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Office of the President

TO MEMBERS OF THE COMMITTEES ON FINANCE AND COMPENSATION:

ACTION ITEM

For Meeting of December 13, 2010

UNIVERSITY OF CALIFORNIA POST-EMPLOYMENT BENEFITS RECOMMENDATIONS

EXECUTIVE SUMMARY

The President, based on broad consultation with the University community and extensive review by the President's Task Force on Post-Employment Benefits (Task Force), recommends several changes to University-sponsored post-employment benefits for approval by the Board of Regents.

Previous Actions: **September 2008**: The Regents approved a funding policy for the campus and medical center segment of the University of California Retirement Plan (UCRP).

February 2009: The Regents approved restarting University and member contributions effective on or about April 15, 2010, subject to collective bargaining as applicable.

September 2010: An Overview of University of California Post-Employment Benefits, including UCRP and the Retiree Health Program, was presented to the Regents. The Regents approved employer and member UCRP contribution rates for Plan Years beginning July 1, 2011, and July 1, 2012, subject to collective bargaining as applicable. The Regents approved a revised amortization schedule (30 years instead of 15) for UCRP unfunded liabilities.

Prior Discussion: **November 2010:** Annual actuarial valuations for UCRP and for the Retiree Health Program were presented to the Regents.

November 2010: The President presented recommendations regarding changes to University-sponsored post-employment benefits for discussion by the Board of Regents.

RECOMMENDATIONS

The President recommends that the Committee on Finance recommend to the Regents that:

(1) The President be delegated authority and discretion to fully fund the Annual Required Contribution (ARC) for the University of California Retirement Plan (UCRP) in the following two phases. From fiscal year (FY) 2011 through FY 2018, the University would contribute to UCRP, to the extent practical, the "modified" ARC, which would include the normal cost plus interest only on the Unfunded Actuarial Accrued Liability (UAAL). Beyond FY 2018, the University would contribute the full ARC payment, which would include the normal cost on the pension, interest on the UAAL, and an amount that represents the annual principal contribution of the 30-year amortization of the UAAL. The President may utilize borrowing from the Short Term Investment Pool (STIP), restructuring of University debt, and other internal or external sources to fund the gap between scheduled pension contributions from the University and employees, and the required funding amount, as described above.

The President recommends that the Committee on Compensation recommend to the Regents that:

(2) UCRP be amended to provide a new tier of pension benefits applicable to employees hired on or after July 1, 2013, which would increase the early retirement age from 50 to 55, but retain many of the current features of UCRP in substantially the form illustrated in Attachment 1. The new tier would not offer lump sum cashouts, inactive member Cost of Living Adjustments (COLAs), or subsidized survivor annuities for spouses and domestic partners. For a summary of the proposed changes, see Attachment 2. For represented employees, all changes would be subject to collective bargaining.

~~(3) The Regents decline at this time to establish a program to restore benefits to highly compensated employees that otherwise are constrained by Internal Revenue Code limitations ("401(a)(17) restoration plan") and further, the Regents rescind approval of a 401(a)(17) restoration plan proposed in 1999, and affirm that such program never became effective and that no benefits have accrued or will accrue under its provisions, as conditions for effectiveness have not been met.~~

~~(4)~~(3) The University would lower, over time, the University's aggregate annual contribution to the Retiree Health Program to a floor of 70 percent.

~~(5)~~(4) The University implement a new eligibility formula for the Retiree Health Program for all employees hired on or after July 1, 2013, and non-grandfathered members described in Item ~~6~~ 5 below, that is based on the graduated formula set forth in Attachment 3, using both a member's age and years of UCRP service credit upon retirement, subject to collective bargaining for represented members.

