



University of California

Retirement Handbook



Retirement Handbook



This booklet provides basic information about retiring from the University of California. First you'll find a summary of the steps you'll need to take to receive retirement or lump sum cashout benefits: "Preparing for Retirement" (page 1) and "The Election Process" (page 2).

Inside the booklet you will also find explanations of the following:



- Retirement and survivor benefits provided by the University of California Retirement Plan (UCRP)
- Options for any accumulations you have in the Defined Contribution Plan or the Tax-Deferred 403(b) Plan
- Social Security and other possible sources of income
- Health and welfare benefits: choices when you retire

Also included are worksheets to help you answer what may be the most important question about retirement: "Can You Afford to Retire?" (page 17).

Finally, the booklet outlines what happens to your benefits if you return to work for UC after retirement.

Retirement decisions are among the most important you'll ever make. We urge you to consult your financial advisor before making any final decisions. UC Benefits Representatives cannot give financial advice or advice about Social Security or Medicare, but they can answer your questions about UCRP, the Defined Contribution Plan, the 403(b) Plan, and UC's health and welfare plans.





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Preparing for UC Retirement

During the year or so before you wish to retire, you can prepare by doing the following:

Call your local Benefits Office to confirm retirement procedures, which may vary depending on your UC location. (If you are an inactive UCRP member, you should call the UC Customer Service Center.) Your Benefits Representative can answer any questions you have about your retirement benefits. Your Benefits Representative can also tell you about special retirement planning sessions that may be available at your campus or laboratory. Topics generally include financial planning, psychological preparation for retirement, leisure activities, working after retirement, and health. See page 28 for a directory of UC Benefits Offices.

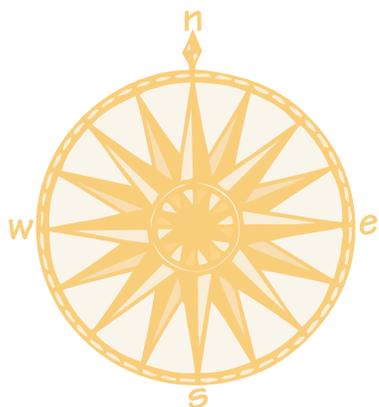
Meet with your tax advisor or financial planner. We strongly recommend that you discuss your finances with a professional who can help you establish your long- and short-range goals.

Check your eligibility for Social Security and Medicare benefits. Each year, the Social Security Administration sends employees and former employees aged 25 and older a personal Social Security Statement. This is a detailed, personal estimate of monthly Social Security benefit amounts you and your family may qualify for now and in the future. If you are married or divorced, you may be eligible for Social Security and/or Medicare benefits based on your spouse's work record. If you

have not received your automatic Social Security Statement in the last 12 months, you can request a statement at any time on the web at www.ssa.gov, or by calling Social Security at 1-800-772-1213. The Social Security website is filled with valuable information about Social Security benefits, application procedures and Medicare. You can also get information from your local Social Security office.

Contact past employers and, if appropriate, the military to find out whether you qualify for retirement income under their plans. UCRP has agreements regarding benefits with certain public retirement systems, including the California Public Employees' Retirement System (CalPERS), the California State Teachers Retirement System (CalSTRS), and others. If you worked for another public system during your career, see page 9 or ask your Benefits Representative for more information.

Gather required documentation, including birth certificates, your marriage certificate, or documentation of your domestic partnership, which you may need when you elect a benefit (see "Required Documentation" on page 4). Obtaining records can be time consuming, particularly if the records must come from foreign countries or rural regions of the U.S. By acting early, you can prevent delays later.



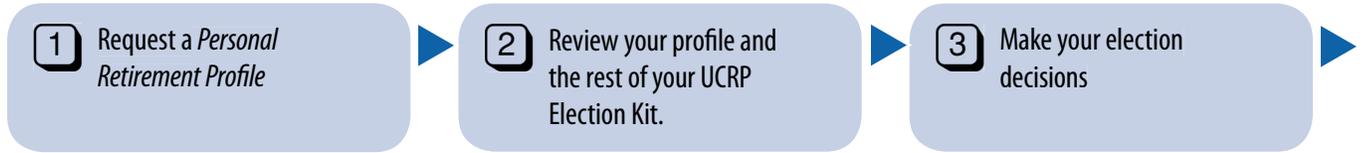
Can You Afford to Retire?

This is perhaps the first and most important question you need to answer before deciding to retire. The sooner you consider this question, the easier it will be to plan your financial future. The University offers a variety of tools to help you. You can find personalized benefits projections and interactive estimators on UC's HR/Benefits website, At Your Service (<http://atyourservice.ucop.edu>). Also, the section beginning on page 17 of this handbook includes worksheets to help you estimate your future retirement income and expenses.

The Election Process

This flowchart illustrates the steps you'll need to take to receive monthly retirement income from the University of California Retirement Plan (UCRP) and other benefits when you retire from the University of California. Follow the same steps if you wish to receive a lump sum cashout from UCRP rather than monthly retirement income.

About three months before you wish to retire:



If you are an active employee, contact your local Benefits Office (see page 28 for a directory of local UC Benefits Offices).

If you are an inactive member of UCRP, or if you are receiving UCRP disability income, call the UC Customer Service Center at 1-800-888-8267.

The *Personal Retirement Profile* contains up-to-date personalized information on your University benefits. The profile summarizes your various UCRP benefit options and makes it possible for you to make informed decisions.

You will need to provide some basic information when you request your retirement profile (see box below).

Your request for a retirement profile does not commit you to anything. To retire or to receive a lump sum cashout you must have an election interview and submit an election form to UC Retirement Administration.

The estimates that appear on your retirement profile will be based, in part, on the information you provide. You should request a new retirement profile if you decide to change your separation date, your retirement or cashout date, or your choice of contingent annuitant.

In most cases, your Benefits Office will be able to produce the profile locally. In some situations, however, UC Retirement Administration must produce the profile. For example, if your UC records show an outstanding community property claim, your request will be referred to UC Retirement Administration for special handling. Your Benefits Representative will identify these special situations and work with UC Retirement Administration to ensure that you receive your profile as quickly as possible.

The election kit includes the *Personal Retirement Profile*, the *UCRP Election Handbook*, and the UCRP summary plan description for your membership classification.

The *UCRP Election Handbook* guides you through the various decisions you must make when you elect to receive monthly retirement income or a lump sum cashout.

Your election of monthly retirement income or a lump sum cashout is an important decision. Be sure you understand your options. Your Benefits Representative can answer any questions you have about the UCRP Election Kit, UCRP benefits, the Defined Contribution Plan, the Tax-Deferred 403(b) Plan, and UC-sponsored health and welfare benefits. Before you make any election decisions, we urge you to speak with your family and with a trusted financial advisor.

Requesting a Personal Retirement Profile

Your name and Social Security number _____

Retirement or cashout date _____

Separation date _____

Family member information:

Are you married or do you have a domestic partner? _____

If yes, what is your marriage/partnership date? _____

Spouse's/partner's date of birth? _____

Do you have any family members who may qualify under UCRP as eligible children or eligible dependent parents (yes or no)? _____

Contingent annuitant information:

Name _____

Date of birth _____

Is your contingent annuitant your spouse or domestic partner? _____

About two months
before you wish to retire:



If you are an active employee, you need to contact your Benefits Office for an election interview.

If you are an inactive member of UCRP, or if you are receiving UCRP disability income, your election interview will be performed over the telephone with a UC Customer Service Center representative.

If possible, you should hold your election interview approximately two months in advance of your retirement or cashout date. During your interview your Benefits Representative will enter your decisions online and produce a personalized benefit election form.

Your election form will indicate if any additional documentation is required before benefits can be paid. After reviewing the form, you should sign it and submit it to UC Retirement Administration, along with any other required forms or documents. If you are married, your spouse must also sign your election form.

In order to receive your first benefit check at the end of the month in which you retire, you should submit your election form to UC Retirement Administration six to eight weeks before your retirement or cashout date.

If UC Retirement Administration receives your election form after your retirement or cashout date, your first benefit check will be delayed, and you may experience an interruption in income between employment and retirement. You may also jeopardize your medical and dental plan coverage.

If UC Retirement Administration receives your election form more than 90 days after the retirement or cashout date on your election form, your original retirement or cashout date will be cancelled, and you will have to submit a new election form with a new retirement or cashout date.

