



University of California Retirement Plan

*Actuarial Valuation Report
as of July 1, 2010*

Copyright © October 2010

**THE SEGAL GROUP, INC.,
THE PARENT OF THE SEGAL COMPANY
ALL RIGHTS RESERVED**



The Segal Company
100 Montgomery Street Suite 500 San Francisco, CA 94104
T 415.263.8200 F 415.263.8290 www.segalco.com

October 20, 2010

*Mr. Dwaine B. Duckett
Vice President, Human Resources
University of California
1111 Franklin Street, 5th Floor
Oakland, California 94607*

Dear Vice President Duckett:

We are pleased to submit this Actuarial Valuation Report as of July 1, 2010 for the University of California Retirement Plan (“UCRP” or “Plan”). It summarizes the actuarial data used in the valuation, determines total funding policy contribution rates for the 2011-2012 Plan Year and analyzes the preceding year’s experience.

The census and financial information on which our calculations were based was provided by the UC HR Staff. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion the assumptions as approved by the Regents are reasonably related to the experience of and future expectations for the Plan.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to reviewing this report at the November 2010 Regents meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: 

*Paul Angelo, FSA, EA, MAAA
Senior Vice President and Actuary*



*John Monroe, ASA, EA, MAAA
Vice President and Associate Actuary*

MYM/kek

SECTION 1

EXECUTIVE SUMMARY

Purpose	i
Significant Issues in Valuation Year.....	i
Summary of Key Valuation Results.....	v
Five-Year History of Total Funding Policy Contributions and Funded Status	vi
Summary of UCRP July 1, 2010 Valuation Results by Segment	vii

SECTION 2

VALUATION RESULTS

A. Member Data	1
B. Financial Information.....	4
C. Actuarial Experience.....	6
D. Total Funding Policy Contribution	10
E. Information Required by the GASB	11

SECTION 3

SUPPLEMENTAL INFORMATION

EXHIBIT A Table of Plan Coverage.....	12
EXHIBIT B Members in Active Service and Average Covered Compensation as of July 1, 2010.....	14
EXHIBIT C Reconciliation of Member Data	18
EXHIBIT D Summary Statement of Income and Expenses	19
EXHIBIT E Summary Statement of Assets ...	20
EXHIBIT F Development of Unfunded/(Overfunded) Actuarial Accrued Liability.....	21
EXHIBIT G Actuarial Liabilities	22
EXHIBIT H Table of Amortization Bases	23
EXHIBIT I Reconciliation of Total Funding Policy Contribution Rate from July 1, 2009 to July 1, 2010.....	24
EXHIBIT J Section 415 Limitations	25
EXHIBIT K Definitions of Pension Terms....	26

SECTION 4

REPORTING INFORMATION

EXHIBIT I Supplementary Information Required by GAS 25 – Schedule of Employer Contributions	28
EXHIBIT II Supplementary Information Required by GAS 25 – Schedule of Funding Progress.....	29
EXHIBIT III Supplementary Information Required by GAS 25.....	30
EXHIBIT IV Actuarial Assumptions and Methods	31
EXHIBIT V Summary of Plan Provisions.....	40
EXHIBIT VI UCRP Funding Policy.....	51
EXHIBIT VII Information for the University of California Annual Financial Report.....	54

SECTION 1: Executive Summary for the University of California Retirement Plan

SECTION 1: Executive Summary for the University of California Retirement Plan

Purpose

This report has been prepared by The Segal Company to present a valuation of the University of California Retirement Plan (“UCRP” or “Plan”) as of July 1, 2010. The valuation was performed to determine if the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Plan,
- The characteristics of covered active members, terminated vested members, retired members, disabled members and beneficiaries as of July 1, 2010,
- The assets of the Plan as of June 30, 2010,
- The funding policy adopted by the Regents,
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding member terminations, retirement, death, etc.

Significant Issues in Valuation Year

CONTRIBUTIONS

Reference: Pg. 10

- The total funding policy contribution rate increased from 20.40% of covered payroll to 23.25% of covered payroll. The increase in the total funding policy contribution rate was mainly due to the investment loss on the actuarial value of assets and to the approved contributions being less than the funding policy contributions during 2009-2010, offset to some extent by the change to the Regents funding policy. This total funding policy contribution rate is for the 2011-2012 Plan Year and applies to the non-laboratory segment of UCRP (i.e., campuses, medical centers and Hastings College of Law). Contributions for the laboratories are subject to the terms of the University’s contracts with the Department of Energy. More information on the various UCRP segments can be found in Section 1, page vii. Unless otherwise noted, results shown in this report are for all of UCRP.

Reference: Pg. 51

- The Regents have approved increasing the amortization period used for any actuarial experience gains or losses from 15 years to 30 years. All amortization bases as of July 1, 2010 were combined and the combined base was amortized as a level dollar amount over 30 years.

SECTION 1: Executive Summary for the University of California Retirement Plan

Significant Issues in Valuation Year (continued)

Reference: Pg. 49

- The Regents approved restarting contributions on or about April 15, 2010. The initial University contribution rate was 4% of covered payroll and the initial member rate was the same as the amount that was previously redirected to the Defined Contribution Plan (approximately 2% of covered payroll). In September 2010, the Regents approved increases in these rates for the Plan Years beginning July 1, 2011 and July 1, 2012. The University rate will increase to 7% of covered payroll and 10% of covered payroll for those Plan Years while the rate for most members will increase to 3.5% of covered payroll and 5% of covered payroll (less \$19 per month for all member rates). Member rates are subject to collective bargaining for represented employees.

ASSETS

Reference: Pgs. 7 and 8

- During the 2009-2010 Plan Year, the rate of return on the market value of assets was approximately 13%. Based on a partial recognition of this return as well as prior investment experience, the rate of return on the actuarial value of assets was 0.6%, which is less than the expected return of 7.5%.

Reference: Pg. 4

- The total unrecognized investment loss as of July 1, 2010 is about \$6.6 billion. This investment loss will be recognized in the determination of the actuarial value of assets for valuation purposes over the next few years. This implies that, if the Plan earns the assumed rate of investment return of 7.50% per year (net of investment expenses) on a **market value** basis, there will be investment losses on the actuarial value of assets in the next few years. Unless there are offsetting future experience gains, we anticipate that this will lead to increases in the future total funding policy contributions.
- This actuarial valuation report as of July 1, 2010 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan.

FUNDED RATIO

Reference: Pg. 11

- The Plan's funded ratio on an actuarial value basis decreased from 95% as of July 1, 2009 to 87% as of July 1, 2010. This decrease in funded ratio is mainly a result of the investment loss on the actuarial value of assets and the fact that the approved contributions were less than the funding policy contributions during 2009-2010. The Plan is in an unfunded position as the actuarial accrued liability exceeds the actuarial value of assets by \$6.3 billion. Information on the funded ratio and unfunded actuarial accrued liability for each UCRP segment can be found on page vii.

Reference: Pg. 21

SECTION 1: Executive Summary for the University of California Retirement Plan

Significant Issues in Valuation Year (continued)

CHANGE IN PLAN PROVISIONS

- This valuation report reflects the temporary Furlough/Salary Reduction Plan approved by the Regents in July 2009 and the amendment to UCRP adopted by the Regents to ensure that the Furlough/Salary Reduction Plan has no impact on the calculation of member benefits. This amendment did not result in any increase in benefits above those on which the valuation would have been based if the Furlough/Salary Reduction Plan had not been in place. However, about \$5 million less in UCRP employer and member contributions is estimated to be made from April 15, 2010 through August 31, 2010 as a result of the Furlough/Salary Reduction Plan.

FUTURE EXPECTATIONS

- The unrecognized investment losses of \$6.6 billion represent about 19% of the market value of assets. Unless offset by future investment gains or other favorable experience, the future recognition of the \$6.6 billion in market losses is expected to have a significant impact on the Plan's future funded ratio and future total funding policy contributions. This potential impact may be illustrated as follows:
 - If the deferred losses were recognized immediately in the actuarial value assets, the funded percentage would decrease from 86.7% to 72.8%.
 - If the deferred losses were recognized immediately in the actuarial value of assets, the total funding policy contribution would increase from 23.25% of covered payroll to 28.97% of covered payroll.
- Since the approved contributions are less than the total funding policy contributions, contributions at the approved level will create additional future actuarial losses that will lead to further increases in future total funding policy contributions. Since the total funding policy contributions are reported as the Annual Required Contribution (ARC) under Governmental Accounting Standards (GAS) 25 and 27, the accumulated total of these contribution losses are also reported under GAS 27 as a Net Pension Obligation (NPO).
- The last actuarial experience study covered the period from July 1, 2002 through June 30, 2006. We anticipate performing another actuarial experience study during the first half of 2011. As part of this study, recommendations for changes in actuarial assumptions may be made. For each of UCRP's demographic actuarial assumptions, these recommendations will generally be based on a comparison of actual experience versus that which was expected to occur.

Reference: Pg. 55

SECTION 1: Executive Summary for the University of California Retirement Plan

Significant Issues in Valuation Year (continued)

DEMOGRAPHIC EXPERIENCE

Reference: Pgs. 12 and 13

- Overall, the number of active members decreased by 0.7% from 115,745 as of July 1, 2009 to 114,928 as of July 1, 2010. The Plan has 53,902 members currently receiving benefits, an increase of 4.4% from 2009. Total annual benefits in pay status increased by 8.3%, to a level of \$1.8 billion. There are also 55,037 terminated members in the Plan who are entitled to future benefits. Within this group of terminated members there are 31,623 terminated vested members who are entitled to a deferred or immediate vested benefit and 15,916 terminated nonvested members who are entitled to a refund of member contributions or payment of their Capital Accumulation Provision (CAP) balance. There are also 7,498 members that transferred to the LANS or LLNS defined benefit plans who will be entitled to a CAP balance payment from UCRP after they separate from employment with LANS or LLNS.
- The actual average increase in salary for UCRP members that were active in both this valuation and the previous valuation was 2.6%. When compared to the average assumed increase of approximately 5.5%, this produced an actuarial gain due to salary increases less than expected.

SECTION 1: Executive Summary for the University of California Retirement Plan

Summary of Key Valuation Results

	2010 (\$ in 000s)	2009 (\$ in 000s)
Total funding policy contributions:		
Percentage of payroll*	23.25%	20.40%
Estimated annual dollar amount**	\$1,867,921	\$1,620,665
Funding elements for Plan Year beginning July 1:		
Normal cost (beginning of year)	\$1,354,302	\$1,338,726
Percentage of payroll (beginning of year)	16.94%	17.00%
Percentage of payroll (middle of year)	17.56%	17.63%
Market value of assets (MVA)	\$34,574,454	\$32,258,542
Actuarial value of assets (AVA)	41,195,318	42,798,773
Actuarial accrued liability (AAL)	47,504,309	45,160,525
Unfunded/(Overfunded) actuarial accrued liability	6,308,991	2,361,752
Funded ratio on actuarial value basis (AVA / AAL)	86.7%	94.8%
Funded ratio on market value basis (MVA / AAL)	72.8%	71.4%
Governmental Accounting Standard (GAS) 25 for Plan Year beginning July 1:		
Annual required contributions	\$1,812,546	\$1,695,137
Actual contributions	- -	148,445
Percentage contributed	N/A	8.8%
Demographic data for Plan Year beginning July 1:		
Number of retired members and beneficiaries	53,902	51,653
Number of vested terminated members***	55,037	54,883
Number of active members	114,928	115,745
Average covered compensation (actual dollars)	\$77,172	\$75,506

* Total funding policy contributions are for the Plan Year starting one year after the date of the actuarial valuation. The total funding policy contributions shown are for the non-laboratory segment of UCRP and exclude contributions for the Lawrence Berkeley National Laboratory Segment, the Lawrence Livermore National Laboratory Retained Segment and the Los Alamos National Laboratory Retained Segment of UCRP. Page vii shows those contributions by each segment. The Normal Cost plus interest on the July 1, 2010 UAAL represents 22.60% of covered payroll.