~~(6)~~(5) The current eligibility provisions for the Retiree Health Program be maintained for active UCRP members whose age[1] plus UCRP service credit are greater than or equal to 50 and who have at least five years of UCRP service credit as of June 30, 2013 (referred to as "grandfathered members"). Employees who are active UCRP members on June 30, 2013, but do not meet the grandfathered member criteria (referred to as "non-grandfathered members") shall be subject to the new eligibility provisions described in Item ~~5~~ 4 above. In addition, if a non-grandfathered member retires between ages 50 and 55 with at least ten years of UCRP service credit, he or she would be eligible for "access only" coverage (no employer subsidy). A non-grandfathered employee could still attain the 100 percent UC contribution level at age 65 with 20 or more years of UCRP service credit.

~~(7)~~(6) The University implement an ad hoc COLA for UC-PERS Plus 5 Plan[2] annuitants to restore the purchasing power of their benefit to a level comparable to the benefit of their UCRP counterparts. In addition, the University shall implement an annual COLA provision generally based on the UCRP annual COLA formula, as long as the funded status of the UC-PERS Plus 5 Plan exceeds 100 percent.

~~(8)~~(7) The President be authorized to implement these approved recommendations regarding changes to UCRP, the UC-PERS Plus 5 Plan and the Retiree Health Program and supporting technical details.

BACKGROUND

The post-employment benefits the University of California (UC) offers employees play a vital role in attracting and retaining the caliber of faculty and staff needed to maintain UC as a premier public research university and preserve the quality of the University's service to the public. UC is committed to providing high quality benefit programs. The University's pension benefits are designed to recognize faculty and staff who spend long careers at UC. The University is also committed to focusing its efforts on providing fiscally sustainable post-employment benefits for both current and future retirees. The University faces serious challenges in achieving a fiscal balance between current expenses and long-term obligations. Costs are increasing, UC and its employees are facing increasing contribution levels, and the state has not resumed its funding to be applied to the University's pension fund.

An Overview of University of California Post-Employment Benefits, including UCRP and the Retiree Health Program, was presented to the Regents at their meeting on September 16, 2010. (See http://www.universityofcalifornia.edu/regents/regmeet/sept10/j4.pdf.)

[1] Measured in full-year increments.
[2] Retired members of the University of California Voluntary Early Retirement Incentive Program (the UC-PERS Plus 5 Plan) were members of PERS while employed at UC. They elected concurrent retirement under PERS and the UC-PERS Plus 5 Plan effective October 1, 1991. These members receive lifetime supplemental retirement income and survivor benefits from the UC-PERS Plus 5 Plan.

The President's recommendations for changes to the University of California Post-Employment Benefits, including UCRP and the Retiree Health Program, were presented to the Regents for discussion at their November 2010 meeting.
(See http://www.universityofcalifornia.edu/regents/regmeet/nov10/j3.pdf.)

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN PRESIDENT'S RECOMMENDATIONS FOR A NEW TIER DESIGN

In evaluating the post-employment benefits for future hires, the President's Task Force debated the attributes of a defined contribution plan (DC Plan) versus those of a defined benefit plan (DB Plan), such as UCRP. It was widely acknowledged that, as a DB Plan, UCRP has been critically important for recruiting and retaining outstanding faculty and staff – a key component of the University's excellence. By providing incentives for extended service, UCRP promotes the recruitment of talented people and encourages them to pursue a career with the University. The Plan's advantages, however, extend beyond recruitment. The formula-driven benefits provided by a DB Plan such as UCRP make it economically unattractive for faculty and staff to leave the University in midcareer, thus helping UC retain valuable employees who may receive employment offers from competing institutions.

The importance of the retirement income security that UCRP provides to faculty and staff was clearly reflected in the results of the Post-Employment Benefits survey that the Task Force authorized during the course of its deliberations. For all these reasons, the Task Force members had a strong consensus in advocating the preservation of DB Plan benefits for prospective employees.[3]

New Tier Features – Similarities and Differences from Current UCRP

The new tier design retains a significant number of current UCRP features, as described in Attachment 1. However, the new tier design also incorporates significant changes.