When the election process is complete, UC Retirement Administration will send you a confirmation letter. This letter will confirm your benefit amount, the date you can expect to receive your benefit, and any UC-sponsored medical, dental, and/or legal coverage that will continue into retirement. This letter also will specify the data elements that UCRP used to calculate your benefit. After you receive your confirmation letter, you do not have to take any further action to receive your benefit.

You may cancel or change your benefit election or alter or add family information at any time up to your retirement or cashout date (or 15 days after your confirmation statement is sent, if later). After that time, you may not cancel your election or change your choice of retirement date or cashout date, payment option, or contingent annuitant (if any).

Required Documentation

You will be notified in advance if you need to provide documentation along with your UCRP benefit election. The following are UC Retirement Administration's general requirements for birth, marriage, and domestic partnership evidence. UC reserves the right to require proof of identity and/or existence before making payments.

You do not need to submit original documents. A legible copy will suffice. If you cannot provide a copy, UC Retirement Administration will return the original to you. Altered documents will not be accepted.

Birth Evidence

- Required for your contingent annuitant if you elect a monthly retirement alternative payment option and name a contingent annuitant.
- Required for you if there is a discrepancy between the date of birth in UC records and the date of birth you report when you make your election.

Acceptable forms of birth evidence include:

- Birth certificate
- Passport
- Certificate of naturalization (showing date or age at certain year)

Marriage Evidence

Required if you are married and you elect monthly retirement income.

Acceptable forms of marriage evidence include:

- Marriage certificate
- Passport (must be joint passport and show date of issue)

Domestic Partnership Evidence

Required if you have a domestic partner and you elect monthly retirement income.

Acceptable forms of partnership evidence include:

- Copy of California State form filed with the Secretary of State

or if no State form

- UC *Declaration of Domestic Partnership* (UBEN 250) and three supporting documents. (A list of acceptable documents is on the form.)

For more information about eligibility and benefits for domestic partners of UC employees, see the *Benefits for Domestic Partners* booklet.

Additional Evidence

If you, your spouse, your domestic partner or contingent annuitant has changed names and the documentation you submit does not clearly identify the person, additional evidence may be required. This additional evidence might include a copy of a court order showing the name change, a copy of a marriage certificate or divorce decree, or a notarized statement from the person explaining the name change.

If, when you elect monthly retirement income, you indicate that you have an eligible disabled child and/or dependent parent, you must also provide a copy of pertinent parts of your most recent federal income tax return to verify tax dependency.

Retirement Plans

UC Human Resources and Benefits is Plan Administrator of the University of California Retirement System (UCRS), which comprises three retirement plans:

- University of California Retirement Plan (UCRP)
- Defined Contribution Plan (DC Plan)
- Tax-Deferred 403(b) Plan (403(b) Plan)

University of California Retirement Plan (UCRP)

UCRP, a defined benefit retirement plan, is designed to provide monthly income and other retirement and survivor benefits. A member may elect a lump sum cashout *instead* of lifetime monthly income. (See “Lump Sum Cashout” on page 8.)

Monthly Retirement Income

If you meet the eligibility requirements, you can receive UCRP monthly income when you retire. In addition to this lifetime income for yourself, UCRP offers several payment options that can provide a lifetime monthly income after your death to your spouse, domestic partner, or another person you name.

Benefits for Tier Two and Safety members may differ from those described here. See the appropriate summary plan description, available from your Benefits Office, for information.

Eligibility

To be eligible for monthly retirement income, generally you must have at least five years of UCRP service credit as of your separation date and be at least age 50 on your retirement date. (See “Your Retirement Date” in the next column.)

If you are considering retirement because you have recently become disabled, please note that UCRP members may apply for disability income at any age. See your Benefits Representative for information.

Your Retirement Date

Your retirement date cannot be earlier than the first day of the month you start the retirement process. Also, your retirement date cannot be earlier than the day after your separation date (your last day of UC employment). For example, if your separation date is a Friday, you may retire on Saturday.

Basic Retirement Income

Generally, basic retirement income provides the largest monthly benefit you can receive from UCRP. This benefit is based on a formula that includes:

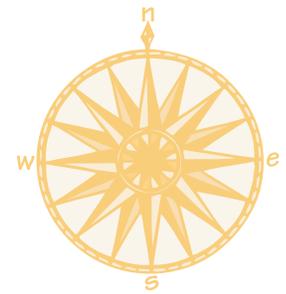
- A factor based on your age at retirement,
- Your UCRP service credit, and
- Your highest average plan compensation (HAPC). Essentially, this is your highest average monthly salary rate over any consecutive 36-month period. (See “What is Your HAPC?” on page 17.)

Buyback Needed for Vesting?

If you are an active UCRP member with less than five years of service credit and you are laid off or your appointment is eliminated for budgetary reasons, you may be able to establish service credit for vesting purposes through a lump sum, after-tax service credit buyback. Service credit may be bought back within three years of returning from an approved leave without pay, sabbatical leave, extended sick leave, furlough or temporary layoff, or for earlier periods of employment for which UCRP contributions have been refunded. Generally, elections to buy back service credit and payment must be made before you leave University employment.

Buyback in Progress

If you’re currently making buyback payments and are separating from service, you should check with your Benefits Representative to find out what options you have.



Basic retirement income is calculated according to the following general formula:

$$\text{Age factor} \times \text{service credit} = \text{benefit \%}$$

$$\text{Benefit \%} \times \text{HAPC} = \text{monthly benefit}$$

Certain offsets are built into the benefit formula. For instance, if you are covered by Social Security, your basic retirement income is reduced slightly to account for the Social Security taxes that UC has paid in your behalf. (However, if you retire before age 65, UCRP provides a monthly temporary supplement that restores the full benefit amount. This supplement stops when you reach age 65. Even if you begin receiving Social Security before age 65, you continue to receive the supplement until age 65.)

Benefits are also reduced for members affected by the noncontributory (Plan 02) period, from July 1, 1966, through June 30, 1971. Ask your Benefits Representative for more information.

Postretirement Survivor Continuation

When you die, a monthly benefit—called the postretirement survivor continuation—is paid to your eligible survivor or survivors, if you have any. This automatic benefit is built into UCRP’s monthly retirement income benefit formula; your benefit is *not* reduced to pay for it.

The amount your survivor receives depends on whether you are a UCRP member covered by Social Security:

- If you are a UCRP member with Social Security: postretirement survivor continuation = 25 percent of basic retirement income. (See “Minimum Benefit Guarantee” at left.)
- If you are a UCRP member without Social Security: postretirement survivor continuation = 50 percent of basic retirement income.

The postretirement survivor continuation is paid to the first of the following survivors:

- Your spouse (if you have been married at least one full year before retirement and remain continuously married until your death), or
- Your domestic partner (if your partnership began at least one full year before retirement and continues uninterrupted until your death).
- Your eligible children (generally, your natural or adopted children or stepchildren or children of your domestic partner who are under age 18—under age 22 if full-time students—and who receive significant support from you—50 percent or more—in the year before your retirement date. There are exceptions for disabled children. See the summary plan description for details).
- Your eligible dependent parents (generally, parents receiving significant support from you—50 percent or more in the year before your retirement date).

If the person receiving the continuation dies—or if a child receiving it becomes ineligible—the benefit continues to the next eligible survivor for as long as someone is eligible.

The postretirement survivor continuation is not optional, and you may not choose the recipient. During your election interview, your Benefits Representative will ask for information on your family members to include on your election form. This information is used in determining eligibility for the postretirement survivor continuation. To avoid delay and/or adjustment to any future survivor benefits, please be sure to identify all potentially eligible survivors during the interview. You forfeit postretirement survivor continuation if you elect a lump sum cashout.

Minimum Benefit Guarantee

If you were an active UCRP member on April 1, 1976, and elected Social Security coverage, UCRP guarantees that combined survivor benefits from Social Security and UCRP’s postretirement survivor continuation will be no less than the postretirement survivor continuation payable from UCRP alone if you had not elected Social Security. For the guarantee to apply, a survivor must have been your spouse, child, or parent on April 1, 1976, and must meet all other eligibility requirements. See the summary plan description for more information.

Monthly Alternate Payment Options

If you want to provide someone with a lifetime monthly income after your death—separate from the postretirement survivor continuance just described—you can elect one of UCRP’s alternate payment options. These options allow you to leave part of your monthly benefit to the person you name as your contingent annuitant. The contingent annuitant can be anyone, including the person eligible for the postretirement survivor continuance.* You may not change your designation of contingent annuitant after your retirement date.

