

UNIVERSITY
OF
CALIFORNIA

Annual Financial Report

Retirement System
2025–26

The University of California was founded on a revolutionary idea: That the state deserved a great public research university, open to all. Today, UC is essential to California's success, creating social mobility for its people and developing solutions to our most urgent societal challenges.

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Annual Report URL

https://ucop.edu/uc-controller/financial-reports/retirement-system-annual-reports.html

All images included in this report are from the University of California Office of the President's digital repository of photographs taken at various UC campuses, showing the depth and breadth of research, education and public service occurring at the University of California.



Management's Discussion and Analysis *(Unaudited)*

The objective of this Management's Discussion and Analysis is to help readers of UCRS' financial statements better understand the financial position and operating activities for the fiscal year ended June 30, 2026, with selected comparative information for the years ended June 30, 2025 and 2024. This discussion should be read in conjunction with the financial statements and the notes to the financial statements. Unless otherwise indicated, references to years in this discussion refer to the fiscal years ended June 30.

The University of California Retirement System

The University of California Retirement System (UCRS) is a valuable component of the comprehensive benefits package offered to employees of the University of California (the University). UCRS consists of two defined benefit pension plans and four defined contribution plans. The defined benefit plans (DB Plans) include the University of California Retirement Plan (UCRP) for members and the Voluntary Early Retirement Incentive Plan (UC-VERIP) for certain University employees that were members of the California Public Employees' Retirement System (CalPERS) who elected early retirement. The defined contribution plans, collectively referred to as the University of California Retirement Savings Program (UCRSP), consist of the Defined Contribution Plan (DC Plan), the Supplemental Defined Contribution Plan (SDC Plan), the Tax-Deferred 403(b) Plan (403(b) Plan) and the 457(b) Deferred Compensation Plan (457(b) Plan).

The Board of Regents of the University of California (the Regents) acts as trustee for each of the UCRS plans, while the Office of the Chief Investment Officer of the Regents (UC Investments) serves as custodian. Administrative authority for the UCRS plans is vested in the President of the University (the President) as plan administrator. Under University policies and procedures, the President has delegated this authority within UCRS to the Vice President, Systemwide Human Resources and Chief Human Resources Officer (the VP, Systemwide HR).

Throughout this report, individuals in the DB Plans are referred to as members, while individuals in the UCRSP Plans are referred to as participants.

UCRP

UCRP is offered to employees of the University and its affiliate, the University of California College of the Law, San Francisco (UC Law SF), (formerly known as the University of California, Hastings College of the Law). UCRP is a governmental defined benefit pension plan intended to be qualified under §401(a) of the Internal Revenue Code (IRC).

The University's pension program dates back to 1904, with a plan that provided for the purchase of commercial annuities for retiring professors at UC Berkeley and UC San Francisco. The current retirement pension plan was designed in 1961, before the University's participation in Social Security and before the introduction of employee life and disability insurance coverage. Over the years, UCRP has evolved to include the following retirement and survivor benefit options:

Basic Retirement Income (BRI), which includes postretirement survivor benefits, and four Alternative Payment Options (Options A, B, C, and D);

A. Lump Sum Cashout (LSC), which eligible members may elect in lieu of monthly retirement income (not available for the 2013 Tier and 2016 Tier);

B. Disability income;

C. Death benefits; and

D. Preretirement survivor benefits.

Members who are not vested and therefore are not eligible to retire may elect a refund of their accumulated employee contributions, plus credited interest, in lieu of future retirement benefits.

Summary plan descriptions are updated periodically to reflect legislative, DB Plans and administrative changes. These materials are available online on UCnet (https://ucnet.universityofcalifornia.edu/compensation-and-benefits/index.html) or through the campus benefits offices.

The VP, Systemwide HR serves as the plan administrator and is responsible for policy development, plan document administration, regulatory compliance, and oversight of UCRP administration. Day-to-day operational activities, including recordkeeping, accounting functions, and the receipt and disbursement of UCRP assets to eligible members, beneficiaries, and survivors, are performed by University administrative operations under the plan administrator's oversight.

UCRSP

Benefits from the UCRSP are based on participants' mandatory and voluntary contributions and certain University contributions, plus investment earnings. Employees receive tax advantages from pretax, Roth and after-tax contributions, with pretax benefits realized when contributed and Roth or after-tax benefits realized upon withdrawal.