Later Retirement Age

Currently, UCRP members can retire starting at age 50, and reach the maximum age factor at age 60.[4] For future employees, the President recommends shifting the earliest retirement age to 55 and making the maximum age factor apply at age 65 under the new UCRP tier. An employee would be still be subject to the five-year vesting requirement and the ultimate benefit would be based on the total years of service credit, the highest average plan compensation (HAPC) over any consecutive 36-month period, and the age factor at retirement.

[3] The feasibility of additionally offering a defined contribution plan for the clinical enterprises will be studied over the coming months.
[4] Currently, a member's retirement benefit is based on the member's highest average plan compensation, years of UCRP service credit, and the relevant age factor, which increases from age 50 to age 60.

Lower Normal Cost

The Normal Cost of the new tier would be fully funded from the beginning and so would not impact UCRP's existing unfunded liability. At 15.1 percent of covered compensation, the estimated long-term total Normal Cost of the new tier is about 20 percent lower than the estimated long-term total Normal Cost of the current UCRP provisions. It is proposed that the University portion for the new tier would be 8.1 percent of covered compensation[5] and the member contribution rate would be 7.0 percent of covered compensation.

The Task Force participants agreed that a new hire tier implemented within UCRP should not include certain benefit provisions currently in the Plan that were considered to be too costly or not in keeping with the new tier design. Attachment 2 illustrates the design changes incorporated in the new tier that work to lower Normal Cost.

Other Recommendations

Addressing the Fiscal Challenge in UCRP

Based on the recommendations of the Task Force, the President recommends that the Regents delegate authority to the President to fully fund the UCRP ARC, to the extent practical, by paying UCRP "modified" ARC (Normal Cost plus interest only on the UAAL) from 2011 until 2018 and using other University resources to make up the gap between the scheduled total pension contribution percentage as approved by the Regents and modified ARC, including borrowing from the Short Term Investment Pool (STIP) and restructuring of University debt.

The first part of the recommendation involves paying UCRP Normal Cost plus interest only on the UCRP unfunded liability until 2018 as an interim financing strategy, and then switching to paying ARC (i.e., Normal Cost with full amortization of UAAL) thereafter. While paying both the principal and interest is the recommended long-term plan, an interest-only payment on UCRP's unfunded liability through June 2018 provides the University with approximately $900 million reduced pension costs from July 2011 to June 2018 (as described in the Post-Employment Benefits Task Force report). This interim financing strategy stops UCRP's unfunded liability from growing, achieves temporary budgetary relief, and moves the University closer to fully funding ARC.

The second part of the recommendation involves leveraging the University's large STIP balance by borrowing the annual funding gap amount from STIP at an agreed upon interest rate for a 30-year period. The borrowed funds would be used to pay the modified ARC in the fiscal years between 2011 and 2018. The amount borrowed would be limited to the annual funding gap between the Normal Cost plus interest on the UAAL and the scheduled total pension contribution percentage as approved by the Regents. The University's borrowing rate would be capped at the current STIP rate, which today is approximately 2.4 percent, much lower than the cost to issue

[5] Estimated University (employer) long-term portion of Normal Cost.