Electing an alternate payment option means your UCRP benefit could be paid out over two lifetimes rather than just one. To provide for these potential payments to a second person, UC reduces your basic retirement income. The amount of the reduction depends on your age, the age of your contingent annuitant, and the option you choose.

When you request a *Personal Retirement Profile*, your Benefits Representative will ask for contingent annuitant information. With this information, your retirement profile can include estimates of the benefits you and—after your death—your contingent annuitant could receive under each payment option. Remember, the request is not binding. The purpose of the retirement profile is to give you information on which to base your retirement decisions. You will have to complete an election interview to designate someone as your contingent annuitant.

For more information on the payment options, see the summary plan description.

Accumulated Sick Leave

If you retire within four months of separating from UC, any accumulated sick leave is generally converted to UCRP service credit at the rate of eight hours of sick leave for one day of service credit. Because service credit is used in your benefit calculation, your accumulated sick leave can increase your monthly benefit. Sick leave is

not converted to service credit in the lump sum cashout.

Note: Vacation leave, unlike sick leave, is not converted to service credit. If you earn vacation leave, you may use it (with departmental consent) up to the effective date of your retirement. Your location will pay you for any unused vacation leave when your UC employment ends.

Cost-of-Living Adjustments

You will receive your first cost-of-living adjustment (COLA) one full year from the July 1 that coincides with or follows your retirement date. In other words, if you retire on July 1, you will receive your first COLA on the following July 1, but if you retire on July 2, you will have to wait two years for your first COLA. You will receive a COLA every July 1 thereafter.

The COLA is based on changes in the Consumer Price Index (CPI). The COLA matches CPI movement up to 2 percent and increases by 75 percent of the CPI movement in excess of 4 percent. Generally, the annual COLA may not exceed 6.00 percent. For example, if the CPI increase were 5.00 percent, the COLA would be 2.75 percent, calculated as follows:

CPI increase	=	5.00%
COLA matches first 2.00% of CPI increase	=	2.00%
75% of CPI amount above 4.00%		
.75 x (5.00–4.00)	=	.75%
<hr/>		
COLA	=	2.75%

In recent years, the annual COLA has generally been 2 percent of the benefit amount.

Based on the availability of funds, UC may periodically announce an ad hoc COLA designed to restore purchasing power to 75 percent of the purchasing power of the benefit at the time of retirement.

* Because your spouse could have a legal interest in this benefit, the UCRP election form requires your spouse to acknowledge the choices you make.

Lump Sum Cashout

As an alternative to monthly retirement income, you can choose a lump sum cashout of your retirement benefits if you are eligible to retire. The lump sum cashout is a single payment approximating the present value of your lifetime retirement income, including a 2 percent cost-of-living adjustment. In other words, it is the amount of retirement income (in today's dollars) that you could be expected to receive over your lifetime.

The lump sum cashout is not a retirement benefit. You must choose between the cashout and monthly retirement income. If you elect the lump sum cashout you waive all rights to other UCRP benefits except CAP (see "What You Forfeit").

Your Cashout Date

You must specify a cashout date. The cashout date you choose is the date on which the benefit is calculated. The provisions for establishing your cashout date are basically the same as the provisions for establishing your retirement date. Your cashout date cannot be earlier than the first day of the month you start the election process. Also, your cashout date cannot be earlier than the day after your separation date (your last day of UC employment). For example, if your separation date is a Friday, your lump sum cashout date may be on Saturday.

How the Lump Sum Cashout is Calculated

In the cashout calculation, your basic retirement income is reduced by any offsets that apply and then multiplied by a lump sum cashout factor. This factor is based on your age and is derived from average life expectancy tables, projected cost-of-living increases, and the actuarial assumptions of the Plan.

Example

A member elects the lump sum cashout at age 60.

Basic retirement income (excluding sick leave) is \$2,000 per month.

The lump sum cashout factor* for age 60 is currently (2004) 152.04.

$\$2,000 \times 152.04 = \$304,080.00$

The member's lump sum cashout is a one-time payment of \$304,080.00.

What You Forfeit

The calculation does not include:

- basic death payment,
- postretirement survivor continuance;
- contingent annuitant benefit;
- temporary Social Security supplement (for those under 65); or
- sick leave converted to service credit.

You also waive all rights to continue annuitant medical, dental, and legal benefits if you elect a lump sum cashout (see "Coverage You May Continue" on page 15).

Capital Accumulation Provision (CAP)

UCRP's Capital Accumulation Provision (CAP) provides eligible members with a supplement to their other UCRP benefits. The CAP benefit is based on allocations that were credited in their behalf by UCRP. Each allocation was calculated as a percentage of covered compensation paid during a specified time period.

You must take a distribution of your CAP balance, if any, when you elect monthly retirement income or a lump sum cashout. The CAP is eligible for rollover. See "Federal Tax Rules for Rollovers" on page 10. Your *Personal Retirement Profile* will include a statement of your CAP balance. You can also find your CAP balance by viewing "Your

* The lump sum cashout factors are subject to change as a result of changes in the Plan's actuarial assumptions.

Benefits Summary” on the At Your Service website or by calling bencom.fone at 1-800-888-8267.

Basic Death Payment

When you die as a retired member, UCRP provides a one-time payment of \$7,500 to your beneficiary, in addition to any monthly income that may be payable to your eligible survivors or contingent annuitant. If you elect the lump sum cashout you forfeit the basic death payment.

Benefit Limitations

The monthly retirement income or lump sum cashout benefits of some UCRP members may be restricted by UCRP or Internal Revenue Code §415(b) limitations.

UCRP Limits

Under UCRP rules, your benefit percentage (that is, your service credit multiplied by your age factor) cannot be more than 100 percent. This limit affects very few members, most of whom have at least 40 years of retirement plan service credit.

Section 415 Limits

Internal Revenue Code (IRC) §415(b) limits the maximum annual amount that a defined benefit plan such as UCRP can pay to any individual. If your UCRP benefit is limited under this provision, benefits from the University of California 415(m) Restoration Plan will pay the difference between the UCRP earned benefit and the amount UCRP can pay under IRC §415(b). The 415(m) Restoration Plan benefits apply to monthly retirement income, the lump sum cashout, and the CAP.

Your IRC §415(b) limit depends on the payment option you choose as well as other factors. A preliminary calculation is performed automatically when your *Personal Retirement Profile* is produced to determine if your UCRP benefit might exceed the limit. If you may be subject to the limit and eligible to receive 415(m) Restoration Plan benefits, UC Retirement Administration will provide you with additional information, including the *IRC §415 Factsheet*.

Other Retirement Plans

If you are a member of a retirement plan other than UCRP, ask your local Benefits Office how to get the appropriate forms and information. UCRP has agreements with certain public retirement systems to provide continuity of benefits for members who work for more than one public system during their careers.

If you have service with the California Public Employees’ Retirement System (CalPERS), see the *UCRP/CalPERS Reciprocity Factsheet* for information about eligibility, reciprocal benefits, and how to establish reciprocity. If eligible, you must retire under UCRP and CalPERS on the same date for the benefits of reciprocity to apply. Separate retirement benefits are received from each system.

If you have service with the California State Teachers’ Retirement System (CalSTRS), see the *UCRP/CalSTRS Concurrent Retirement Factsheet* for information about eligibility and resulting UCRP benefit enhancements. You do not have to retire

Your Beneficiary

Your beneficiary is the person, trust, charity or other entity you name to receive benefits from UCRS upon your death. This includes UCRP/CAP, the Defined Contribution Plan (including Fidelity mutual funds), and the Tax-Deferred 403(b) Plan (not including Fidelity or Calvert mutual funds).

Both current and former employees may name or change their beneficiary(ies) online on the At Your Service website (<http://atyourservice.ucop.edu>) or by submitting form UBEN 116 (*Designation of Beneficiary—Employees*) or form UBEN 117 (*Designation of Beneficiary—Retirees, Former Employees and Others*). You can name a different beneficiary for each of these plans or the same beneficiary for all. If you name more than one beneficiary, you can specify the share (%) each should receive.

For 403(b) money in the Fidelity or Calvert mutual funds, you will need beneficiary forms provided by those companies. Fidelity also has an online service for naming or changing beneficiaries, available through Fidelity NetBenefits.

from UCRP and CalSTRS on the same date to be eligible for concurrent retirement. You will, however, lose eligibility for concurrent retirement if you earn service credit under UCRP or CalSTRS after retiring from either plan.