** Based on estimated covered payroll of \$8,034,068 (also in thousands) for the 2011-2012 Plan Year and \$7,944,437 for the 2010-2011 Plan Year. Actual contributions are set by the Regents and will be made based on actual payroll.

*** Includes terminated nonvested members due a refund of member contributions or CAP balance payment and members that transferred to the LANS or LLNS defined benefit plans who will be entitled to a CAP balance payment from UCRP after they separate from employment with LANS or LLNS.

SECTION 1: Executive Summary for the University of California Retirement Plan

FIVE-YEAR HISTORY OF TOTAL FUNDING POLICY CONTRIBUTIONS AND FUNDED STATUS

Effective with the July 1, 2008 valuation, a funding policy was adopted that determines total funding policy contributions based on the Plan’s normal cost adjusted by an amortization of any surplus or underfunding.

The total funding policy contribution rate is effective for the Plan Year starting one year after the date of the actuarial valuation and applies to the non-laboratory segment of UCRP. The total funding policy contribution rate for the 2011-2012 Plan Year is based on this valuation and is 23.25% of payroll.

The Regents approved restarting contributions on or about April 15, 2010. The initial University contribution rate was 4% of covered payroll and the initial member rate was the same as the amount that was previously redirected to the Defined Contribution Plan. In September 2010, the Regents approved increases in these rates for the Plan Years beginning July 1, 2011 and 2012.

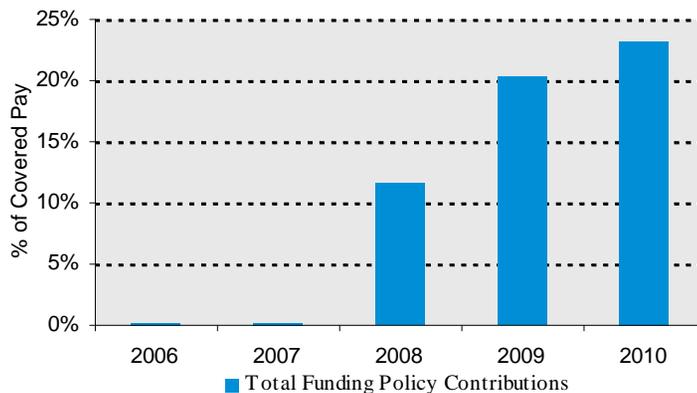
The Plan’s funded percentage (actuarial value of assets divided by actuarial accrued liability) over the past five years is shown below:

Plan Year <u>Beg. 7/1</u>	AAL <u>\$ in Billions</u>	AVA <u>\$ in Billions</u>	Funded <u>Percentage</u>
2006	\$40.3	\$42.0	104%
2007	41.4	43.4	105
2008	42.6	43.8	103
2009	45.2	42.8	95
2010	47.5	41.2	87

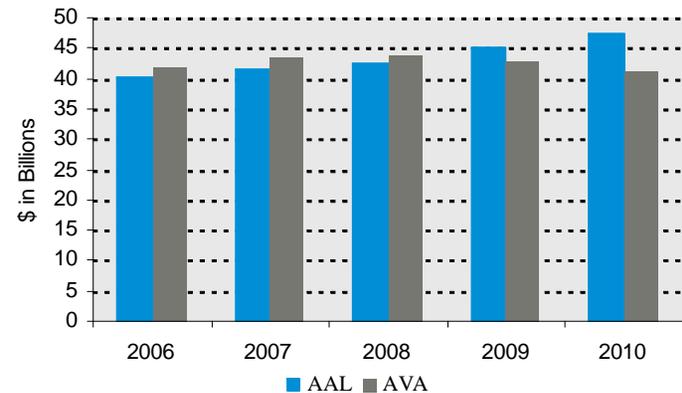
The actuarial accrued liability has shown a steady increase while the actuarial value of assets has remained relatively level as prior investment losses are recognized over a five-year period and contributions are just restarting.

The first graph shows a five-year history of the total funding policy contributions (non-laboratory segment of UCRP). The second graph shows the five-year history of the funded status – actuarial accrued liability versus the actuarial value of assets.

Five-Year History of Total Funding Policy Contributions Based on July 1 Actuarial Valuation Date



Five-Year History of Actuarial Accrued Liability and Actuarial Value of Assets for Plan Years Beginning July 1



SECTION 1: Executive Summary for the University of California Retirement Plan

Summary of UCRP July 1, 2010 Valuation Results by Segment (\$ in 000s)

	Total UCRP	Campus and Medical Centers*	Lawrence Berkeley National Laboratory (LBNL)	Lawrence Livermore National Laboratory (LLNL)	Los Alamos National Laboratory (LANL)
Normal Cost (beginning of year)	\$1,354,302	\$1,311,636	\$42,666	\$0	\$0
Market value of assets	34,574,454	28,312,060	1,412,821	2,528,604	2,320,970
Actuarial value of assets (AVA)	41,195,318	33,733,692	1,683,364	3,012,820	2,765,442
Actuarial accrued liability (AAL)	47,504,309	39,123,578	1,542,914	3,718,185	3,119,631
Unfunded/(Overfunded) actuarial accrued liability	6,308,991	5,389,886	(140,450)	705,365	354,189
Funded Ratio (AVA/AAL)	86.7%	86.2%	109.1%	81.0%	88.6%
Estimated Covered Payroll for 2011-2012 Plan Year	\$8,295,249	\$8,034,068	\$261,181	\$0	\$0
Total funding policy contributions**					
Percent of payroll***		23.25%	23.25%	N/A	N/A
Estimated dollar amount in 000s		\$1,867,921	\$60,725	N/A	N/A
Required Contractual Contributions****					
Estimated dollar amount in 000s		N/A	N/A	\$153,941	\$70,114

* Includes Hasting College of Law

** All total funding policy contributions are based on valuation results as of July 1, 2010. Please see Section 2, page 10 for more detailed information on this calculation.

*** The total funding policy contributions shown for the campus and medical centers and LBNL segments are for the Plan Year beginning July 1, 2011. Actual contributions for these two segments will be set by the Regents.

**** The contributions shown for the LLNL and LANL Retained Segments are required for the Plan Year beginning July 1, 2010 under the terms of the University's contracts with the Department of Energy, and are due by February 29, 2012.

Note: Results may not add due to rounding.

SECTION 2: Valuation Results for the University of California Retirement Plan

SECTION 2: Valuation Results for the University of California Retirement Plan

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographics of covered members, including active members, vested terminated members, retired members, disabled members and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B and C.

CHART 1

Member Population: 2001 – 2010

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

Year Beginning July 1	Active Members	Terminated Vested Members*	Retired Members, Disabled Members and Beneficiaries	Ratio of Retirees to Actives
2001	109,848	23,278	34,684	0.32
2002	117,776	25,198	36,165	0.31
2003	121,351	31,262	37,867	0.31
2004	123,717	39,874	39,738	0.32
2005	124,642	47,123	41,477	0.33
2006	122,317	52,548	45,442	0.37
2007	118,885	59,056	47,682	0.40
2008	114,242	64,566	50,171	0.44
2009	115,745	54,883	51,653	0.45
2010	114,928	55,037	53,902	0.47

* Includes terminated nonvested members due a refund of member contributions or CAP balance payment and members that transferred to the LANS or LLNS defined benefit plans who will be entitled to a CAP balance payment from UCRP after they separate from employment with LANS or LLNS.

SECTION 2: Valuation Results for the University of California Retirement Plan

Active Members

Plan costs and liabilities are affected by the age, service credit and covered compensation of active members. In this year's valuation, there are 114,928 active members with an average age of 44.8 years, average service credit of 9.4 years and average covered compensation of \$77,172.

Inactive Members

In this year's valuation, there were 55,037 terminated members. Within this group of terminated members there are 31,623 members with a vested right to a deferred or immediate vested benefit and 15,916 terminated nonvested members who are entitled to a return of their member contributions or a distribution of their CAP balance. There are also 7,498 members that transferred to the LANS or LLNS defined benefit plans who will be entitled to a CAP balance payment from UCRP after they separate from employment with LANS or LLNS.

These graphs show a distribution of active members by age and by service credit. In Chart 3 there are 220 members who have 40 or more years of service credit.

CHART 2
Distribution of Active Members by Age as of July 1, 2010

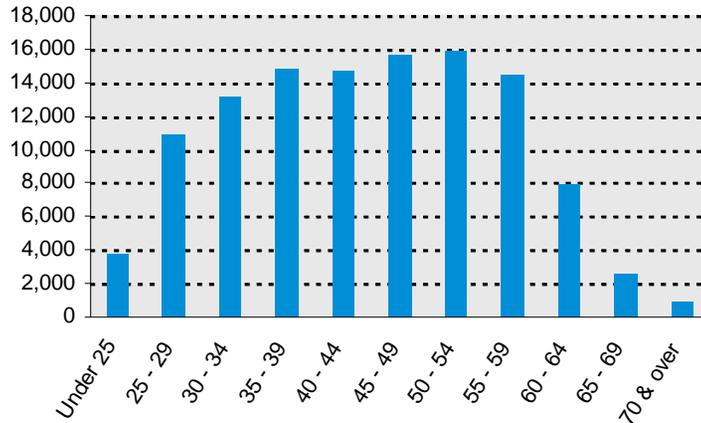
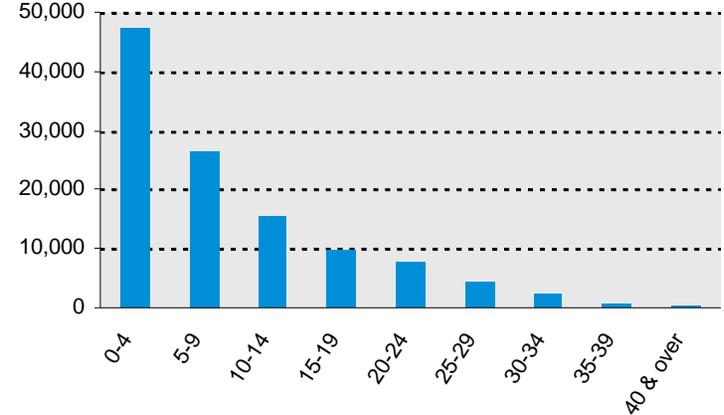


CHART 3
Distribution of Active Members by Service Credit as of July 1, 2010



SECTION 2: Valuation Results for the University of California Retirement Plan

Retired Members, Disabled Members and Beneficiaries

As of July 1, 2010, 45,111 retired members, 2,110 disabled members and 6,681 beneficiaries were receiving total monthly benefits of \$150,997,658.

These graphs show a distribution of the current retired members, disabled members and beneficiaries based on their monthly benefit and age.

