University of California Retirement Plan

ACTUARIAL VALUATION REPORT AS OF JULY 1, 2014

Segal Consulting

Segal Consulting

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October 17, 2014

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, 2014 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 2015-2016 Plan Year and analyzes the preceding year's experience.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. The census and financial information on which our calculations were based was provided by the UC HR Staff. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for those measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. 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. 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 look forward to reviewing this report at the November 2014 Regents meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

Paul Angelo, FSA, MAAA, EA, FCA	*John Monroe, ASA, MAAA, EA*
Senior Vice President and Actuary	*Vice President and Associate Actuary*

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SECTION 1

EXECUTIVE SUMMARY

SECTION 2

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

Purpose

This report has been prepared by Segal Consulting to present a valuation of the University of California Retirement Plan ("UCRP" or "Plan") as of July 1, 2014. 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, 2014,
- The assets of the Plan as of June 30, 2014,
- 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 decreased from 30.33% of covered payroll to 28.79% of covered payroll. The decrease in the total funding policy contribution rate was mainly due to the investment gain on the actuarial value of assets. This total funding policy contribution rate is for the 2015-2016 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. 50

- For the Plan Year beginning July 1, 2014, the University contribution rate is 14% of covered compensation while the rate for most members is 8.0% of covered compensation (less $19 per month). Member rates are subject to collective bargaining for represented employees. For years in which the actual contributions are less than the total funding policy contributions, future actuarial losses are generated that will lead to increases in future total funding policy contributions.

Significant Issues in Valuation Year (continued)

- In December 2010, The Regents delegated to the President authority and discretion to fully fund the modified Annual Required Contribution (ARC) for the Plan during fiscal years 2010-2011 through 2018-2019 and the full ARC after that. The modified ARC consists of the normal cost plus interest on the Unfunded Actuarial Accrued Liability (UAAL). In July 2014, The Regents approved a transfer of $700 million from the UC Short-Term Investment Pool (STIP) to UCRP. The $700 million represents an amount that along with actual contributions would approximate full funding of the modified ARC for 2013-2014. The transfer was made on July 31, 2014. All results shown in this valuation report exclude the $700 million transfer as the transfer did not occur prior to July 1, 2014.

ASSETS

Reference: Pg. 7

- During the 2013-2014 Plan Year, the rate of return on the market value of assets was approximately 17.8%. 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 12.3%, which is greater than the expected return of 7.5%.

Reference: Pg. 4

- The total unrecognized investment gain as of July 1, 2014 is about $4.46 billion as compared to a $1.77 billion unrecognized gain in the previous valuation. This investment gain will be recognized in the determination of the actuarial value of assets for valuation purposes over the next few years. This means 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, then the deferred gains will be recognized over the next few years as shown in the footnote on Chart 6.
- This actuarial valuation report as of July 1, 2014 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: Pgs. 12-13, 25

- The Plan's funded ratio on an actuarial value basis increased from 75.9% as of July 1, 2013 to 80.0% as of July 1, 2014. This increase in funded ratio is mainly a result of the investment gain on the actuarial value of assets. On a market value basis, the Plan's funded ratio increased from 79.0% as of July 1, 2013 to 87.4% as of July 1, 2014 due to the investment gain on the market value of assets. Both of these increases in funded ratio were offset to some extent due to actual contributions for the 2013-2014 Plan Year being less than those expected under the funding policy. The Plan is in an underfunded position as the actuarial accrued liability exceeds the actuarial value of assets by $12.1 billion. Information on the funded ratio and unfunded actuarial accrued liability for each UCRP segment can be found on page vii.

Significant Issues in Valuation Year (continued)

CHANGE IN PLAN PROVISIONS

Reference: Pg. 51

- During 2013-2014, the Regents approved a modification to the plan provisions of the 2013 Tier for employees represented by the California Nurses Association (CNA), University Professional and Technical Employees (UPTE) and American Federation of State County and Municipal Employees (AFSCME) bargaining units. The changes for the new tier (referred to as the “Modified 2013 Tier”) were necessary to reach agreements with these bargaining units. The Modified 2013 Tier design is the same as the 2013 Tier adopted by the Regents in 2010 with the following exceptions:
  - The range of retirement ages and age factors is the same as those for the 1976 Tier (i.e., earliest retirement age is 50 and the earliest age for the maximum age factor of 2.5% is 60).
  - The lump sum cashout is available as a payment option on the Modified 2013 Tier benefit, similar to the 1976 Tier.
- In addition, the UCRP member contribution rate increases to 9.0% of covered compensation effective on or about July 1, 2014 (less $19 per month for 1976 Tier Members) for all members in these bargaining units regardless of UCRP entry date or membership tier. This compares to member contribution rates for most other members of the 2013 Tier of 7.0% and for the 1976 Tier of 8.0% (less $19 per month).
- Two new retirement rate assumptions have also been introduced in this valuation that apply to members of either the 2013 Tier or the Modified 2013 Tier.

FUTURE EXPECTATIONS

- The unrecognized investment gains of $4.46 billion represent about 8% of the market value of assets. Unless offset by future investment losses or other unfavorable experience, the future recognition of the $4.46 billion in market gains is expected to have an 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 gains were recognized immediately in the actuarial value of assets, the funded percentage would increase from 80.0% to 87.4%.
  - If the deferred gains were recognized immediately in the actuarial value of assets, the total funding policy contribution would decrease from 28.79% of covered payroll to 25.40% of covered payroll.

Significant Issues in Valuation Year (continued)

- The last actuarial experience study covered the period from July 1, 2006 through June 30, 2010. We anticipate performing another actuarial experience study during the first half of 2015. 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. For each of UCRP's economic actuarial assumptions, a determination will be made on whether the current economic assumptions (including price inflation, wage inflation, and investment return) are still appropriate.

DEMOGRAPHIC EXPERIENCE

Reference: Pgs. 14-16

- Overall, the number of active members increased by 1.9% from 118,321 as of July 1, 2013 to 120,568 as of July 1, 2014. The Plan has 64,191 members currently receiving benefits, an increase of 4.0% from 2013. Total monthly benefits in pay status increased by 7.2%, to a level of $205 million. There are also 78,229 terminated members in the Plan who are entitled to future benefits. Within this group of terminated members there are 34,162 terminated vested members who are entitled to a deferred or immediate vested benefit and 37,662 terminated nonvested members who are entitled to a refund of member contributions or payment of their Capital Accumulation Provision (CAP) balance. There are also 6,405 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 this valuation and the previous valuation was 5.0%. When compared to the average assumed increase of approximately 5.1% (based on the 2013 valuation), this produced a small actuarial gain due to salary increases less than expected.

DISCLOSURES AND REPORTING

- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. Statement 67 is effective with the fiscal year ending June 30, 2014 for Plan reporting. Statement 68 is effective with the fiscal year ending June 30, 2015 for employer reporting, however, we understand that the University intends early implementation of Statement 68 for the fiscal year ending June 30, 2014. The information needed to comply with both Statements 67 and 68 is provided in a separate report.

Summary of Key Valuation Results

	2014 ($ in 000s)	2013 ($ in 000s)
Total funding policy contributions:		
Percentage of payroll[(1)]	28.79%	30.33%
Estimated annual dollar amount[(2)]	$2,705,150	$2,703,113
Funding elements for Plan Year beginning July 1:		
Normal cost (beginning of year)	$1,635,766	$1,563,366
Percentage of payroll (beginning of year)	17.59%	17.70%
Percentage of payroll (middle of year)	18.24%	18.35%
Market value of assets (MVA)	$52,783,867	$45,340,727
Actuarial value of assets (AVA)	48,327,981	43,572,353
Actuarial accrued liability (AAL)	60,417,177	57,380,961
Unfunded/(Overfunded) actuarial accrued liability on AVA basis	12,089,196	13,808,608
Unfunded/(Overfunded) actuarial accrued liability on MVA basis	7,633,310	12,040,234
Funded ratio on actuarial value basis (AVA / AAL)	80.0%	75.9%
Funded ratio on market value basis (MVA / AAL)	87.4%	79.0%
Demographic data for Plan Year beginning July 1:		
Number of retired members and beneficiaries[(3)]	64,191	61,715
Number of vested terminated members[(4)]	78,229	73,589
Number of active members	120,568	118,321
Average covered compensation (actual dollars)	$86,224	$83,396

(1) *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, 2014 UAAL represents 26.79% of covered payroll.*

(2) *Based on estimated covered payroll of $9,396,146 (also in thousands) for the 2015-2016 Plan Year and $8,912,340 for the 2014-2015 Plan Year. Actual contributions are set by the Regents and will be made based on actual payroll.*

(3) *Excludes deferred beneficiaries who are entitled to future benefits.*

(4) *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.*

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 2015-2016 Plan Year is based on this valuation and is 28.79% of payroll.

For the Plan Year beginning July 1, 2014, the University contribution rate is 14% of covered compensation while the rate for most members is 8% of covered compensation (less $19 per month).

