor continuance

- Monthly income to eligible survivors automatically
- If you die, your eligible survivor receives:
 - 25% of basic retirement income if coordinated with Social Security
 - 50% of basic retirement if you are not coordinated with Social Security (including Safety)
- This provision is only available to 1976 and Safety

Order in which eligible survivors are paid:

- Spouse or domestic partner
 - Married/Partnered one year prior to retirement until death
 - Payable for life
 - Marriage Certificate
 - UBEN 250 Declaration of Domestic Partnership
- Children
 - Under age 18, or age 22 if full-time student
 - Disabled, provided disability occurred before 18 or 22
- Dependent parent(s)
 - Must be tax dependent(s)
 - Payable for life

Alternate payment options to Contingent Annuitant

- Provides lifetime monthly income after your death
- Can be anyone, including person eligible for post-retirement survivor continuance, if applicable
- Your monthly retirement income is reduced
- Reduction based on your age, the age of your contingent annuitant and option you choose
 - If your contingent annuitant is not your spouse and greater than 10 years younger, your options may be limited
- Election is irrevocable

Alternate payment option – with eligible survivor

MONTHLY RETIREMENT INCOME OPTIONS

Monthly Retirement Option	Lifetime monthly payment to you	UPON DEATH - Monthly payment to:		
		Eligible Survivor <i>25% of BRI</i>	Contingent Annuitant	Combined to Eligible Survivor and Contingent Annuitant
Basic Retirement Income (BRI)	\$2,433	\$608	<i>not applicable</i>	<i>not applicable</i>
Payment Option A <i>full continuance</i>	\$2,219	\$608	\$1,611	\$2,219
Payment Option B <i>two thirds continuance</i>	\$2,285	\$608	\$1,118	\$1,726
Payment Option C <i>one half continuance</i>	\$2,319	\$608	\$855	\$1,463
Payment Option D <i>one half continuance to eligible spouse or domestic partner</i>	\$2,357	<i>not applicable</i>	\$1,178	\$1,178

Alternate payment option – no eligible survivor

MONTHLY RETIREMENT INCOME OPTIONS

Monthly Retirement Option	Lifetime monthly payment to you	UPON DEATH - Monthly payment to:		
		Eligible Survivor <i>25% of BRI</i>	Contingent Annuitant	Combined to Eligible Survivor and Contingent Annuitant
Basic Retirement Income (BRI)	\$2,433	<i>not applicable</i>	<i>not applicable</i>	<i>not applicable</i>
Payment Option A <i>full continuance</i>	\$2,148	<i>not applicable</i>	\$2,148	<i>not applicable</i>
Payment Option B <i>two thirds continuance</i>	\$2,235	<i>not applicable</i>	\$1,490	<i>not applicable</i>
Payment Option C <i>one half continuance</i>	\$2,282	<i>not applicable</i>	\$1,141	<i>not applicable</i>
Payment Option D <i>one half continuance to eligible spouse or domestic partner</i>	<i>not applicable</i>	<i>not applicable</i>	<i>not applicable</i>	<i>not applicable</i>

Death prior to retirement

- Death while eligible to retire
 - Alternate Payment Option A to your spouse or domestic partner
- Pre-retirement Survivor Income
 - Percentage of salary depending on Tier
 - Surviving Spouse/Domestic Partner: lifetime monthly income at age 60
 - Eligible Child(ren): monthly income until the age of 18, 22 if in school, or no longer disabled
- Refund of UCRP contributions

Basic death benefit

One time payment of \$7,500 to beneficiaries

UCRP Pre-tax / After-tax Contributions

- **Mandatory employee contributions into UCRP**
 - After-tax contributions prior to 1983
- **Help to fund your UCRP benefits**
- **Not payable separately upon retirement**
- **Any unpaid contributions are refunded to your beneficiaries upon death**

Lump Sum Cashout



Lump sum cashout

- One time, lump sum payment
- May elect instead of lifetime monthly income
- Based on the present value of the retirement income you would receive over your life expectancy
 - $\text{Basic Retirement Income} \times \text{Single Payment Factor}$
- Available to 1976 Tier members, Safety and 2013 Modified Tier members
 - Not available to 2013 or 2016 Tier members

Lump sum cashout

- Forfeit other benefits:
 - Health benefits
 - UCRP basic death benefit
 - UCRP survivor and contingent annuitant benefits
- Sick leave is not converted to service credit in calculating the Lump sum cashout
- More restrictive return-to-work rules