The University's retirement savings program has evolved over time to offer multiple ways for employees to build financial security. The DC Plan, introduced in the late 1960s, allowed employees to save for retirement through University-managed annuity funds. Shortly thereafter, the 403(b) Plan was added to expand savings opportunities, followed by the 457(b) Plan to provide additional flexibility for building retirement income. Collectively, these plans now offer a diversified mix of investment options, including 11 target date funds, 15 core asset class options, a brokerage window and a loan program that allows participants to borrow from their 403(b) Plan balances.

All employee salary deferrals, as pretax, Roth and after-tax contributions to the UCRSP, are deducted from participants' wages. University contributions are made on behalf of eligible senior managers and academic employees who earn summer term or equivalent salary.

Fidelity Workplace Services LLC (FWS) acts as the master recordkeeper for the UCRSP. The master recordkeeping and participant services include daily valuation, daily exchanges, processing of distributions, loans and withdrawals, administration and a consolidated recordkeeping platform for the UCRSP and all the funds offered under the UCRSP.

Overview of the Financial Statements

UCRS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The University of California follows accounting standards established by the Governmental Accounting Standards Board (GASB). The financial statements apply the economic resources measurement focus and the accrual basis of accounting.

This discussion and analysis is intended to serve as an introduction to UCRS financial statements, which comprise the following:

- Statements of Fiduciary Net Position
- Statements of Changes in Fiduciary Net Position
- Notes to Financial Statements
- Required Supplementary Information
- Notes to Required Supplementary Information

The Statements of Fiduciary Net Position present information on UCRS' assets and liabilities and the resulting net position as of June 30, 2026 and 2025, respectively. These statements reflect UCRS' investments at fair value, along with cash and short-term investments, receivables and other assets and liabilities.

The Statements of Changes in Fiduciary Net Position present information showing how UCRS' net position changed during the years ended June 30, 2026 and 2025, respectively. They reflect contributions along with investment income or losses during the period from investing and securities lending activities. Deductions for retirement benefits, withdrawals, cost-of-living adjustments, survivor, disability and death benefits and administrative expenses are also presented.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Required Supplementary Information (RSI) contains schedules with actuarial information, the net pension liability (asset) and contributions for the University of California Retirement Plan (UCRP) and the Voluntary Early Retirement Incentive Program (UC-VERIP). The Notes to the RSI provide additional information.

Financial Summary

The UCRS plans provide retirement benefits to University employees. Plan benefits are funded by member, participant and University contributions and by investment income. **Tables MDA.1** and **MDA.2** present condensed statements of net position and changes in net position for the UCRS plans.

Table MDA.1: Condensed statements of net position at June 30 *(in millions of dollars)*

Description	DB Plans 2026	DB Plans 2025	DB Plans 2024	UCRSP Plans 2026	UCRSP Plans 2025	UCRSP Plans 2024
Assets						
Investments (including STIP)	$130,935	$110,642	$98,693	$49,024	$40,742	$35,925
Investment of cash collateral	7,219	8,270	8,714	3,341	4,908	4,597
Participants' interest in mutual funds				4,075	3,330	2,921
Participant 403(b) Plan loans				250	243	225
Receivables	820	832	918	49	46	38
Total assets	**138,974**	**119,744**	**108,325**	**56,739**	**49,269**	**43,706**
Liabilities						
Payable for securities purchased, member withdrawals, refunds and other payables	709	666	847	185	240	12
Collateral held for securities lending	7,219	8,270	8,714	3,341	4,908	4,597
Total liabilities	**7,928**	**8,936**	**9,561**	**3,526**	**5,148**	**4,609**
Net position	**$131,046**	**$110,808**	**$98,764**	**$53,213**	**$44,121**	**$39,097**

Table MDA.2: Condensed statements of changes in net position for the years ended June 30

(in millions of dollars)

