



University of California

Proposal to Reinstate Contributions to UCRP



Overview

- Ongoing review of funded status of UCRP
- Proposal for action to reinstate contributions to UCRP
- Projections of funded status
- Presidential Task Force to develop multi-faceted strategy for post-employment benefit obligations (e.g. UCRP, retiree health/dental benefits)



Need to Reinstate UCRP Contributions

- No employer (including State) contributions have been made to UCRP since early 1990's
- No member contributions have been made to UCRP since early 1990's
- Decline in funded status
- New Regents policy for funding UCRP effective for FY 09/10
- Funding policy calculation results in total contribution of 11.61% of covered payroll (\$875M from all funding sources -- State portion is \$228M)



Proposed Employer Contributions

- FY 09/10
 - Requested funding for 9.5% of State – funded payroll (\$228M)
 - Governor's proposed 09/10 Budget agreed to fund 4% or \$96M; amount reduced to \$20M in proposed January Governor's Budget
 - \$20 million State funding and 4% contribution target translates into April 15, 2010 implementation date
 - All other employer payroll funding sources will also start at 4%
- FY 10/11
 - At least 4%, higher if funding available (e.g. 6% from all employer payroll funding sources is \$473M -- State portion is \$150M)



Proposed Member Contributions

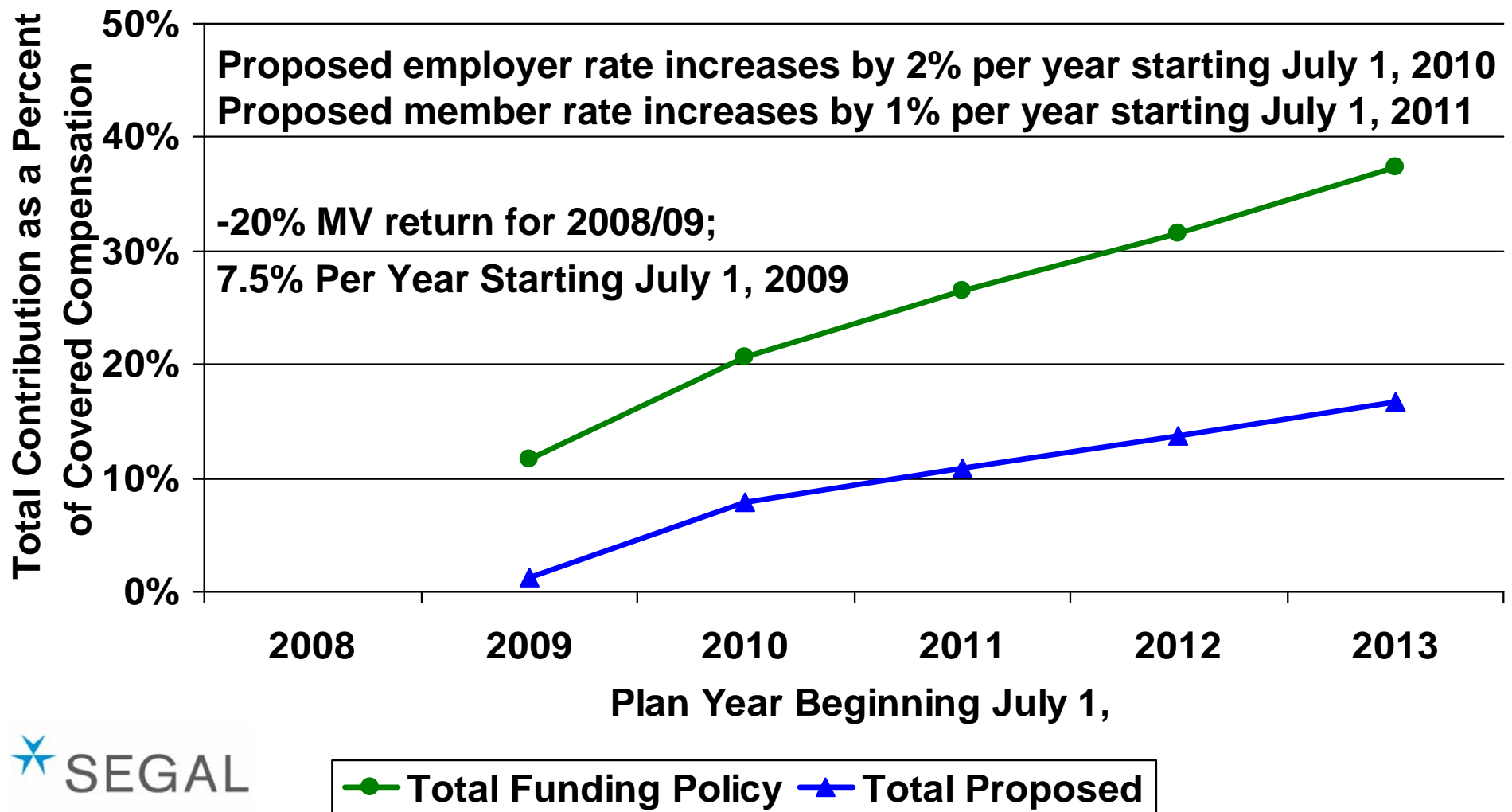
- Beginning April 15, 2010
- Amounts currently redirected to the DC Plan
 - About 2% for most members
 - No reduction in take - home pay
- Same amounts for FY 10/11
- Gradually increase to parallel CalPERS member rates (currently 5%)
- Subject to collective bargaining, as applicable