CHART 4

Distribution of Retired Members, Disabled Members and Beneficiaries by Monthly Benefit as of July 1, 2010

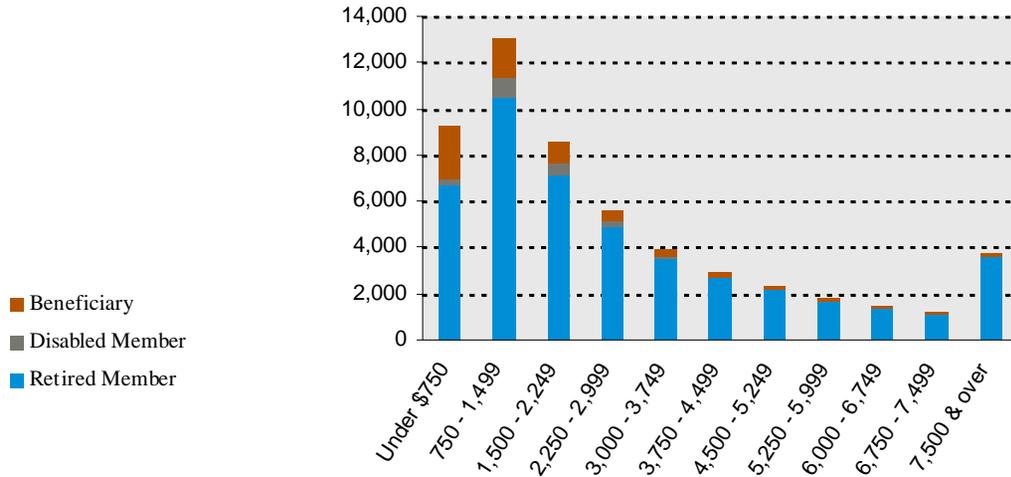
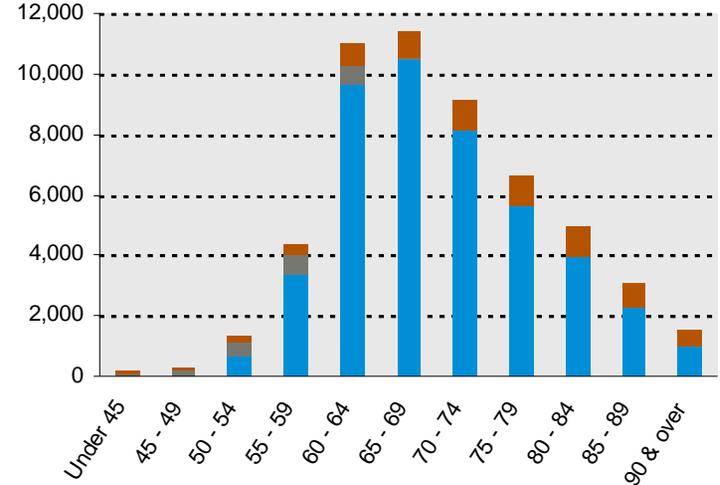


CHART 5

Distribution of Retired Members, Disabled Members and Beneficiaries by Age as of July 1, 2010



SECTION 2: Valuation Results for the University of California Retirement Plan

B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both net contributions (less administration expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information for UCRP, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D and E.

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Regents have approved an asset valuation method for UCRP that smoothes market value investment gains and losses over a five-year period. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset values and the plan costs are more stable.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 6

Determination of Actuarial Value of Assets for Year Ended June 30, 2010

			(\$ in 000s)
1.	Market value of assets		\$34,574,454
2.	Calculation of unrecognized return*	<u>Original Amount*</u>	<u>Unrecognized Return**</u>
	(a) Year ended June 30, 2010	\$1,803,846	\$1,443,076
	(b) Year ended June 30, 2009	(10,986,902)	(6,592,141)
	(c) Year ended June 30, 2008	(6,070,876)	(2,428,350)
	(d) Year ended June 30, 2007	4,782,754	956,551
	(e) Year ended June 30, 2006	(106,416)	<u>0</u>
	(f) Total unrecognized return***		(6,620,864)
3.	Actuarial value of assets: (1) - (2f)		<u>41,195,318</u>
4.	Actuarial value as a percentage of market value: (3) ÷ (1)		119.1%

* Total return minus expected return on a market value basis

** Recognition at 20% per year over 5 years

***Deferred return as of June 30, 2010 recognized in each of the next four years:

(a) Amount recognized during 2010/2011	\$(2,094,236)
(b) Amount recognized during 2011/2012	(3,050,786)
(c) Amount recognized during 2012/2013	(1,836,611)
(d) Amount recognized during 2013/2014	<u>360,769</u>
	(\$6,620,864)

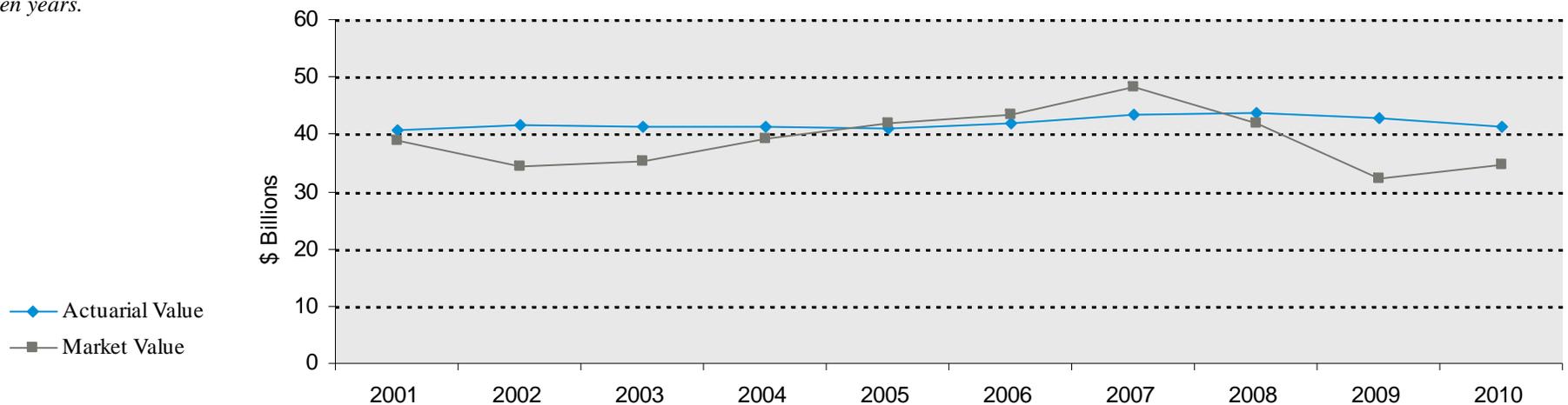
SECTION 2: Valuation Results for the University of California Retirement Plan

Both the actuarial value and market value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial value of assets is significant because UCRP's liabilities are compared to the actuarial value of assets to determine what portion, if any, remains unfunded or overfunded. Amortization of any unfunded or overfunded liability is an important element in determining future contribution rates.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years.

CHART 7

Actuarial Value of Assets vs. Market Value of Assets for Years Ended June 30, 2001 – 2010



SECTION 2: Valuation Results for the University of California Retirement Plan

C. ACTUARIAL EXPERIENCE

To calculate contribution rates, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution rate will decrease from the previous year. On the other hand, the contribution rate will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term

development and that, over the long term, experience will return to the original assumptions. For contribution rates to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution rate is adjusted to take into account a change in experience anticipated for all future years.

The components of the total loss of \$4.1 billion are shown below. The net experience gain from sources other than investments and contributions was 0.8% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 8 Actuarial Experience for Year Ended June 30, 2010

	(\$ in 000s)
1. Net (loss) from contributions less than expected	(\$1,634,964)
2. Net (loss) from investments*	(2,906,036)
3. Net gain from salary increases less than assumed	494,838
4. Net (loss) from other experience	<u>(98,040)</u>
5. Net experience (loss): (1) + (2) + (3) + (4)	(\$4,144,202)

* Details in Chart 9

SECTION 2: Valuation Results for the University of California Retirement Plan

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on UCRP's investment policy. For valuation purposes, the assumed rate of return is 7.50%. As shown below, the actual rate of return on the actuarial value of assets for the 2009-2010 Plan Year was 0.56%.

Since the actual return for the year was less than the assumed return, the Plan experienced an actuarial loss during the year ended June 30, 2010 with regard to its investments, when measured based on the actuarial value of assets. The amount of this gain is derived below.

This chart shows the gain due to investment experience.

CHART 9
Investment Experience for Year Ended June 30, 2010

	June 30, 2010 (\$ in 000s)
1. Actual return on actuarial value of assets	\$234,932
2. Average actuarial value of assets	41,879,579
3. Actual rate of return: (1) ÷ (2)	0.56%
4. Assumed rate of return	7.50%
5. Expected return: (2) x (4)	3,140,968
6. Actuarial gain: (1) – (5)	(\$2,906,036)

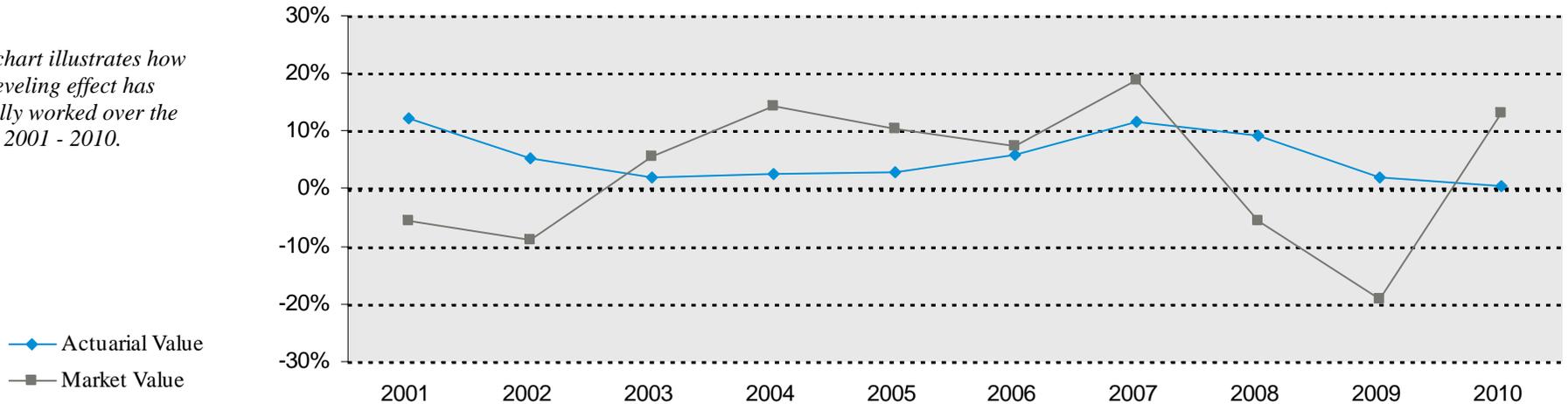
SECTION 2: Valuation Results for the University of California Retirement Plan

In the preceding subsection B we described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this method is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs. This effect is clear in the chart below, where the year-to-year returns on actuarial value are less volatile than the returns on market value.

CHART 10

Market and Actuarial Rates of Return for Years Ended June 30, 2001 - 2010

This chart illustrates how this leveling effect has actually worked over the years 2001 - 2010.



SECTION 2: Valuation Results for the University of California Retirement Plan

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the members,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2010 amounted to \$397 million which is 0.8% of the actuarial accrued liability. Further details may be found in Section 3, Exhibit F.

SECTION 2: Valuation Results for the University of California Retirement Plan

D. TOTAL FUNDING POLICY CONTRIBUTION

Effective with the July 1, 2008 valuation, a funding policy was adopted that determines total funding policy contributions based on the Plan's normal cost adjusted by an amortization of any surplus (overfunding) or underfunding, with contributions starting for the Plan Year beginning July 1, 2009.

The total funding policy contribution for the 2010-2011 Plan Year is based on a 15-year amortization period for the unfunded actuarial accrued liability (UAAL) as of July 1, 2009.

The total funding policy contribution for the 2011-2012 Plan year is based on a 30-year amortization period for the UAAL as of July 1, 2010.

The calculation of the total funding policy contribution rates for the current and prior valuation are shown below.

This total funding policy contribution rate applies to the non-laboratory segment of UCRP (i.e., campuses, medical centers and Hastings College of Law). Contributions for the laboratories are subject to the terms of the University's contracts with the Department of Energy. For more information on the various UCRP segments please see Section 1, page vii. For more details on the UCRP funding policy please see Section 4, Exhibit VI, page 51.

The total funding policy contribution rates as of July 1, 2010 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4 and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

The chart shows the calculation of the total funding policy contribution for the non-laboratory segment of UCRP.