Description	DB Plans 2026	DB Plans 2025	DB Plans 2024	UCRSP Plans 2026	UCRSP Plans 2025	UCRSP Plans 2024
Additions						
University contributions	$3,089	$3,690	$3,001	$236	$216	$168
Member and participant contributions	1,612	1,485	1,333	2,779	2,533	2,184
Investment income	21,418	12,487	11,397	9,559	5,120	5,448
Total additions, net	**26,119**	**17,662**	**15,731**	**12,574**	**7,869**	**7,800**
Deductions						
Retirement, cost-of-living adjustments, lump sum cashouts, survivor, disability and death payments	5,667	5,363	4,982			
Member withdrawals	149	150	145			
UCRSP benefit payments and participant withdrawals				3,479	2,842	2,280
Administrative and other expenses	65	105	103	3	3	4
Total deductions	**5,881**	**5,618**	**5,230**	**3,482**	**2,845**	**2,284**
Change in net position	**20,238**	**12,044**	**10,501**	**9,092**	**5,024**	**5,516**
Net position						
Beginning of year	110,808	98,764	88,263	44,121	39,097	33,581
End of year	**$131,046**	**$110,808**	**$98,764**	**$53,213**	**$44,121**	**$39,097**

University of California Retirement Plan

The net pension liability (asset) is measured as the total pension liability, less the DB Plans' fiduciary net position. The total pension liability is calculated by discounting projected benefit payments based on the benefit terms and legal agreements existing at the DB Plans' year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. UCRP is projected to have sufficient assets to make benefit payments for current members for all future years.

The DB Plans had a net pension asset of $1.1 billion at June 30, 2026 and a net pension liability of $12.1 billion and $17.5 billion at June 30, 2025 and 2024, respectively. The $13.2 billion improvement in fiscal year 2026 was primarily driven by a 19.4 percent market value rate of return on assets which exceeded the expected rate of return of 6.75 percent. The $5.4 billion improvement in the net pension position in fiscal year 2025 was primarily driven by a 12.7 percent market value rate of return on assets which exceeded the expected rate of return of 6.75 percent.

The ratio of plan net position to total pension liability was 100.8 percent, 90.1 percent and 84.9 percent at June 30, 2026, 2025 and 2024, respectively, indicating that plan assets fully covered pension obligations at June 30, 2026. For June 30, 2026, this indicates that, for every dollar of total pension liability, plan assets of $1.01 are available to cover such obligations as compared to $0.90 and $0.85 of assets available per dollar of liability at June 30, 2025 and 2024, respectively.

Additional information on funding progress, University contributions, and actuarial assumptions is provided in the required supplementary information section of these financial statements. Although all DB Plans' assets are available to pay members' benefits, UCRP assets and liabilities attributable to the campus and medical center segments are tracked internally and separately from those attributable to the Department of Energy national laboratory segments. The DOE is responsible for funding UCRP benefits for the national laboratory segment retirees.

California Public Employees' Retirement System and the Voluntary Early Retirement Incentive Plan

The UC-VERIP is a closed single-employer defined benefit pension plan that provides supplemental lifetime retirement income and survivor benefits to certain University employees who elected early retirement under CalPERS effective October 1, 1991. Of 1,579 eligible employees, 879 elected to retire under the program. As of June 30, 2026, 2025 and 2024, 212, 243 and 267 retirees and beneficiaries, respectively, were receiving benefits under the UC-VERIP.

No contributions were required in fiscal 2026, 2025 or 2024 as the plan remains fully funded under actuarial assumptions. The plan also provides annual COLAs, subject to funding availability, using the UCRP COLA formula, and may provide ad hoc COLAs when funding is available.

University of California Retirement Savings Program

The UCRSP provides savings incentives and the opportunity for additional retirement security for all eligible University of California employees. Under the Retirement Choice Program, eligible employees may choose Pension Choice, which provides a UCRP pension benefit, or Savings Choice, which provides a defined contribution benefit through the DC Plan. The University makes contributions to the UCRSP for Savings Choice participants, on the summer salaries of eligible academic appointees who teach, conduct research or provide administrative service during the summer session or an equivalent term, supplemental contributions on behalf of Pension Choice members and eligible senior managers. Participants' interests in the UCRSP from contributions and investment income are fully and immediately vested. University contributions for Savings Choice participants vest after one year of employment.

UCRSP participants' investment selections influence the net investment income earned by the investment funds in the UCRSP.

Deductions fluctuate based upon withdrawals due to retirements and other factors including required minimum distributions and rollovers out of the UCRSP Plans.