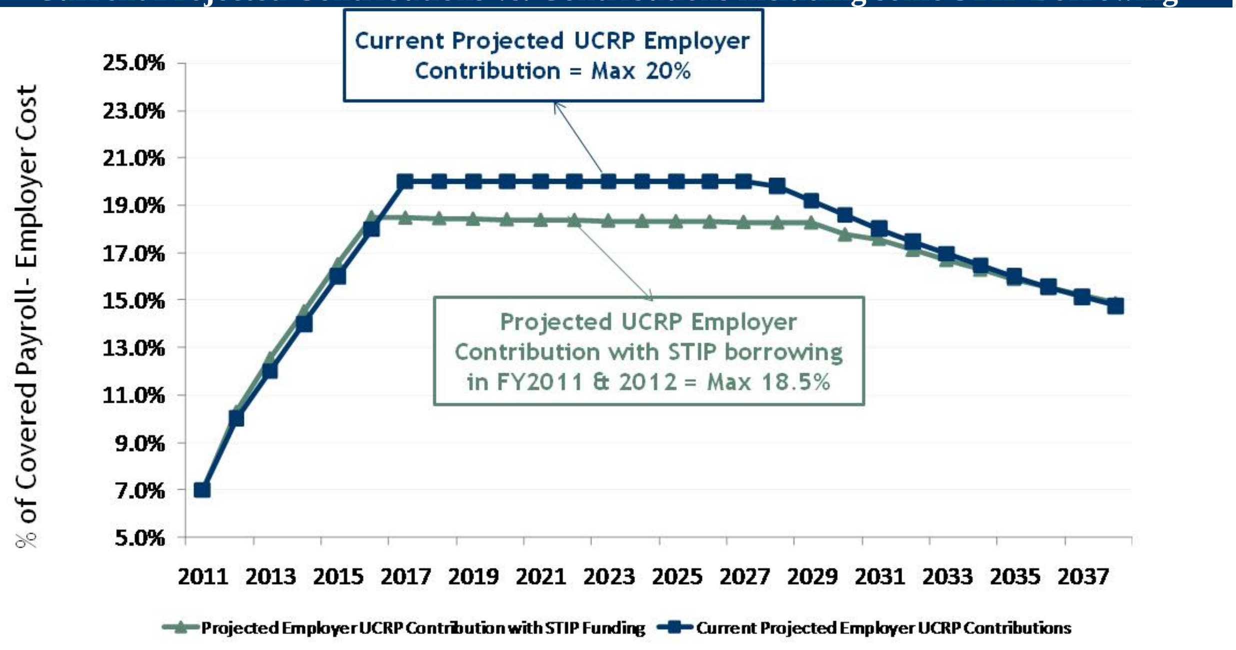
pension obligation bonds, which are another potential source of funding for contributions. If STIP rates were to fall below the cap of 2.4 percent, then the fund sources responsible for repaying the STIP loan would be charged the actual rate. The repayment terms are yet to be finalized, but in an extended period of positive market returns, it is possible that in the future the repayment of STIP could be accelerated. In addition, the total borrowed from STIP will be limited to an amount that does not adversely affect the University's daily liquidity needs.

While debt service repayment would have to be built into the operating budget, the relatively low borrowing rate limits the amount to between 0.3 percent and 0.8 percent of payroll over the 30-year term of the STIP loan. The repayment source for the loan would be distributed proportionally among the fund sources that currently pay into UCRP.

Due to restrictions on some STIP funds and the length of the borrowing period, certain exceptions would need to be granted. The Chief Financial Officer (CFO) and his staff are currently conducting a review of the 76,000 accounts in STIP, many of which are restricted. The CFO envisions coming before the Regents in March for any additional approvals that may be required. This will allow time to execute the STIP borrowing plan before the end of the fiscal year.

Under current modeling projections, the University's contributions increase annually by two percent to reach an imposed limit of 20 percent by FY 2017-18 and plateau at this cost until 2028, decreasing slowly thereafter in line with the decrease in ARC. Borrowing the University's annual funding gap from STIP in FY 2011-12 and FY 2012-13 ($1.1 billion and $0.9 billion, respectively) could reduce the University's maximum contribution to 18.5 percent from FY 2017-2028 instead of 20 percent, as shown in the graph below.

Employer UCRP Contribution:
Current Projected Contributions vs. Contributions including some STIP Borrowing



Assumptions:
-New tier as described within this item is implemented by FY 2013.
-STIP borrowing at 2.5 percent interest for a 30-year term, interest only payments until FY 2031, principal and interest payments from FY 2031-2042. Debt service payments included in “Projected Employer UCRP Contribution with STIP Funding.”

If the anticipated 18.5 percent employer contribution level proves harmful to UC’s other programs, then the Regents might consider other financing options, including restructuring the University’s debt and redirecting cash flow savings to meet the annual contribution to UCRP, and/or taking a portion of earnings on the portion of STIP not borrowed and redirecting that income to meet the annual contribution to UCRP.