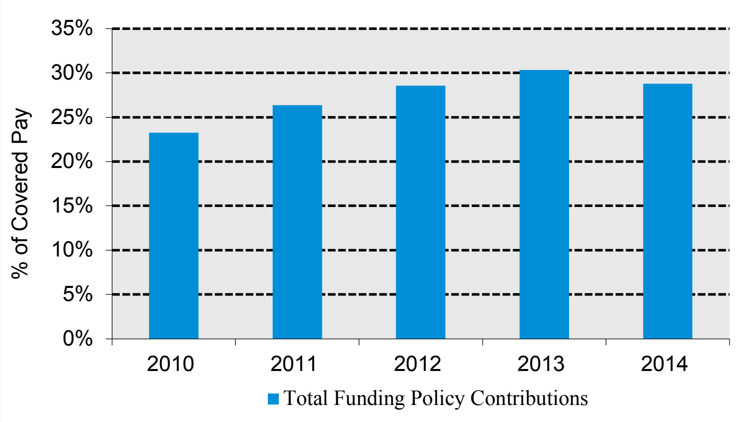
The Plan's funded percentage (actuarial value of assets divided by actuarial accrued liability) over the past five years is shown below:

Plan Year Beg. 7/1	AAL $ in Billions	AVA $ in Billions	Funded Percentage
2010	$47.5	$41.2	87%
2011	51.8	42.8	82
2012	54.6	43.0	79
2013	57.4	43.6	76
2014	60.4	48.3	80

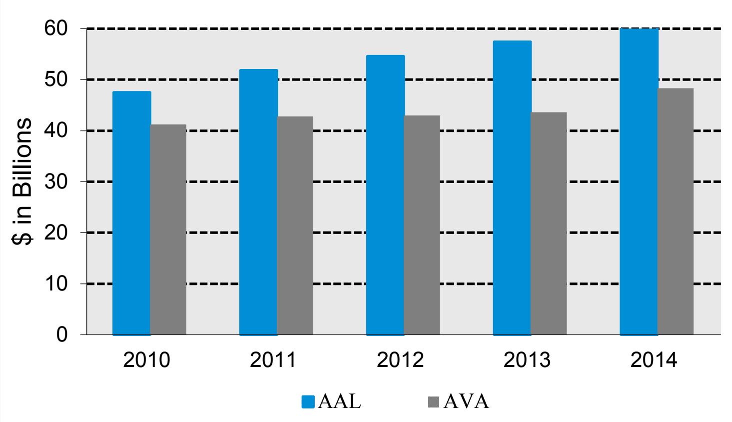
The actuarial accrued liability has shown a steady increase over the five-year period. Prior to 2014, the actuarial value of assets remained relatively level as prior investment losses were recognized and contributions had recently restarted. In 2014, the actuarial value of assets mainly increased due to the recognition of prior investment gains.

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



Summary of UCRP July 1, 2014 Valuation Results by Segment ($ in 000s)

	Total UCRP	Campus and Medical Centers[1]	Lawrence Berkeley National Laboratory (LBNL)	Lawrence Livermore National Laboratory (LLNL)	Los Alamos National Laboratory (LANL)
Normal Cost (beginning of year)	$1,635,766	$1,589,434	$46,333	$0	$0
Market value of assets	52,783,867	44,484,493	2,084,266	3,349,664	2,865,444
Actuarial value of assets (AVA)	48,327,981	40,729,228	1,908,327	3,066,894	2,623,533
Actuarial accrued liability (AAL)	60,417,177	51,406,828	1,996,887	3,839,072	3,174,390
Unfunded/(Overfunded) actuarial accrued liability on AVA basis	12,089,196	10,677,600	88,560	772,178	550,857
Unfunded/(Overfunded) actuarial accrued liability on MVA basis	7,633,310	6,922,335	(87,379)	489,408	308,946
Funded Ratio on AVA basis (AVA/AAL)	80.0%	79.2%	95.6%	79.9%	82.6%
Funded Ratio on MVA basis (MVA/AAL)	87.4%	86.5%	104.4%	87.3%	90.3%
Estimated Covered Payroll for 2014-2015 Plan Year	$9,299,817	$9,034,755	$265,062	$0	$0
Estimated Covered Payroll for 2015-2016 Plan Year	9,671,810	9,396,146	275,664	0	0
Total funding policy contributions[2]					
Percent of payroll[3]		28.79%	28.79%	N/A	N/A
Estimated dollar amount in 000s		$2,705,150	$79,364	N/A	N/A
Required Contractual Contributions[4]					
Estimated dollar amount in 000s		N/A	N/A	$237,076	$141,428

(1) *Includes Hasting College of Law*

(2) *All total funding policy contributions are based on valuation results as of July 1, 2014. Please see Section 2, page 10 for more detailed information on this calculation.*

(3) *The total funding policy contributions shown for the campus and medical centers and LBNL segments are for the Plan Year beginning July 1, 2015. Actual contributions for these two segments will be set by the Regents.*

(4) *The contributions shown for the LLNL and LANL Retained Segments are required (subject to available funding by the National Nuclear Security Agency (NNSA)) for the Plan Year beginning July 1, 2014 under the terms of the University's contracts with the Department of Energy, and are due by February 29, 2016.*

Note: Results may not add due to rounding.

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.

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

CHART 1

Member Population: 2005 – 2014

Year Beginning July 1	Active Members	Terminated Vested Members*	Retired Members, Disabled Members and Beneficiaries**	Ratio of Retirees to Actives
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
2011	115,568	60,903	56,296	0.49
2012	116,888	67,318	58,934	0.50
2013	118,321	73,589	61,715	0.52
2014	120,568	78,229	64,191	0.53

* *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.*

** *Excludes deferred beneficiaries who are entitled to future benefits.*

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 120,568 active members with an average age of 44.9 years, average service credit of 9.6 years and average covered compensation of $86,224.

Inactive Members

In this year's valuation, there were 78,229 terminated members. Within this group of terminated members there are 34,162 members with a vested right to a deferred or immediate vested benefit and 37,662 terminated nonvested members who are entitled to a return of their member contributions or a distribution of their CAP balance. There are also 6,405 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 310 members who have 40 or more years of service credit.

CHART 2

Distribution of Active Members by Age as of July 1, 2014

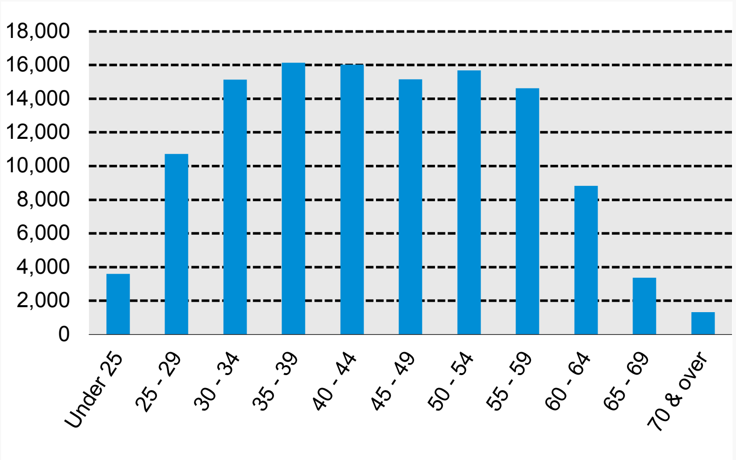
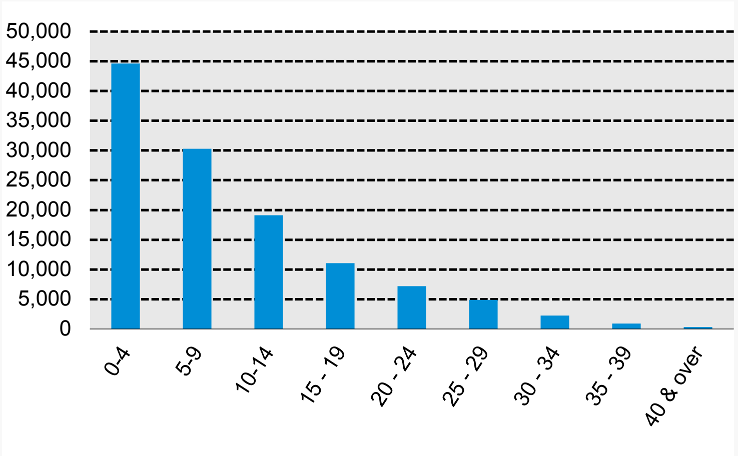


CHART 3

Distribution of Active Members by Service Credit as of July 1, 2014



Retired Members, Disabled Members and Beneficiaries
As of July 1, 2014, 54,714 retired members, 1,763 disabled members and 7,714 beneficiaries (excludes 106 deferred beneficiaries) were receiving total monthly benefits of $204,997,322.