For services rendered in connection with the UCRSP, a per-participant quarterly administrative fee is deducted from each participant's account to cover the costs of plan administrative services such as investor education, accounting, audit, legal and recordkeeping services. The quarterly administrative fee was $7.25 as of June 30, 2026 and 2025, and $7.75 as of June 30, 2024. There are no front-end or deferred sales loads or other marketing expenses associated with the single, diversified investments and primary asset class options managed by UC Investments. In addition, any fees paid by participants, including loan fees and brokerage window account fees, and any credits that may be awarded for FWS' failure to meet certain performance standards, will be credited to the UCRSP recordkeeping fee account.

A participant can obtain information on investment management fees charged by an investment option by reviewing the fund prospectus or fund fact sheet available on the FWS website (netbenefits.fidelity.com).

Summary plan descriptions are updated periodically to reflect legislative, UCRSP and administrative changes. These materials are available online at UCnet (https://ucnet.universityofcalifornia.edu/compensation-and-benefits/index.html) or through the local benefits offices.

Detailed Analyses

Defined Benefit Plans

This section contains information about the DB Plans, which provide lifetime retirement income, disability income, death benefits and postretirement and preretirement survivor benefits to eligible employees of the University and UC Law SF, and the employees' survivors and beneficiaries as of and for the fiscal years ended June 30, 2026, 2025 and 2024.

Tables MDA.3a through **MDA.5c** present membership base statistics for UCRP for the plan years ended June 30, 2026, 2025 and 2024.

Table MDA.3a: Active plan members by employee group at June 30

Description	2026	2025	2024
Faculty	18,480	18,640	18,440
Non-faculty academics	4,329	4,574	4,714
Management/senior professional	15,805	17,273	16,694
Professional/support staff	120,365	116,226	111,712
Total active members	**158,979**	**156,713**	**151,560**

Table MDA.3b: Active average annual salary by employee group at June 30

Description	2026	2025	2024
Faculty	$201,649	$193,391	$184,564
Non-faculty academics	140,505	133,213	127,542
Management/senior professional	188,668	181,538	174,336
Professional/support staff	114,623	106,414	100,433

Table MDA.3c: Average age by employee group at June 30

Description	2026	2025	2024
Faculty	52 years	51 years	51 years
Non-faculty academics	48 years	48 years	48 years
Management/senior professional	50 years	49 years	49 years
Professional/support staff	43 years	43 years	43 years

Table MDA.4: UCRP inactive and other members not yet receiving benefits* base statistics at June 30

Description	2026	2025	2024
Total	**136,152**	**130,094**	**125,098**

**Includes terminated nonvested members eligible for a refund of Plan accumulations and/or Capital Accumulation Payment (CAP) distribution and members who were employed by Los Alamos National Laboratory (LANL) or Lawrence Livermore National Laboratory (LLNL) prior to the transition of management of these laboratories from UC to holding companies and are eligible for a CAP payment from UCRP after they separate from employment at LANL or LLNL.*

Table MDA.5a: UCRP retiree membership receiving benefits by category at June 30

Description	2026	2025	2024
Faculty	9,489	9,172	8,874
Non-faculty academics	4,790	4,639	4,507
Management/senior professional	8,515	8,099	7,736
Professional/support staff	58,999	57,680	56,487
Total retired members	**81,793**	**79,590**	**77,604**
Survivor/beneficiary	**11,302**	**10,949**	**10,671**
Disabled members	**835**	**885**	**911**
Total receiving benefits	**93,930**	**91,424**	**89,186**

Table MDA.5b: UCRP retiree member average retirement profile at June 30 *(in years)*

Description	2026 Average retirement age	2025 Average retirement age	2024 Average retirement age	2026 Average service credit at retirement	2025 Average service credit at retirement	2024 Average service credit at retirement
Faculty	65	65	65	23	23	23
Non-faculty academics	62	62	62	19	19	19
Management/senior professional	61	61	61	20	20	20
Professional/support staff	60	60	60	19	19	19

Table MDA.5c: UCRP average annual income by retired member category at June 30

Description	2026	2025	2024
Faculty	$110,263	$107,231	$104,859
Non-faculty academics	62,737	61,288	59,816
Management/senior professional	82,604	80,769	79,215
Professional/support staff	45,851	44,639	43,405

Note: Average retirement age, average service credit at retirement and average annual UCRP income are presented for retired member categories only. Survivor/beneficiary and disabled membership counts are included in total membership receiving benefits but are not included in the average retirement profile or average annual income tables.