Taxes

Following is a brief summary of tax provisions that apply to monthly retirement income and the lump sum cashout. The *UCRP Election Handbook* contains additional tax information, including a special tax notice for plan distributions, which explains your options if the payment is eligible for rollover.

Monthly Retirement Income

In general, monthly benefits paid from UCRP, including retirement income, are subject to federal and state taxes in the year you receive them. However, any contributions you made to the Plan before July 1983 were taxed in the year they were made, so they are not taxable when you receive them as retirement income. Payments for service

credit buybacks elected before July 1, 1997, and lump sum service credit buybacks completed to satisfy vesting requirements, are also made on an after-tax basis. (In general, buybacks elected July 1, 1997, or later are paid on a pretax basis.)

If you made after-tax contributions or buyback payments, a part of your retirement income will be nontaxable until you have recovered all previously taxed amounts. Thereafter, all your retirement income becomes taxable.

After you retire, you will receive a statement showing the nontaxable portion of your benefit and explaining how it was calculated. Each January, UC will send a tax-reporting form 1099-R showing how much retirement income you received during the preceding year and how much of that amount is taxable.

Federal and state income taxes will be withheld automatically from your monthly benefit unless you elect otherwise. You will have the opportunity to choose your tax withholding during your election interview. Please note that automatic withholding amounts may not be enough to satisfy your income tax obligations. You can ask UC to withhold more from your monthly payments at any time. There are penalties for not paying enough taxes, either through withholding or estimated tax payments.

Lump Sum Cashout

The lump sum cashout is eligible for rollover. See “Federal Tax Rules for Rollovers” at left. If you made contributions to the Plan on an after-tax basis (member contributions made before July 1, 1983, or after-tax payments for service credit buyback), taxes have already been paid on the portion of the cashout that represents a return of those contributions. This part of the cashout is nontaxable. The nontaxable part of your cashout is eligible for rollover, although it is distributed separately from the taxable part. You will be asked to choose your distribution options when you elect a cashout.

Federal Tax Rules for Rollovers

Federal tax-withholding rules affect most nonperiodic distributions—including the lump sum cashout, CAP, Tax-Deferred 403(b) Plan distributions, and the taxable part of Defined Contribution Plan distributions.

Under these rules, you may have your distribution paid to you or you may arrange to have some or all of it rolled over directly into an IRA or into an employer plan that accepts direct rollovers, including UC’s Defined Contribution Plan and Tax-Deferred 403(b) Plan.

If the distribution is made payable to you, the rules require that 20 percent be withheld for federal taxes. If some or all of the distribution is rolled over directly into an IRA or an employer plan, withholding does not apply to the rolled-over amount.

The *UCRP Election Handbook* includes a special tax notice for plan distributions that explains your options in detail.

Defined Contribution Plan and Tax-Deferred 403(b) Plan

Most UCRP members make mandatory contributions to the DC Plan—Pretax Account, and some choose to make voluntary contributions to the DC Plan—After-Tax Account. In addition, many UC employees make voluntary pretax contributions to the 403(b) Plan. Future income from these plans is based solely on the amount of money contributed, plus any earnings. Your *Personal Retirement Profile* will include a statement of your plan balances. You can also find your account balances on the At Your Service website or bencom.fone.

When you retire or elect a lump sum cashout, you have several options. You can:

- **Leave your money in the Plan(s).** If you have at least \$2,000 in either the DC Plan or the 403(b) Plan, you can leave your money on deposit in that Plan. Money invested in the Fidelity or Calvert 403(b)(7) mutual funds does not count toward this \$2,000 minimum. As a retiree, you cannot contribute to the plans, but you can transfer your money among the investment funds and take distributions—subject to Plan rules and federal regulations.

Note: You cannot leave your money in the plans indefinitely. Tax laws require you to begin taking minimum distributions by April 1 following the calendar year in which you reach age 70½ or the year in which you leave UC employment, whichever is later.

If you have less than \$2,000 in either Plan, you must take a total distribution from that Plan.

- **Take a full or partial distribution.** Subject to Plan rules and processing deadlines, you can request a full or partial distribution of your money. You can have this distribution paid to you or you can arrange a rollover to an IRA or another employer plan. See “Taxes” on page 12.

You can also elect to take systematic withdrawals of your money in the Plans. This option enables you to receive monthly distributions from your Plan balances without having to make a separate request for each distribution. For details, read

the *Systematic Withdrawals Election Kit*, available online (UBEN 139) or from the UC Customer Service Center.

- **Purchase a commercial annuity.** An annuity provides payments in a fixed amount for a specific period of time. For example, you can purchase an annuity that pays you a monthly amount for life or a quarterly amount for 10 years.

You can arrange to have UC purchase a commercial annuity for you directly through its group contract with a third-party insurance company, or you can take a total distribution and purchase a commercial annuity on your own from the insurance company of your choice. ***Before purchasing any annuity, you should consult a financial advisor.***

Tax-Deferred 403(b) Plan Loan Program

If you have a 403(b) Plan loan when you retire, you must either repay the loan in full or arrange to make monthly cash payments. If you choose to make monthly cash payments, please be aware that these payments cannot be withheld from your monthly retirement checks. You must mail your payment to UC each month, starting with your first month of retirement. If you elect to receive a lump sum cashout from UCRP, you forfeit the option to repay the loan through monthly payments, and you must repay the loan in full. If you are receiving a lump sum cashout, or if you are going to retire and wish to repay the loan in full, please call the UC Customer Service Center at 1-800-888-8267 to make arrangements.

If you do not take any action within 90 days of your retirement or cashout date, your loan will be treated as a 403(b) Plan distribution, subject to federal and state income taxes and any applicable penalties. You can defer current taxation and avoid possible penalties by rolling over within 60 days an amount no greater than the amount of the defaulted loan into an IRA or an employer plan that accepts rollovers.

While you have an outstanding loan, you may not arrange for a commercial annuity through UC’s group contracts.

After retirement, you cannot borrow from your 403(b) Plan account. However, if you have at least \$1,000 in the 403(b) Plan, you can take a loan before retiring and repay it after you retire.

Taxes

All 403(b) Plan distributions and the taxable portion of DC Plan distributions are taxed as ordinary income in the year in which you receive them unless you roll the money over into an IRA or employer plan that accepts rollovers. See “Federal Tax Rules for Rollovers” on page 10. You will receive a form 1099-R reporting any distributions made during the calendar year.

In addition, if you receive a taxable distribution before you reach age 59½, it may be subject to early distribution penalty taxes (10 percent federal, 2.5 percent California) in addition to regular income tax. The penalty taxes apply unless at least one of these criteria is met:

- You roll over the distribution.
- You leave UC employment during or after the year you reach age 55.
- You purchase a life annuity through one of UC’s third-party insurance contracts.
- You are permanently disabled.
- Your distribution is used for deductible medical expenses in excess of 7.5 percent of your adjusted gross income.
- Your beneficiary withdraws the money after your death.
- Your distribution is paid to an alternate payee in accordance with a qualified domestic relations order.

See the appropriate summary plan description for more information.

We strongly recommend that you consult a qualified tax advisor before making any final decisions.

Other Retirement and Savings Plans

Social Security

If you are eligible for Social Security retirement benefits, the age at which you can receive full benefits depends on the year in which you were born:

Year of Birth	Full Benefit Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 to 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Benefits can begin as early as age 62; however, these benefits will be permanently reduced.

Social Security may also reduce your benefits in the following cases:

- If you are a UCRP member not covered by Social Security and you have enough credits from other employment to be eligible for Social Security benefits at retirement.

- If you are a UCRP member covered by Social Security and you have a period of UCRP membership during which you were not covered by Social Security—for instance, if you were a UCRP member before January 1, 1971, and elected Social Security coverage on April 1, 1976.
- If you are eligible for Social Security benefits and you are eligible for a pension from a retirement plan other than UCRP based on any employment not covered by Social Security.

Certain people are exempt from this reduction. For more information, see the Social Security publication, *The Windfall Elimination Provision*, available from your Benefits Office or from Social Security.

Also, Social Security benefits may be reduced or eliminated at retirement if you are a UCRP member not covered by Social Security and you receive Social Security benefits as a spouse or surviving spouse. For more information, see the Social Security publication, *Government Pension Offset*, available from your Benefits Office or from Social Security.

Note that in all of these cases, only your Social Security benefits may be affected; your UCRP benefits remain the same.

