

# University of California Retirement Plan (UCRP)



## From Disability to Retirement Factsheet

### For members whose UCRP disability date is November 5, 1990, or later

As a UCRP disabled member, you receive monthly benefits from UCRP—but disability benefits are not the same as retirement benefits. At some point you will elect to retire. Your decision about when to retire will affect the benefits you receive each month for the rest of your life.

This factsheet explores issues that concern you as a disabled member so that you can choose the best retirement date—and maximize your benefits now and in the future.

## When Disability Income Ends

Your UCRP disability income will end when any of the following occurs:

- you are no longer disabled, based on UCRP definitions;
- you elect to retire; or
- you reach your disability income cutoff date.

Your cutoff date is determined by your UCRP membership classification and your age when disability benefits began.

### Disability Income Cutoff Date

Membership classification	Your age on your disability date	Disability income cutoff date
Members with Social Security; Tier Two members with Social Security	<b>Under 65</b>	After 5 years or at age 65, whichever is later
	<b>65 or older</b>	After 12 months or at age 70, whichever is later
Members without Social Security; Tier Two members without Social Security	<b>Under 65</b>	After 5 years or at age 67, whichever is later
	<b>65 or older</b>	After 12 months or at age 70, whichever is later

**You do not have to wait until your cutoff date to elect retirement. In fact, it may be to your advantage to retire sooner.**

### Retirement Income

If you are at least age 50 with five years of UCRP service credit, you are eligible to retire. Your retirement will not happen automatically. You must actively elect to retire.

Basic retirement income is essentially a percentage of your UC average salary (highest average plan compensation, or HAPC) while you were actively employed. The percentage is based on your years of service credit and your age at retirement. Your service credit at retirement includes the service credit you earned as an employee and the service credit you earned as a disabled member.

The formula for basic retirement income is:

Age factor x service credit = Benefit percentage

Benefit percentage x HAPC (less a reduction for Social Security, if applicable) = Basic retirement income

For details about how retirement benefits are calculated, retirement payment options from which you may choose, and other important information, see the *Retirement Handbook*.

## Maximum UCRP Retirement Income

You will receive the maximum monthly UCRP retirement benefit if you retire:

- At age 60 (maximum age factor), or
- On your service credit cap date, if later.

## Your Service Credit Cap Date

While you receive disability income, you continue to earn retirement service credit—at the same rate you earned while working—until your service credit cap date. When you retire, your retirement benefit will

be calculated based on your total service credit—that is, service credit you earned while working plus the service credit you earned while receiving disability income. The more service credit you earn, the higher your retirement benefit will be.

Your service credit cap date is the date your retirement income would equal your basic disability benefit—not including cost-of-living adjustments (COLAs). (Members without Social Security: Any additional amount you receive for eligible children is not part of your basic disability benefit.)

## Disability Income versus Retirement Income

Either benefit provides monthly income. However, retirement income differs from disability income in these important ways:

**The Calculation.** Retirement income is calculated differently, so the monthly benefit will probably differ. For information on how disability and retirement benefits are calculated, see the *UCRP Disability Handbook* and the *Retirement Handbook*.

**COLA.** Your disability COLA will stop when your disability income stops, and will restart at \$0 when you retire. A COLA is paid each July 1. For example, if you retire on July 1, you will receive your first retirement COLA immediately, but if you retire in August, you must wait until the next July for your first retirement COLA.

**Service Credit.** The service credit you earned while on disability status will be used to determine your retirement benefit. Once you retire, you do not continue to earn service credit.

**Cutoff Date.** Retirement income has no cutoff date. It is paid over your lifetime, no matter how long you live.

**Medical Exams.** Retirement income requires no medical exams, hospital reports, or reevaluations. Once you retire, you no longer have to verify eligibility for your UCRP benefits.

**Additional Earnings.** Retirement income places no restrictions on outside earnings. If your medical condition allows you to earn additional income from sources outside UC, you are free to do so.

## Examples—Benefit Estimates

The examples below compare disability benefits with retirement benefits at various points, including the following dates:

- service credit cap date
- maximum retirement income
- disability income cutoff

Benefits are estimated based on current plan provisions, which are subject to change. For simplicity, the examples are all based on the following assumptions:

- Membership classification: Members with Social Security (HAPC is reduced by \$133).