UCRP Membership

Employees participate in UCRP in one of five plan membership categories/tiers:

- Members of the 1976 Tier
- Members of the 2013 Tier (including the Modified Tier for certain collectively bargained units)
- Members of the 2016 Tier
- Safety members (police and firefighters)
- Members of Tier Two

Table MDA.6 presents UCRP active and inactive plan membership at June 30, 2026, 2025 and 2024.

Table MDA.6: Active and inactive plan membership at June 30

Fiscal year	1976 Tier	2013 Tier*	Modified 2013 Tier*	2016 Tier*	Safety members	Tier Two	Total active	Inactive/ other members	Total active and inactive/ other plan members
2026	42,042	10,969	63,932	41,625	409	2	158,979	136,152	295,131
2025	45,491	11,928	57,289	41,590	413	2	156,713	130,094	286,807
2024	48,746	12,694	51,708	38,014	396	2	151,560	125,098	276,658

**Some current 2013 Tier, Modified 2013 Tier and 2016 Tier members also have prior service in other tiers.*

UCRP benefits

Tables MDA.7 and **MDA.8** present payments of retirement, disability and preretirement survivor benefits as well as benefit recipients, including beneficiaries and survivors for UCRP for the plan years ended June 30, 2026, 2025 and 2024. Retirement benefit payments include cost-of-living adjustments (COLAs) but exclude lump sum cashouts and member withdrawals. Survivor benefit payments include basic death payments and survivor annuities.

Table MDA.7: UCRP benefit payments for the years ended June 30 [1] *(in thousands of dollars)*

Fiscal year	Retirement	Disability	Death and survivor	Total [2]
2026	$4,887,912	$24,804	$77,574	$4,990,290
2025	4,634,958	24,636	74,047	4,733,641
2024	4,411,255	25,070	73,274	4,509,599

Footnotes:

[1] *Amounts do not include benefit payments to UC-VERIP annuitants.*

[2] *Does not include nonperiodic member withdrawals including Capital Accumulation Payment (CAP) distributions and lump sum cashouts.*

Table MDA.8: UCRP benefit recipients at June 30

Fiscal year	Retired members	Disabled members	Survivors	Total
2026	81,793	835	11,302	93,930
2025	79,590	885	10,949	91,424
2024	77,604	911	10,671	89,186

Investments

Table MDA.9 presents the historical investment performance for the period ended June 30, 2026.

Table MDA.9: Annualized rates of return at June 30, 2026 *(as percentage)*

Description	One-year	Three-year	Five-year	10-year
UCRP	**19.5%**	**14.7%**	**8.2%**	**9.9%**
Policy benchmark	17.8	14.8	8.6	9.9
Public equity	**27.4**	**21.1**	**11.0**	**13.4**
UCRP public equity benchmark	24.3	19.8	10.4	12.5
Fixed income				
Core fixed income	**3.8**	**5.4**	**2.2**	**2.7**
Barclays U.S. aggregate bond index	3.0	4.7	1.7	2.5
High yield	**6.2**	**8.8**	**4.3**	**5.6**
Merrill Lynch high yield cash pay index	5.7	8.8	4.1	5.6
Other investments				
Private equity	**8.7**	**6.1**	**4.5**	**12.5**
Private equity benchmark	25.8	23.4	15.3	16.9
Real estate	**11.2**	**5.9**	**8.0**	**6.9**
NCREIF-ODCE index	3.6	(1.5)	1.9	3.9
Real assets	**(2.1)**	**(0.9)**	**2.1**	**4.8**
Private credit	**(6.8)**	**2.6**	**3.5**	
Private credit benchmark	6.2	9.3	6.9	
Cash and cash equivalents	**4.1**	**4.2**	**3.3**	