Each year, the Social Security Administration sends employees and former employees aged 25 and older a personal Social Security Statement. This is a detailed, personal estimate of monthly Social Security benefit amounts you and your family may qualify for now and in the future. Note, however, that the Social Security estimate will not include any government pension offset or reduction for work not covered by Social Security, as described above.

Social Security benefits are taxable for some people but not for others.

If you have not received your automatic Social Security Statement in the last 12 months, you can request a statement on the web at www.ssa.gov, or by calling Social Security at 1-800-772-1213. The Social Security website is filled with valuable

information about Social Security benefits, application procedures and Medicare. You can also get information from your local Social Security office.

Savings Bonds

After you retire, if you want to purchase U.S. Savings Bonds, you should contact the nearest Federal Reserve Bank or visit the Department of Treasury website at www.savingsbond.gov. Deductions for savings bonds cannot be taken from retirement checks.



Health and Welfare Plans

Eligibility to Continue Medical and Dental Coverage

UC currently offers medical and dental insurance to eligible UCRP members who elect UCRP monthly retirement income. Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether.

If you elect UCRP monthly retirement income, you may be eligible to continue your UC medical and/or dental coverage if:

- You were enrolled when you left UC employment;
- You elect to continue coverage at the time of retirement;
- Your retirement date is within 120 days of your separation from employment;
- Your coverage is continuous until the date your retirement income begins; and
- You meet the UC service credit requirements shown below, based on the date you became a retirement plan member.

Only UC service credit counts toward eligibility for medical and dental benefits. (Service credit from a reciprocal system as a non-UC employee only affects retirement plan benefits.)

If there is a gap in time between your last day on active pay and your retirement date, you may have to pay the full cost for your monthly medical and dental plans (including UC's contribution) in order to remain covered and to continue eligibility into retirement.

You waive all rights to continue annuitant medical, dental, and legal benefits if you elect a lump sum cashout (see "Coverage You May Continue" on page 15).

* Service credit may include service credit for sick leave or service credit bought back for leave, furlough, temporary layoff, sabbatical, extended sick leave, TRIP, TRIT, or for a period for which you received a refund. See "Service Credit Buyback" in the appropriate UCRP summary plan description.

Service Credit Requirements

If you entered UCRP before January 1, 1990, and you have not had a break in service of more than 120 days, you will receive 100 percent of UC's maximum contribution toward the plan's monthly premium. You are eligible if:

- You retire before age 55 and have at least 10 years of UC service credit* (five years for Safety).
- You retire at age 55 or later and you have at least five years of UC service credit.

If you entered UCRP on or after January 1, 1990, or were rehired after that date following a break in service of more than 120 days, you will receive a percentage of UC's maximum contribution toward the plan's monthly premium. The percentage corresponds to your years of UC service credit as shown below:

Graduated Eligibility

Years of Member's UC Service Credit	Percentage of UC Contribution
0-4	Not eligible
5-9	If age plus years of service credit equal at least 75, then 50%; otherwise not eligible.
10	50%
11-20	Increases in 5% increments to 100%

If you are not eligible to continue medical and dental coverage as a retiree, see "Coverage You May Continue" on page 15.

Imputed Income

If your same-sex domestic partner or your partner's child or grandchild is enrolled in your UC-sponsored medical or dental plan, UC's contribution toward the additional coverage is considered your imputed income. It is subject to FICA (Social Security and Medicare) and federal and state income taxes. See the *Benefits for Domestic Partners* booklet for more information.

Medicare

Medicare is our country's health insurance program for people age 65 or older, certain people with disabilities who are under age 65, and people of any age who have permanent kidney failure. There are two parts to Medicare. They are hospital insurance (Medicare Part A) and medical insurance (Medicare Part B). Medicare Part A is financed by payroll taxes, and, if you are eligible to receive it based on your own—or your spouse's—employment, you do not pay a premium. Medicare Part B is partly financed by monthly premiums paid by people who choose to enroll.

If you are enrolled in a UC-sponsored medical plan after retirement and you or any of your enrolled family members (except an adult dependent relative) become eligible for Medicare Part A free of charge, UC requires that you (or the family members) enroll in Medicare Parts A and B. It is important that you enroll in Medicare Part B when you first become eligible (generally when you reach age 65, or, if you continue working past age 65, when you retire). If you don't enroll when you first become eligible, the cost of your monthly Medicare Part B premium increases significantly. For enrollment and eligibility information, call Social Security at 1-800-772-1213. You can also find Medicare information online at www.medicare.gov.

You must enroll in Medicare Part B or UC will cancel your medical insurance.

Once you are enrolled in a UC-sponsored medical plan for Medicare enrollees, UC may reimburse some or all of your Medicare Part B premium if the monthly UC contribution is greater than the cost of your plan.

Coverage You May Continue

If you or a family member loses eligibility for medical, dental, and/or vision coverage, you may be able to continue coverage through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). You have 60 days from the date of the qualifying event (your last day of UC employment, for example), or the date you receive notice of your continuation rights, whichever is later, to enroll.

Although not required under COBRA, UC may extend continuation coverage to eligible enrolled adult dependent relatives, same-sex domestic partners, and/or same-sex domestic partner's children or grandchildren for a limited time, if applicable, when eligibility for group coverage is lost.

If you do not elect group medical coverage under COBRA, you may convert your coverage to an individual policy, if available. If you elect group coverage under COBRA, you can convert to an individual policy only at the end of the full COBRA continuation period, and only if you maintain your COBRA continuation coverage throughout this period. (Dental and vision coverage cannot be converted to individual policies.)

California Continuation Coverage: If you are age 60 or older on the date your employment ends, with at least five years of continuous UC employment immediately before separation, you (and/or your former or current spouse or same-sex domestic partner) may be eligible to continue your UC-sponsored medical coverage for up to an additional five years after your COBRA period ends.

Health Care Reimbursement Account (HCRA): Your participation stops at the end of the pay period in which your last contribution is deducted from your pay. You may submit claims for eligible expenses incurred through your last day of plan participation. Expenses incurred after that date are not eligible for reimbursement. You may submit claims for funds in your account until the deadline for the plan year.

You may be able to continue participation under COBRA through the end of the plan year by making direct, after-tax payments to your account. Call SHPS for more information (page 28).

For more information, see the *Continuation of Group Insurance Coverage* notice.

Other Plans

Vision Plan

Vision coverage through UC is not available to retirees. However, you and your eligible family members may be able to continue coverage through COBRA/continuation (see “Coverage You May Continue” on page 15). Ask your Benefits Representative for information.

If you do not apply for continuation, coverage ends on the last day of the last period for which premiums are paid.

Basic Life, Supplemental Life, Dependent Life, Accidental Death and Dismemberment (AD&D) Insurance

Group coverage under these plans ends when you leave active UC pay status. However, you can convert any of the life plans to individual policies. You should carefully review benefits and costs with the insurance company before making a decision.

You have 31 days after UC coverage ends to apply for conversion. UC coverage ends on the last day of the last period for which premiums are paid. See your Benefits Representative for more information and the appropriate forms.

You and your spouse may purchase AD&D coverage after retirement. For full details, call American Home Assurance (see page 28).

Legal Insurance

If you are enrolled in the legal plan as an active employee, you may elect to continue coverage when you retire. For coverage to continue, your monthly retirement benefit should be large enough to cover your net premium deduction. If you elect the lump sum cashout, you forfeit your right to continue UC legal coverage.

Automobile and Homeowner/Renter Insurance

You may continue coverage by arranging to pay premiums directly to the insurance company. Contact A+ Auto and Home Insurance (California Casualty) for more information (see page 28).

Making Changes After Retirement

You can make changes to your medical and/or dental plans during UC’s annual Open Enrollment, generally held in November. The legal plan is open for enrollment only when announced. UC will send you information each year explaining your options. If your family circumstances are changing or you are planning to move, contact the UC Customer Service Center.

Coverage That Stops

You may neither continue nor convert these plans:

Short-Term and Supplemental Disability Plans

Disability coverage stops your last day actively at work before your retirement date or your cashout date. If you remain on pay status after your last day actively at work, you must complete a cancellation form to stop premium deductions for the Supplemental Disability Plan. Otherwise, you will be paying for coverage that has stopped.

Dependent Care Reimbursement Account (DepCare)

Contributions to your DepCare account stop when you go off pay status. You may continue to file claims for funds still in your account until the filing deadline for the plan year. The expenses you claim must have been incurred while you were on pay status. Any funds left in your account after the filing deadline will be forfeited.