~~Restoration Benefits~~

~~In 1999, the Regents approved a proposal to restore to highly compensated employees pension benefits that otherwise would be lost due to limitations in the Internal Revenue Code (section 401(a)(17)). Such approval however was subject to a favorable determination by the Internal Revenue Service and to concurrence by the President and the Chairs of the full Board and of the Committee on Finance on implementation of the proposal. Such concurrence on implementation has not occurred and accordingly the proposal, which was documented in a draft addendum to the UCRP known as "Appendix E," has never gone into effect. Among its recommendations, the Task Force proposed that the University establish a similar 401(a)(17) restoration plan, effective July 1, 2013. Due to the budget challenges currently facing the University, the President recommends that the Regents decline to adopt this recommendation. Additionally, in order to avoid any confusion over the status of the 1999 proposal, the President further recommends that the Regents formally rescind their approval of a 401(a)(17) restoration plan proposed in 1999~~

~~and affirm that such proposal never has gone into effect and that no benefits have accrued or will accrue under its provisions.~~

UC-PERS Plus 5 Plan

Members of the University of California Voluntary Early Retirement Incentive Program (the UC-PERS Plus 5 Plan) were members of the Public Employees' Retirement System (PERS) while employed at UC who elected concurrent early retirement under PERS and the PERS Plus 5 Plan effective October 1, 1991. These members now receive lifetime supplemental retirement income and survivor benefits from the PERS Plus 5 Plan. The PERS Plus 5 Plan is not part of UCRP and its assets cannot be used for any purpose other than paying PERS Plus 5 Plan benefits and administrative expenses.

As of July 1, 2010, the PERS Plus 5 Plan had 695 annuitants receiving benefits with total annual benefits in pay status of $4.8 million. Since it is a closed plan covering only retired members and their survivors, there will be no new entrants who would qualify for benefits and thereby increase future obligations. Based on current PERS Plus 5 Plan valuation assumptions, it is not expected that any future contributions will be required.

Below is a table showing the PERS Plus 5 Plan assets, present value of future obligations, surplus assets, and funded percentage as of July 1, 2010.

PERS Plus 5 Plan Assets and Liabilities as of July 1, 2010

Plan Assets	**Present Value of Future Obligations**	**Surplus Assets**	**Funded Percentage**
$59.4 million	**$35.5 million**	**$23.9 million**	**167%**

Unlike UCRP, the PERS Plus 5 Plan has no retiree COLA provision. As of July 1, 2010, the retained purchasing power of its annuitants' benefits was approximately 79 percent, whereas their UCRP counterparts, who retired at the same time, had retained purchasing power of approximately 91 percent.

Based on the Task Force recommendation and prior reviews, and due to the loss in purchasing power experienced by PERS Plus 5 Plan annuitants, and in consideration of the funded status of the PERS Plus 5 Plan, the President recommends implementing an ad hoc COLA for the PERS Plus 5 Plan annuitants of 15.19 percent effective on April 1, 2011. This would restore the purchasing power of PERS Plus 5 benefits to the same level as benefits for their UCRP counterparts. In addition, the President recommends implementing an annual COLA provision using the equivalent UCRP COLA formula. The proposed annual COLA would be paid annually, as long as the funded status of the PERS Plus 5 Plan exceeds 100 percent. This would maintain the purchasing power of PERS Plus 5 Plan benefits going forward at the same level as benefits for their UCRP counterparts. These recommendations reduce the current PERS Plus 5 funded status to approximately 131 percent and the surplus assets to approximately $14.2 million.