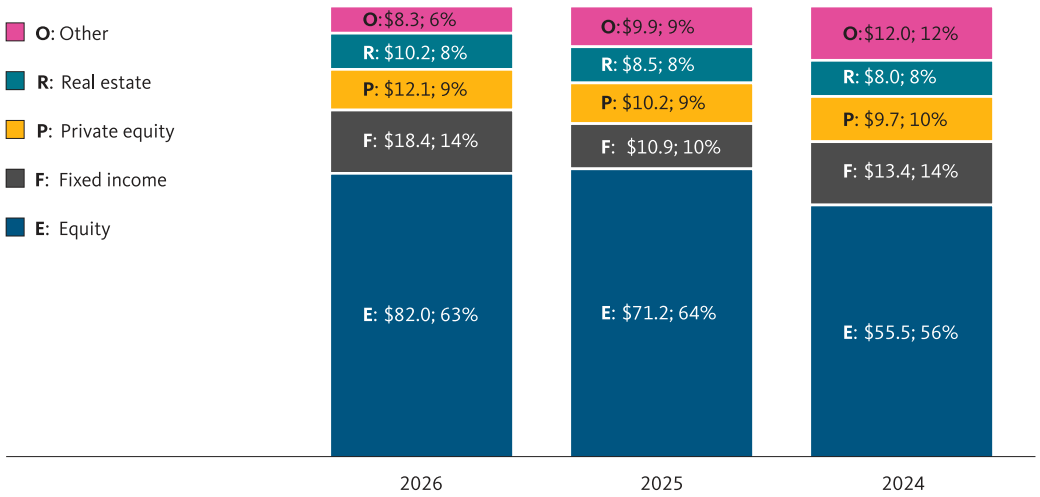
The DB Plans' total investment rate of return, net of fees, was 19.5 percent for the fiscal year ended June 30, 2026, 12.7 percent for the fiscal year ended June 30, 2025 and 12.2 percent for the fiscal year ended June 30, 2024, compared to the DB Plans' total fund benchmark returns of 17.8 percent, 13.0 percent and 13.8 percent, respectively.

The asset allocation for the DB Plans' investment portfolio as of June 30, 2026, 2025 and 2024 is illustrated in **Display 1**.

Display 1: Asset allocation for the DB Plans' investment portfolio *(in billions of dollars and percents)*

Legend is presented in the same order as the bars in each cluster.

Table data for Display 1 is on page 59.



The DB Plans' investment portfolio has a standalone volatility risk measure of 12.1 percent. Most of the risk measure is explained by global macroeconomic growth risk factors represented by broad, developed market equity index returns. Other risk factors include real interest rates, inflation, long-term and short-term fixed-income returns, commodities and emerging markets represented by benchmark indexes relative to the underlying fixed income and other asset classes. The DB Plans' investment performance is attributed to these average weighted asset class percentages: 63.3 percent public equities, 14.5 percent fixed income, 21.2 percent alternative and other investments and 1.0 percent cash.

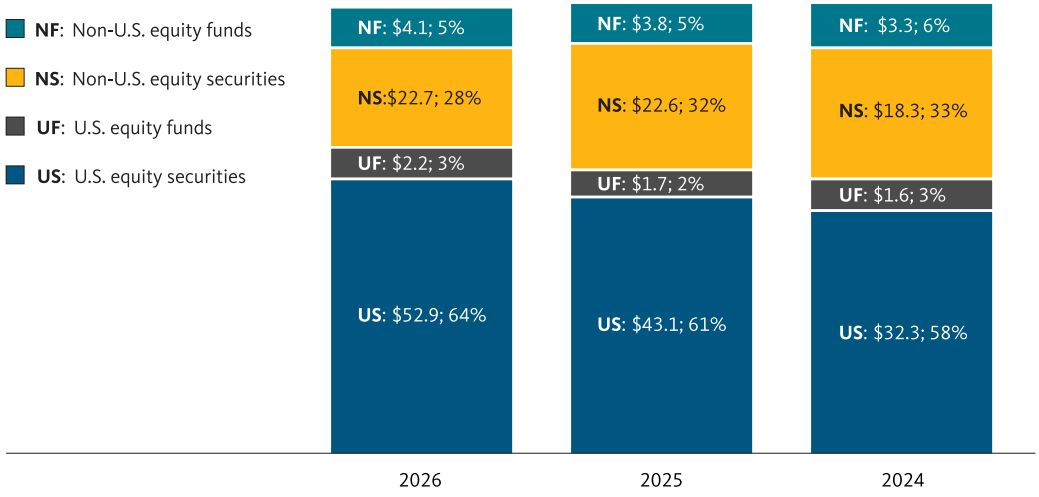
Equity portfolio

The $82.0 billion, $71.2 billion and $55.5 billion public equity portfolio, at June 30, 2026, 2025 and 2024, respectively, includes commingled equity funds diversified across multiple strategic global economic and industry sectors within actively managed accounts of equity securities and passively managed index funds. The relative magnitude of the investments in these sectors is illustrated in **Display 2**.