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, 2014

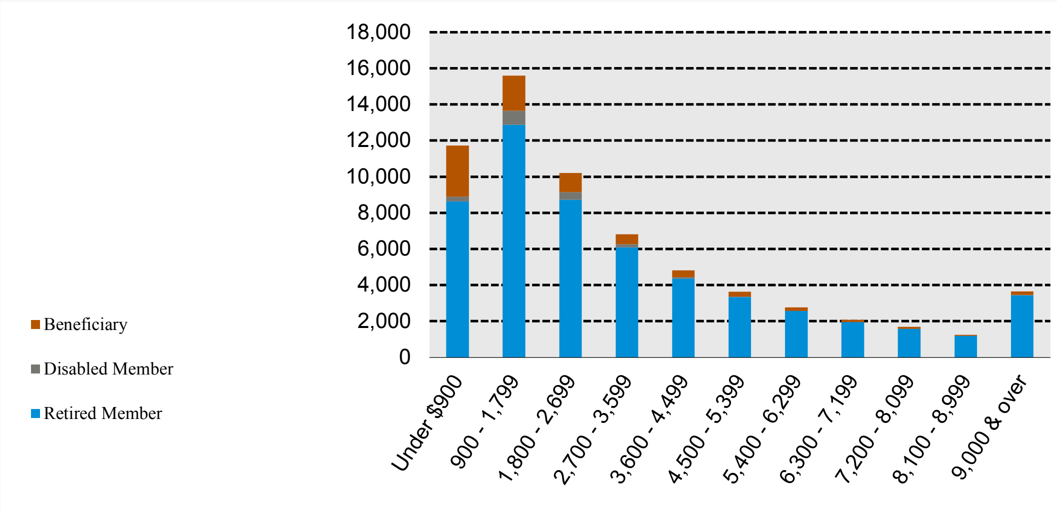
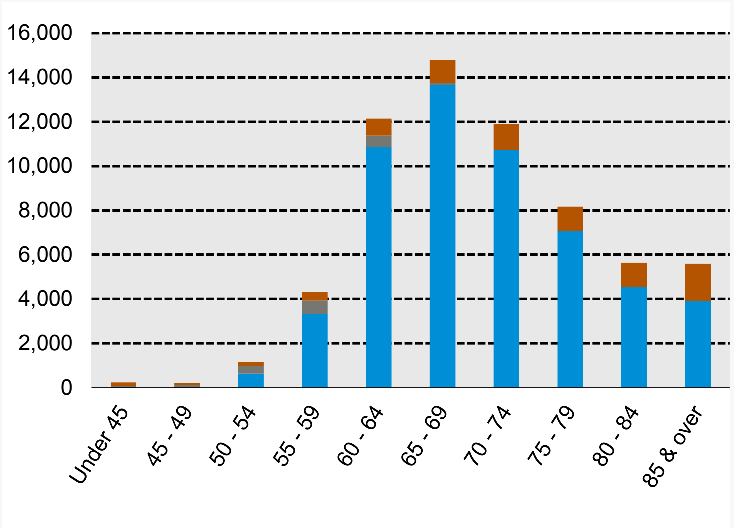


CHART 5

Distribution of Retired Members, Disabled Members and Beneficiaries by Age as of July 1, 2014



B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions (net of administration expenses) and investment earnings (net of 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, 2014

	Original Amount*	Deferral Percentage	Unrecognized Return**	($ in 000s)
1. Market value of assets				$52,783,867
2. Calculation of unrecognized return*				
(a) Year ended June 30, 2014	$4,630,681	80%	$3,704,545	
(b) Year ended June 30, 2013	1,746,569	60%	1,047,942	
(c) Year ended June 30, 2012	(3,017,759)	40%	(1,207,104)	
(d) Year ended June 30, 2011	4,552,513	20%	910,503	
(e) Year ended June 30, 2010	1,803,846	0%	0	
(f) Total unrecognized return***				4,455,886
3. Actuarial value of assets: (1) - (2f)				$48,327,981
4. Actuarial value as a percentage of market value: (3) ÷ (1)				91.6%

* *Total return minus expected return, both on a market value basis*

** *Recognition at 20% per year over 5 years*

****Deferred return as of June 30, 2014 recognized in each of the next four years:*

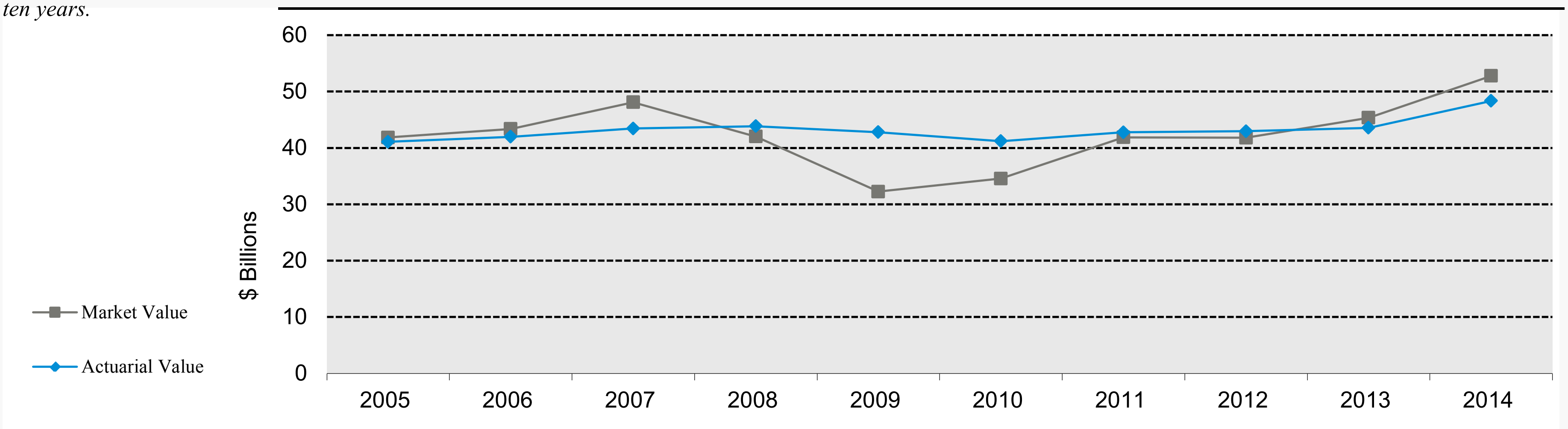
(a) Amount recognized during 2014/2015	*$1,582,402*
(b) Amount recognized during 2015/2016	*671,898*
(c) Amount recognized during 2016/2017	*1,275,450*
(d) Amount recognized during 2017/2018	*926,136*
Total	*$4,455,886*

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

Market Value of Assets vs. Actuarial Value of Assets for Years Ended June 30, 2005 – 2014



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 gain of $1.0 billion are shown below. The net experience gain from sources other than investments and contributions was 0.2% 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, 2014

		($ in 000s)
1.	Net (loss) from contributions less than expected under funding policy	($1,166,477)
2.	Net gain from investments*	2,075,798
3.	Net gain from salary increases less than assumed	54,986
4.	Net gain from other experience**	65,612
5.	Net experience gain: (1) + (2) + (3) + (4)***	$1,029,919

* *Details in Chart 9.*

** *See Section 3, Exhibit F. Does not include the effect of Plan or assumption changes, if any.*

*** *Non-laboratory segment amount is a gain of $886,657.*

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 2013-2014 Plan Year was 12.30%.

Since the actual return for the year was more than the assumed return, the Plan experienced an actuarial gain during the year ended June 30, 2014 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/(loss) due to investment experience.

CHART 9

Market and Actuarial Value Investment Experience for Year Ended June 30, 2014

	Market Value ($ in 000s)	Actuarial Value ($ in 000s)
1. Actual return	$8,009,979	$5,322,468
2. Average value of assets	45,057,307	43,288,933
3. Actual rate of return: (1) ÷ (2)	17.78%	12.30%
4. Assumed rate of return	7.50%	7.50%
5. Expected return: (2) x (4)	3,379,298	$3,246,670
6. Actuarial gain/(loss): (1) – (5)	$4,630,681	$2,075,798

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, 2005 - 2014

This chart illustrates how this leveling effect has actually worked over the years 2005 - 2014.

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, 2014 amounted to $121 million which is 0.2% of the actuarial accrued liability. Of this amount, $55 million was due to salary increases less than assumed.

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 is based on various amortization periods for different components of the UAAL as of July 1, 2014 as shown in Section 3, Exhibit H.

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 IV.

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, 2014 ($ in 000s)		July 1, 2013 ($ in 000s)	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost (beginning of year)	$1,589,434	17.59%	$1,516,568	17.70%
2. Actuarial value of assets	40,729,228		36,686,832	
3. Actuarial accrued liability	51,406,828		48,433,892	
4. Unfunded/(Overfunded) actuarial accrued liability	10,677,600		11,747,060	
5. Amortization of Unfunded/(Overfunded) actuarial accrued liability*	919,778	10.18%	989,615	11.55%
6. Total funding policy contribution rate, before timing adjustment: (1) + (5)		27.77%		29.25%
7. Total funding policy contribution rate, adjusted for timing**		28.79%		30.33%
8. Estimated total funding policy contribution amount***	$2,705,150		$2,703,113	

* *Layered amortization of unfunded actuarial accrued liability (UAAL). See Section 3, Exhibit H for more details.*

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

*** *The total funding policy contributions shown are for the non-laboratory segment of UCRP and are based on estimated covered payroll of $9,396,146 (also in thousands) for the 2015-2016 Plan Year and $8,912,340 for the 2014-2015 Plan Year. Actual contributions are set by the Regents and will be made based on actual payroll.*

The chart reconciles the total funding policy contribution rate from the prior valuation to the rate determined in this valuation.