UNIVERSITY OF CALIFORNIA RETIREE HEALTH PROGRAM PRESIDENT'S RECOMMENDATIONS FOR CHANGES

Retiree health benefits are a valuable tool in the University's recruitment and retention efforts, and the results of the Post-Employment Benefits survey authorized by the Task Force attest to this fact. Access to affordable, quality health care coverage in retirement is a priority to UC employees and retirees alike, especially in light of skyrocketing healthcare costs. Consequently, the Task Force overwhelmingly recommended that the University continue to provide retiree health benefits. However, consistent with market trends, the Task Force recognized that changes with respect to premium cost sharing must be implemented over time. Additionally, new eligibility rules would encourage longer service with the University, thereby reducing costs as retirees' health care coverage provided by UC integrates more quickly with Medicare coverage.

The cost of the retiree health program is not pre-funded but rather included in the University's operating budget on a pay-as-you-go basis. Retiree health benefits are not paid from the UCRP trust. Program options, benefits, and rates are subject to change or termination each year and are not accrued or vested benefit entitlements.

Retiree Health Program – New Eligibility Criteria

The President recommends that new eligibility rules go into effect on July 1, 2013, for all new employees and existing employees who do not meet the "grandfathering" requirements described below. The new rules would be based on a formula that multiplies an age factor times UCRP service credit to determine the percentage of the University contribution. (See Attachment 3.) The formula increases the minimum age for the University contribution and provides a lower contribution for shorter University service, as follows:

- **Age 50-55 –** Non-grandfathered Members **/ Age 55 –** New Employees: access only for non-grandfathered members who retire between ages 50 and 55 and for new employees who retire at age 55. "Access only" means these retirees would pay the full cost of their coverage, that is, no employer subsidy.

- **Age 56 to 65 –** Non-grandfathered Members and New Employees: graduated contributions based on years of UCRP service credit and age. The two separate factors used in the new formula, age and service credit, are combined to determine the level of the University contribution to health premiums. (See Attachment 3.) An employee who retires at age 65 with 20 or more years of UCRP service credit would receive 100 percent of the University contribution to health insurance premiums.

Retiree Health Program – "Grandfather" Provision

In considering potential changes to retiree health eligibility, the Task Force recognized that applying new eligibility requirements to all employees could have unintended consequences where a large percentage of the workforce is currently eligible to retire or has many years of UCRP service credit. Approximately 25 percent of the existing active population is at least 50 years old with a minimum of five years of UCRP service credit and is technically eligible to retire. An additional 30 percent has age plus UCRP service credit greater than 50. A wave of retirements was envisioned by individuals trying to secure retiree health coverage under old eligibility rules before new rules took effect. Finally, there were concerns about the ability of those between age 50 and 56 to obtain coverage outside the University and about their ability to readjust retirement planning to provide for large medical premium costs.

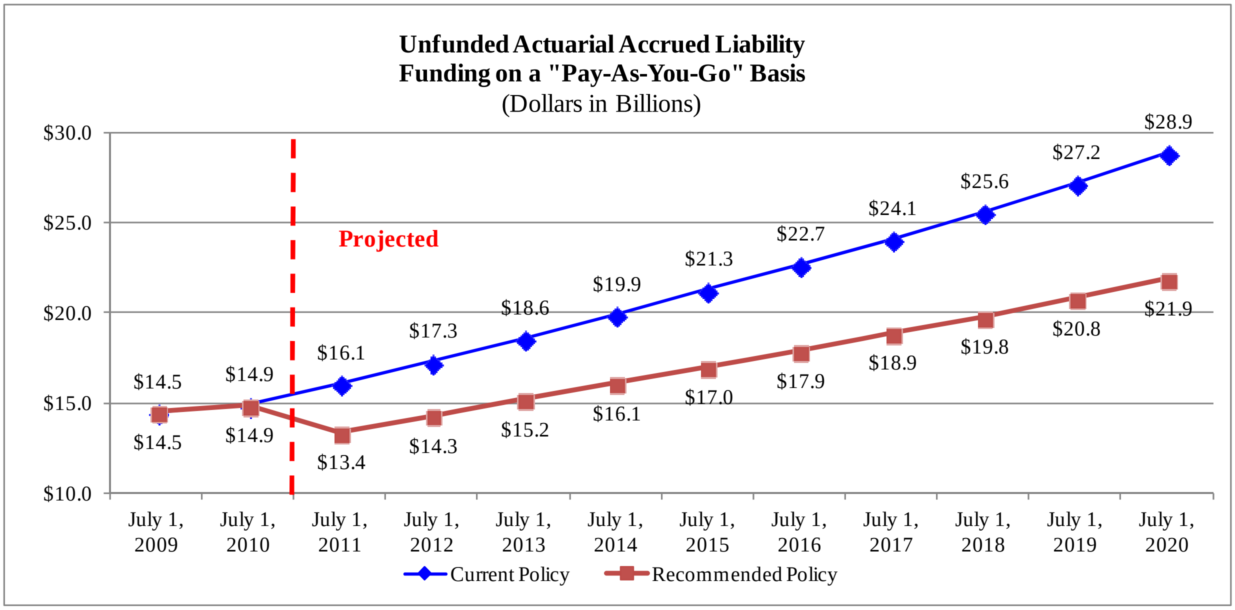
For these reasons, the President recommends that faculty and staff with age plus UCRP service credit greater than or equal to 50 and who have at least five years of UCRP service credit as of June 30, 2013, be “grandfathered” under the current graduated eligibility rules.