Display 2: Equity portfolio *(in billions of dollars and percents)*

Legend is presented in the same order as the bars in each cluster.

Table data for Display 2 is on page 59.



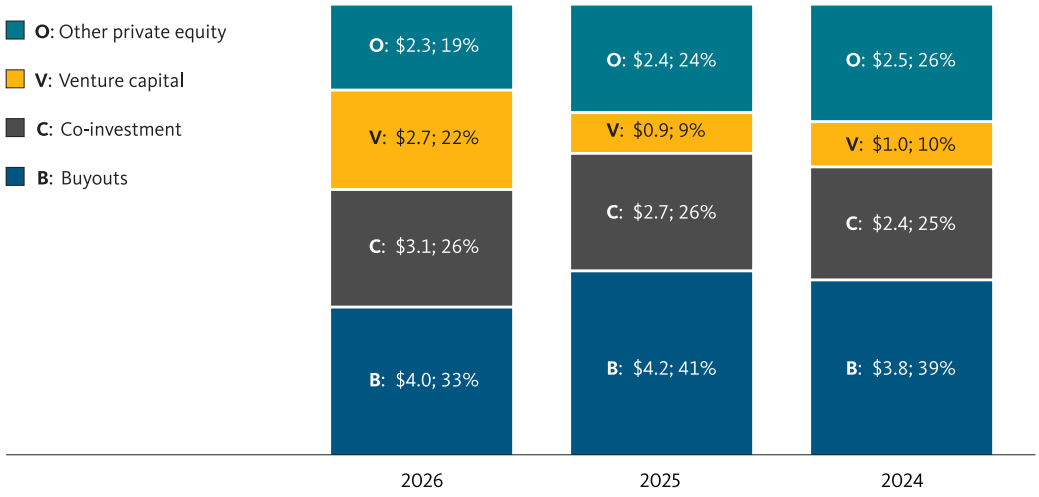
Private equity portfolio

The $12.1 billion, $10.2 billion and $9.7 billion private equity portfolio at June 30, 2026, 2025 and 2024, respectively, is invested in venture capital partnerships, buyout funds and international private equity. The relative magnitudes of the investments in these private equity sources are illustrated in **Display 3**.

Display 3: Private equity portfolio *(in billions of dollars and percents)*

Legend is presented in the same order as the bars in each cluster.

Table data for Display 3 is on page 59.



Fixed-income portfolio

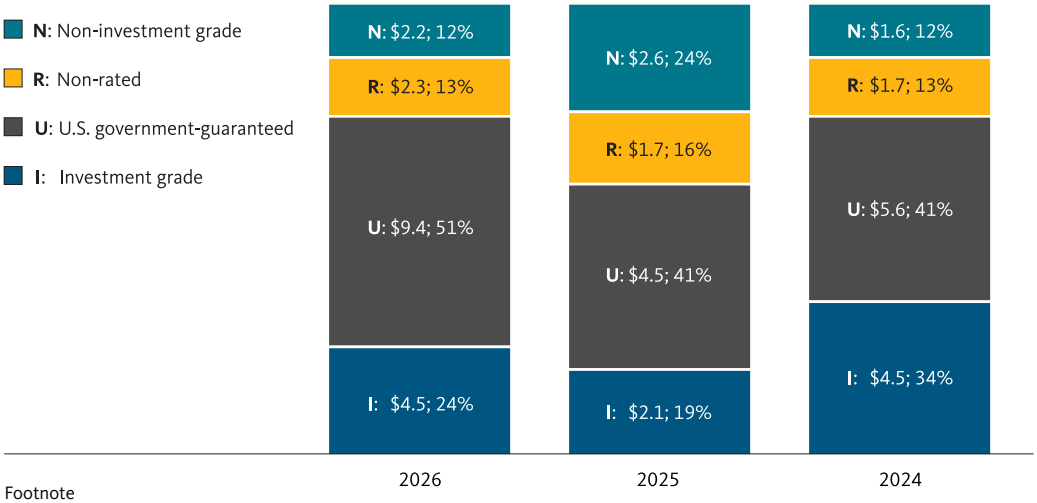
At June 30, 2026, the DB Plans held $18.4 billion in fixed-income investments, compared to $10.9 billion at June 30, 2025 and $13.4 billion at June 30, 2024. The fixed-income portfolio earned a total return of 4.2 percent for the fiscal year ended June 30, 2026, 7.6 percent for the fiscal year ended June 30, 2025 and 5.8 percent for the fiscal year ended June 30, 2024, compared to the DB Plans' fixed-income policy benchmark returns of 3.5 percent, 7.2 percent and 5.8 percent, respectively.