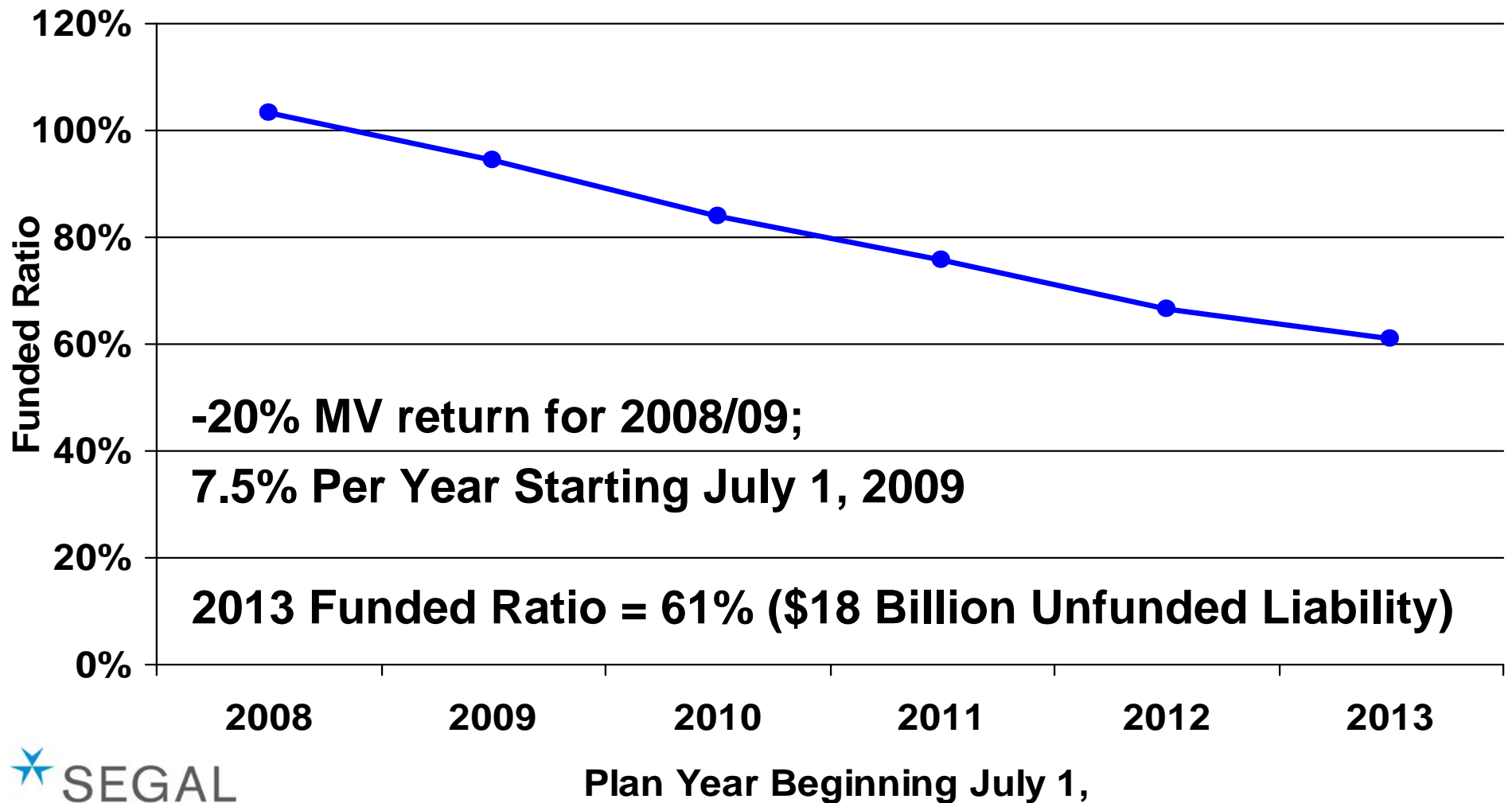
Academic Council Position

- Supports the reinstatement of contributions regardless of the immediate impact on total remuneration
- Restoring the competitiveness in faculty salary scales is equally important and imperative