Retiree Health Program - Lower UC Maximum Contribution

The President also recommends that, over time, the University lower its maximum aggregate contribution toward the retiree health premiums to a floor of 70 percent. This recommendation would apply to all eligible recipients, regardless of grandfathering. Each year, during the annual health plan renewal process and in the context of overall budget resources, salary adjustments for active employees, and COLAs for retirees, the administration should reassess the level of the University contribution, the appropriateness of an additional 3 percent reduction in the contribution, and whether the floor should be 70 percent or a higher amount.

In contrast to its UCRP recommendations, the Task Force recommendations for the Retiree Health Program have an immediate impact on both the program’s total Normal Cost and unfunded liability. The recommendations, if fully implemented, would reduce the unfunded liability for retiree health from $14.9 billion to $12.7 billion and the long-term Normal Cost from 8.2 to 4.7 percent of covered compensation. However, the recommendations also have a long phase-in period for current faculty, staff, and retirees to allow them to plan for the proposed changes.

The following chart illustrates how the President’s recommendations, if approved, would reduce the unfunded liability of the Retiree Health Program.



Notice:

The University will take appropriate action concerning proposed changes that may trigger notice, consultation, and meeting and conferring obligations under the Higher Education Employer-Employee Relations Act, whenever any such action is required.

Attachments:

1. Chart - Current UCRP Features included in the New Tier Design
2. Chart - Current UCRP Features NOT included in the New Tier Design
3. Chart - Recommended Retiree Health Eligibility

ATTACHMENT 1

Provision	Current UCRP Features included in the New Tier Design
Guaranteed Income from a Defined Benefit Plan	Same as current UCRP
Maximum Age Factor	2.5 percent; same as current UCRP
Reduction for Early Retirement	5.6 percent per year; same as current UCRP
Highest Average Plan Compensation	36 consecutive months; same as current UCRP
Maximum Benefit	Included, 100 percent of HAPC or IRC limit, whichever is less; same as current UCRP
Vesting Requirement	5 years; same as current UCRP
Post-Retirement COLA	Included, same as current UCRP
Disability Benefits	Included; similar to current UCRP (subject to comprehensive review by administration)
CalPERS Reciprocity	Included; same as current UCRP