The total funding policy contribution rates as of July 1, 2014 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.

Reconciliation of Total Funding Policy Contribution Rate

The chart below details the changes in the total funding policy contribution rate from the prior valuation to the current year's valuation.

CHART 12

Reconciliation of Total Funding Policy Contribution Rate from July 1, 2013 to July 1, 2014

Total Funding Policy Contribution Rate as of July 1, 2013	30.33%
Effect of contributions less than those determined under funding policy	0.98%
Effect of investment gain	-1.58%
Effect of gains on individual salary experience less than assumed	-0.04%
Effect of increase in total payroll on UAAL amortization rate	-0.62%
Effect of implementation of 2013 Tier and Modified 2013 Tier	-0.19%
Effect of other experience*	-0.09%
Total change	-1.54%
Total Funding Policy Contribution Rate as of July 1, 2014	28.79%

* *Includes effect of differences in actual versus expected experience including mortality, disability, withdrawal and retirement experience.*

E. FUNDED RATIO

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan. High ratios indicate a well-funded plan with assets sufficient to cover the Plan's actuarial 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 factors.

The chart below depicts a history of the funded ratios for the Plan. Chart 14 on the next page shows the Plan's schedule of funding progress for the last ten years.

CHART 13

Funded Ratio (Plan Year Beginning July 1)

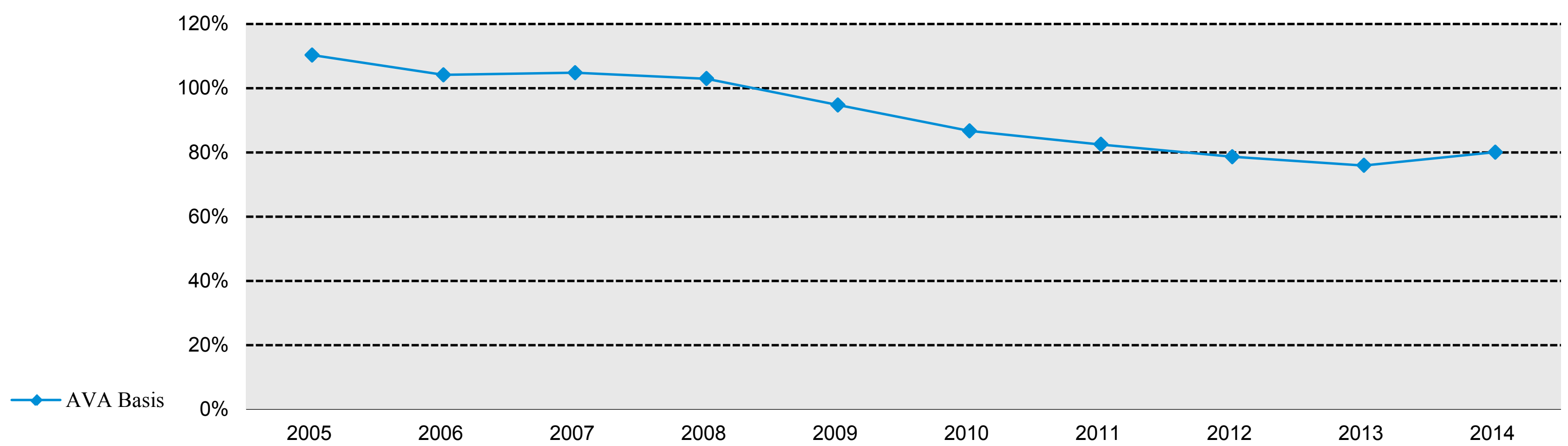


CHART 14

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%
07/01/2011	42,757,271	51,831,306	9,074,035	82.5%	8,163,021	111.2%
07/01/2012	42,965,028	54,619,620	11,654,592	78.7%	8,598,114	135.5%
07/01/2013	43,572,353	57,380,961	13,808,608	75.9%	8,836,498	156.3%
07/01/2014	48,327,981	60,417,177	12,089,196	80.0%	9,299,817	130.0%

* *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.*

F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of total funding policy contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential funding policy contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of funding policy contribution volatility. This is a current measure since it is based on the current level of assets.

For UCRP, the current AVR is about 5.7. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 5.7% of one-year's payroll. Since UCRP amortizes actuarial gains and losses over a period of 30 years, there would be a 0.4% of payroll decrease/(increase) in the total funding policy contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in assumptions.

For UCRP, the current LVR is about 6.5. This is about 14% higher than the AVR. Therefore, we would expect that funding policy contribution volatility will increase over the long-term.

This chart shows how the asset and liability volatility ratios have varied over time.

CHART 15

Volatility Ratios for Years Ended June 30, 2009 – 2014

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2009	4.1	5.7
2010	4.3	5.9
2011	5.1	6.3
2012	4.9	6.4
2013	5.1	6.5
2014	5.7	6.5

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: 2014	Year Beginning July 1: 2013	Change From Prior Year
1976 Tier members:[1]			
Number	106,172	117,931	-10.0%
Average age	46.2	45.0	N/A
Average service credit	10.7	9.6	11.5%
Total covered compensation	$9,434,631,397	$9,829,944,790	-4.0%
Average covered compensation	$88,862	$83,353	6.6%
2013 Tier members:[2][3]			
Number	9,510	0	N/A
Average age	36.2	N/A	N/A
Average service credit	1.0	N/A	N/A
Total covered compensation	$634,808,776	N/A	N/A
Average covered compensation	$66,752	N/A	N/A
Modified 2013 Tier members:[2]			
Number	4,482	0	N/A
Average age	33.7	N/A	N/A
Average service credit	0.9	N/A	N/A
Total covered compensation	$286,450,976	N/A	N/A
Average covered compensation	$63,911	N/A	N/A
Safety members:			
Number	404	390	3.6%
Average age	42.5	42.2	N/A
Average service credit	9.9	9.9	0.0%
Total covered compensation	$40,010,440	$37,555,564	6.5%
Average covered compensation	$99,036	$96,296	2.8%
All active members:			
Number	120,568	118,321	1.9%
Average age	44.9	45.0	N/A
Average service credit	9.6	9.6	0.0%
Total covered compensation	$10,395,901,589	$9,867,500,354	5.4%
Average covered compensation	$86,224	$83,396	3.4%

(1) *Includes 10 members with Tier Two Benefits and 739 members whose 1976 Tier service is not coordinated with Social Security.*

(2) *Includes multi-tier members earning future Service Credit under this tier.*

(3) *Includes 6 members whose 1976 Tier service is not coordinated with Social Security.*

EXHIBIT A

Table of Plan Coverage
ii. Nonactive Members

Category	Year Beginning July 1[1] 2014	2013	Change From Prior Year
Terminated vested members:			
Number	34,162	33,466	2.1%
Average age	49.4	49.3	N/A
Total monthly benefit[2]	$48,511,536	$47,171,177	2.8%
Average monthly benefit	$1,420	$1,410	0.7%
Terminated nonvested members:[3]			
Number	44,067	40,123	9.8%
Average member refund and CAP balance	$5,584	$5,398	3.4%
Retired members:			
Number in pay status	54,714	52,300	4.6%
Average age	70.8	70.6	N/A
Total monthly benefit	$185,374,208	$172,394,943	7.5%
Average monthly benefit	$3,388	$3,296	2.8%
Disabled members:			
Number in pay status	1,763	1,897	-7.1%
Average age	57.5	57.4	N/A
Total monthly benefit	$3,250,831	$3,419,980	-4.9%
Average monthly benefit	$1,844	$1,803	2.3%
Beneficiaries (includes Eligible Survivors, Contingent Annuitants, and Spouses/Domestic Partners):			
Number in pay status[4]	7,714	7,518	2.6%
Average age	74.4	74.1	N/A
Total monthly benefit	$16,372,283	$15,334,523	6.8%
Average monthly benefit	$2,122	$2,040	4.0%

Note: Monthly benefits shown include temporary Social Security Supplement

(1) *CAP balances total $1.283 billion as of July 1, 2014 and $1.282 billion as of July 1, 2013 for all members.*

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

(3) *For July 1, 2014, includes 6,405 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, 2013, 6,599 members were included.*

(4) *Excludes 106 deferred beneficiaries as of July 1, 2014 who are entitled to future benefits. For July 1, 2013, 106 deferred beneficiaries were excluded.*

