

Know the Facts!

Guaranteed Pension Choice vs. Risky "Savings" Choice

Check out how much you could lose with UC's so-called "Savings" Choice.



| | Guaranteed Pension Choice <i>(Includes 403B & 457B)</i> | Risky "Savings" Choice <i>(401K/403B/403B/457B)</i> |
|---|---|---|
| Presentation | UC Retirement Plan manages the plan and provides Fidelity website with information. | UC has invited Fidelity investments LLC to advocate for 401K-style plan. Fidelity manages and profits from these programs, which they advertise as "benefit outsourcing" to "help employers control costs." |
| Investment <i>(Example: retire at age 65 with 20 years of service and salary of \$50,000)</i> | Almost double the monthly benefit compared to projections of retirement savings plan. (Example: \$2,083/month in benefits) | Around half the monthly benefit compared to pension. (Example: \$1,193/month in benefits) |
| Risk | Pension is guaranteed by the University of California | Shifts all the risk to you and leaves your retirement at the whims of Wall Street. |
| Security | Secure into the future. As a contract, it cannot be changed. | Employer contribution can change. Fees can change at any time. |
| Length of benefits | Rest of your life <i>(and possibly your partner/spouse's life or dependents, depending on choices you make).</i> | Lasts only until you run down your balance leaving you out of money if you live "too long". |
| Management | Investment professionals manage the fund, leveraging the whole of more than \$40 billion on behalf of recipients. | You are left out your own to figure out an investment strategy. It's you alone against Wall Street...good luck! |
| Portability | Can be kept at UC until retirement, even if you leave UC or cash out your contribution and put it into retirement savings with 6% interest. | Can be transferred to another 401K. |
| Eligibility | Vests after 5 years which means you're in the system permanently. You get your contributions back with 6% interest if you leave earlier than 5 years. | Vests after 1 year. |
| Fees | No fees to manage pension contributions. | Administrative and investment management fees that can be increased over time. |