The Office of Faculty Affairs
Sponsored Workshop

UC Retirement
for Health Sciences Faculty

March 21, 2018

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The Office of Faculty Affairs
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Professor of Pharmacology

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<thead>
<tr>
<th>Date</th>
<th>Workshop</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 23, 2018</td>
<td>• Getting Promoted for Junior Faculty</td>
</tr>
<tr>
<td>February 22, 2018</td>
<td>• Hiring Staff in Academic Medicine</td>
</tr>
<tr>
<td>March 7, 2018</td>
<td>• Millennials and iGen: Understanding and Managing the Generational Divide</td>
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<tr>
<td>March 21, 2018</td>
<td>• UC Retirement</td>
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<td>April 26, 2018</td>
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<tr>
<td>May 10, 2018</td>
<td>• Annual Celebration of UC San Diego Health Sciences New Women Faculty</td>
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<tr>
<td>Fall 2018</td>
<td>• Faculty Research Space Allocation</td>
</tr>
<tr>
<td>Fall 2018</td>
<td>• New Faculty Orientation</td>
</tr>
<tr>
<td>Fall 2018</td>
<td>• Getting Promoted for Mid-Career Faculty</td>
</tr>
</tbody>
</table>
Preparing for Retirement

Presented by
Retirement Administration Service Center (RASC)
Preparing for Retirement

• Your UCRP Retirement
• Monthly Retirement Income
• Lump Sum Cashout
• Other sources of retirement income
• Retiree health benefits
• Retirement process
• Once you are retired
Your UCRP Retirement
Eligibility for UCRP retirement benefits

- UCRP membership
  - Automatic for eligible employees
  - Most 2016 Tier eligible employees must choose UCRP participation

- Five or more years of UCRP service credit

- Age 50 or older
  - Age 55 if you are in 2013/2016 Tiers
Your UCRP benefits depend on your membership classification

- 1976 Tier—coordinated with Social Security
- 1976 Tier—not coordinated with Social Security
- 2013 Tier
- 2016 Tier
- Multi-tier—service in more than one tier
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 \times \text{ Service Credit} \times \text{HAPC} = \text{Monthly Basic Retirement Income}
Age Factor

1976 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
  • Unused sick leave hours / 2000 = UCRP service credit
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 (X)
  - Administrative stipends
  - Health Sciences Compensation Plan
    - X’: additional salary APU Scale 1-3
    - Y’: additional salary above APU Scale 3
Highest Average Plan Compensation, cont.

- Does *not* include
  - Summer Salary
  - Negotiated Annual Additions (Y Salary)
  - Incentive Compensation (Z Salary)

- 1976 Coordinated – HAPC is reduced by $133
  - Monthly supplement restores reduction until 65
Limits on your HAPC

- Limits on earnings that can be used to calculate your HAPC, currently:
  - $400,000 if you became a UCRP member before July 1, 1994
  - $270,000, if you became UCRP member July 1, 1994 or later
  - 2016 tier: $118,775 if newly hired on/after 7/1/2016

Note: If your HAPC is from a prior period, the salary limits imposed for that calendar year apply
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 Income
Basic Monthly Income for a 1976 Tier member that paid into Social Security:

\[0.025 \times 20 \text{ years} = 50\%\]

\[0.50 \times [10,000 \text{ (HAPC)} - 133 \text{ (Social Security offset)}] = 4,933.50 \text{ monthly basic retirement income}\]

\[4,933.50 + 66.50 = 5,000 \text{ Total monthly retirement income}\]
Retirement Calculator on At Your Service Online

### My UCRP benefit estimates

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

<table>
<thead>
<tr>
<th>Monthly alternate payment options at:</th>
<th>Age 60</th>
<th>Age 65</th>
<th>Age 70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Retirement Income Option</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lifetime monthly amount</td>
<td>$1,717</td>
<td>$2,616</td>
<td>$3,514</td>
</tr>
<tr>
<td>Temporary Social Security Supplement*</td>
<td>$31</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**View More Monthly Income Options**

<table>
<thead>
<tr>
<th>Lump Sum Cashout (LSC) Option</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>One-time Payment</td>
<td>$278,130</td>
<td>$383,706</td>
<td>$456,146</td>
</tr>
</tbody>
</table>

* If you retire before age 65 and elect the monthly retirement income option, UCRP provides this monthly temporary supplement. This supplement stops when you reach age 65.

Click on the 'View More Ages' link to see Basic Retirement Income and Lump Sum Cashout estimates for other ages.

Click on the 'View More Monthly Income Options' link to see alternate payment options that may include spouse, domestic partner or contingent annuitant information.