EXHIBIT B

Members in Active Service and Average Covered Compensation as of July 1, 2014
By Age and Service Credit

i. All Active Members

		Service Credit								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	3,601	3,582	19	- -	- -	- -	- -	- -	- -	- -
	$45,077	$45,095	$41,606	- -	- -	- -	- -	- -	- -	- -
25 - 29	10,722	9,252	1,460	10	- -	- -	- -	- -	- -	- -
	58,524	58,770	57,046	$47,334	- -	- -	- -	- -	- -	- -
30 - 34	15,127	9,224	5,157	734	12	- -	- -	- -	- -	- -
	71,864	72,328	72,174	64,003	$62,741	- -	- -	- -	- -	- -
35 - 39	16,132	7,540	5,562	2,530	491	9	- -	- -	- -	- -
	81,962	81,507	85,673	76,947	73,208	$58,000	- -	- -	- -	- -
40 - 44	16,022	5,019	5,469	3,687	1,546	290	11	- -	- -	- -
	87,346	83,322	91,152	90,465	81,037	80,498	$52,502	- -	- -	- -
45 - 49	15,158	3,461	4,126	3,787	2,277	1,154	345	8	- -	- -
	90,508	84,029	87,237	95,772	99,189	91,206	77,487	$78,733	- -	- -
50 - 54	15,677	2,736	3,459	3,365	2,607	1,929	1,266	298	17	- -
	92,027	86,042	83,207	90,927	102,912	104,628	91,658	87,226	$80,418	- -
55 - 59	14,620	2,061	2,610	2,593	2,268	2,124	1,778	915	264	7
	98,083	90,474	85,208	91,019	103,603	112,312	111,363	102,473	88,348	$70,129
60 - 64	8,824	1,208	1,634	1,622	1,302	1,157	1,027	627	225	22
	105,608	95,044	90,946	94,251	102,003	118,768	125,915	140,095	113,769	118,836
65 - 69	3,360	376	608	593	427	384	357	296	245	74
	122,171	103,203	94,595	108,165	110,330	127,161	140,102	162,278	181,358	156,905
70 & over	1,325	161	167	170	130	135	99	113	143	207
	155,726	123,483	111,138	123,075	144,350	153,941	177,361	193,789	195,303	193,431
Total	120,568	44,620	30,271	19,091	11,060	7,182	4,883	2,257	894	310
	$86,224	$73,765	$83,451	$90,005	$98,534	$108,121	$110,228	$123,242	$137,193	$176,634

Average Age: 44.9

Average Service Credit: 9.6

EXHIBIT B

Members in Active Service and Average Covered Compensation as of July 1, 2014
By Age and Service Credit

ii. 1976 Tier Members (including Members with Tier Two Benefits)

		Service Credit								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	1,510	1,491	19	- -	- -	- -	- -	- -	- -	- -
	$46,748	$46,814	$41,606	- -	- -	- -	- -	- -	- -	- -
25 - 29	7,662	6,207	1,445	10	- -	- -	- -	- -	- -	- -
	59,497	60,094	57,017	$47,334	- -	- -	- -	- -	- -	- -
30 - 34	12,128	6,334	5,057	725	12	- -	- -	- -	- -	- -
	72,906	74,694	72,010	63,709	$62,741	- -	- -	- -	- -	- -
35 - 39	13,950	5,478	5,479	2,498	486	9	- -	- -	- -	- -
	83,181	84,562	85,661	76,789	72,969	$58,000	- -	- -	- -	- -
40 - 44	14,640	3,788	5,394	3,641	1,525	281	11	- -	- -	- -
	88,252	85,682	91,141	90,548	80,885	79,088	$52,502	- -	- -	- -
45 - 49	14,162	2,625	4,062	3,732	2,260	1,135	340	8	- -	- -
	91,119	85,421	87,247	95,823	99,147	91,050	76,917	$78,733	- -	- -
50 - 54	14,900	2,089	3,402	3,330	2,592	1,917	1,257	296	17	- -
	92,570	87,970	83,297	90,979	102,885	104,546	91,490	86,884	$80,418	- -
55 - 59	14,067	1,590	2,567	2,573	2,260	2,120	1,776	910	264	7
	98,545	92,345	85,039	90,899	103,609	112,356	111,383	102,459	88,348	$70,129
60 - 64	8,555	966	1,620	1,613	1,301	1,155	1,026	627	225	22
	106,161	97,304	91,005	94,063	101,919	118,751	125,980	140,095	113,769	118,836
65 - 69	3,287	312	604	590	427	383	356	296	245	74
	122,514	102,248	94,614	108,442	110,330	126,971	140,040	162,278	181,358	156,905
70 & over	1,311	147	167	170	130	135	99	113	143	207
	156,160	124,288	111,138	123,075	144,350	153,941	177,361	193,789	195,303	193,431
Total	106,172	31,027	29,816	18,882	10,993	7,135	4,865	2,250	894	310
	$88,862	$77,439	$83,428	$89,993	$98,512	$108,096	$110,219	$123,270	$137,193	$176,634

Average Age: 46.2

Average Service Credit: 10.7

EXHIBIT B

Members in Active Service and Average Covered Compensation as of July 1, 2014
By Age and Service Credit

iii. 2013 Tier Members (including multi-tier members earning future Service Credit under the 2013 Tier)

		Service Credit								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	1,195	1,195	- -	- -	- -	- -	- -	- -	- -	- -
	$40,604	$40,604	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	1,826	1,816	10	- -	- -	- -	- -	- -	- -	- -
	50,490	50,454	$57,062	- -	- -	- -	- -	- -	- -	- -
30 - 34	2,102	2,058	43	1	- -	- -	- -	- -	- -	- -
	65,737	65,713	67,322	$47,410	- -	- -	- -	- -	- -	- -
35 - 39	1,608	1,561	37	9	1	- -	- -	- -	- -	- -
	74,754	74,565	81,395	83,221	$48,086	- -	- -	- -	- -	- -
40 - 44	943	874	38	23	7	1	- -	- -	- -	- -
	77,979	77,910	83,754	73,694	67,549	$90,524	- -	- -	- -	- -
45 - 49	676	602	39	28	4	3	- -	- -	- -	- -
	84,282	84,232	82,882	87,631	79,988	86,987	- -	- -	- -	- -
50 - 54	498	430	34	20	5	7	2	- -	- -	- -
	85,462	85,161	73,696	93,514	113,847	123,957	$64,054	- -	- -	- -
55 - 59	398	347	31	11	7	2	- -	- -	- -	- -
	91,177	89,579	97,056	114,323	109,472	86,114	- -	- -	- -	- -
60 - 64	191	176	7	5	1	1	1	- -	- -	- -
	94,461	93,162	78,488	126,173	211,183	194,726	59,292	- -	- -	- -
65 - 69	59	54	2	2	- -	1	- -	- -	- -	- -
	113,550	113,190	131,101	62,547	- -	199,894	- -	- -	- -	- -
70 & over	14	14	- -	- -	- -	- -	- -	- -	- -	- -
	115,030	115,030	- -	- -	- -	- -	- -	- -	- -	- -
Total	9,510	9,127	241	99	25	15	3	- -	- -	- -
	$66,752	$66,002	$79,743	$89,180	$95,504	$119,069	$62,466	- -	- -	- -

Average Age: 36.2

Average Service Credit: 1.0

EXHIBIT B

Members in Active Service and Average Covered Compensation as of July 1, 2014
By Age and Service Credit

iv. Modified 2013 Tier Members (including multi-tier members earning future Service Credit under the Modified 2013 Tier)

		Service Credit								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	888	888	- -	- -	- -	- -	- -	- -	- -	- -
	$48,040	$48,040	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	1,204	1,202	2	- -	- -	- -	- -	- -	- -	- -
	64,096	64,124	$47,443	- -	- -	- -	- -	- -	- -	- -
30 - 34	830	812	17	1	- -	- -	- -	- -	- -	- -
	70,696	70,406	85,459	$55,154	- -	- -	- -	- -	- -	- -
35 - 39	513	489	20	3	1	- -	- -	- -	- -	- -
	70,231	69,422	91,323	51,521	$99,875	- -	- -	- -	- -	- -
40 - 44	368	345	18	5	- -	- -	- -	- -	- -	- -
	72,093	70,677	96,046	83,563	- -	- -	- -	- -	- -	- -
45 - 49	253	228	14	8	1	2	- -	- -	- -	- -
	68,535	67,185	93,319	62,938	117,977	$46,593	- -	- -	- -	- -
50 - 54	220	192	15	12	1	- -	- -	- -	- -	- -
	66,644	65,425	78,915	72,207	49,992	- -	- -	- -	- -	- -
55 - 59	124	111	5	6	1	- -	- -	1	- -	- -
	64,915	64,917	49,317	79,419	49,109	- -	- -	$71,551	- -	- -
60 - 64	69	64	2	2	- -	1	- -	- -	- -	- -
	63,809	64,554	46,624	57,941	- -	62,182	- -	- -	- -	- -
65 - 69	13	10	2	1	- -	- -	- -	- -	- -	- -
	71,585	79,061	52,125	35,752	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	4,482	4,341	95	38	4	3	- -	1	- -	- -
	$63,911	$63,406	$84,603	$69,096	$79,238	$51,789	- -	$71,551	- -	- -

