UC SANTA BARBARA

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New Retirement Options

As a result of the 2015 budget agreement with state leaders, UC is developing new retirement benefits for future employees.

Under the agreement, Gov. Gerry Brown and the Legislature will provide UC with $436 million over several years to help pay down the University's unfunded pension liability. In exchange, UC will implement a cap on the defined benefit (pension) portion of UC's retirement benefits, mirroring the cap on pension benefits for state employees under the 2014 California Public Employees' Pension Reform Act (PEPRA). This approach is designed to ensure the long-term financial stability of UC and its retirement program.

Last summer, UC President Janet Napolitano convened a task force to recommend options for retirement benefits that include the PEPRA cap. The task force has presented Napolitano with its recommendations, and she is asking for comments and recommendations from the UC community.

Key priorities for UC in designing a newest of retirement benefits are ensuring UC's long-term financial stability that, among other things, maintains the financial stability of UC Retirement Plan (UCRP) for current and future employees and allows for regular salary/merit increases for faculty and staff; maintains the competitiveness of overall compensation for UC faculty and staff; and facilitates appropriate levels of shared responsibility between UC and employees for individual retirement readiness, and providing programs that help employees prepare for retirement.

The new retirement benefits will apply only to employees hired on or after July 1, 2016. No changes will be made to the pension benefits of current employees or retirees, as accrued pension benefits are protected by law and cannot be reduced or revoked. Retirement benefits for union-represented employees are determined through the collective bargaining process, and the state's agreement to provide $436 million for UC's pension plan is contingent upon UC having the PEPRA cap for future hires, including union-represented employees.

UCSB's Academic Senate will hold a Town Hall to discuss the task force's recommendations on Monday, Jan. 25, from noon to 2 p.m. in Corwin Pavilion.

In addition, two 90-minute online webinars with senior UC officials will be held in February to explain the recommendations and to solicit questions and/or comments from employees. The first will begin at 2:30 p.m. Monday, Feb. 1; the second will begin at 1 p.m. Wednesday, Feb. 10. Those who do not have computer access or experience difficulties hearing the audio on the webinar can listen in by telephone by calling 1-877-256-8282 and entering the access code 21804895.

Faculty and staff members also are invited to submit comments through a dedicated website for the 2016 Retirement Program. Napolitano will use the community feedback to help inform the proposal she is expected to bring to the UC Board of Regents in March.

Information about the webinars, including participation codes, can be found at http://ucnet.universityofcalifornia.edu/news/2016/01/uc-community-invited-to-discuss-task-force-retirement-benefits-recommendations-for-future-employees.html.

The task force considered a range of options and recommended that future UC employees be offered a choice between two retirement benefit options. Option A is a hybrid approach with a new UC Retirement Plan defined benefit (DB) plan capped at the PEPRA salary limit plus a new supplemental defined contribution plan with eligible employee pay up to the Internal Revenue Code limit.

Option B is a pure defined contribution approach with a new stand-alone defined contribution plan with benefits-eligible employee pay up to the Internal Revenue Code limit.

Additional information, including the Retirement Options Task Force Report, a list of FAQ's and background on the 2015 budget agreement can be found at https://ucnet.universityofcalifornia.edu/compensation-and-benefits/2016….

About UC Santa Barbara

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