CHART 11 Total Funding Policy Contribution (Non-Laboratory Segment of UCRP)

	Actuarial Valuation Date			
	July 1, 2010 (\$ in 000s)		July 1, 2009 (\$ in 000s)	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost (beginning of year)	\$1,311,636	16.94%	\$1,303,163	17.02%
2. Actuarial value of assets	33,733,692		34,948,781	
3. Actuarial accrued liability	39,123,578		36,878,421	
4. Unfunded/(Overfunded) actuarial accrued liability	5,389,886		1,929,640	
5. Amortization of Unfunded/(Overfunded) actuarial accrued liability*	424,529	5.48%	203,352	2.66%
6. Total funding policy contribution rate, before timing adjustment: (1) + (5)		22.42%		19.68%
7. Total funding policy contribution rate, adjusted for timing**		<u>23.25%</u>		<u>20.40%</u>
8. Estimated total funding policy contribution amount***	\$1,867,921		\$1,620,665	

* Thirty year amortization of the unfunded actuarial accrued liability (UAAL) as of July 1, 2010. Fifteen year amortization of the UAAL as of July 1, 2009. See Section 3, Exhibit H for more details.

** Total funding policy contribution includes an adjustment to account for contributions being made throughout the year. No additional adjustment is included to account for contributions not starting until the beginning of the next Plan Year.

*** Based on estimated covered payroll of \$8,034,068 (also in thousands) for the 2011-2012 Plan Year and \$7,944,437 for the 2010-2011 Plan Year. Actual contributions are set by the Regents and will be made based on actual payroll.

SECTION 2: Valuation Results for the University of California Retirement Plan

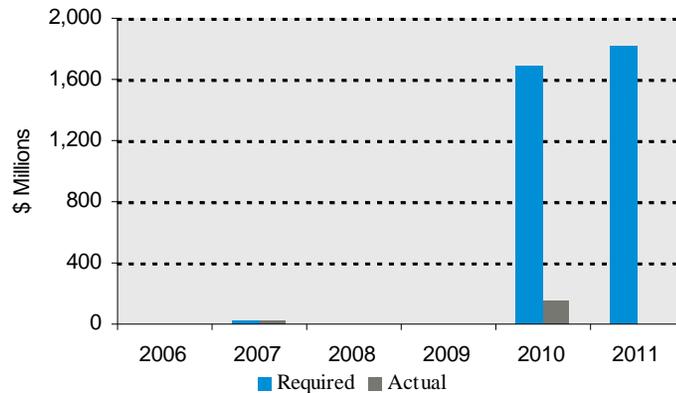
E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. The information required is set forth in Governmental Accounting Standards (GAS) 25 and 27. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 12 below presents a graphical representation of this information for the Plan.

These graphs show key elements of the GASB information.

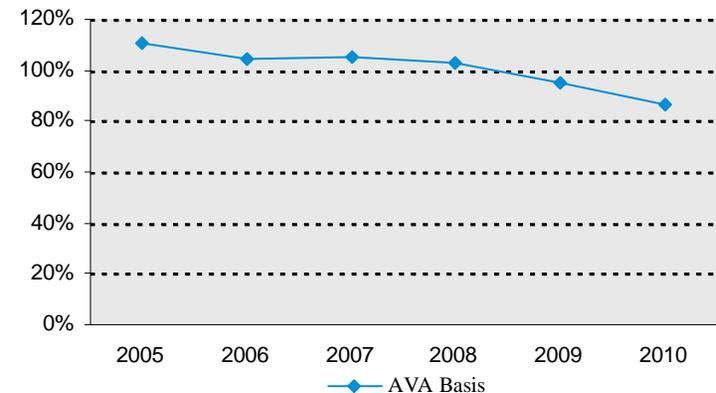
CHART 12
Required Versus Actual Contributions



The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the assets of the Plan to the liabilities of the Plan as calculated under GASB Standards. High ratios indicate a well-funded plan with assets sufficient to cover the Plan's accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes. This information is shown in Chart 13.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits I through III and VII.

CHART 13
Funded Ratio (Plan Year Beginning July 1)



SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT A

Table of Plan Coverage

i. Active Members

Category	Year Beginning July 1		Change From Prior Year
	2010	2009	
Active members with Social Security:			
Number	112,705	113,129	-0.4%
Average age	44.6	44.3	N/A
Average service credit	9.1	8.8	3.4%
Total covered compensation	\$8,638,749,175	\$8,470,183,198	2.0%
Average covered compensation	\$76,649	\$74,872	2.4%
Active members without Social Security:			
Number	1,805	2,199	-17.9%
Average age	57.0	57.7	N/A
Average service credit	26.1	27.4	-4.7%
Total covered compensation	\$191,502,212	\$231,322,247	-17.2%
Average covered compensation	\$106,095	\$105,194	0.9%
Safety members:			
Number	418	417	0.2%
Average age	41.8	41.0	N/A
Average service credit	9.9	9.5	4.2%
Total covered compensation	\$39,013,890	\$37,927,838	2.9%
Average covered compensation	\$93,335	\$90,954	2.6%
All active members:			
Number	114,928	115,745	-0.7%
Average age	44.8	44.5	N/A
Average service credit	9.4	9.2	2.2%
Total covered compensation	\$8,869,265,277	\$8,739,433,283	1.5%
Average covered compensation	\$77,172	\$75,506	2.2%

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT A

**Table of Plan Coverage
ii. Nonactive Members**

Category	Year Beginning July 1*		Change From Prior Year
	2010	2009	
Terminated vested members:			
Number	31,623	31,215	1.3%
Average age	48.6	48.2	N/A
Total monthly benefit**	\$44,505,642	\$44,312,526	0.4%
Average monthly benefit	\$1,407	\$1,420	-0.9%
Terminated nonvested members:***			
Number	23,414	23,668	-1.1%
Average member refund and CAP balance	\$7,486	\$7,032	6.5%
Retired members:			
Number in pay status	45,111	42,969	5.0%
Average age	70.0	69.8	N/A
Total monthly benefit	\$135,350,694	\$124,462,877	8.7%
Average monthly benefit	\$3,000	\$2,897	3.6%
Disabled members:			
Number in pay status	2,110	2,157	-2.2%
Average age	56.4	56.2	N/A
Total monthly benefit	\$3,520,653	\$3,506,426	0.4%
Average monthly benefit	\$1,669	\$1,625	2.7%
Beneficiaries (includes Eligible Survivors, Contingent Annuitants, and Spouses/Domestic Partners):			
Number in pay status	6,681	6,527	2.4%
Average age	73.9	73.5	N/A
Total monthly benefit	\$12,126,311	\$11,454,299	5.9%
Average monthly benefit	\$1,815	\$1,755	3.4%

Note: Monthly benefits shown include temporary Social Security Supplement

* CAP balances total \$1.26 billion as of July 1, 2010 and \$1.25 billion as of July 1, 2009 for all members.

** Benefit is calculated based on assumed retirement age (age 59 or current age if later).

*** For July 1, 2010, includes 7,498 members that transferred to the LANS or LLNS defined benefit plans who will be entitled to a CAP balance payment from UCRP after they separate employment with LANS or LLNS. For July 1, 2009, 7,601 members were included.

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT B

**Members in Active Service and Average Covered Compensation as of July 1, 2010
By Age and Service Credit**

i. All Active Members

Age	Service Credit									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	3,785	3,762	23	--	--	--	--	--	--	--
	\$41,466	\$41,505	\$35,148	--	--	--	--	--	--	--
25 - 29	10,924	9,776	1,123	24	1	--	--	--	--	--
	53,832	54,109	51,604	\$45,584	\$40,626	--	--	--	--	--
30 - 34	13,176	8,857	3,669	644	6	--	--	--	--	--
	64,986	66,255	63,048	58,587	62,323	--	--	--	--	--
35 - 39	14,834	7,730	4,840	1,902	349	13	--	--	--	--
	73,216	73,259	75,473	68,396	67,610	\$63,254	--	--	--	--
40 - 44	14,644	5,365	4,847	2,847	1,193	381	11	--	--	--
	77,061	73,013	79,573	81,829	76,389	69,090	\$60,167	--	--	--
45 - 49	15,647	4,232	4,184	3,231	2,188	1,439	356	17	--	--
	78,924	71,409	76,735	85,340	90,420	76,335	75,932	\$71,615	--	--
50 - 54	15,904	3,208	3,243	2,929	2,432	2,371	1,259	448	14	--
	83,570	73,764	76,960	85,033	95,366	92,836	84,894	75,937	\$62,773	--
55 - 59	14,440	2,437	2,599	2,214	2,068	2,248	1,666	991	213	4
	88,989	77,996	78,020	85,747	95,506	98,753	104,366	92,390	80,585	\$52,094
60 - 64	7,972	1,402	1,519	1,261	1,126	1,006	807	621	212	18
	94,977	80,674	81,751	86,819	93,705	102,207	116,858	130,263	118,880	92,427
65 - 69	2,641	428	445	366	297	287	220	284	246	68
	118,907	94,585	91,105	99,043	114,367	125,824	148,558	161,060	153,282	155,137
70 & over	961	154	116	104	102	109	72	75	99	130
	138,612	102,193	99,883	104,543	114,377	146,051	167,781	183,699	183,343	180,118
Total	114,928	47,351	26,608	15,522	9,762	7,854	4,391	2,436	784	220
	\$77,172	\$66,063	\$74,819	\$82,020	\$91,534	\$93,450	\$101,917	\$109,691	\$126,408	\$162,894

Average Age: 44.8

Average Service Credit: 9.4

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT B

**Members in Active Service and Average Covered Compensation as of July 1, 2010
By Age and Service Credit**

ii. Members with Social Security

Age	Service Credit									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	3,752	3,729	23	--	--	--	--	--	--	--
	\$41,412	\$41,451	\$35,148	--	--	--	--	--	--	--
25 - 29	10,747	9,606	1,116	24	1	--	--	--	--	--
	53,819	54,120	51,416	\$45,584	\$40,626	--	--	--	--	--
30 - 34	13,015	8,731	3,639	639	6	--	--	--	--	--
	64,997	66,367	62,889	58,304	62,323	--	--	--	--	--
35 - 39	14,678	7,619	4,816	1,889	341	13	--	--	--	--
	73,211	73,350	75,432	68,227	66,738	\$63,254	--	--	--	--
40 - 44	14,547	5,324	4,828	2,828	1,180	376	11	--	--	--
	77,019	73,077	79,501	81,754	76,119	68,664	\$60,167	--	--	--
45 - 49	15,560	4,217	4,165	3,221	2,176	1,419	345	17	--	--
	78,824	71,374	76,701	85,300	90,401	75,927	74,298	\$71,615	--	--
50 - 54	15,795	3,182	3,237	2,923	2,427	2,356	1,239	428	3	--
	83,553	73,610	76,920	85,045	95,385	92,760	84,945	75,705	\$76,359	--
55 - 59	13,990	2,416	2,587	2,208	2,060	2,213	1,610	859	35	2
	89,105	77,840	77,840	85,722	95,545	98,934	104,770	93,525	85,021	\$56,300
60 - 64	7,572	1,390	1,515	1,255	1,115	988	764	494	46	5
	93,846	80,514	81,636	86,642	93,394	102,319	116,957	131,865	132,289	93,120
65 - 69	2,282	408	438	359	292	276	200	211	73	25
	114,486	93,730	90,804	98,582	114,243	126,167	147,394	163,478	161,274	157,033
70 & over	767	150	115	101	99	105	67	53	26	51
	129,596	101,597	100,552	103,559	114,240	148,084	168,316	188,251	188,661	178,804
Total	112,705	46,772	26,479	15,447	9,697	7,746	4,236	2,062	183	83
	\$76,649	\$66,075	\$74,738	\$81,934	\$91,454	\$93,381	\$101,589	\$108,424	\$141,903	\$164,133