Average Age: 33.7
Average Service Credit: 0.9

EXHIBIT B

Members in Active Service and Average Covered Compensation as of July 1, 2014
By Age and Service Credit

v. Safety Members

		Service Credit								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	8	8	- -	- -	- -	- -	- -	- -	- -	- -
	$68,979	$68,979	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	30	27	3	- -	- -	- -	- -	- -	- -	- -
	75,527	75,297	$77,603	- -	- -	- -	- -	- -	- -	- -
30 - 34	67	20	40	7	- -	- -	- -	- -	- -	- -
	89,905	82,081	92,392	$98,054	- -	- -	- -	- -	- -	- -
35 - 39	61	12	26	20	3	- -	- -	- -	- -	- -
	92,052	82,148	90,121	97,591	$111,479	- -	- -	- -	- -	- -
40 - 44	71	12	19	18	14	8	- -	- -	- -	- -
	103,901	96,116	104,482	97,104	104,325	$128,753	- -	- -	- -	- -
45 - 49	67	6	11	19	12	14	5	- -	- -	- -
	107,076	94,679	91,413	111,644	111,841	111,144	$116,225	- -	- -	- -
50 - 54	59	25	8	3	9	5	7	2	- -	- -
	105,125	98,476	93,101	90,665	110,496	109,234	129,618	$137,872	- -	- -
55 - 59	31	13	7	3	- -	2	2	4	- -	- -
	109,976	103,724	120,573	131,297	- -	91,435	93,401	113,317	- -	- -
60 - 64	9	2	5	2	- -	- -	- -	- -	- -	- -
	136,560	144,305	107,095	202,481	- -	- -	- -	- -	- -	- -
65 - 69	1	- -	- -	- -	- -	- -	1	- -	- -	- -
	162,218	- -	- -	- -	- -	- -	162,218	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	404	125	119	72	38	29	15	6	- -	- -
	$99,036	$88,261	$95,686	$105,252	$108,725	$114,313	$122,498	$121,502	- -	- -

Average Age: 42.5

Average Service Credit: 9.9

EXHIBIT C

Reconciliation of Member Data

	Active Members	Terminated Vested Members*	Retired Members	Disabled Members	Beneficiaries**	Total
Number as of July 1, 2013	118,321	73,589	52,300	1,897	7,518	253,625
New members	14,984	0	0	0	534	15,518
Terminations – with vested rights	(9,506)	9,506	0	0	0	0
Terminations – without vested rights***	(1,113)	(2,292)	0	0	0	(3,405)
Retirements	(2,593)	(720)	3,518	(205)	0	0
Disabilities	(92)	(35)	(13)	140	0	0
Lump Sum Cashouts	(417)	(438)	(2)	(24)	(27)	(908)
Return to work	1,104	(1,086)	(17)	(1)	0	0
Died with or without beneficiary	(122)	(303)	(1,076)	(42)	(312)	(1,855)
Data adjustments	2	8	4	(2)	1	13
Number as of July 1, 2014	120,568	78,229	54,714	1,763	7,714	262,988

* *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.*

** *Excludes deferred beneficiaries who are entitled to future benefits.*

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

EXHIBIT D
Summary Statement of Income and Expenses (Actuarial Value Basis)

	Year Ended June 30, 2014 ($ in 000s)		Year Ended June 30, 2013 ($ in 000s)	
Contribution income:				
Employer contributions	$1,580,876		$810,056	
Members contributions	577,466		415,641	
Less administration expense	(37,642)		(37,427)	
Net contribution income		$2,120,700		$1,188,270
Investment income:				
Interest and dividends	$809,821		$809,227	
Recognition of capital appreciation	4,485,516		1,066,155	
Securities lending income	32,160		40,049	
Securities lending fees and rebates	(5,029)		(9,008)	
Net investment income		5,322,468		1,906,423
Other income		0		0
Total income available for future benefits		$7,443,168		$3,094,693
Less benefit payments		($2,687,540)		($2,487,368)
Change in assets available for future benefits		$4,755,628		$607,325

EXHIBIT E

Summary Statement of Assets

	Year Ended June 30, 2014 ($ in 000s)		Year Ended June 30, 2013 ($ in 000s)	
Cash equivalents		$773,481		$419,974
Accounts receivable:				
Contributions	$135,269		$111,395	
Interest and dividends	61,441		63,675	
Investment of cash collateral	4,162,452		4,229,966	
Securities sales and other	64,742		68,826	
Total accounts receivable		$4,423,904		$4,473,862
Investments:				
Equity securities	$17,791,588		$15,589,517	
Fixed income securities	10,989,671		9,679,985	
Real estate	2,943,746		2,407,865	
Commingled funds	20,976,570		17,758,428	
Derivative investments	40,714		38,656	
Total investments at market value		52,742,289		45,474,450
Total assets		$57,939,674		$50,368,286
Less accounts payable:				
Payable for securities purchased	($725,929)		($552,898)	
Member withdrawals, refunds and other payables	(268,478)		(244,963)	
Collateral held for securities lending	(4,161,400)		(4,229,698)	
Total accounts payable		($5,155,807)		($5,027,559)
Net assets at market value		$52,783,867		$45,340,727
Net assets at actuarial value (for comparison purposes)		$48,327,981		$43,572,353

EXHIBIT F

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

		Year Ended June 30, 2014
1. Unfunded/(Overfunded) actuarial accrued liability at beginning of year		$13,808,608
2. Normal cost at beginning of year		1,563,366
3. Expected total funding policy and required contractual contributions		(3,282,657)
4. Interest		
(a) For whole year on (1) + (2)	$1,152,898	
(b) For partial year on (3)	(123,100)	
(c) Total interest		1,029,798
5. Expected Unfunded/(Overfunded) actuarial accrued liability		$13,119,115
6. Changes due to:		
(a) Loss from contributions less than expected under funding policy	$1,166,477	
(b) Gain from investments	(2,075,798)	
(c) Gain from individual salary increase experience less than assumed	(54,986)	
(d) Gain from other experience	(65,612)	
(e) Total changes*		(1,029,919)
7. Unfunded/(Overfunded) actuarial accrued liability at end of year		$12,089,196

* *Non-laboratory segment amount is a gain of $886,657.*

EXHIBIT G

Actuarial Liabilities

	July 1, 2014 ($ in 000s)	July 1, 2013 ($ in 000s)
Actuarial Accrued Liability		
Members in pay status		
Retirees*	$25,761,610	$24,129,705
Beneficiaries**	1,836,912	1,739,670
Disableds	678,940	714,088
Total in pay status	$28,277,462	$26,583,463
Active members		
1976 Tier members	$26,797,068	$25,822,040
2013 Tier members	133,425	0
Modified 2013 Tier members	44,350	0
Safety	148,274	139,184
Total actives	$27,123,117	$25,961,224
Terminated members		
Vested	$4,770,523	$4,619,691
Nonvested	246,075	216,583
Total terminated	$5,016,598	$4,836,274
Total actuarial accrued liability	$60,417,177	$57,380,961
Actuarial Present Value of Projected Benefits		
Members in pay status*	$28,277,462	$26,583,463
Active members	41,069,502	39,287,323
Terminated members	5,016,598	4,836,274
Total present value of projected benefits	$74,363,562	$70,707,060

* *For July 1, 2014, includes a liability of $59.6 million for Lump Sum Cashouts, CAP balance payments and refunds of member contributions that were paid on or after July 1, 2014. For July 1, 2013, includes a liability of $73.8 million for Lump Sum Cashouts, CAP balance payments and refunds of member contributions that were paid on or after July 1, 2013.*

** *Includes liability for deferred beneficiaries.*

EXHIBIT H

Table of Amortization Bases as of July 1, 2014 (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	$424,529	26	$5,156,727
Actuarial Loss	07/01/2011	30	905,208	71,298	27	876,926
Change in Assumptions	07/01/2011	15	1,513,127	159,459	12	1,325,966
Plan Amendment	07/01/2011	15	(59,179)	(6,236)	12	(51,859)
Actuarial Loss	07/01/2012	30	2,457,582	193,569	28	2,408,264
Actuarial Loss	07/01/2013	30	1,866,282	146,996	29	1,848,233
Actuarial Gain	07/01/2014	30	(886,657)	(69,837)	30	(886,657)
Total				$919,778		$10,677,600

* *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 IV.*

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

EXHIBIT I

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 $205,000 for 2013 and $210,000 for 2014. 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.

EXHIBIT J

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 actuarial value of assets of the Plan.

Actuarial Value of Assets: The dollar amount of assets for purposes of calculating the total funding policy contribution determined under the actuarial asset valuation method adopted by the Regents.