- Members worked 100% time before their disability date. (Service credit earned during disability will vary if you worked less than 100% time.)
- Service credit cap date is based on basic retirement income. (If member is married, service credit cap date is based on Option A benefit. See *Retirement Handbook*).
- The estimates assume a 2% COLA increase each July. The plan requires all persons to receive disability or retirement income for at least one year before receiving a COLA.

## Example 1—Maximum Retirement Income at Age 60

(Member reaches service credit cap before age 60)

### Jean

Age as of UCRP disability date	31
Service credit as of UCRP disability date	5 years
Final salary	\$4,600
HAPC	\$4,400

Jean is disabled at age 31. She has 5 years of service credit. Her basic UCRP disability income is \$929 per month. She continues to earn service credit until she reaches her service credit cap at age 50<sup>1</sup>. She then has a total of 24 years of service credit.

If she retires at age 50, her basic retirement income (\$1,126) will be more than basic disability income (\$929), but less than disability income plus cumulative COLA (\$929 + \$398 COLA = \$1,327).

Age 50 (service credit cap)	Basic Benefit	COLA	Total Monthly UCRP Benefit
Disability Income	\$ 929	\$398	= \$1,327
Retirement Income	\$1,126	\$0	= \$1,126

If Jean retires later, her retirement income will be based on a higher age factor. (Age factors increase up to age 60.)

For example, if she retires at age 55, her retirement income (\$1,843) will exceed her disability benefit at that time (\$929 basic disability income, plus \$536 COLA = \$1,465).

Age 55	Basic Benefit	COLA	Total Monthly UCRP Benefit
Disability Income	\$ 929	\$536	= \$1,465
Retirement Income	\$1,843	\$0	= \$1,843

If Jean retires at age 60, she will receive the maximum UCRP retirement income.

Age 60 (maximum retirement income)	Basic Benefit	COLA	Total Monthly UCRP Benefit
Disability Income	\$ 929	\$688	= \$1,617
Retirement Income	\$2,560	\$0	= \$2,560

If Jean continues to receive disability benefits until her disability income cutoff at age 65, her basic retirement income will be \$2,560, the same as if she had retired at age 60. However, by waiting until age 65 she will lose out on five years of retirement COLA.

Age 65 (disability income cutoff)	Basic Benefit	COLA	Total Monthly UCRP Benefit
Disability Income	\$ 929	\$856	= \$1,785
Retirement Income	\$2,560	\$0	= \$2,560

When Jean reaches age 65, her total monthly benefit will depend on when she elected to retire. At age 65, she would receive:

If she retired at	Basic Benefit	COLA at Age 65	Total Monthly UCRP Benefit at Age 65
Age 50	\$1,126	\$389	= \$1,515
Age 55	\$1,843	\$404	= \$2,247
Age 60 (maximum retirement income)	\$2,560	\$266	= \$2,826
Age 65	\$2,560	\$0	= \$2,560

<sup>1</sup> When retirement income is first payable.

## Example 2—Maximum Retirement Income at Service Credit Cap

(Member reaches service credit cap at age 60)

### Raymond

Age as of UCRP disability date	55
Service credit as of UCRP disability date	12 years
Final salary	\$2,389
HAPC	\$2,133

Raymond becomes disabled at age 55. He has 12 years of service credit. His basic disability income is \$849 per month.

(Note that Raymond is eligible to retire. If he elected to retire at 55, his retirement benefit would be only \$432.)

Raymond reaches his service credit cap at age 60 with 17 years of service credit. His retirement benefit would be \$850—more than his basic disability income (\$849), but less than disability income plus COLA (\$849 + \$70 COLA = \$919). However, this is the maximum UCRP retirement income.

Age 60 (maximum retirement income)	Basic Benefit	COLA	Total Monthly UCRP Benefit
Disability Income	\$849	\$70	= \$919
Retirement Income	\$850	\$0	= \$850

If Raymond does not retire at age 60, he may continue to receive disability income until his disability income cutoff at age 65, even though his retirement benefit will not increase; he will also lose out on five years of retirement COLA. If Raymond retires at age 65, his benefit will be:

Age 65 (disability income cutoff)	Basic Benefit	COLA	Total Monthly UCRP Benefit
Disability Income	\$849	\$166	= \$1,015
Retirement Income	\$850	\$0	= \$850

At age 65, Raymond's total monthly benefit will depend on when he elected to retire.