Average Age: 44.6

Average Service Credit: 9.1

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT B

**Members in Active Service and Average Covered Compensation as of July 1, 2010
By Age and Service Credit**

iii. Members without Social Security

Age	Service Credit									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	26	26	--	--	--	--	--	--	--	--
	\$40,437	\$40,437	--	--	--	--	--	--	--	--
25 - 29	126	126	--	--	--	--	--	--	--	--
	44,869	44,869	--	--	--	--	--	--	--	--
30 - 34	102	100	2	--	--	--	--	--	--	--
	54,130	53,498	\$85,728	--	--	--	--	--	--	--
35 - 39	81	77	4	--	--	--	--	--	--	--
	59,286	58,980	65,175	--	--	--	--	--	--	--
40 - 44	33	27	1	5	--	--	--	--	--	--
	59,811	52,951	160,425	\$76,730	--	--	--	--	--	--
45 - 49	20	8	9	--	1	1	1	--	--	--
	75,373	74,335	77,743	--	\$49,740	\$70,566	\$92,774	--	--	--
50 - 54	56	6	1	1	1	4	13	19	11	--
	75,648	79,330	67,881	55,516	45,982	126,683	69,411	\$80,637	\$59,068	--
55 - 59	414	9	5	4	6	29	51	130	178	2
	82,926	75,618	98,670	91,112	81,679	82,791	90,677	84,559	79,713	\$47,888
60 - 64	397	12	3	6	11	17	42	127	166	13
	116,280	99,293	112,782	123,833	125,228	96,351	114,465	124,032	115,164	92,161
65 - 69	356	20	7	6	4	10	20	73	173	43
	147,346	112,023	109,974	118,096	131,689	120,048	160,200	154,072	149,910	154,035
70 & over	194	4	1	3	3	4	5	22	73	79
	174,261	124,522	22,985	137,662	118,874	92,680	160,611	172,732	181,449	180,966
Total	1,805	415	33	25	26	65	132	371	601	137
	\$106,095	\$57,126	\$90,444	\$106,727	\$109,488	\$95,191	\$109,350	\$116,777	\$121,691	\$162,144

Average Age: 57.0

Average Service Credit: 26.1

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT B

**Members in Active Service and Average Covered Compensation as of July 1, 2010
By Age and Service Credit**

iv. Safety Members

Age	Service Credit									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	7	7	--	--	--	--	--	--	--	--
	\$74,255	\$74,255	--	--	--	--	--	--	--	--
25 - 29	51	44	7	--	--	--	--	--	--	--
	78,579	78,100	\$81,590	--	--	--	--	--	--	--
30 - 34	59	26	28	5	--	--	--	--	--	--
	81,208	77,681	82,058	\$94,792	--	--	--	--	--	--
35 - 39	75	34	20	13	8	--	--	--	--	--
	89,195	85,192	87,311	92,983	\$104,764	--	--	--	--	--
40 - 44	64	14	18	14	13	5	--	--	--	--
	95,698	87,482	94,429	98,791	100,871	\$101,164	--	--	--	--
45 - 49	67	7	10	10	11	19	10	--	--	--
	103,322	89,312	89,846	98,201	97,762	107,113	\$130,642	--	--	--
50 - 54	53	20	5	5	4	11	7	1	--	--
	97,045	96,632	104,712	83,995	96,394	96,663	104,624	\$85,957	--	--
55 - 59	36	12	7	2	2	6	5	2	--	--
	113,835	111,209	130,041	102,710	96,070	109,439	114,095	114,294	--	--
60 - 64	3	--	1	--	--	1	1	--	--	--
	132,074	--	162,920	--	--	90,918	142,383	--	--	--
65 - 69	3	--	--	1	1	1	--	--	--	--
	106,901	--	--	150,083	81,502	89,119	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	418	164	96	50	39	43	23	3	--	--
	\$93,335	\$85,302	\$91,770	\$96,466	\$99,591	\$103,277	\$119,637	\$104,849	--	--

Average Age: 41.8

Average Service Credit: 9.9

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT C

Reconciliation of Member Data

	Active Members	Terminated Vested Members*	Retired Members	Disabled Members	Beneficiaries	Total
Number as of July 1, 2009	115,745	54,883	42,969	2,157	6,527	222,281
New members	10,469	0	0	0	474	10,943
Terminations – with vested rights	(2,840)	2,840	0	0	0	0
Terminations – without vested rights**	(6,285)	(905)	0	0	0	(7,190)
Retirements	(2,495)	(559)	3,034	20	0	0
Lump Sum Cashouts	(347)	(403)	(2)	(25)	(17)	(794)
Return to work	773	(755)	(18)	0	0	0
Died with or without beneficiary	(94)	(69)	(888)	(40)	(298)	(1,389)
Data adjustments	<u>2</u>	<u>5</u>	<u>16</u>	<u>(2)</u>	<u>(5)</u>	<u>16</u>
Number as of July 1, 2010	114,928	55,037	45,111	2,110	6,681	223,867

* Includes terminated nonvested members due a refund of member contributions or CAP balance payment and members that transferred to the LANS or LLNS defined benefit plans who will be entitled to a CAP balance payment from UCRP after they separate employment with LANS or LLNS.

** Includes those members who terminated and received a refund of member contributions or a distribution of their CAP balance.

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT D

Summary Statement of Income and Expenses

	Year Ended June 30, 2010 (\$ in 000s)	Year Ended June 30, 2009 (\$ in 000s)
Contribution income:		
Employer contributions	\$148,445	\$454
Members contributions	23,373	1,300
Less administration expense	<u>(32,656)</u>	<u>(32,453)</u>
Net contribution income	\$139,162	(\$30,699)
Investment income:		
Interest and dividends	\$807,916	\$1,041,872
Recognition of capital appreciation	(608,284)	(299,503)
Securities lending income	51,006	149,064
Securities lending fees and rebates	<u>(15,706)</u>	<u>(73,216)</u>
Net investment income	234,932	818,217
Other income	0	0
Total income available for future benefits	\$374,094	\$787,518
Less benefit payments	(\$1,977,549)	(\$1,829,017)
Change in assets available for future benefits	(\$1,603,455)	(\$1,041,499)

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT E

Summary Statement of Assets

	Year Ended June 30, 2010 (\$ in 000s)	Year Ended June 30, 2009 (\$ in 000s)
Cash equivalents	\$74,163	\$229,916
Accounts receivable:		
Contributions	\$163,167	\$59,449
Interest and dividends	75,459	78,275
Investment of cash collateral	6,363,777	6,596,311
Securities sales and other	<u>53,885</u>	<u>681,259</u>
Total accounts receivable	6,656,288	7,415,294
Investments:		
Equity securities	\$18,550,988	\$18,292,542
Fixed income securities	8,793,278	7,633,734
Real estate	948,640	980,370
Commingled funds	5,963,492	5,148,901
Real assets	161,114	0
Derivative investments	<u>648,325</u>	<u>424,231</u>
Total investments at market value	<u>35,065,837</u>	<u>32,479,778</u>
Total assets	\$41,796,288	\$40,124,988
Less accounts payable:		
Payable for securities purchased	(\$650,348)	(\$1,057,760)
Member withdrawals, refunds and other payables	(204,809)	(188,862)
Collateral held for securities lending	<u>(6,366,677)</u>	<u>(6,619,824)</u>
Total accounts payable	(\$7,221,834)	(\$7,866,446)
Net assets at market value	<u>\$34,574,454</u>	<u>\$32,258,542</u>
Net assets at actuarial value (for comparison purposes)	<u>\$41,195,318</u>	<u>\$42,798,773</u>

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT F

Development of Unfunded/(Overfunded) Actuarial Accrued Liability (\$ in 000s)

	Year Ended June 30, 2010
1. Unfunded/(Overfunded) actuarial accrued liability at beginning of year	\$2,361,752
2. Normal cost at beginning of year	1,338,726
3. Expected total funding policy and required contractual contributions	(1,747,687)
4. Interest	
(a) For whole year on (1) + (2)	\$277,536
(b) For half year on (3)	<u>(65,538)</u>
(c) Total interest	<u>211,998</u>
5. Expected Unfunded/(Overfunded) actuarial accrued liability	\$2,164,789
6. Changes due to:	
(a) Loss from contributions less than expected under funding policy	\$1,634,964
(b) Loss from investments	2,906,036
(c) Gain from salary increases	(494,838)
(d) Loss from other experience	<u>98,040</u>
(e) Total changes	<u>4,144,202</u>
7. Unfunded/(Overfunded) actuarial accrued liability at end of year	<u>\$6,308,991</u>

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT G

Actuarial Liabilities

	July 1, 2010 (\$ in 000s)	July 1, 2009 (\$ in 000s)
Actuarial Accrued Liability		
Members in pay status		
Retirees*	\$18,686,297	\$17,301,102
Beneficiaries	1,325,427	1,267,399
Disableds	<u>711,432</u>	<u>704,828</u>
Total in pay status	\$20,723,156	\$19,273,329
Active members		
With Social Security	\$21,050,750	\$19,952,224
Without Social Security	1,354,846	1,680,045
Safety	<u>135,689</u>	<u>126,924</u>
Total actives	\$22,541,285	\$21,759,193
Terminated members		
Vested	\$4,064,592	\$3,961,565
Nonvested	<u>175,276</u>	<u>166,438</u>
Total terminated	\$4,239,868	\$4,128,003
Total actuarial accrued liability	\$47,504,309	\$45,160,525
Actuarial Present Value of Projected Benefits		
Members in pay status*	\$20,723,156	\$19,273,329
Active members	33,585,304	32,684,279
Terminated members	<u>4,239,868</u>	<u>4,128,003</u>
Total present value of projected benefits	\$58,548,328	\$56,085,611

* For July 1, 2010, includes a liability of \$29.3 million for Lump Sum Cashouts, CAP balance payments and refunds of member contributions that were paid on or after July 1, 2010. For July 1, 2009, includes a liability of \$33.7 million for Lump Sum Cashouts, CAP balance payments and refunds of member contributions that were paid on or after July 1, 2009.

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT H

Table of Amortization Bases (Non-Laboratory Segment of UCRP - \$ in 000s)

Type	Date Established	Initial Years	Initial Amount	Annual Payment*	Years Remaining	Outstanding Balance**
Actuarial Loss	07/01/2010	30	\$5,389,886	<u>\$424,529</u>	30	<u>\$5,389,886</u>
Total				\$424,529		\$5,389,886

* Level dollar amount. Payment shown is as of beginning of year. The amounts shown are based on results for the non-laboratory segment of UCRP (i.e., campuses, medical centers and Hastings College of Law). They are used in the determination of the total funding policy contribution shown in Section 2, Chart 11, page 10. For more details on the UCRP funding policy please see Section 4, Exhibit VI, page 51.

** The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years as a level dollar amount.

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT I

Reconciliation of Total Funding Policy Contribution Rate from July 1, 2009 to July 1, 2010

Total Funding Policy Contribution Rate as of July 1, 2009	20.40%
Effect of contributions less than expected under funding policy	2.37%
Effect of investment loss	4.21%
Effect of gains on salary experience	-0.70%
Effect of other experience*	-0.63%
Effect of change in funding policy	<u>-2.40%</u>
Total change	<u>2.85%</u>
Total Funding Policy Contribution Rate as of July 1, 2010	23.25%

* Includes effect of increase in total payroll, as well as other differences in actual versus expected experience including mortality, disability, withdrawal and retirement experience

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT J

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit indexed for inflation. That limit is \$195,000 for 2009 and 2010. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, form of benefits chosen and after tax contributions.

The University pays benefits in excess of the limits through a 415(m) Restoration Plan. These costs are excluded in this valuation.

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

EXHIBIT K

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial

Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age; and
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount required to fund the level cost allocated to the current year of service.

**Actuarial Accrued Liability
for Actives:**

The accumulated value of normal costs allocated to the years before the valuation date.

**Actuarial Accrued Liability
for Pensioners:**

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and of the interest which the sum is expected to earn before it is entirely paid out in benefits.