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

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2014 ($ in 000s)

The valuation was made with respect to the following data supplied to us:			
1.	Retired members as of the valuation date (including 7,714 beneficiaries in pay status)*		64,191
2.	Members inactive during year ended June 30, 2014 with vested rights**		78,229
3.	Members active during the year ended June 30, 2014		120,568
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost (beginning of year)		$1,635,766
2.	Present value of future benefits		74,363,562
3.	Present value of future normal costs		13,946,385
4.	Actuarial accrued liability		60,417,177
	Retired members and beneficiaries***	$28,277,462	
	Inactive members with vested rights**	5,016,598	
	Active members	27,123,117	
5.	Actuarial value of assets ($52,783,867 at market value as reported by the UCOP)		48,327,981
6.	Unfunded actuarial accrued liability		$12,089,196

* *Excludes deferred beneficiaries who are entitled to future benefits.*

** *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.*

*** *Includes liability for deferred beneficiaries.*

EXHIBIT I (continued)

Summary of Actuarial Valuation Results as of July 1, 2014 ($ in 000s)

The determination of the normal cost is as follows:	Dollar Amount*	% of Payroll**
1. Total normal cost (middle of year)	$1,695,998	18.24%
2. Expected employee contributions (middle of year)	-741,118	-7.97%
3. Employer normal cost: (1) + (2)	$954,880	10.27%

* *Based on estimated covered payroll of $9,299,817 (also in thousands) for the 2014-2015 Plan Year.*

** *For 1976 Tier members, the total normal cost as a percentage of payroll (middle of year) is 18.40%.*

For 2013 Tier members, the total normal cost as a percentage of payroll (middle of year) is 15.60%.

For Modified 2013 Tier members, the total normal cost as a percentage of payroll (middle of year) is 16.72%.

For Safety members, the total normal cost as a percentage of payroll (middle of year) is 24.86%.

For Tier Two members, the total normal cost as a percentage of payroll (middle of year) is 9.20%.

EXHIBIT II

Actuarial Assumptions and Methods

<u>Demographic Assumptions</u>

Post – Retirement Mortality Rates:

Healthy: RP-2000 Combined Healthy Mortality Table projected with scale AA to 2025. Ages are set back two years for males (from the male table) and females (from the female table).

Disabled: RP-2000 Disabled Retiree Mortality Table projected with scale AA to 2025. Ages are set back two years for males (from the male table).

The RP-2000 mortality tables projected with Scale AA to 2015 and adjusted by a two-year set back reasonably reflects the projected mortality experience as of the measurement date. The additional projection to 2025 is a provision for future mortality improvement.

Sample Termination Rates Before Retirement:

	Rate (%)					
	Healthy Mortality*		Disabled Mortality**		Disability Incidence***	
Age	Male	Female	Male	Female	Male	Female
20	0.02	0.01	N/A	N/A	0.02	0.02
25	0.03	0.01	1.55	0.52	0.03	0.03
30	0.03	0.02	1.99	0.58	0.06	0.06
35	0.06	0.03	1.99	0.57	0.09	0.09
40	0.08	0.04	1.94	0.51	0.13	0.16
45	0.10	0.06	1.71	0.50	0.18	0.26
50	0.12	0.09	1.76	0.75	0.29	0.36
55	0.18	0.16	1.98	1.35	0.35	0.46
60	0.35	0.35	2.63	1.93	0.35	0.50
65	0.70	0.67	3.27	2.47	0.23	0.32

* *All pre-retirement deaths are assumed to be non-duty related.*

** *Assumed to apply only while receiving UCRP Disability Income.*

*** *All disabilities are assumed to be non-duty related.*

Sample Termination Rates Before Retirement (continued):

	Rate (%) Withdrawal*	
Years of Service	**Faculty**	**Staff and Safety**
Less than 1	19.00	21.00
1	12.00	17.00
2	8.00	14.00
3	7.00	11.00
4	6.00	9.00
5	5.75	8.00
6	5.50	7.50
7	5.25	7.00
8	5.00	6.50
9	4.75	6.00
10	4.50	5.50
11	4.25	5.25
12	4.00	5.00
13	3.75	4.75
14	3.50	4.50
15	3.25	4.25
16	3.00	4.00
17	2.75	3.75
18	2.50	3.50
19	2.25	3.25
20 & over	2.00	3.00

* *The greater of a refund of member contributions and a deferred annuity or lump sum is valued when a member withdraws. No withdrawal is assumed after a member is first assumed to retire.*

Retirement Rates:

Retirement Probability – Unisex

Age	1976 Tier Faculty	2013 Tier Faculty	1976 Tier Staff*	Modified 2013 Tier Staff*	2013 Tier Staff*	Safety
50	2.00%	0.00%	4.00%	2.00%	0.00%	20.00%
51	1.00	0.00	3.00	1.50	0.00	10.00
52	1.00	0.00	3.00	1.50	0.00	10.00
53	1.00	0.00	3.00	1.50	0.00	10.00
54	1.00	0.00	4.00	2.00	0.00	10.00
55	2.00	2.00	4.00	2.00	5.00	20.00
56	2.00	1.00	5.00	2.50	1.50	20.00
57	2.00	1.00	6.00	3.00	2.00	25.00
58	2.00	1.00	7.00	3.50	2.50	25.00
59	3.00	1.00	10.00	5.00	3.00	25.00
60	5.00	2.00	14.00	12.00	3.50	25.00
61	5.00	2.00	16.00	10.00	6.00	30.00
62	5.00	2.00	18.00	10.00	9.00	40.00
63	5.00	2.00	18.00	10.00	10.00	50.00
64	7.00	3.00	20.00	12.00	12.00	60.00
65	9.00	20.00	25.00	40.00	40.00	100.00
66	10.00	13.00	22.00	30.00	30.00	100.00
67	11.00	15.00	22.00	30.00	45.00	100.00
68	12.00	15.00	22.00	30.00	30.00	100.00
69	15.00	15.00	22.00	22.00	30.00	100.00
70	15.00	15.00	20.00	20.00	20.00	100.00
71	12.00	12.00	20.00	20.00	20.00	100.00
72	12.00	12.00	20.00	20.00	20.00	100.00
73	12.00	12.00	20.00	20.00	20.00	100.00
74	12.00	12.00	20.00	20.00	20.00	100.00
75	100.00	100.00	100.00	100.00	100.00	100.00

* *These rates apply for those with ten to twenty years of service. For ages under 65, 60% of these rates will be used for those with less than ten years of service and 150% of these rates will be used for those with twenty or more years of service.*

Members with Tier Two Benefits:	Assumptions specific to the 1976 Tier are also applied to Members with Tier Two Benefits.
Retirement Age for Deferred Vested Members:	Deferred vested members are assumed to retire at age 59.
Benefit for Terminated Nonvested Members:	Immediate refund of member contribution and CAP balance.
Disability Income Cross Over Age:	Members receiving Disability Income are assumed to "cross over" at age 65 for those 1976 Tier members coordinated with Social Security, 2013 Tier members, and Modified 2013 Tier members or age 67 for those 1976 Tier members not coordinated with Social Security and Safety members.
Form of Payment:	1976 Tier members not electing a Lump Sum Cashout: • Life annuity for members without an Eligible Survivor; • 25% contingent annuity for 1976 Tier members with Social Security who have an Eligible Survivor; • 50% contingent annuity for 1976 Tier members without Social Security who have an Eligible Survivor; • 50% contingent annuity for Members with Safety Benefits who have an Eligible Survivor. 2013 Tier members are assumed to elect a life annuity. Modified 2013 Tier members not electing a Lump Sum Cashout are assumed to elect a life annuity. It is also assumed that some 1976 and Modified 2013 Tier 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 membership as of the valuation date or have not started receiving a monthly pension on or before the valuation date.

Percent with Eligible Survivors: 85% of male members and 65% of female members are assumed to have Eligible Survivors at time of decrement.

Eligible Survivor Ages: Members assumed to have an opposite sex Eligible Spouse or Eligible Domestic Partner, with females three years younger than males.

Number of Survivors (Samples):

	Number of Survivors per Active Member with Survivors	
Age	Male	Female
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

<u>Economic Assumptions</u>

Net Investment Return: 7.50% (including 3.50% for inflation)

Consumer Price Index: Increase of 3.50% per year; COLA increases are assumed to be 2.00% per year.

Administrative Expenses: 0.50% of payroll added to normal cost.

Salary Increases:

Annual Rate of Compensation Increase

Inflation: 3.50% per year, plus "across the board" salary increases of 0.50% per year, plus the following merit and promotional increases:

Years of Service	Faculty	Staff and Safety
Less than 1	2.75%	2.75%
1	2.75	2.50
2	2.75	2.30
3	2.75	2.10
4	2.75	1.90
5	2.70	1.70
6	2.65	1.50
7	2.60	1.40
8	2.50	1.30
9	2.40	1.20
10	2.30	1.10
11	2.20	1.00
12	2.10	0.90
13	2.00	0.80
14	1.90	0.70
15	1.80	0.60
16	1.70	0.50
17	1.60	0.45
18	1.50	0.40
19	1.30	0.35
20 & over	1.10	0.30

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 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 (i.e., "replacement life").
Covered Payroll:	Covered compensation 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 covered compensation reduced to anticipate members who leave active status during the year.

Other Actuarial Assumptions

Increase in 401(a)(17) Compensation Limit:	Increase of 3.5% per year from the valuation date.
Increase in 415 Dollar Limit:	Increase of 3.5% per year from the valuation date.

