

University of California Retirement System, an Historical Perspective

1904	UC introduced its first employee pension plan, purchasing annuities for retiring professors at its two campuses: UC Berkeley and UC San Francisco.
1918	UC professors gained access to pension provide by the Carnegie Foundation; the University's plan became supplemental.
1924	Carnegie Foundation's assets were inadequate pension resources so UC instituted a dual program with a noncontributory Pension System and a contributory Retiring Annuities System (PRAS). Only academic instructors, professors and some high-ranking administrators were eligible for the plan.
1937	Non-academic UC employees were covered by membership in the California State Employees' Retirement System (SERS,) known today as the California Public Employees' Retirement System (CalPERS).
1961	The Regents established the University of California Retirement system (UCRS) to provide pension benefits to all full-time UC faculty and staff.
1966	Supplemental Annuity Defined Contribution plans were established to provide UCRP members with savings options.
1967	Eligibility for retirement was changed from age 55 and 20 years service credit to age 55 and 5 years service credit. A 3% contribution to the Supplemental Annuity Fixed annuity for faculty was added.
1969	Contributions to the Supplemental Annuity plans could be tax-deferred.
1971	Annual automatic cost-of-living adjustments (COLAs) were applied to retirement benefits; survivor and disability benefits were improved to parallel those from Social Security. New members were required to contribute to plan from date of hire, regardless of age. (Previously, members under age 30 were not required to make contributions but could elect to do so.) Member contributions became a single, fixed rate rather than varying by age and gender.
1972	Pension formula was increased to 2% age 60, rather than age 63. Survivor and disability benefits were improved.
1974	Special benefit provisions were added for members in police and firefighting appointments (Safety members). Survivor continuance with no reduction in retiree's pension was added.
1976	Social Security coverage was offered to UCRS members. Current members were given a choice of electing coverage; new members were covered automatically.
1977	Current members were given a second opportunity for Social Security coverage.

1979	<p>Mandatory retirement on July 1 following age 70 became effective for Staff and Officers of The Regents.</p> <p>2% Senior Management contribution added; may be directed to Supplemental Annuity plans.</p>
1982	<p>Mandatory retirement on July 1 following age 70 became effective for faculty.</p>
1983	<p>Member contributions became tax-deferred.</p>
1984	<p>Mandatory retirement ended for staff; Officers of the Regents' mandatory retirement remained July 1 following age 67; faculty, increased to July 1 following age 70.</p>
1987	<p>Tier Two, a noncontributory plan option with reduced benefits, was offered.</p> <p>IRC 415(m) limits on benefits were added to plan.</p>
1988	<p>Pension formula age factors increased for ages 60 through 63, approximating PERS factors.</p> <p>Ad-hoc COLA approved giving annuitants 75% of original UCRP pension's purchasing power.</p>
1989	<p>UCRS was reconfigured from corporate resolution into three plan documents: the University of California Retirement Plan (UCRP, the Defined Benefit plan,) the Tax-Deferred 403(b) Plan and the After Tax Contribution Plan (two Defined Contribution plans).</p> <p>University contributions to the Supplemental Annuity plans for faculty, Senior Management were ended.</p>
1990	<p>Minimum retirement age was reduced to age 50 (from 55).</p> <p>All or part of required UCRP contributions were redirected a new, pre-tax Defined Contribution Plan. The University's contribution to UCRP was set at zero percent.</p> <p>Tier Two was closed to new membership.</p>
1991	<p>A Voluntary Early Retirement Incentive Program (VERIP, known as "Plus 5") was offered to eligible members. Approximately 3,600 members elected early retirement, receiving 5 added years of UCRP service credit and a one-time lump-sum payment.</p> <p>Ad-hoc COLA giving annuitants 80% of original UCRP pension's purchasing power was implemented.</p>
1992	<p>Pension formula was changed to 2.4% at age 60 (from 63;) age factors from 50 through 59 were adjusted upward.</p> <p>A supplement to existing UCRP benefits was approved by The Regents: Capital Accumulation Provision (CAP) credits, a percentage of covered compensation paid during a specified period, were accrued by eligible active members. The first accrual credited on April 1, equaled 5% of the member's 1991 covered compensation. July 1, 1992 and July 1, 1993 accruals equaled 2.5% of covered compensation for each previous year.</p>

	<p>A Lump-Sum Cashout (LSC) was added, providing a one-time payment equal to the actuarial equivalent of the basic retirement benefit. Individuals choosing this option are not eligible for Retiree Health benefits.</p> <p>A second Voluntary Early Retirement Incentive Program (VERIP, known as “Take 5”) was offered to eligible members. Approximately 2,300 members elected early retirement, receiving 5 added years of UCRP service credit and a one-time lump-sum payment.</p>
1993	<p>A third Voluntary Early Retirement Incentive Program (known as VERIP-III) was offered to approximately 15,000 eligible UCRP members. Eligible campus and UCOP members choosing early retirement received 8 added years of UCRP service credit and/or age credit. Eligible DOE Laboratory members choosing early retirement received 6 added years of UCRP service credit and/or age credit.</p> <p>The Regents approved two more Capital Accumulation Credits for eligible members. The November 1, 1993 credit equaled 5.26% of the member’s covered compensation for July 1, 1993 through October 31, 1993. The July 1, 1994 credit equaled 2.67% of covered compensation for November 1, 1993 through June 30, 1994.</p>
1994	Mandatory retirement eliminated for faculty.
2000	Restoration Benefits approved by The Regents.
2001	Pension formula changed to 2.5% age 60 (from 2.4%); Safety members’ formula changed to 3% at age 50.
2002	April 1 CAP equaled 3% of covered compensation for April 1, 2001 through March 31, 2002.
2003	April 1 CAP equaled 5% of covered compensation for April 1, 2002 through March 31, 2003.
2006	Los Alamos National Laboratory newly hired employees moved to a “spin-off” plan; current members could choose to transfer to the spin-off plan.
2007	Lawrence Livermore National Laboratory newly hired employees moved to a “spin-off” plan; current members could choose transfer to the spin-off plan.
2008	Regents adopt new UCRP funding policy.
2010	UCRP contributions restarted.