Lump sum cashout

- Subject to taxes the year in which you take the payout
- May roll over into another eligible retirement account
 - UC Retirement Savings Plans—403(b), 457(b), DC Plan
 - Other qualified employer retirement plans
 - IRA
- Decision to take cashout is irrevocable

Retirement Payment vs. Paycheck



Employee in 1976 Tier with Social Security

30 years of service credit

Retiring at age 60 and five months

Earns \$60,000 a year full time

Monthly gross UC salary: \$5,000

Deductions, withholdings

Federal tax: \$464

State tax: \$122

Social Security (OASDI): \$310

Medicare: \$72

Medical plan (Health Net Blue & Gold),
for employee and spouse: \$208*

403(b) contribution: \$500

Employee UCRP contribution: \$381

Monthly take-home pay: \$2,943

Calculating retirement benefit

- Age factor: 0.025
- Service credit: 30 years
- 1,440 hours unused sick leave adds 0.72 years service credit
- HAPC: \$5,000
- $(5000 - 133) \times .025 \times 30.72 = 3737$
- Basic retirement benefit: \$3,737 a month
- Social Security Supplement: \$102 per month

Monthly retirement income plus Social Security supplement: \$3,839

Calculating net retirement benefit

Monthly gross UC retirement benefit: \$3,839

Deductions

- Federal tax: \$305
- State tax: \$75
- Medical plan (Health Net Blue & Gold),
retiree and spouse: \$470*

Net monthly retirement payment: \$2,989

Take-home pay comparison

UC monthly paycheck
\$2,943

UC retirement payment
\$2,989

- + UC Retirement Savings Program
- + CAP, if applicable
- + Social Security
- + Annual COLAs

Higher take-home benefit later

At age 65:

- Loses the \$102 Social Security Supplement
- Signs up for Medicare; pays Part B premium (\$148.50+)
- UC plan medical costs reduced (from \$470 to \$76)
- Net gain: \$50 per month

Additional income once Social Security begins

Other sources of retirement income



Other sources of retirement income

- Capital Accumulation Payment (CAP)
- Retirement Savings Program
- Social Security
- Other Retirement Systems

Capital Accumulation Payment (CAP)

- Special allocations to UCRP members based on a percentage of compensation
 - CAP I – issued 1992-1994 earn 8.5% annual interest
 - CAP II – issued 2002-2003 earn 6.75% annual interest
- Must be distributed upon retirement
 - Rollover or a taxable distribution paid to you
- Issued the end of the month after your first pension check or lump sum cashout

Check your CAP balance at: <https://retirementatyourservice.ucop.edu>

Retirement Savings Programs - Employee

- Defined Contribution Plan (DC Plan)
 - Voluntary contributions on an after-tax basis
 - Mandatory pretax contributions for:
 - UCRP eligible employees between 1990- 2010
 - DC Supplement, Savings Choice or DC Safe Harbor
- 403(b) & 457(b) Plan
 - Voluntary Pretax contributions
 - Deferral limit = \$20,500 + \$6,500 if over age 50 to each plan

Check your balances, manage investments or enroll by contacting Fidelity
- <http://netbenefits.com> or 1-866-682-7787

Retirement Savings Programs - Retiree

- Maintain accounts if balance greater than \$2,000
- Request one time or systematic withdrawals
- Manage investments
- Roll money into or out of the plans
- If you return to work at UC after retirement, you may be limited in taking distributions from some or all plans.

Withdrawals from Retirement Savings Programs

- Taxed as income in year received, unless after-tax money or rolled over to another qualified plan
- Subject to early distribution penalty if taken before age 59 ½, unless:
 - 457(b) funds
 - Leaving UC during or after year in which you turn 55
- Minimum Required Distributions
 - Must begin taking annual "minimum required distributions" (MRDs) after attaining age 72

Retirement Savings Program – Deferred Lifetime Income Option

- At age 62-69, convert a portion of your RSP balance into monthly payments that start at age 78 and continue for your lifetime
- Annual purchase opportunity
- Get all the details about these new features at [myUCretirement.com>Retirement Income>Strategies](https://myUCretirement.com/Retirement%20Income/Strategies)

Social Security

- Most UC employees eligible for Social Security
- Social Security benefits can begin at age 62
- Benefit higher if you delay taking Social Security
- Visit ssa.gov to project Social Security income

Social Security

- Some employees hired before 1976 or Safety are not coordinated with Social Security
- May still be eligible for Social Security benefits from another source
- Contact Social Security for more information