Tax Savings on Insurance Premiums (TIP)

TIP stops with your last paycheck.

Workers’ Compensation and Business Travel Insurance

Coverage under these plans stops the last day you are at work.

Can You Afford to Retire?

Can you afford to retire? This is perhaps the first and most important question you need to answer before deciding to retire. No one can answer this question for you. *We urge you to consult your personal tax and/or legal advisor before making a decision.*

To help you organize your thoughts on the financial aspects of retirement, we have provided a series of simple worksheets. Using basic financial information, you can estimate whether your projected retirement income would meet your expenses. Remember, however, that these worksheets will provide only rough estimates—they use today's dollars and do not take inflation into account. They also ask you to do a good deal of rounding off and approximating.

Available on the Web

You can also find tools to help estimate your monthly retirement income or the lump sum cashout on the At Your Service website. You can find your current years of UCRP service credit, as well as personalized benefits projections and interactive estimators. Using these tools you can compare different benefit scenarios to help determine the best time to retire.

Worksheet 1: Estimating Your Basic Retirement Income

This worksheet estimates UCRP basic retirement income. It does not estimate any of the alternate payment options. Basic retirement income is essentially a percentage of your average monthly salary based on your years of service credit and your age at retirement. In order to estimate your basic retirement income, you first must estimate the three basic factors used in the retirement formula:

1. Your age at the time of retirement.
2. Your total service credit at the time of retirement. Service credit is the measure of time you've participated in UCRP. Part-time or variable-time work results in a proportionate amount of service credit.
3. Your HAPC. Essentially, this is your highest average monthly salary rate over any consecutive 36-month period. For a more specific definition, see "What is Your HAPC?" below.

What Is Your HAPC?

Technically, HAPC is your full-time equivalent covered compensation averaged over the consecutive 36 months during which your compensation is highest. This is usually—but not always—the three years just before you retire.

Covered compensation is the gross monthly pay an active UCRP member actually receives from UC for a regular and normal appointment. Only employment wages paid via UC payroll and reportable on form W-2 are considered compensation for UCRP service and calculation purposes. Covered compensation does not include the following:

- Pay for overtime unless in the form of compensatory time off;
- Pay for correspondence, summer session or equivalent term, intersession, or UC Extension courses, or for interquarter or vacation periods unless such employment constitutes a part of an annual or indefinite appointment;
- Pay that exceeds the full-time rate for the regular and normal position to which the employee has been appointed;
- Pay received in excess of the appropriate fiscal year base salary scale through negotiated arrangements;
- Pay received in excess of the appropriate fiscal year base salary scale for patient care or other professional services;
- Pay that exceeds established base pay rates, including nonelective deferred compensation, honoraria, and consulting fees; and
- Pay that exceeds the dollar limit defined in §401(a)(17) of the Internal Revenue Code.

Finding Your Benefit Percentage

Using your age and service credit, you can estimate your benefit percentage. To find your benefit percentage, read across the *Benefit Percentages* table (page 19) until you locate the age at which you wish to retire; then read down the column to the line showing the appropriate years of service credit. The number on this line is your approximate benefit percentage.

The table shows service credit and age only in whole years. Please note that the actual benefit percentage calculation for a retiring member is more precise: Service credit is calculated to the month and day; age is calculated to the last complete month before retirement.

Use this worksheet to help you compare the approximate retirement benefits you might receive at various ages.

Let's assume that an employee is 58 years old, has 20 years of service credit, and has an HAPC of \$5,000. What would her retirement income be if she were to retire? Using the *Benefit Percentages* table on page 19, read across the "Retirement Age" column to "58." Then read down the "Years of Service Credit" column to "20." This employee's estimated benefit percentage is 44.4 percent. Multiplying $.444 \times \$5,000$ results in an estimated basic retirement income of \$2,220 per month.

If this same employee were to continue working for two years—accruing two more years of service credit—the benefit percentage would rise to 55.0 percent (22 years of service credit at age 60), and the estimated basic retirement income would be \$2,750 per month.

Remember, the worksheet can give you only a rough estimate of your retirement benefit. For a more accurate estimate, see your Benefits Representative or call the UC Customer Service Center at 1-800-888-8267.

Worksheet 1—Estimating Your Basic Retirement Income

STEP 1	Your benefit percentage Enter your benefit percentage on line 1.	Line 1. _____
STEP 2	HAPC Enter your estimated HAPC on line 2. (If you are covered by Social Security, first subtract \$133 from your HAPC.)	Line 2. _____
STEP 3	Calculation Multiply line 1 by line 2. Enter the result on line 3. This is your estimated basic retirement income.	Line 3. _____

University of California Retirement Plan (UCRP)—Benefit Percentages

Effective January 1, 2001

Note: The benefit percentage is shown as a multiplier on this table. This table does not apply to Safety or Tier Two members.

AGE FACTOR:	.0110	.0124	.0138	.0152	.0166	.0180	.0194	.0208	.0222	.0236	.0250
RETIREMENT											
AGE:	50	51	52	53	54	55	56	57	58	59	60
YEARS OF SERVICE CREDIT											
5	.0550	.0620	.0690	.0760	.0830	.0900	.0970	.1040	.1110	.1180	.1250
6	.0660	.0744	.0828	.0912	.0996	.1080	.1164	.1248	.1332	.1416	.1500
7	.0770	.0868	.0966	.1064	.1162	.1260	.1358	.1456	.1554	.1652	.1750
8	.0880	.0992	.1104	.1216	.1328	.1440	.1552	.1664	.1776	.1888	.2000
9	.0990	.1116	.1242	.1368	.1494	.1620	.1746	.1872	.1998	.2124	.2250
10	.1100	.1240	.1380	.1520	.1660	.1800	.1940	.2080	.2220	.2360	.2500
11	.1210	.1364	.1518	.1672	.1826	.1980	.2134	.2288	.2442	.2596	.2750
12	.1320	.1488	.1656	.1824	.1992	.2160	.2328	.2496	.2664	.2832	.3000
13	.1430	.1612	.1794	.1976	.2158	.2340	.2522	.2704	.2886	.3068	.3250
14	.1540	.1736	.1932	.2128	.2324	.2520	.2716	.2912	.3108	.3304	.3500
15	.1650	.1860	.2070	.2280	.2490	.2700	.2910	.3120	.3330	.3540	.3750
16	.1760	.1984	.2208	.2432	.2656	.2880	.3104	.3328	.3552	.3776	.4000
17	.1870	.2108	.2346	.2584	.2822	.3060	.3298	.3536	.3774	.4012	.4250
18	.1980	.2232	.2484	.2736	.2988	.3240	.3492	.3744	.3996	.4248	.4500
19	.2090	.2356	.2622	.2888	.3154	.3420	.3686	.3952	.4218	.4484	.4750
20	.2200	.2480	.2760	.3040	.3320	.3600	.3880	.4160	.4440	.4720	.5000
21	.2310	.2604	.2898	.3192	.3486	.3780	.4074	.4368	.4662	.4956	.5250
22	.2420	.2728	.3036	.3344	.3652	.3960	.4268	.4576	.4884	.5192	.5500
23	.2530	.2852	.3174	.3496	.3818	.4140	.4462	.4784	.5106	.5428	.5750
24	.2640	.2976	.3312	.3648	.3984	.4320	.4656	.4992	.5328	.5664	.6000
25	.2750	.3100	.3450	.3800	.4150	.4500	.4850	.5200	.5550	.5900	.6250
26	.2860	.3224	.3588	.3952	.4316	.4680	.5044	.5408	.5772	.6136	.6500
27	.2970	.3348	.3726	.4104	.4482	.4860	.5238	.5616	.5994	.6372	.6750
28	.3080	.3472	.3864	.4256	.4648	.5040	.5432	.5824	.6216	.6608	.7000
29	.3190	.3596	.4002	.4408	.4814	.5220	.5626	.6032	.6438	.6844	.7250
30	.3300	.3720	.4140	.4560	.4980	.5400	.5820	.6240	.6660	.7080	.7500
31	.3410	.3844	.4278	.4712	.5146	.5580	.6014	.6448	.6882	.7316	.7750
32	.3520	.3968	.4416	.4864	.5312	.5760	.6208	.6656	.7104	.7552	.8000
33	.3630	.4092	.4554	.5016	.5478	.5940	.6402	.6864	.7326	.7788	.8250
34	.3740	.4216	.4692	.5168	.5644	.6120	.6596	.7072	.7548	.8024	.8500
35	.3850	.4340	.4830	.5320	.5810	.6300	.6790	.7280	.7770	.8260	.8750
36	.3960	.4464	.4968	.5472	.5976	.6480	.6984	.7488	.7992	.8496	.9000
37	.4070	.4588	.5106	.5624	.6142	.6660	.7178	.7696	.8214	.8732	.9250
38	.4180	.4712	.5244	.5776	.6308	.6840	.7372	.7904	.8436	.8968	.9500
39	.4290	.4836	.5382	.5928	.6474	.7020	.7566	.8112	.8658	.9204	.9750
40	.4400	.4960	.5520	.6080	.6640	.7200	.7760	.8320	.8880	.9440	1.0000

Note: Actual basic retirement income may vary depending on additional months of age and/or an additional partial year of service credit, and any applicable offsets.