**Unfunded (Overfunded) Actuarial
Accrued Liability:**

The extent that the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan.

SECTION 3: Supplemental Information from the Valuation of the University of California Retirement Plan

**Amortization of the Unfunded
(Overfunded) Actuarial
Accrued Liability:**

Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return reflects a smoothing of market gains and losses to avoid significant swings in the value of assets from one year to the next.

Beneficiary:

Used for statistical purposes only; includes Eligible Survivors, Contingent Annuitants and Spouses/Domestic Partners

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

EXHIBIT I

Supplementary Information Required by GAS 25 – Schedule of Employer Contributions (\$ in 000s)

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2006	\$0	\$0	100.00%
2007	23,934	23,934	100.00%
2008	2,657	2,657	100.00%
2009	454	454	100.00%
2010	1,695,137	148,445	8.76%
2011	1,812,546	--	N/A

The Annual Required Contribution (ARC) shown for Plan Years ending June 30, 2010 and later includes interest until the end of the Plan Year. This interest includes interest on expected or, if known, actual employer contributions made throughout the year. The ARC for the Plan Year ending June 30, 2011 is based on projected covered payroll for the 2010/2011 Plan Year. It will be updated at the end of the Plan year based on actual covered payroll.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

EXHIBIT II

Supplementary Information Required by GAS 25 – Schedule of Funding Progress (\$ in 000s)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Projected Covered Payroll (c)	UAAL as a Percentage of Projected Covered Payroll [(b) - (a)] / (c)
07/01/2005	\$41,084,862	\$37,252,384	(\$3,832,478)	110.3%	\$8,149,640	(47.0%)
07/01/2006*	41,972,476	40,301,708	(1,670,768)	104.1%	8,258,985	(20.2%)
07/01/2007**	43,433,936	41,436,576	(1,997,360)	104.8%	7,612,726	(26.2%)
07/01/2008	43,840,272	42,576,822	(1,263,450)	103.0%	7,468,809	(16.9%)
07/01/2009	42,798,773	45,160,525	2,361,752	94.8%	7,873,694	30.0%
07/01/2010	41,195,318	47,504,309	6,308,991	86.7%	7,995,421	78.9%

* Does not reflect the transfer of assets and liabilities to the LANS defined benefit plan.

** Beginning in 2007, covered payroll is reduced to anticipate members who leave active status during the year.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

EXHIBIT III

Supplementary Information Required by GAS 25

Valuation Date	July 1, 2010
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level dollar, Closed
Remaining Amortization Period	The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years. Any changes in UAAL due to actuarial experience gains or losses after July 1, 2010 will be separately amortized over a fixed (closed) 30-year period effective with that valuation. Any changes in UAAL due to a change in actuarial assumptions or plan provisions will be separately amortized over a fixed (closed) 15-year period.
Asset Valuation Method	The market value of asset less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected returns on a market value basis and is recognized over a five-year period.
Actuarial Assumptions:	
Investment Rate of Return*	7.50%
Projected Salary Increases*	4.35% to 7.00%
Cost of Living Adjustments	2.00%
Membership of the Plan	
Retirees, disableds and beneficiaries receiving benefits	53,902
Terminated Plan members entitled to, but not yet receiving benefits**	55,037
Active Plan members	<u>114,928</u>
Total	223,867

* Includes inflation at 3.50%

** Includes terminated nonvested members due a refund of member contributions or CAP balance payment and members that transferred to the LANS or LLNS defined benefit plans who will be entitled to a CAP balance payment from UCRP after they separate employment with LANS or LLNS.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

EXHIBIT IV

Actuarial Assumptions and Methods

Demographic Assumptions

Post – Retirement Mortality Rates:

Healthy: 1994 Group Annuity Reserving Mortality Table unloaded, projected with scale AA to 2002. Ages are set back two years for males (from the male table) and set back one year for females (from the female table).

Disabled: RP-2000 Disabled Retiree Mortality Table. Ages are set back two years for males (from the male table) and set back one year for females (from the female table).

Sample Termination Rates Before Retirement:

Age	Rate (%)					
	Healthy Mortality		Disabled Mortality*		Disability Incidence	
	Male	Female	Male	Female	Male	Female
20	0.04	0.03	2.26	0.75	0.10	0.06
25	0.06	0.03	2.26	0.75	0.10	0.08
30	0.08	0.03	2.26	0.75	0.12	0.10
35	0.09	0.04	2.26	0.75	0.17	0.16
40	0.10	0.06	2.26	0.75	0.22	0.25
45	0.13	0.09	2.26	0.75	0.28	0.36
50	0.20	0.12	2.64	1.06	0.36	0.53
55	0.33	0.21	3.29	1.55	0.47	0.75
60	0.60	0.40	3.93	2.08	0.54	0.86
65	1.10	0.79	4.66	2.66	0.54	0.86

* Assumed to apply only while receiving UCRP Disability Income.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Sample Termination Rates Before Retirement (continued):

Rate (%)						
Withdrawal – Faculty						
	Less than one Year of Service	At least one, but less than two Years of Service	At least two, but less than three Years of Service	At least three, but less than four Years of Service	At least four, but less than five Years of Service	Five or more Years of Service
Age	Unisex	Unisex	Unisex	Unisex	Unisex	Unisex
20	24.00	22.00	21.00	21.00	13.00	9.00
25	23.00	20.00	19.00	17.00	11.00	8.00
30	22.00	14.00	12.00	11.00	10.00	7.00
35	19.00	11.00	9.00	7.00	7.00	6.00
40	16.00	10.00	8.00	6.00	5.00	4.00
45	15.00	8.00	6.00	5.00	4.00	3.00
50	14.00	6.00	5.00	4.00	3.00	2.00
55	13.00	5.00	4.00	3.00	3.00	1.00
60	12.00	4.00	3.00	3.00	2.00	1.00
65	11.00	3.00	2.00	2.00	1.00	1.00

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Sample Termination Rates Before Retirement (continued):

Age	Rate (%)					
	Withdrawal – Staff and Safety					
	Less than one Year of Service	At least one, but less than two Years of Service	At least two, but less than three Years of Service	At least three, but less than four Years of Service	At least four, but less than five Years of Service	Five or more Years of Service
	Unisex	Unisex	Unisex	Unisex	Unisex	Unisex
20	27.00	24.00	21.00	16.00	15.00	13.00
25	26.00	23.00	20.00	15.00	14.00	12.00
30	24.00	21.00	17.00	14.00	13.00	10.00
35	22.00	17.00	14.00	11.00	10.00	8.00
40	19.00	14.00	11.00	8.00	7.00	6.00
45	17.00	11.00	9.00	6.00	5.00	4.00
50	14.00	9.00	7.00	5.00	4.00	2.00
55	12.00	7.00	6.00	4.00	3.00	2.00
60	11.00	6.00	5.00	3.00	2.00	1.00
65	10.00	5.00	4.00	2.00	1.00	1.00

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Retirement Rates:

Age	Retirement Probability – Unisex		
	Faculty	Staff	Safety
50	2.00%	4.00%	15.00%
51	1.00	4.00	10.00
52	1.00	4.00	10.00
53	1.00	4.00	10.00
54	1.00	5.00	10.00
55	2.00	5.00	25.00
56	2.00	6.00	25.00
57	2.00	6.00	25.00
58	2.00	8.00	25.00
59	3.00	14.00	25.00
60	5.00	20.00	25.00
61	5.00	20.00	25.00
62	5.00	20.00	50.00
63	5.00	20.00	50.00
64	7.00	25.00	75.00
65	8.00	30.00	100.00
66	9.00	25.00	100.00
67	10.00	25.00	100.00
68	12.00	25.00	100.00
69	15.00	25.00	100.00
70	15.00	20.00	100.00
71	12.00	20.00	100.00
72	12.00	20.00	100.00
73	12.00	20.00	100.00
74	12.00	20.00	100.00
75	100.00	100.00	100.00

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

**Retirement Age and Benefit
for Deferred Vested Members:**

Deferred vested members are assumed to retire at age 59.

Form of Payment:

For those members not electing a Lump Sum Cashout:

Life annuity for members without a survivor;

25% contingent annuity for members with Social Security who have a survivor;

50% contingent annuity for members without Social Security who have a survivor;

50% contingent annuity for Safety members who have a survivor.

It is also assumed that some members elect a Lump Sum Cashout (see Lump Sum Assumptions).

Future Benefit Accruals:

1.0 year of service per year for the full-time employees. Part-time employees are assumed to earn full-time service for all future years.

Definition of Active Members:

All members of UCRP who are not separated from active employment as of the valuation date or have not started receiving a monthly pension on or before the valuation date.

Percent with Survivors:

85% of male members and 65% of female members are assumed to have survivors at time of decrement.

Survivor Ages:

Members assumed to have an opposite sex spouse or domestic partner, with females three years younger than males.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Number of Survivors (Samples):

<u>Age</u>	Number of Survivors per Active Member with Survivors	
	<u>Male</u>	<u>Female</u>
20	1.0	1.0
25	1.8	2.1
30	2.2	2.7
35	2.7	2.8
40	3.0	2.4
45	2.8	2.1
50	2.5	1.7
55	2.0	1.4
60	1.5	1.2
65	1.3	1.1

Economic Assumptions

Net Investment Return:	7.50% (including 3.50% for inflation)
Consumer Price Index:	Increase of 3.50% per year.
Administrative Expenses:	0.50% of payroll added to normal cost.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Salary Increases:

Annual Rate of Compensation Increase		
Inflation: 3.50% per year, plus “across the board” salary increases of 0.25% per year, plus the following merit and promotional increases:		
Years of Service	Faculty	Staff and Safety
Less than 1	3.25%	3.25%
1	3.25	3.00
2	3.25	2.80
3	3.25	2.50
4	3.25	2.20
5	3.25	2.00
6	3.20	1.80
7	3.10	1.70
8	3.00	1.60
9	2.90	1.50
10	2.80	1.40
11	2.70	1.30
12	2.60	1.20
13	2.50	1.10
14	2.40	1.00
15	2.30	0.90
16	2.20	0.80
17	2.10	0.75
18	2.00	0.70
19	1.75	0.65
20 & over	1.50	0.60

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Actuarial Methods

Actuarial Value of Assets:	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected returns on a market value basis and is recognized over a five-year period.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is calculated as the valuation date minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salaries, as if the current benefit accrual rate has always been in effect.
Covered Payroll:	Covered payroll for a Plan Year is determined by annualizing actual payroll for the prior Plan Year increased by the assumed rate of salary growth. Covered payroll is then reduced to anticipate members who leave active status during the year.

Other Actuarial Assumptions

Lump Sum Assumptions:

<i>Discount Rate:</i>	7.50%
<i>COLA:</i>	2.00%
<i>Mortality:</i>	1994 Group Annuity Reserving Mortality Table unloaded for males set back three years, projected with scale AA to 2002.
<i>Take-rate:</i>	For those members retiring from active employment and for those who were receiving a disability income and now retiring, we are assuming that 12% elect a Lump Sum Cashout. For those members retiring from inactive (deferred vested) status, we are assuming that 45% elect a Lump Sum Cashout.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Approximations:

Sick Leave

Service has been increased by 0.15% for Faculty, 1.40% for Staff, and 2.25% for Safety members to account for unused sick leave. This assumption applies only for members retiring from active employment and not electing a Lump Sum Cashout. For all other benefits there is assumed to be no conversion of unused sick leave to service credit.

**Changes in Actuarial Assumptions
and Methods:**

There were no changes to the actuarial assumptions or methods since the prior valuation.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

EXHIBIT V

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all Plan provisions.