Lump Sum Assumptions:

Conversion Basis:

Discount Rate:	7.50%
COLA:	2.00%
Mortality:	RP-2000 Combined Healthy Mortality Table projected with scale AA to 2025 set back two years; weighted 40% male and 60% female.

Take-rate for Members Eligible to Elect a Lump Sum Cashout:

Members Eligible to Elect a Lump Sum Cashout Terminating From Active Membership and Eligible to Retire

Years of Service	Percentage Electing Lump Sum Cashout
Less than 10	30.0%
10 – 14	15.0%
15 – 19	12.5%
20 – 24	7.5%
25 & over	5.0%

For those members eligible to elect a lump sum cashout who were receiving a disability income and now “crossing over”, we are assuming that 13% elect a Lump Sum Cashout. For those members eligible to elect a lump sum cashout who are leaving inactive (deferred vested) status, we are assuming that 45% elect a Lump Sum Cashout.

Approximations:

Sick Leave Only for purposes of determining projected benefits, service has been increased by 0.13% for Faculty, 1.45% for Staff, and 2.00% for Safety members to account for unused sick leave. This assumption applies only for members retiring from active membership 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:	New retirement rate assumptions have been introduced in this valuation that apply to members of either the 2013 Tier or the Modified 2013 Tier.

EXHIBIT III
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, 2014.
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.
Membership Classification:	Members are divided into four classes: (1) Members with Coordinated Benefits (covered under Social Security); (2) Members with Noncoordinated Benefits (not covered under Social Security); (3) Members with Tier Two Benefits; and (4) Members with Safety Benefits. The classes of Members with Coordinated Benefits and Members with Noncoordinated Benefits have three member tiers: the 1976 Tier, the 2013 Tier, and the Modified 2013 Tier. Generally, members hired before July 1, 2013 accrue service under the 1976 Tier. Members who are represented by the CNA, UPTE, and AFSCME bargaining units, who were hired (or rehired after a break in service) on or after July 1, 2013 accrue service under the Modified 2013 Tier, while all others hired on or after July 1, 2013 accrue service under the 2013 Tier. A member who has service credit in two or more tiers is referred to as a multi-tier member. Unless otherwise noted, the Plan provisions for Members with Tier Two Benefits are the same as those shown for 1976 Tier Members.
Highest Average Plan Compensation (HAPC):	Highest average monthly full-time-equivalent base compensation rate received during any period of 36 consecutive months.

Compensation Limit: Annual compensation is limited based on Internal Revenue Code Section 401(a)(17). The limit for the Plan Year beginning July 1, 2014 is $260,000 for employees who became members on or after July 1, 1994. The limit is $385,000 for those active members who became employees before July 1, 1994. The compensation limit is indexed for inflation on an annual basis.

Age Factor: Percentage of HAPC per year of service credit (interpolated for fractional ages).

1976 Tier Service and Modified 2013 Tier Service

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		

2013 Tier Service

Age	Factor	Age	Factor
55	1.10%	61	1.94%
56	1.24	62	2.08
57	1.38	63	2.22
58	1.52	64	2.36
59	1.66	65+	2.50
60	1.80		

Safety Service 3.0% at all ages 50 and above.

Tier Two Service Equal to one-half of the Age Factor for 1976 Tier Service.

Benefit Percentage: Age Factor multiplied by years of service credit.

Basic Retirement Income (BRI):	
1976 Tier Members with Social Security	Benefit Percentage x HAPC in excess of $133 per month.
All other Members, except Multi-Tier Members	Benefit Percentage x HAPC.
Multi-Tier Members	The applicable benefit percentages from the 1976 Tier, the 2013 Tier and the Modified 2013 Tier are multiplied by HAPC or HAPC - $133, if applicable. These benefits are subject to a limit of 100% of HAPC or HAPC - $133, if applicable.
Service Retirement:	
Eligibility	Age 50 (age 55 for 2013 Tier) 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.
Benefit	BRI.
Form of Payment	Single Life Annuity.
Payment Options	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 1976 Tier Members with Social Security only).
Lump Sum Cashout	May be elected in lieu of non-2013 Tier monthly retirement income.
Temporary Social Security Supplement:	
Eligibility	For 1976 Tier Members with Social Security only and retirement must occur before age 65.
Benefit	Annuity in the amount of $133 per month multiplied by 1976 Tier Benefit Percentage.
Form of Payment	Temporary Single Life Annuity payable to age 65.
Payment Options	None.

Disability Income:	
Eligibility	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.
Benefit	
1976 Tier Members without Social Security	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.
1976 Tier Members with Social Security	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.
2013 Tier Members and Modified 2013 Tier Members	13.1% of final salary, plus 1.7% of final salary per year of service credit greater than five, total not to exceed 25% of final salary.
Multi-Tier Members	Benefit calculated for each tier is multiplied by the ratio of service credit accrued under that tier to total service. Not less than the result under the 1976 Tier benefit formula using 1976 Tier service only.
Members with Safety Benefits (Non-duty)	Same as for 1976 Tier Members without Social Security; includes eligible child's benefit.
Members with Safety Benefits (Duty)	50% of HAPC, or non-duty disability benefit if greater.
Form of Payment	Single life annuity payable until end of disability income period or retirement date if earlier.

Disability Income Period	
Members disabled before November 5, 1990	The 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.
Members disabled on or after November 5, 1990	If under age 65 at disablement: 1976 Tier members with Social Security, 2013 Tier members and Modified 2013 Tier members: to age 65 or five years if longer. 1976 Tier members without Social Security and Safety members: 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.

Vested Termination:

Eligibility	Five years of service credit, or age 62 regardless of service credit if membership began on or before July 1, 1989.
Benefit	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. 2013 Tier benefit cannot commence earlier than age 55. HAPC for 2013 Tier and Modified 2013 Tier benefit is not adjusted for CPI changes.
Form of Payment	Same as for service retirement.
Payment Options	Same as for service retirement.
Refund Option	Member may elect a refund of contributions with interest, thereby forfeiting all other benefits.
Lump Sum Cashout	May be elected in lieu of non-2013 Tier retirement income, available only if at least age 50 with five years service credit at date of termination.

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	
1976 Tier Members 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

1976 Tier Members with Social Security	25% of final salary less $106.40 per month.
2013 Tier Members and Modified 2013 Tier Members	15% of final salary
Multi-Tier Members	Benefit calculated for each tier is multiplied by the ratio of service credit accrued under that tier to total service.
Members with Safety Benefits, non-duty death	As for 1976 Tier Members without Social Security.
Members with Safety Benefits, 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.

Postretirement Survivor Continuance:

Eligibility	Eligible surviving spouse, eligible surviving domestic partner, eligible children or eligible dependent parent of deceased retired member. Not applicable for 2013 Tier and Modified 2013 Tier benefit for multi-tier members, 2013 Tier Members or Modified 2013 Tier Members.
Benefit	
1976 Tier Members without Social Security	50% of BRI including COLA.
1976 Tier Members with Social Security	25% of BRI including COLA, plus 25% of Temporary Social Security Supplement (ends when member would have reached age 65).
Members with Safety Benefits	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.

Normal Retirement Age:	
Members with Safety Benefits	Attainment of age 50 with five years of service credit.
All Other Members	Attainment of age 60 (age 65 for 2013 Tier) with five years of service credit.
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. For multi-tier members, separate dates apply to 1976 and 2013 Tier benefits based on the dates those benefits start.
Non-2013 Tier and Modified 2013 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.

Capital Accumulation Provision (CAP):	
Eligibility	Various UCRP nonretired members have CAP balances from allocations made periodically in the past. These balances are all vested.
Interest Credit	Regents' approved interest rate; currently 8.5% per year for pre-2002 CAPs and the assumed rate of investment return used in the actuarial valuation (currently 7.5%) for 2002 and later CAPs (CAP II).
Payment	Lump sum payment upon termination, retirement or death.
University Contributions:	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. The total funding policy contribution is based on the Regents' funding policy as described in Exhibit IV. The Regents approved an employer contribution rate of 14% of covered compensation starting July 1, 2014.
Member Contributions:	
1976 Tier Members	9.0% of covered compensation starting on or about July 1, 2014 for members represented by CNA, UPTE, or AFSCME bargaining units; 8.0% of covered compensation starting July 1, 2014 for all other 1976 Tier Members.
Members with 2013 Tier Benefits	7.0% of covered compensation.
Members with Modified 2013 Tier Benefits	9.0% of covered compensation.
Members with Safety Benefits	9.0% of covered compensation starting July 1, 2014.
Members with Tier Two Benefits	None.
Offset	All contributions for non-2013 Tier and Modified 2013 Tier Members are reduced by $19 per month.
Interest Credit	Regents' approved interest rate; currently 6.0% per year.

Changes in Plan Provisions:	The following change in Plan provisions has been recognized since the prior valuation: ➤ Members who are represented by CNA, UPTE, or AFSCME bargaining units, who were hired (or rehired after a break in service) on or after July 1, 2013 accrue service under the Modified 2013 Tier.

EXHIBIT IV
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.

(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.

(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.

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