Other retirement system agreements

- CalPERS: Reciprocity

- Must transfer from CalPERS to UCRP, or vice versa, within 180 days
- Retire from both systems on the same date

- CalSTRS: Concurrent retirement

- Must be an active UCRP member on or after July 1, 2002
- Cannot retire from one system and continue to work in the other

- Advantages:

- Service shared for vesting purposes
- Highest salary in either system used to calculate benefits
- Separate benefits from each system

Retiree Health



Health and welfare benefits

Your employee benefits that may continue into retirement:

- Medical
- Dental
- Legal
- Vision
- Accidental Death & Dismemberment

To be eligible:

- Enrolled or eligible to be enrolled in UC employee health coverage
- 10 or more years of UCRP service credit for medical and dental
- Elect monthly retirement income. If you take a lump sum cashout, you cannot continue UC-sponsored benefits
- Retirement date within 120 days of the date you separate from UC employment
- Continue coverage until the date your retirement income begins
- If you are rehired after a prior separation, you must work at least 12 months in an eligible position

Your cost of retiree medical and dental

- Premiums charged to UC by the medical/dental plan
- UC's contribution, determined annually
- Percentage of UC's contribution for which you are eligible
- Who is covered
- Medicare coordination with your UC medical plan
- May be subject to collective bargaining

Retiree Health Group 1

Original UCRP entry date prior to January 1, 1990, without a break in service

UC's contribution: 100%

Retiree Health Group 2

UCRP entry date between January 1, 1990 and June 30, 2013*, without a break in service

- **50% of UC's contribution with:**
 - 10 years of UCRP service credit
 - Age and service credit in whole years equals 75
- **Increases 5% for each whole year over 10:**
 - 11 years = 55%
 - 12 years = 60%
 - 13 years = 65%
- **100% UC contribution with 20+ years of service**

*Subject to collective bargaining

Retiree Health Group 3

UCRP entry date, or rehired after a break in service, on or after July 1, 2013*

UC's contribution: 0% to 100% depending on age and years of service

- 10 years of service credit minimum
- No UC contribution if you retire under age 56
- UC's contribution starts at 56 (5%) and increases each full age and each full year of service credit
- 100% UC contribution at age 65 with 20+ years of service

***Subject to collective bargaining**

How UC's contribution to medical and dental premiums works

NON-MEDICARE PLAN

	Eligible for 100% of UC Contribution	Subject to graduated eligibility; receiving 50% of UC Contribution	Subject to graduated eligibility; receiving 75% of UC Contribution
Total monthly premium	\$575.00	\$575.00	\$575.00
UC Contribution	\$450.00	\$225.00	\$337.50
Your monthly premium	\$125.00	\$350.00	\$237.50

Numbers are for illustrative purposes only and are not actual premiums or contribution amounts.

Eligible Family Members

- **Spouse**
- **Domestic partner**
- **Children up to age 26**
- **Grand children**
- **Legal ward**
- **Over aged disabled child(ren)**
 - Certified by your medical plan prior to age 26

Other things to know about retiree health coverage

- **Certain qualifying events allow changes mid year**
 - Marriage/Domestic Partnership
 - Birth/Tax dependent (such as grand child)
 - Out of area move
 - Involuntary loss of other coverage
- **Make changes during Open Enrollment**
- **You may suspend medical and dental**
- **Your eligible survivors may continue health benefits depending on your tier and retirement election**

Medicare

- Employees: may delay enrollment until retirement
 - Domestic partners contact Social Security
- Retirees: if eligible for premium-free Medicare Part A (hospital), you must enroll in Part B (medical)
 - Eligible under your own record or that of a current, former, or deceased spouse
 - Part B premium paid directly to Medicare
- Medicare becomes your primary insurance
 - Coordinates with your UC medical plan
 - Some medical plans do not have Medicare coordination and you will have to change to another medical plan

UC's contribution towards medical plans with Medicare coordination

MEDICARE PLAN			
	Eligible for 100% of UC Contribution	Subject to graduated eligibility; receiving 50% of UC contribution	Subject to graduated eligibility; receiving 75% of UC contribution
Total monthly premium	\$250.00	\$250.00	\$250.00
UC Contribution	\$350.00	\$175.00	\$262.50
Your monthly premium	\$0.00	\$75.00	\$0.00
Medicare Part B reimbursement*	\$100.00	\$0.00	\$12.50

* If UC's contribution to your medical plan is greater than the premium, UC reimburses you for a portion of the standard Medicare Part B premium you pay for Medicare coverage, usually as a deduction from your Social Security benefit.