### Information used to calculate your UCRP estimates

Member's date of birth: May XX, 1954
Membership classification: With Social Security
Retirement Calculator on At Your Service Online
Cost of Living Adjustments

• Based on changes in Consumer Price Index (CPI)

• **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%

• **Inactive COLA**: One-time adjustment to your Highest Average Plan Compensation (resulting in a higher benefit)
  • 1976 Tier only
  • Maximum of 2%
Payment continuation after death

• Post-retirement Survivor Continuance
  • Eligible survivors defined by the plan
  • Available to 1976 Tier Members

• Alternate Payment Option to Contingent Annuitant
  • Any *person* can be named at retirement
  • 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 pass away before your eligible survivor, then your eligible survivor receives:
  - 25% of basic retirement income if 1976 Tier, coordinated with Social Security
  - 50% of basic retirement income if you are not coordinated with Social Security
Order in which eligible survivors are paid:

- **Spouse or domestic partner**
  - Married/Partnered one year prior to retirement, and until death
    - UBEN 250 Declaration of Domestic Partnership
  - Payable for life

- **Children**
  - Payable until age 18, or age 22 *(if full-time student)*
  - Disabled, provided disability occurred before 18 or 22 *(if full-time student)*

- **Tax 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 any person, including your eligible survivor

• Your monthly retirement income is reduced
  • Reduction based on your age, the age of your contingent annuitant and option you choose

• Election is irrevocable
## Alternate payment option – *with* eligible survivor

### MONTHLY RETIREMENT INCOME OPTIONS

<table>
<thead>
<tr>
<th>Monthly Retirement Option</th>
<th>Lifetime monthly payment to you</th>
<th>UPON DEATH - Monthly payment to:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Retirement Income (BRI)</td>
<td>$2,433</td>
<td>$608</td>
<td>not applicable</td>
</tr>
<tr>
<td>Payment Option A&lt;br&gt;full continuance</td>
<td>$2,219</td>
<td>$608</td>
<td>$1,611</td>
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<tr>
<td>Payment Option B&lt;br&gt;two thirds continuance</td>
<td>$2,285</td>
<td>$608</td>
<td>$1,118</td>
</tr>
<tr>
<td>Payment Option C&lt;br&gt;one half continuance</td>
<td>$2,319</td>
<td>$608</td>
<td>$855</td>
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<tr>
<td>Payment Option D&lt;br&gt;one half continuance to eligible spouse or domestic partner</td>
<td>$2,357</td>
<td>not applicable</td>
<td>$1,178</td>
</tr>
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</table>
## Alternate payment option – *no* eligible survivor

### MONTHLY RETIREMENT INCOME OPTIONS

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

Basic death benefit

One time payment of $7,500 to beneficiaries

• Only for retirees who select Monthly Retirement Income
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
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
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
  • Basic Retirement Income x Single Payment Factor

• Available to all 1976 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
Lump Sum Cashout

- Subject to taxes the year in which you take the payout, unless rolled over into another retirement account

- 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
Other Source of Retirement Income
Other sources of retirement income

- Capital Accumulation Payment (CAP)
- Retirement Savings Program
- Social Security
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 7.25% annual interest

• Must be distributed upon retirement
  • Rollover and/or a taxable distribution paid to you

• Issued at the end of the month in which your first pension check or Lump Sum Cashout is paid
Retirement Savings Programs - *Employee*

- **Defined Contribution Plan (DC Plan)**
  - UCRP eligible employees working between 1990 and 2010 have pretax money in this plan
  - Voluntary contributions on an after-tax basis (*not* Roth)

- **403(b) & 457 Plan**
  - Voluntary Pretax contributions – cease when you retire
  - Deferral limit = $18,500 + $6,000 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](http://netbenefits.com or 1-866-682-7787)
Retirement Savings Programs - *Retiree*

- Maintain accounts current account at Fidelity, 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
  - Begin the later of:
    - April 1st of the year following the year you turn 70 ½
    - The year you separate from UC paid employment
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 ss.gov to project Social Security income
Social Security Cont.

• Some employees hired before 1976 *not* coordinated with Social Security
  • May still be eligible for Social Security benefits from another source
  • May be subject to Windfall Elimination Provision and Government Pension Offset

*Contact Social Security for more information*
Retiree Health
Health and Welfare benefits

- Medical
- Dental
- Legal
- Vision
- Accidental Death & Dismemberment
To be eligible:

- Enrolled or eligible to be enrolled in UC employee health coverage
- Elect monthly retirement income
- 10 or more years of UCRP service credit for medical and dental
- Retirement date within 120 days of the date you separate from UC employment
- Continuous coverage until the date your retirement income begins
Cost of retiree medical and dental

- Determined by:
  - Premiums charged to UC by the medical/dental plan
  - UC’s contribution, determined annually
  - Percentage of UC’s contribution for which you are eligible
Retiree Health Group 1

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

Retiree would be eligible for 100% of UC’s contribution towards medical and mental
Retiree Health Group 2

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

Retiree is eligible for 50% to 100% of UC’s contribution, depending on whole years service credit at retirement

- 50% at 10 years of service or if age + service is 75
- Increases 5% for each full year over 10
- 100% of UC’s contribution with 20+ years of service
Retiree Health Group 3