Worksheets 2 and 3: Monthly Income and Monthly Expenses

Worksheets 2 and 3 ask you to list your current income and expenses and to estimate your income and expenses after you retire. Listing your current income and expenses will help you identify what could change when you retire. By comparing your projected income and expenses at retirement, you can determine whether you can afford to retire now.

If your projected income exceeds expenses, you may be able to move ahead with your decision to retire. If you come up with an income shortfall, you will need to explore other potential sources—Worksheets 4 and 5 will help. In either case, please remember that these are only rough estimates.

Worksheet 2—Monthly Income

Instructions: This worksheet will help you estimate your total income before and after retirement. Gather your financial records and fill in all relevant blanks. Use current dollars.

SOURCES	NOW			AFTER RETIREMENT		
	Yourself	Spouse/ Partner	Combined	Yourself	Spouse/ Partner	Combined
Salary						
UCRP Monthly Income						
Other Pension Income (CalPERS, TIAA-CREF, etc.)						
Social Security (if eligible)						
Real Estate/ Rental Income						
Business Income (profit)						
Dividend Income (stocks, bonds, etc.)						
Interest Income						
Other Income						
TOTAL						

Worksheet 3—Monthly Expenses

Instructions: This worksheet will help you estimate your total expenses before and after retirement. Gather your financial records and fill in all relevant blanks. Use current dollars.

SOURCES	NOW			AFTER RETIREMENT		
	Yourself	Spouse/ Partner	Combined	Yourself	Spouse/ Partner	Combined
Rent						
Mortgage						
Property Taxes						
Home Insurance						
Food						
Clothing						
Automobile						
Auto Insurance						
Other Transportation						
Working Expenses						
Utilities/Water/Trash						
Telephone						
House/Yard Upkeep						
Medical/Dental						
Education						
Entertainment						
Loan Payments						
Savings Deposits						
Gifts/Personal Items						
Income Taxes						
Other Taxes						
Life Insurance						
Other						
TOTAL						

Worksheets 4 and 5: Savings Balances and Income from Savings

If your projected monthly income will not meet your expenses, consider whether your savings can help you bridge the gap. Use Worksheet 4 to see how much money you have to work with.

Use Worksheet 5 to estimate what your income would be if you took periodic withdrawals from

your savings. The tables on page 24 show how much you could withdraw each month for 5, 10, 15, or 20 years. One table assumes an annual interest rate of 4 percent. The other assumes an annual interest rate of 6 percent.

Once again, remember that these are only estimates of the income you could receive. If you have an IRA, Keogh, or other investments, you should ask the appropriate institution about your options at retirement.

Worksheet 4—Savings Balances

Instructions: Gather your financial records and record your current balance for each of the following:

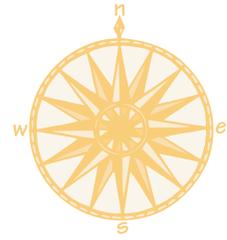
	Yourself	Spouse/Partner	Combined
UCRP CAP Balance			
Defined Contribution Plan			
Tax-Deferred 403(b) Plan			
403(b)(7) Mutual Funds			
IRA			
Keogh			
Savings/Municipal Bonds			
CDs			
Commercial Savings Accounts			
401(k) Plan			
Stocks/Other Mutual Funds			
Other Holdings			
TOTAL			

Worksheet 5—Income from Savings

Instructions: Gather your financial records and record your estimated monthly income for each of the following:

	Yourself	Spouse/Partner	Combined	How Many Years
UCRP CAP Balance				
Defined Contribution Plan				
Tax-Deferred 403(b) Plan				
403(b)(7) Mutual Funds				
IRA				
Keogh				
Savings/Municipal Bonds				
CDs				
Commercial Savings Accounts				
401(k) Plan				
Stocks/Other Mutual Funds				
Other Holdings				
TOTAL				





How Long Will Your Savings Last?

Assuming either 4 percent or 6 percent interest, read down the *Amount on Deposit* column until you find your current balance (from Worksheet 4). Monthly withdrawals from your savings are shown for periods of 5, 10, 15, and 20 years.

Interest Rate: 4%

Amount on Deposit	Years of Monthly Withdrawals			
	5	10	15	20
5,000	91.62	50.29	36.69	30.01
7,500	137.43	75.43	55.03	45.02
10,000	183.24	100.58	73.37	60.03
12,500	229.05	125.72	91.71	75.03
15,000	274.86	150.86	110.06	90.04
17,500	320.67	176.01	128.40	105.04
20,000	366.49	201.15	146.74	120.05
22,500	412.30	226.30	165.08	135.06
25,000	458.11	251.44	183.43	150.06
27,500	503.92	276.58	201.77	165.07
30,000	549.73	301.73	220.11	180.08
32,500	595.54	326.87	238.45	195.08
35,000	641.35	352.02	256.80	210.09
37,500	687.16	377.16	275.14	225.10
40,000	732.97	402.31	293.48	240.10
42,500	778.78	427.45	311.83	255.11
45,000	824.59	452.59	330.17	270.11
47,500	870.40	477.74	348.51	285.12
50,000	916.21	502.88	366.85	300.13
60,000	1,099.46	603.46	440.22	360.15
70,000	1,282.70	704.03	513.60	420.18
80,000	1,465.94	804.61	586.97	480.20
90,000	1,649.19	905.19	660.34	540.23
100,000	1,832.43	1,005.76	733.71	600.25

Interest Rate: 6%

Amount on Deposit	Years of Monthly Withdrawals			
	5	10	15	20
5,000	95.83	54.85	41.56	35.19
7,500	143.74	82.27	62.34	52.79
10,000	191.66	109.69	83.12	70.39
12,500	239.57	137.11	103.91	87.98
15,000	287.49	164.54	124.69	105.58
17,500	335.40	191.96	145.47	123.18
20,000	383.31	219.38	166.25	140.77
22,500	431.23	246.80	187.03	158.37
25,000	479.14	274.23	207.81	175.97
27,500	527.06	301.65	228.59	193.56
30,000	574.97	329.07	249.37	211.16
32,500	622.89	356.49	270.16	228.76
35,000	670.80	383.92	290.94	246.35
37,500	718.71	411.34	311.72	263.95
40,000	766.63	438.76	332.50	281.55
42,500	814.54	466.18	353.28	299.14
45,000	862.46	493.61	374.06	316.74
47,500	910.37	521.03	394.84	334.34
50,000	958.28	548.45	415.62	351.93
60,000	1,149.94	658.14	498.75	422.32
70,000	1,341.60	767.83	581.87	492.71
80,000	1,533.26	877.52	665.00	563.09
90,000	1,724.91	987.21	748.12	633.48
100,000	1,916.57	1,096.90	831.25	703.87

Returning to UC After Retirement

Each year, some faculty and staff retirees return to work at UC. Your decision to return to work can have a significant impact on your ongoing and future benefits. This section briefly addresses reemployment and how it affects retirement income and health and welfare benefits. For more information, contact your local Benefits Office or call the UC Customer Service Center.

Guidelines for Reemployment

The Internal Revenue Code (IRC) requires that you separate from UC employment before you receive a distribution from UCRP. This restriction applies to monthly retirement income, the lump sum cashout, and the CAP balance. (The restriction also applies to some DC Plan and 403(b) Plan funds as described on page 27.) Following are University guidelines for reemployment after retirement.

- You should not return to work at UC until after you receive your first retirement payment (or your lump sum cashout), generally 90 days after your termination date. In any case, you may not return to work sooner than 30 days after your termination date, even if you've received your first retirement payment or lump sum cashout.