If he Retired at	Basic Benefit	COLA at Age 65	Total Monthly UCRP Benefit at Age 65
Age 60	\$850	\$88	= \$938
Age 65	\$850	\$0	= \$850

### Example 3—Retirement Income Never Exceeds Disability Income

(Member’s disability income cutoff is reached before service credit cap)

Rudy	
Age as of UCRP disability date	65
Service credit as of UCRP disability date	7 years
Final salary	\$3,287
HAPC	\$3,133

Rudy begins receiving UCRP disability income at age 65. He has 7 years of service credit and his basic disability benefit is \$798 per month.

If Rudy elected to retire at 65 instead of receiving UCRP disability income, then his retirement benefit would be only \$525.

Age 65	Basic Benefit	COLA	Total Monthly UCRP Benefit
Disability Income	\$798	\$0	= \$798

Rudy can continue to receive disability income, and earn service credit, until his disability income cutoff at age 70.

Age 70 (maximum retirement income; disability income cutoff)	Basic Benefit	COLA	Total Monthly UCRP Benefit
Disability Income	\$798	\$83	= \$881
Retirement Income	\$900	\$0	= \$900

Note: If Rudy is enrolled in UC medical and/or dental plans:

Based on 12 years of service credit and a UCRP membership date of 1/1/90 or later, he will receive 60% of the maximum UC contribution toward his medical and dental plan monthly premiums. (See below.)

## Other Considerations

**Supplemental Disability.** If you are receiving UC Supplemental Disability benefits, the carrier (either Liberty Mutual or Prudential) will recalculate your supplemental disability benefit when you retire. The amount you receive, if any, depends on the total benefits you receive from other sources—including basic UCRP disability income (excluding COLAs) or retirement income (excluding COLAs).

The carrier does not offset the cost of living increase that you received while on disability income. When you convert to retirement the carrier will deduct your new retirement income instead of your basic disability benefit.

For information about your Supplemental Disability benefits, see the plan booklet or call the Benefits Office at the campus or laboratory where you last worked.

**Medical, Dental, and Legal Benefits.** If you are enrolled in University of California-sponsored medical, dental, and/or legal plans while receiving disability income, your coverage will continue automatically into retirement provided retirement

income commences immediately after disability income ends. You do not need to re-enroll in those plans.

Please note: If the University of California contribution toward your monthly premium for medical or dental coverage is less than 100% of its maximum contribution, that percentage may increase when you retire (see next page).

**Social Security Benefits.** For information about your Social Security benefits, call the Social Security Administration at 1-800-772-1213.

**Other Benefits.** If you have contributed to retirement plans other than UCRP, contact the plan administrator or its representative about retirement benefits you may be eligible to receive.

Please note: If you have reciprocity with another retirement plan such as PERS, your retirement date must be the same for both retirement plans. If it is not the same date, you will not receive the benefits of reciprocity. Only UCRP service credit is used in determining your UCRP retirement benefits.

## UC Contribution Toward Medical and Dental Plan Premiums

**If your latest UCRP membership date is before 1/1/90 and you are enrolled in a UC medical and/or dental plan at the time of retirement:** You will continue to receive 100% of the maximum UC contribution toward your monthly premiums.

**If your latest UCRP membership date is 1/1/90 or later:** Depending on your years of UCRP service credit as of your disability date, you may be receiving less than 100% of the maximum UC contribution toward your monthly premium. In this case, the percentage may change when you retire, since the service credit you earn as a disabled member will be taken into account. The percentage you will receive is shown below:

Years of UCRP Service Credit	Percent of Maximum UC Contribution
10 years or less	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20	100%

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The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) provides for continued coverage for a certain period of time at applicable monthly COBRA rates if you, your spouse, or your dependents lose group medical, dental, or vision coverage because you terminate employment (for reasons other than gross misconduct); your work hours are reduced below the eligible status for these benefits; you die, divorce, or are legally separated; or a child ceases to be an eligible dependent. Note: The continuation period is calculated from the earliest of these qualifying events and runs concurrently with any other UC options for continued coverage. See your Benefits Representative for more information.

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Website address: [atyourservice.ucop.edu](http://atyourservice.ucop.edu)



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## Lump Sum Cashout

If you are eligible to retire, you may choose a lump sum cashout as an alternative to electing monthly retirement income. If you elect the lump sum cashout, you waive all rights to any UCRP benefits. You also waive all rights to continue retiree medical, dental, and/or legal benefits. For more information about the lump sum cashout, see the *Lump Sum Cashout Factsheet*.

## For More Information

**Disabled Members.** If you have questions about the benefits described in this booklet, please call the UC Customer Service Center at 1-800-888-8267.