Effective Date:	April 24, 1954. Includes amendments through July 1, 2010.
Covered Employees:	Generally all employees who are not members of another retirement system to which the Regents contribute, and who: a. Are appointed to work 50% time or more for one year or longer or b. Have generally accumulated at least 1,000 hours in a 12-month period.
Highest Average Plan Compensation (HAPC):	Highest average monthly full-time-equivalent base compensation rate received during any period of 36 consecutive months.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Age Factor:	Percentage of HAPC per year of service credit (interpolated for fractional ages).			
<i>Nonsafety Members</i>				
	Age	Factor	Age	Factor
	50	1.10%	56	1.94%
	51	1.24	57	2.08
	52	1.38	58	2.22
	53	1.52	59	2.36
	54	1.66	60+	2.50
	55	1.80		
<i>Safety Members</i>	3.0% at all ages 50 and above.			
<i>Tier II Members</i>	Equal to one-half of the Age Factor for Nonsafety Members.			
Benefit Percentage:	Age Factor multiplied by years of service credit; not to exceed 100%.			
Basic Retirement Income (BRI):				
<i>Members without Social Security</i>	Benefit Percentage x HAPC.			
<i>Members with Social Security</i>	Benefit Percentage x HAPC in excess of \$133 per month.			
<i>Safety Members</i>	Benefit Percentage x HAPC.			

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Service Retirement:

<i>Eligibility</i>	Age 50 with 5 years of service credit, or Age 62 regardless of service credit if membership began on or before July 1, 1989, or Retirement on Normal Retirement Date.
<i>Benefit</i>	BRI.
<i>Form of Payment</i>	Single Life Annuity.
<i>Payment Options</i>	Full continuance to contingent annuitant; two-thirds continuance to contingent annuitant; one-half continuance to contingent annuitant; one-half continuance (including postretirement survivor continuance) to surviving spouse or domestic partner (for members with Social Security only).
<i>Lump Sum Cashout</i>	May be elected in lieu of monthly retirement income.

Temporary Social Security Supplement:

<i>Eligibility</i>	For members with Social Security only and retirement must occur before age 65.
<i>Benefit</i>	Temporary annuity payable to age 65 in the amount of \$133 per month multiplied by Benefit Percentage.
<i>Form of Payment</i>	Single Life Annuity.
<i>Payment Options</i>	None.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Disability:

<i>Eligibility</i>	Disablement after five years of service credit; safety members are eligible for duty disability without regard to years of service credit. Service credit continues to accrue during disabled period.
<i>Benefit</i>	
<i>Member without Social Security</i>	25% of final salary, plus 5% of final salary per year of service credit greater than two, total not to exceed 40% of final salary, plus 5% of final salary for each eligible child, total not to exceed 20% of final salary.
<i>Member with Social Security</i>	15% of final salary, plus 2.5% of final salary per year of service credit greater than two, total not to exceed 40% of final salary, less \$106.40 per month.
<i>Safety Members(Non-duty)</i>	Same as for members without Social Security; includes eligible child's benefit.
<i>Safety Members(Duty)</i>	50% of HAPC, or non-duty disability benefit if greater.
<i>Form of Payment</i>	Single life annuity payable until end of disability income period or retirement date if earlier.
<i>Disability Income Period</i>	
<i>Members disabled before November 5, 1990</i>	To earliest of: Date member is eligible to retire and retirement income equals or exceeds disability income; Age 62 (age 67 for members without Social Security); or Date member retires.
<i>Members disabled on or after November 5, 1990</i>	If under age 65 at disablement: Members with Social Security: to age 65 or five years if longer. Members without Social Security: to age 67 or five years if longer. If age 65 or older at disablement: to age 70 or 12 months if longer. Disability income ends if member is no longer disabled.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Vested Termination:

<i>Eligibility</i>	Five years of service credit, or age 62 regardless of service credit if membership began on or before July 1, 1989.
<i>Benefit</i>	BRI beginning at age 50 or later, calculated using HAPC at termination date, adjusting for CPI changes (see Cost-of-Living Adjustment), and benefit formula in effect when benefits commence.
<i>Form of Payment</i>	As for retirement.
<i>Payment Options</i>	As for retirement.
<i>Refund Option</i>	Member may elect a refund of contributions with interest, thereby forfeiting all other benefits.
<i>Lump Sum Cashout</i>	May be elected in lieu of retirement income, available only if at least age 50 with five years service credit at date of termination.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Preretirement Survivor Income:

Eligibility Eligible survivor of deceased active or disabled member with two or more years of service credit; no service requirement for duty-related death of Safety member.

Benefit

Member without Social Security

Percent of final salary as follows:

Eligible Survivors	Percent	Minimum Benefit
1	25%	\$200
2	35	\$300
3	40	\$300 plus 5% of final salary
4	45	\$300 plus 10% of final salary
5+	50	\$300 plus 15% of final salary

Member with Social Security 25% of final salary less \$106.40 per month.

Safety Members, non-duty death

As for members without Social Security.

Safety Members, duty death

Percentage of HAPC as follows, but not less than benefit for non-duty death.

Eligible Survivors	Percent of HAPC
1	50.0%
2	62.5
3	70.0
4+	75.0

Death while eligible to retire

Eligibility

Surviving spouse or surviving domestic partner of active, disabled or inactive member who dies while eligible to retire.

Benefit

Greater of benefit described above or monthly benefit to eligible spouse or eligible domestic partner assuming member had retired on date of death and elected full continuance option with spouse or domestic partner as contingent annuitant.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Postretirement Survivor Continuance:

Eligibility Eligible surviving spouse, eligible surviving domestic partner, eligible children or eligible dependent parent of deceased retired member.

Benefit

Member without Social Security 50% of BRI including COLA.

Member with Social Security 25% of BRI including COLA, plus 25% of Temporary Social Security Supplement (ends when member would have reached age 65).

Safety Members 50% of BRI including COLA.

Lump Sum Death Benefit:

Eligibility Beneficiary of active, inactive, disabled, or retired member.

Basic Benefit

Active member who became a member before October 1, 1990 Greater of :

\$1,500 plus one month's final salary, or \$7,500.

All others \$7,500

Residual Benefit Refund of member contributions plus interest, reduced by a portion of benefits received (100% of retirement income, 50% of preretirement survivor income or disability income) payable to beneficiary if no survivor, surviving spouse, domestic partner, or contingent annuitant.

Appendix E: Appendix E incorporates an alternative benefit formula that is intended to restore benefits that would be accrued under UCRP but for the application of the compensation limit established in IRC Section 401(a)(17). Appendix E has not been implemented and no benefits have been paid under the provision.

Normal Retirement Age:

Safety Members Attainment of age 50 with five years of service credit.

All Other Members Attainment of age 60 with five years of service credit.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Eligible Survivor:

*Eligible Spouse or
Domestic Partner*

Spouse or domestic partner of deceased active or disabled member in relationship for at least one year before date of death and who is:

Responsible for care of eligible child, disabled, or age 60 (age 50 if spouse of member without Social Security and in Plan prior to October 19, 1973).

Eligible Child

Child that is either under age 18, under age 22 and a full-time student, or disabled, if disability occurred prior to age 18 or age 22 if a full-time student.

Eligible Dependent Parent

Parent of deceased active, disabled or retired member, supported by 50% or more by member for one year prior to earliest of death, disablement or retirement.

Inactive Member:

Former UCRP member who retains right to vested benefits.

Cost-of-Living Adjustment:

Basic

100% of annual Consumer Price Index (CPI) increase up to 2% per year.

Supplemental

Generally 75% of annual CPI increase above 4%.

The sum of the Basic and Supplemental COLA's cannot exceed 6% in a year.

COLA applies to:

*Retired members, survivors,
disabled members, and
contingent annuitants receiving
retirement income*

Benefits in pay status one or more years on July 1.

Inactive members

HAPC (used to calculate retirement income) adjusted for COLA up to 2% per year from separation date to retirement date; retirement income adjusted using COLA formula.

*Disabled members receiving
disability income since before
November 5, 1990*

HAPC (used to calculate retirement income) adjusted for COLA up to COLA formula above for years from disablement to retirement date.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Capital Accumulation Provision (CAP):

<i>Eligibility</i>	Active member on specified date; benefits immediately vested.
<i>Allocation Dates</i>	
<i>April 1, 1992</i>	Active member from December 31, 1991 through April 1, 1992: 5.0% of 1991 calendar year covered compensation.
<i>July 1, 1992</i>	Active member on July 1, 1992: 2.5% of 1991-1992 fiscal year covered compensation.
<i>July 1, 1993</i>	Active member on July 1, 1993: 2.5% of 1992-1993 fiscal year covered compensation.
<i>November 1, 1993</i>	Active member on October 1, 1993 and subject to 1993-1994 salary plan: 5.26% of July through October 1993 covered compensation. Not applicable for laboratory members.
<i>July 1, 1994</i>	Active member on June 1, 1994 and subject to 1993-1994 salary plan: 2.67% of November 1993 through June 1994 covered compensation. Not applicable for laboratory members.
<i>May 1, 2002</i>	Active member on April 1, 2002: 3.0% of April 2001 through March 2002 covered compensation.
<i>May 1, 2003</i>	Active member on April 1, 2003: 5.0% of April 2002 through March 2003 covered compensation.
<i>Interest Credit</i>	Regent's approved interest rate; currently 8.5% per year for pre-2002 CAPs and 7.5% for 2002 and later CAPs (CAP II).
<i>Payment</i>	Lump sum payment upon termination, retirement or death.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

University Contributions:	<p>Each year the Regents will determine the actual total contributions and the split between Member Contributions and University Contributions based on the total funding policy contribution and various other factors, including the availability of funds, the impact of employee contributions on the competitiveness of UC's total remuneration package, and collective bargaining. In no event would the University Contributions be lower than the Member Contributions.</p> <p>The total funding policy contribution is based on the Regents funding policy as described in Exhibit VI.</p> <p>The Regents approved an employer contribution rate of 4% of covered compensation effective on or about April 15, 2010. This rate will increase to 7% of covered compensation on July 1, 2011 and 10% of covered compensation on July 1, 2012.</p>
Member Contributions:	
<i>Members without Social Security</i>	<p>3.0% of covered compensation through June 30, 2011; 3.5% of covered compensation from July 1, 2011 through June 30, 2012; 5.0% of covered compensation starting July 1, 2012.</p>
<i>Members with Social Security</i>	<p>2.0% of covered compensation up to the Social Security wage base, plus 4.0% of excess covered compensation through June 30, 2011; 3.5% of covered compensation from July 1, 2011 through June 30, 2012; 5.0% of covered compensation starting July 1, 2012.</p>
<i>Safety Members</i>	<p>3.0% of covered compensation through June 30, 2011; 4.5% of covered compensation from July 1, 2011 through June 30, 2012; 6.0% of covered compensation starting July 1, 2012.</p>
<i>Offset</i>	<p>All member contributions are reduced by \$19 per month.</p>
<i>Interest Credit</i>	<p>Regents' approved interest rate; currently 6.0% per year.</p>

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Changes in Plan Provisions:

The following changes in Plan provisions have been recognized since the prior valuation:

- The Regents approved an amendment to ensure that the Furlough/Salary Reduction Plan has no impact on the calculation of UCRP benefits. This amendment allows the use of the members' pre-furlough/salary reduction rate of covered compensation or rate of accrual of service credit in the calculation of UCRP benefits. This amendment did not result in any increase in benefits above those on which this valuation would have been based if the Furlough/Salary Reduction Plan had not been in place.
- The Regents approved rates for University and Member contributions to UCRP for Plan Years beginning July 1, 2011 and July 1, 2012. These rates are shown on the prior page.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

EXHIBIT VI

UCRP Funding Policy

UCRP Funding Policy:

Effective with the July 1, 2008 valuation, a funding policy was adopted that determines total funding policy contributions based on the Plan's Normal Cost adjusted by an amortization of any surplus or underfunding. The funding policy was amended in September 2010, effective with the July 1, 2010 actuarial valuation.