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

Retiree is eligible for 0% to 100% of UC’s contribution, 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 age 56 (5%) and increases each full year of age and each full year of service credit
- 100% of UC’s contribution at age 65 with 20+ years of service
# How UC’s contribution to medical and dental premiums works

## NON-MEDICARE PLAN

<table>
<thead>
<tr>
<th></th>
<th>Eligible for 100% of UC Contribution</th>
<th>Subject to graduated eligibility; receiving 50% of UC Contribution</th>
<th>Subject to graduated eligibility; receiving 75% of UC Contribution</th>
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<tbody>
<tr>
<td>Total monthly premium</td>
<td>$575.00</td>
<td>$575.00</td>
<td>$575.00</td>
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<tr>
<td>UC Contribution</td>
<td>$450.00</td>
<td>$225.00</td>
<td>$337.50</td>
</tr>
<tr>
<td>Your monthly premium</td>
<td>$125.00</td>
<td>$350.00</td>
<td>$237.50</td>
</tr>
</tbody>
</table>

Numbers are for illustrative purposes only and are not actual premiums or contribution amounts.
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)
  - Part B premium paid directly to Medicare

- Medicare becomes your primary insurance
  - Coordinates with your UC medical plan
  - UC Health Savings Plan does not have a Medicare coordinated plan, and if enrolled, you will have to select another medical plan
## MEDICARE PLAN

<table>
<thead>
<tr>
<th></th>
<th>Eligible for 100% of UC Contribution</th>
<th>Subject to graduated eligibility; receiving 50% of UC contribution</th>
<th>Subject to graduated eligibility; receiving 75% of UC contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total monthly premium</strong></td>
<td>$250.00</td>
<td>$250.00</td>
<td>$250.00</td>
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<tr>
<td><strong>UC Contribution</strong></td>
<td>$350.00</td>
<td>$175.00</td>
<td>$262.50</td>
</tr>
<tr>
<td><strong>Your monthly premium</strong></td>
<td>$0.00</td>
<td>$75.00</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Medicare Part B reimbursement</strong></td>
<td>$100.00</td>
<td>$0.00</td>
<td>$12.50</td>
</tr>
</tbody>
</table>

* 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.

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

• For retirees living outside California, with all covered members enrolled in Medicare

• 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
Other things to know about retiree health coverage

• Your employee medical, dental and legal coverage continue into retirement
  • Continue to cover eligible family members

• Certain qualifying events allow changes mid year

• 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
Other insurance plans

**Legal** – may continue, full premium deducted from retirement benefit

**Vision Service Plan** – may continue but you pay entire premium directly to carrier

**Life, AD&D, Homeowners/renters/auto insurance** – may continue, pay full premium directly to carrier

**Health FSA** – ends on last day of last month you contribute

**Disability** – ends on last day of work
I’m ready to retire. What do I do now?
Decide your retirement date

• Select a retirement date and initiate the retirement process 90 – 120 days in advance

• Academic appointees: notify your Academic Personnel Director
Request Retirement Initiation Packet

• Fill out the Request for Retirement Initiation Packet form:
  • http://ucal.us/retirementform
• Contact the UC Retirement Administration Service Center (RASC) at 1-800-888-8267, option 3
The process begins…

• Counselor sends your retirement initiation packet
  • Personal Retirement Profile which outlines your payment options
  • Retirement Handbook
  • Election Planning Worksheets

• Contact your retirement counselor, or the RASC, for questions
The election process

• Complete and return your election worksheet

• Your retirement counselor prepares and mails final election forms, and a Medicare packet, if necessary

• Sign and return your election form, with required documents
  • Marriage certificate/Domestic partner documentation
  • Birth evidence for contingent annuitant, eligible children
Now that I’m retiring...
When can I expect my pension payment?

• The first of each month, unless the first is a weekend

• Electronically deposited to your bank

• Statements on At Your Service Online (AYS Online)

• Income reported on 1099R form
Keep your personal information up to date

• Use AYS Online to:
  • Change tax withholding
  • Update your address or email
  • Change your direct deposit information
  • Make health benefits changes during Open Enrollment
  • Update UCRP beneficiary information

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

- *New Dimensions* newsletter
- UCnet
- 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

• Generally, your appointment must be limited to 43% time
  • No affect on retiree health benefits
Returning to work at UC after retirement, cont.

- Your appointment may not exceed 12 months
  - If re-employment is necessary after 12 months, department must go through approval process again
  - Faculty appointments renewed annually

- You may suspend retirement income to return to a career position (>43% time and UCRP eligible)
  - Return to employee health and welfare benefits
  - You may earn service in a new tier
  - Re-retire the day after position ends
Questions?

Contact the Retirement Administration Service Center:

1-800-888-8267, option 3

ucal.us/askrasc

ucnet.universityofcalifornia.edu
Thank you!