- Asks Regents to use data from total remuneration analysis to make appropriate salary improvements in 2010-2011, including those to remedy loss to total remuneration from the restart of contributions

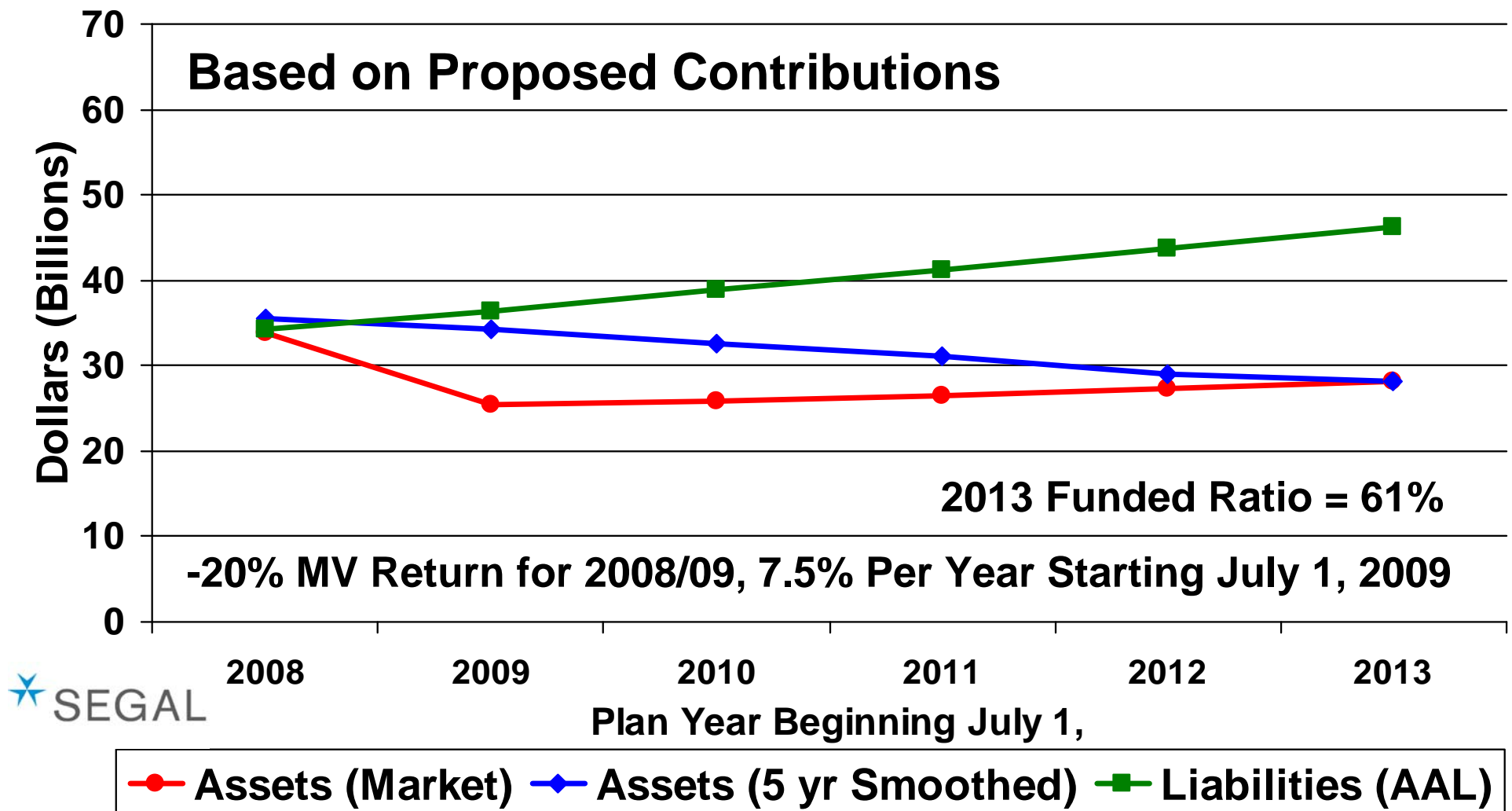
Proposed and Funding Policy Total Contributions