Medicare Exchange

- For retirees living outside California
- All family members in Medicare
- More choices
- Individual plans for each family member
- Maximum \$3,000 health reimbursement arrangement (HRA) for each covered member
 - Any unused money rolls over to next year
 - HRA is prorated based on the percentage of UC's contribution for which you are eligible

COBRA Notification

- When your active benefits end through your location, you will automatically receive a medical plan termination in the mail
- If you are eligible for retiree health benefits or do not need COBRA continuation coverage you can ignore the medical plan termination letter and disregard the COBRA notification package

Additional benefits that can continue into retirement

- **Legal** – premiums deducted from retirement check
- **Vision Service Plan & AD&D** – premiums paid directly to VSP and Prudential.
- **Homeowners/renters/auto insurance** – premiums paid directly to the insurance carrier.

Benefits that end at retirement

- **Life Insurance** –conversion or portability options possible
- **Health FSA** – ends on last day of last month you contributed
- **Disability** – ends on last day of work

I'm ready to retire.
What do I do now?



First steps

- Attend UC retirement planning presentations, workshops, or webinars (4th Thursday of the month)
- Review your UCRP estimate and retirement savings balances
- Talk to a Fidelity Planning and Guidance Consultant (1-866-682-7787)
- See your projected Social Security benefit
- Find out if you qualify for benefits from previous employers
- Consult with your tax or financial advisor
- Ensure your personal finances are in order

Decide your retirement date

- Select a retirement date and begin the retirement process up to three months in advance
- Staff employees: inform your department
- Academic appointees: notify your Academic Personnel Director

Initiate Your Retirement

Within 90 days of your retirement date

- Log on to UCRAYS and select:
 - Retirement > Initiate & Elect Retirement > Create PRP
 - Follow the prompts to create and save your Personal Retirement Profile (PRP)

or

- Fill out the Request for Retirement Initiation Packet form: <http://ucal.us/retirementform>

Review your Personal Retirement Profile

- Review the retirement options in your PRP
- Read the Retirement Handbook
- Contact the RASC for questions regarding your retirement options
- Complete your retirement election on UCRAYS or via your Election Planning Worksheet

The election process

- Log on to UCRAYS and select:
 - Retirement > Initiate & Elect Retirement
 - View PRP/Elect Retirement
 - Follow the prompts to prepare your retirement election
- Sign and submit your election
 - Your spouse or domestic partner must also sign
- Upload any required documents
 - Marriage certificate/domestic partner documentation
 - Birth evidence for contingent annuitant, eligible children

Final Review

- RASC reviews your retirement election documents
- Receive confirmation letter in about 45 days
- Change or cancel election up to retirement date or 15 days after confirmation letter sent, whichever is later

Now that
I'm retiring



What to expect with your retirement payment

- Paid around the first of each month
- Electronically deposited to your bank
- Benefit income statements on UCRAYS
- Income reported on 1099R tax form

Keep your personal information up to date

Use UCRAYS to update:

- Address, phone or email
- Tax withholding
- Direct deposit information
- UCRP beneficiary designation and contact information
- Health benefits changes

Use Fidelity website to update Retirement Savings beneficiaries: www.netbenefits.com

Stay connected

- *New Dimensions* newsletter
- myUCretirement.com
- ucnet.universityofcalifornia.edu
- Local resources
 - Emeriti and Retiree Associations
 - Retirement Centers
 - Location and contact information available on UCnet:
ucnet.universityofcalifornia.edu/retirees
 - Health Care Facilitator

Returning to work at UC after retirement

- You have skills and knowledge that the university cannot obtain with equal cost-effectiveness
- You must have a break in service of at least 30 days, preferably 90, before returning
- If under age 60, you must not discuss returning to work until after receiving your first retirement payment or 30 days, whichever is later
- Your appointment must be limited to 43% time

Returning to work at UC after retirement

- Initial appointment is limited to 12 months
- Appointments exceeding 12 months require additional approval
 - Faculty appointments renewed annually after review
- You may suspend retirement income to return to a career (UCRP-eligible) position
 - Return to employee health and welfare benefits
 - You may earn service in a new tier
 - Re-retire the day after position ends
- If taking lump sum cashout, staff may not be rehired into a career position at UC

Thank you

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