The UCRP funding policy has the following structure and parameters:

- (1) The funding policy is effective with the July 1, 2008 actuarial valuation and determines total funding policy contributions starting with the Plan Year beginning July 1, 2009.
- (2) Each year the funding policy contributions would be effective for the Plan Year starting one year after the date of the actuarial valuation.
- (3) Each year the Regents will determine the actual total contributions and the split between Member Contributions and University Contributions based on the total funding policy contributions and various other factors, including the availability of funds, the impact of employee contributions on the competitiveness of UC's total remuneration package, and collective bargaining. In no event shall the University Contributions be lower than the Member Contributions.
- (4) The funding policy determines total funding policy contribution rates based on an actuarial valuation of the non-laboratory segment of UCRP (i.e., campuses, medical centers and Hastings College of the Law). The Lawrence Berkeley National Laboratory contributes on the same basis as determined for the non-laboratory segment of UCRP, subject to the terms of the University's contract with the Department of Energy. The Lawrence Livermore National Laboratory and Los Alamos National Laboratory Retained Segments in UCRP are subject to the funding policies outlined in the University's contracts with the Department of Energy. Throughout this funding policy, the term "UCRP" refers to the non-laboratory segment of UCRP.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

- (5) The total funding policy contributions to UCRP consists of the Normal Cost plus an amortization charge for any Unfunded Actuarial Accrued Liability (UAAL) or minus an amortization credit for any surplus.
- (6) The Regents' Consulting Actuary conducts an annual actuarial valuation of UCRP. The Normal Cost and the Actuarial Accrued Liability (AAL) in each actuarial valuation is determined under the Entry Age Normal Actuarial Cost Method, using actuarial assumptions adopted by the Regents.
- (7) The asset smoothing method used to determine the Actuarial Value of Assets is based on the Market Value of Assets adjusted for "unrecognized returns" in each of the last five years. Unrecognized return is the difference between actual and expected returns on a market value basis and is recognized over a five-year period.
- (8) As of the effective date of this policy, any initial surplus as of that date is amortized as a level dollar amount over a period of three years.
 - a. Any changes in surplus after the effective date due to actuarial gains and losses (including contribution gains and losses) would be amortized as a level dollar amount over 15 years.
 - b. Any change in surplus due to a change in actuarial assumptions, cost method or asset smoothing method would be amortized as a level dollar amount over 15 years.
 - c. Any change in surplus due to a Plan amendment would be amortized as a level dollar amount over 15 years.
 - d. In the first year after the effective date when UCRP has a UAAL all amortization bases would be considered fully amortized and contributions would be determined under the remaining provisions of this policy.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

- (9) For any year when UCRP has a UAAL, the calculation of the UAAL would be maintained by source (as listed below) and each new portion of or change in UAAL would be amortized as a level dollar amount over a fixed amortization period.
 - a. Any initial UAAL (after a period of surplus) or change in UAAL due to actuarial gains and losses (including contribution gains and losses) would be amortized over 30 years.
 - b. Any change in UAAL due to a change in actuarial assumptions, cost method or asset smoothing method would be amortized over 15 years.
 - c. Any change in UAAL due to a Plan amendment would be amortized over 15 years, unless a shorter period is adopted by the Regents reflecting the nature of the Plan amendment.
- (10) For any year in which UCRP has a surplus, such surplus would be amortized as a level dollar amount over 30 years, and all prior UAAL amortization bases would be considered fully amortized.
- (11) Effective July 1, 2010, all UAAL amortization bases as of July 1, 2010 will be combined and the combined base will be amortized as a level dollar amount over 30 years.
- (12) This funding policy supersedes any previous funding policies.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

EXHIBIT VII

Information for the University of California Annual Financial Report

The following tables are for the University of California Annual Financial Report and satisfy the reporting requirements of Statement No. 27 of the Governmental Accounting Standards Board (GAS 27). There is also a table that contains various other information needed for the University of California Annual Financial Report. The information shown in these tables excludes Hastings College of Law unless specifically noted.

Table 1 shows the Annual Required Contribution (ARC), Annual Pension Cost (APC) and the Net Pension Obligation (NPO) for the fiscal years ending June 30, 2010 and June 30, 2011. The ARC shown for the year ending June 30, 2011 is based on normal cost plus a 30-year amortization of any UAAL. There is an NPO at the end of the 2010 fiscal year for all UCRP segments.

Table 2 is a three-year history of the APC, the percentage of APC contributed, and the NPO at the end of the year.

Table 3 is a schedule of funding progress for the prior three fiscal years.

Table 4 contains the notes to the trend data. For the current fiscal year, these notes summarize the actuarial cost method used to measure the liabilities and normal cost, the amortization method and period used to calculate the ARC, the asset valuation method, and the actuarial assumptions.

Table 5 contains various other information needed to complete the UC Annual Financial Report.

Table 6 shows the schedule of amortization payments used in the determination of the ARC.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Table 1
University of California Retirement Plan
July 1, 2010 Actuarial Valuation
Annual Pension Cost and Net Pension Obligation
(\$ in 000s)

	<u>Campus and Medical Centers</u>		<u>DOE National Laboratories</u>		<u>University of California Subtotal</u>	
	Year Ended June 30		Year Ended June 30		Year Ended June 30	
	2011	2010	2011	2010	2011	2010
1. Annual required contribution (ARC)	\$1,697,508	\$1,600,164	\$109,929	\$89,845	\$1,807,437	\$1,690,009
2. Interest on net pension obligation	120,105	5,152	482	0	120,587	5,152
3. Adjustment to ARC	135,592	7,782	544	0	136,136	7,782
4. Annual Pension Cost (APC), 1+2-3	1,682,021	1,597,534	109,867	89,845	1,791,888	1,687,379
5. Contributions made		64,833		83,421		148,254
6. Increase/(decrease) in NPO, 4-5		1,532,701		6,424		1,539,125
7. NPO at beginning of year		68,696		0		68,696
8. NPO at end of year, 6+7		1,601,397		6,424		1,607,821

Note: ARC and APC amounts shown include interest until the end of the Plan Year. This interest includes interest on expected or, if known, actual employer contributions made throughout the year. The ARC for the Plan Year ending June 30, 2011 is based on projected covered payroll for the 2010/2011 Plan Year. It will be updated at the end of the Plan Year based on actual covered payroll.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Table 2
University of California Retirement Plan
July 1, 2010 Actuarial Valuation
Three-Year Trend Information
(\$ in 000s)

Fiscal Year Ending	Campuses and Medical Centers	DOE National Laboratories	University of California Subtotal
Annual Pension Cost:			
June 30, 2010	\$1,597,534	\$89,845	\$1,687,379
June 30, 2009	69,138	12	69,150
June 30, 2008	2,646	11	2,657
Percentage of APC Contributed:			
June 30, 2010	4.06%	92.85%	8.79%
June 30, 2009	0.64%	100.00%	0.66%
June 30, 2008	100.00%	100.00%	100.00%
Net Pension Obligation:			
June 30, 2010	\$1,601,397	\$6,424	\$1,607,821
June 30, 2009	68,696	0	68,696
June 30, 2008	0	0	0

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Table 3
University of California Retirement Plan
July 1, 2010 Actuarial Valuation
Schedule of Funding Progress
(\$ in 000s)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Excess Assets (1) – (2)	Funded Ratio (1) / (2)	Annual Covered Payroll	Ratio of Excess Assets to Annual Covered Payroll (3) / (5)
University of California Subtotal						
July 1, 2010	\$41,088,381	\$47,380,285	(\$6,291,904)	86.7%	\$7,974,073	(78.9%)
July 1, 2009	42,685,564	45,041,066	(2,355,502)	94.8%	7,853,419	(30.0%)
July 1, 2008	43,727,521	42,467,742	1,259,779	103.0%	7,449,796	16.9%
Campuses and Medical Centers						
July 1, 2010	\$33,626,755	\$38,999,554	(\$5,372,799)	86.2%	\$7,722,332	(69.6%)
July 1, 2009	34,835,572	36,758,962	(1,923,390)	94.8%	7,637,064	(25.2%)
July 1, 2008	35,496,354	34,340,516	1,155,838	103.4%	7,245,447	16.0%
DOE National Laboratories						
July 1, 2010	\$7,461,626	\$8,380,731	(\$919,105)	89.0%	\$251,741	(365.1%)
July 1, 2009	7,849,992	8,282,104	(432,112)	94.8%	216,355	(199.7%)
July 1, 2008	8,231,167	8,127,226	103,941	101.3%	204,349	50.9%

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Table 4
University of California Retirement Plan
July 1, 2010 Actuarial Valuation
Notes to Trend Data

	<u>Campuses and Medical Centers</u>	<u>DOE National Laboratories</u>
Valuation Date	July 1, 2010	July 1, 2010
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Dollar, Closed	Level Dollar, Closed
Remaining amortization period*	30 Years	30 Years
Asset valuation method	5-year smoothed market	5-year smoothed market
 <u>Actuarial Assumptions</u>		
Investment rate of return**	7.50%	7.50%
Projected salary increases**	4.35-7.00%	4.35-7.00%
Cost-of-living adjustments	2.00%	2.00%
<p>* The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years. Any changes in UAAL due to actuarial experience gains or losses after July 1, 2010 will be separately amortized over a fixed (closed) 30-year period effective with that valuation. Any changes in UAAL due to a change in actuarial assumptions or Plan provisions will be separately amortized over a fixed (closed) 15-year period.</p>		
** Includes inflation at	3.50%	3.50%

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Table 5
University of California Retirement Plan
July 1, 2010 Actuarial Valuation
Various Information for
University of California
Annual Financial Report

University of California Retirement Plan	Campuses and Medical Centers	DOE National Laboratories	University of California Subtotal	Hastings	University of California Total
Retirees and beneficiaries receiving benefits	41,345	12,433	53,778	124	53,902
Inactive members entitled to, but not yet receiving benefits*	41,597	13,360	54,957	80	55,037
Active members:					
Vested	65,671	1,787	67,458	129	67,587
Nonvested	<u>46,319</u>	<u>924</u>	<u>47,243</u>	<u>98</u>	<u>47,341</u>
Total	111,990	2,711	114,701	227	114,928
Total membership	194,932	28,504	223,436	431	223,867
University of California PERS Plus 5 Plan Retirees and Beneficiaries					695

* Includes terminated nonvested members due a refund of contributions or CAP balance payment from UCRP after they separate from employment with LANS or LLNS.

SECTION 4: Reporting Information from the Valuation of the University of California Retirement Plan

Table 6
University of California Retirement Plan
July 1, 2010 Actuarial Valuation
Schedule of Amortization Payments Used in Determination of ARC
(\$ in 000s)

Campus and Medical Centers

Type	Date Established	Initial Years	Initial Amount	Annual Payment	Years Remaining	Outstanding Balance
Actuarial Loss	7/1/2010	30	\$5,372,800	<u>\$423,183</u>	30	<u>\$5,372,800</u>
Total				\$423,183		\$5,372,800

DOE National Laboratories

Type	Date Established	Initial Years	Initial Amount	Annual Payment	Years Remaining	Outstanding Balance
Actuarial Loss	7/1/2010	30	\$919,105	<u>\$72,392</u>	30	<u>\$919,105</u>
Total				\$72,392		\$919,105

Hastings College of Law

Type	Date Established	Initial Years	Initial Amount	Annual Payment	Years Remaining	Outstanding Balance
Actuarial Loss	7/1/2010	30	\$17,086	<u>\$1,345</u>	30	<u>\$17,086</u>
Total				\$1,345		\$17,086

Total for University of California Retirement Plan

Type	Date Established	Initial Years	Initial Amount	Annual Payment	Years Remaining	Outstanding Balance
Actuarial Loss	7/1/2010	30	\$6,308,991	<u>\$496,920</u>	30	<u>\$6,308,991</u>
Total				\$496,920		\$6,308,991

The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years.

Annual payments are level dollar amounts and shown as of beginning of year.

5078381v2/05693.002