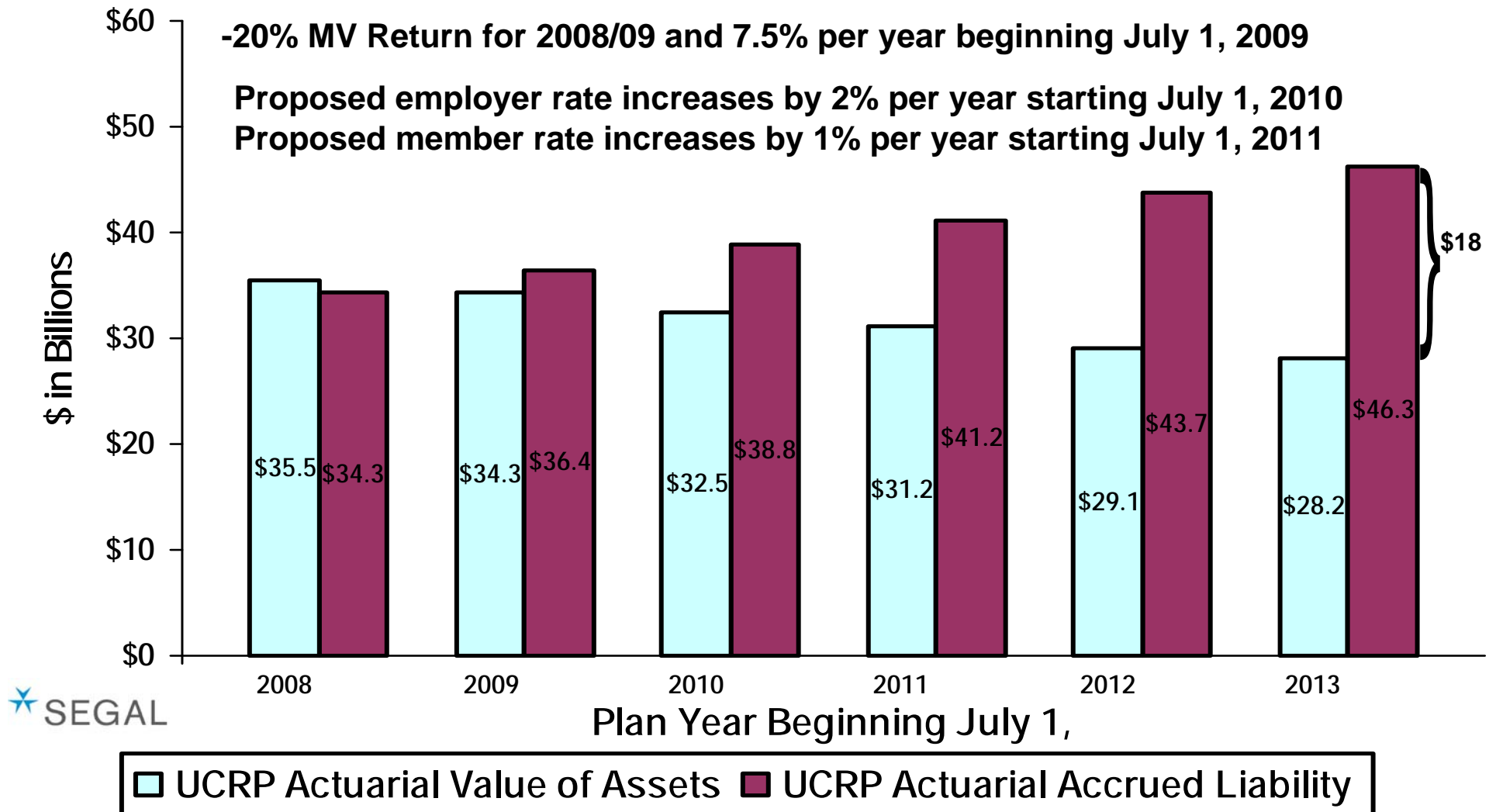
Funded Ratio (Actuarial Value Basis)