- Your return to work should be caused by exigent circumstances—for example: the University could not find a suitable replacement after a search, your personal circumstances changed, or the University's circumstances changed.
- You should work less than 1,000 hours in 12 months (if paid hourly) or be reappointed at 46 percent time or less.

Reemployment and UCRP Retirement Income

If you are receiving monthly retirement income and you are rehired by the University, you must choose either:

- (1) to accept the waiver, that is, waive your rights to additional UCRP service credit associated with your reemployment, and continue to receive your monthly benefits; or
- (2) to decline the waiver, that is, be reinstated as an active member of UCRP (if your new appointment qualifies you), and suspend your monthly UCRP retirement income payments. (The waiver option is not available for those employees who receive a UCRP lump sum cashout.)

Your decision will affect your retirement benefits as well as your eligibility for health and welfare benefits, as described on the next page. If you return to work, ask your Benefits Office or the person in your department who handles benefits for a *Returning to UC Employment After Retirement Factsheet and Waiver*.



If You Accept UCRP Waiver

Impact on Retirement and Savings Plans

If you accept the waiver, you:

- can continue to receive monthly retirement income while working for the University.
- will not be reinstated as an active UCRP member and will not earn additional UCRP service credit.
- will be required to contribute 7.5 percent of your pay to the DC Plan Pretax Account as a Safe Harbor participant.
- may also choose to contribute to the DC Plan After-Tax Account and/or the Tax-Deferred 403(b) Plan.

Impact on Health and Welfare Plans

If you accept the waiver and continue to receive monthly retirement income upon your return to UC employment, you can choose to continue your retiree medical, dental and legal coverage. Or, you can enroll as an employee in any health and welfare plans for which your reemployment qualifies you.

If you continue your retiree benefits, any net premiums will continue to be deducted from your monthly retirement payments. **Note: You cannot have duplicate coverage as a retiree and an employee.**

If you or family members are Medicare eligible, see the next page.

When you're deciding whether to accept or decline the waiver, you may want to consider the following:

In general, declining the waiver may be to your benefit if:

- You were under age 60 when you originally retired, and you will be age 60 or older when you re-retire; or
- Your salary during your period of reemployment is significantly higher than your original salary.

If You Decline UCRP Waiver

Impact on Retirement and Savings Plans

If you decline the waiver and your appointment does **not** make you eligible for UCRP membership, your monthly retirement income continues.

If you decline the waiver and your new appointment meets the requirements for UCRP membership (either immediately or after 1,000 hours on pay status in 12 months—see the appropriate UCRP summary plan description):

- You will be reinstated as an active member and begin earning additional UCRP service credit.
- Your monthly UCRP retirement income payments, including any Social Security supplement, must be suspended. **Note: You must call the UC Customer Service Center to suspend retirement income and return any overpayment that occurs as a result of your reinstatement.**
- You will be required to contribute to the DC Plan Pretax Account in an amount determined by your UCRP membership classification. You may also choose to contribute to the DC Plan After-Tax Account and/or the Tax-Deferred 403(b) Plan.
- When you re-retire, your retirement income will be recalculated to include any additional UCRP service credit you earned during your period of reemployment.

If you decline the waiver and become an active member of UCRP, you can estimate the value of your future retirement income using the Retirement Calculator tool available on the At Your Service website (<http://atyourservice.ucop.edu>).

Impact on Health and Welfare Plans

If you decline the UCRP waiver and suspend your monthly retirement income when you return to UC employment, any medical, dental and/or legal coverage you have as a retiree stops. You may enroll as an active employee in any health and welfare plans for which your reemployment qualifies you. For more information about how declining the waiver affects your health and welfare benefits,

see your local Benefits Office or the person in your department who handles benefits.

Note: You cannot have duplicate coverage as a retiree and an employee.

If you or family members are Medicare eligible, see below.

If You or Your Family Members are Medicare Eligible

If you or your family members are covered by Medicare and you become eligible for employee medical coverage because of your rehired appointment, federal law requires that Medicare no longer be your primary payer. To comply with this federal regulation, you are required to cancel your retiree coverage and enroll as an employee with Medicare as the secondary payer, or opt-out of UC-sponsored medical coverage and have Medicare coverage only.

If eligible for employee medical coverage, your local Benefits Office or the person in your department who handles benefits will advise you on enrolling as an employee, and your retiree medical coverage will be canceled. Your premium will be paid from your employee earnings and, in most cases, your premium will increase.

If you are receiving any Medicare Part B reimbursement, it will stop.

Note: If you are eligible for UC-sponsored employee medical coverage as a result of returning to work, you cannot cancel your Medicare Part B enrollment even though Medicare is a secondary payer.

If your new employment excludes you from UCRP membership (e.g., you are appointed by agreement or per diem, or your appointment is for less than 43.75 percent time), you are not eligible for employee medical benefits. Your retiree benefits continue and Medicare remains the primary payer.

Reemployment and UCRP Lump Sum Cashout

If you take the lump sum cashout and you are later rehired by UC, you will be treated as a new employee. Your eligibility for future UCRP benefits and annuitant health coverage will be based on provisions in place on your rehire date and any service credit earned after your rehire. The UCRP waiver option is not available if you received a lump sum cashout.

When you elect the lump sum cashout, you forfeit the right to buy back any service credit up to the time of the cashout. This includes buyback for the cashout period itself, as well as for any periods of leave, furlough, noncontributory service, or earlier periods of UC employment.

DC Plan and 403(b) Plan

Once you return to pay status following retirement or a lump sum cashout, the normal DC Plan and 403(b) Plan distribution rules apply to you as an active employee, regardless of whether you accepted the UCRP waiver.

- You may not withdraw any money from the DC Plan Pretax Account.
- You may withdraw any money you have in the DC Plan After-Tax Account, and any 403(b) Plan money accumulated before January 1, 1989.
- You may not withdraw 403(b) Plan contributions made or earnings accumulated after December 1988 unless you are at least age 59½, disabled, or suffering from financial hardship as defined by the IRC.



For More Information



UC Benefits Offices

Berkeley Campus	510-642-7053
Davis Campus	530-752-1774 (press 3)
Davis Medical Center	916-734-8099
Irvine Campus	949-824-6986
Irvine Medical Center	714-456-5736
Los Angeles Campus	310-794-0830
UCLA Medical Center	310-794-0500
ASUCLA	310-825-7055
Riverside Campus	909-787-4766 x 1434
San Diego Campus	858-534-2816
San Diego Medical Center	619-543-8244
San Francisco Campus	415-476-1400
San Francisco Medical Center	415-353-4545
Santa Barbara Campus	805-893-2489
Santa Cruz Campus	831-459-2013
Office of the President/ Agriculture & Natural Resources	510-987-0123
Lawrence Berkeley National Laboratory	510-486-6403
Lawrence Livermore National Laboratory	925-422-9955
Los Alamos National Laboratory	505-667-1806
Hastings College of the Law	415-565-4703

UC Human Resources and Benefits

bencom.fone	1-800-888-8267
UC Retirement Administration Customer Service Center Monday–Friday Hours: 8:30 a.m.–4:30 p.m.	1-800-888-8267

Other Numbers

American Home Assurance (for AD&D conversion)	1-800-772-7863
A+ (California Casualty) Service Center	1-800-800-9410
California Franchise Tax Board	1-800-852-5711
California Public Employees' Retirement System (CalPERS)	1-800-352-2238
California State Teachers' Retirement System (CalSTRS)	1-800-228-5453
Calvert Group Investment Funds	1-800-368-2745
Fidelity Investments Retirement Services	1-800-343-0860
Internal Revenue Service	1-800-829-1040
SHPS (DepCare and HCRA)	1-877-270-3915
Social Security Administration	1-800-772-1213

At Your Service

You can access UC benefits information online by visiting the At Your Service website. The site includes links to many of the organizations listed above.

<http://atyourservice.ucop.edu>

By authority of the Regents, University of California Human Resources and Benefits, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by the Regents. Source documents are available for inspection upon request (1-800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits—particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, annuitants, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums, employer contributions and monthly costs at any time. Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, and may be affected by the state of California's annual budget appropriation. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. Contact your Human Resources Office for more information.

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.

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Director of Diversity and Employee Programs, University of California Office of the President, 300 Lakeside Drive, Oakland, CA 94612 and for faculty to Director of Academic Affirmative Action, University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.

Website address: <http://atyourservice.ucop.edu>



University of California
Human Resources and Benefits
P.O. Box 24570
Oakland, CA 94623-1570

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