ATTACHMENT 2

Provision	Current UCRP Features NOT included in the New Tier Design
Lump Sum Cashout	No choice of a Lump Sum Cashout; retirees must take the pension as monthly income.
Inactive Member COLA	No Inactive Member COLA, which provides an inflation adjustment to the HAPC for vested individuals who leave UC employment but retire at a later point.
Subsidized Survivor Benefits	Currently, UCRP provides a partial survivor benefit to eligible survivors, including spouses, domestic partners, children, and dependent parents, who survive the retiree, without an actuarial reduction in the pension paid to the retiree. Under the new tier, a retiree may still choose to provide a survivor benefit, subject to an actuarial reduction in the pension paid to the retiree.
Social Security Supplement	Under the current UCRP terms, employees with Social Security who retire before age 65 receive a temporary supplement from UCRP, paid through the month of their 65th birthday (or through the month of death, if earlier). This supplement temporarily restores the $133 reduction applied to a member's HAPC to account for the University's contributions to Social Security. The new tier will not include the temporary Social Security supplement for retirees under age 65 or the $133 offset to HAPC.
Retirement Age	Currently UC members can retire starting at age 50, and the maximum age factor is available at age 60. For future employees, the President recommends shifting the early retirement age to 55 and making the maximum age factor apply at age 65. An employee would be eligible for minimum benefits at age 55 with 5 years of service.
Estimated Long-Term Normal Cost	15.1 percent of covered compensation
Employee Contribution	7.0 percent of covered compensation; does not include the $19 per month offset to member contributions.
Estimated University Portion of Normal Cost	8.1 percent of covered compensation

ATTACHMENT 3

Recommended Retiree Health Eligibility

The following chart shows the eligibility factors derived by multiplying the age factor times the service credit factor:

Recommended Graduated Eligibility based on Age and Service
Age at Retirement

Years of UCRP Service Credit at Retirement	Current Minimum Age 50	50-55	56	57	58	59	60	61	62	63	64	65
10	50%	0%	5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	35.0%	40.0%	45.0%	50.0%
11	55%	0%	5.5%	11.0%	16.5%	22.0%	27.5%	33.0%	35.0%	44.0%	49.5%	55.0%
12	60%	0%	6.0%	12.0%	18.0%	24.0%	30.0%	36.0%	38.5%	48.0%	54.0%	60.0%
13	65%	0%	6.5%	13.0%	19.5%	26.0%	32.5%	39.0%	42.0%	52.0%	58.5%	65.0%
14	70%	0%	7.0%	14.0%	21.0%	28.0%	35.0%	42.0%	49.0%	56.0%	63.0%	70.0%
15	75%	0%	7.5%	15.0%	22.5%	30.0%	37.5%	45.0%	52.5%	60.0%	67.5%	75.0%
16	80%	0%	8.0%	16.0%	24.0%	32.0%	40.0%	48.0%	56.0%	64.0%	72.0%	80.0%
17	85%	0%	8.5%	17.0%	25.5%	34.0%	42.7%	51.0%	59.5%	68.0%	76.5%	85.0%
18	90%	0%	9.0%	18.0%	27.0%	36.0%	45.0%	54.0%	63.0%	72.0%	81.0%	90.0%
19	95%	0%	9.5%	19.0%	28.5%	28.0%	47.5%	57.0%	66.5%	76.0%	85.5%	95.0%
20	100%	0%	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	80.0%	90.0%	100.0%

To find the University contribution for a particular age and number of years UCRP service credit, look down the far left column for the number of years UCRP service credit; then look across that row to the appropriate age. That will show the amount of the University contribution. Example: with 15 years of UCRP service credit at age 60, the retiree receives 37.5% of the University contribution.

Note:

- An eligible employee hired prior to July 1, 2013, who did not have a minimum of 5 years of UCRP service credit and whose age in whole years and UCRP service credit were less than 50 as of June 30, 2013, is considered a "non-grandfathered" employee. A non-grandfathered employee who retires between the ages of 50 and 55 years of age with 10 or more years of UCRP service credit is eligible for "access only" retiree health coverage (no employer subsidy).
- A new eligible employee (i.e. an eligible employee hired on or after July 1, 2013) is not eligible to retire until 55 years of age. A new eligible employee who retires at age 55 with 10 or more years of UCRP service credit is eligible for "access only" retiree health coverage (no employer subsidy).