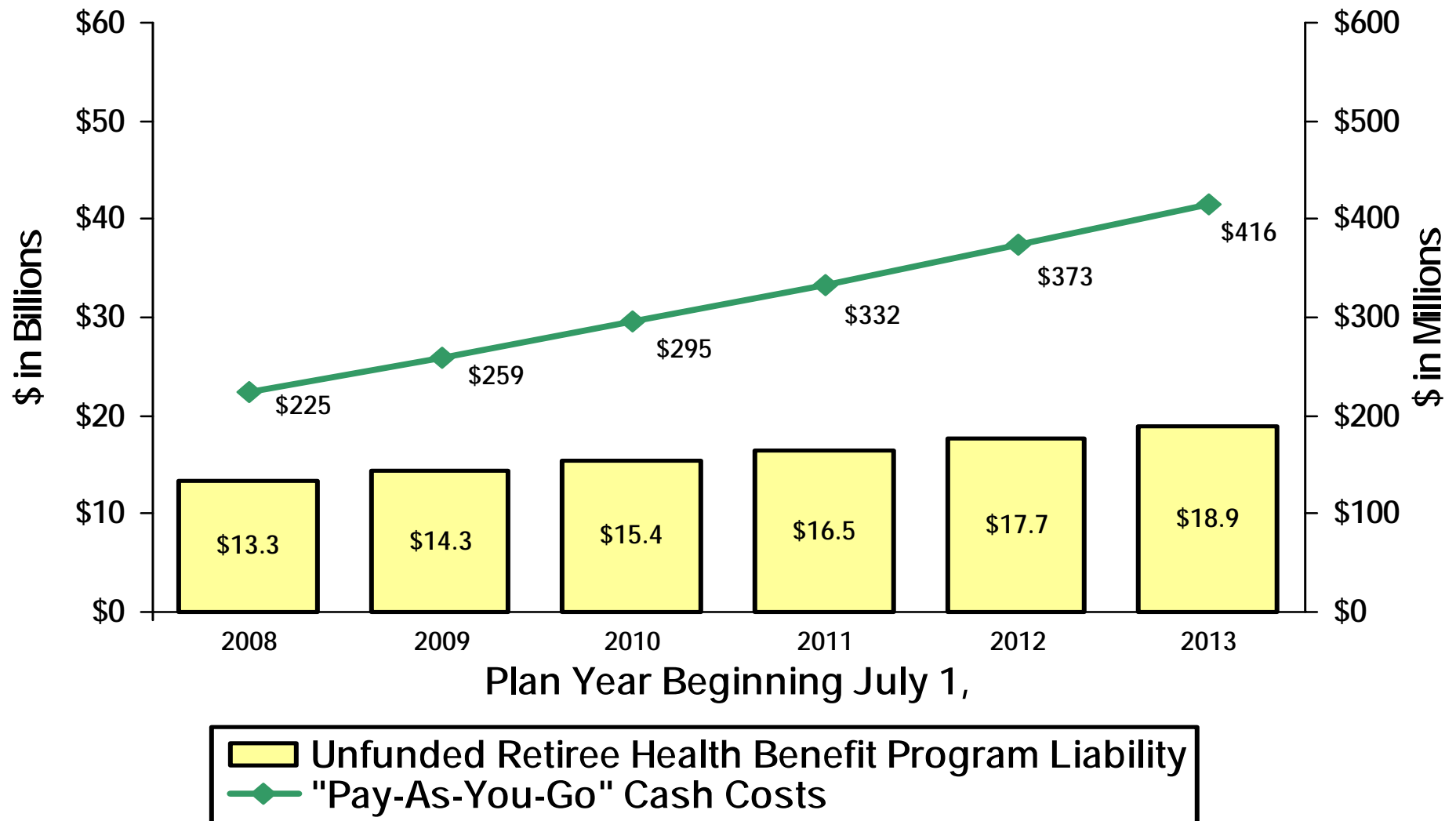
Projection of UCRP Assets and Liabilities



Overview of Regents' UCRP Assets / Liabilities / Shortfall



Overview of Regents' Unfunded Retiree Health Benefit Program Liability and Cash Costs





Task Force on Retirement Benefits

- Presidential Task Force will be formed to develop a comprehensive, long-term approach to UC obligations for post-employment benefits
- Will include representatives from a cross-section of UC stakeholders
- Recommendations to be incorporated into the budget and planning cycles for FY 11/12



Summary of Action Requested

- Approval of the reinstatement of contributions to UCRP beginning April 15, 2010
- Employer Contributions
 - April 15 – June 30, 2010: 4%
 - FY 10/11: At least 4%
- Member Contributions
 - DC Plan redirect amounts
 - April 15 – June 30, 2010 and FY 10/11
 - Subject to collective bargaining