The quality and diversification of fixed-income portfolio investments are allocated among the sectors illustrated in **Displays 4a** and **4b**.

Display 4a: Fixed-income portfolio quality* *(in billions of dollars and percents)*

Legend is presented in the same order as the bars in each cluster.

Table data for Display 4a is on page 59.



Footnote

**Credit Ratings for U.S. Treasury Obligations: Guaranteed by the full faith and credit of the United States and rated AAA by Moody's and AA+ by Standard & Poor's.*

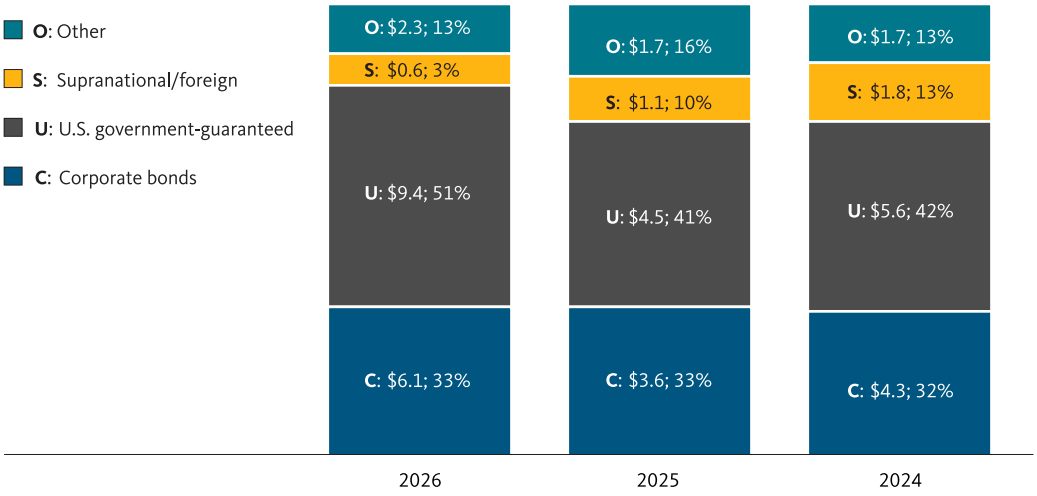
Standard & Poor's (S&P):

- Investment grade: AAA through BBB rated considered extremely strong capacity to adequate capacity to meet financial commitments.
- Non-investment grade: BB through CCC or below considered less vulnerable in the near-term to currently highly vulnerable.

Display 4b: Fixed-income portfolio diversification *(in billions of dollars and percents)*

Legend is presented in the same order as the bars in each cluster.

Table data for Display 4b is on page 60.



Other investments

Institutional real estate investments earned a total return of 11.2 percent for the fiscal year ended June 30, 2026, 5.5 percent for the fiscal year ended June 30, 2025 and 1.2 percent for the fiscal year ended June 30, 2024, compared to policy benchmark returns of 3.6 percent, 2.7 percent and (10.0) percent, respectively.

There were no absolute return diversified investments in 2026. These investments earned a total return of 9.4 percent and 9.2 percent for the fiscal years ended June 30, 2025 and 2024, respectively, compared to policy benchmark returns of 7.4 percent and 8.6 percent, respectively.

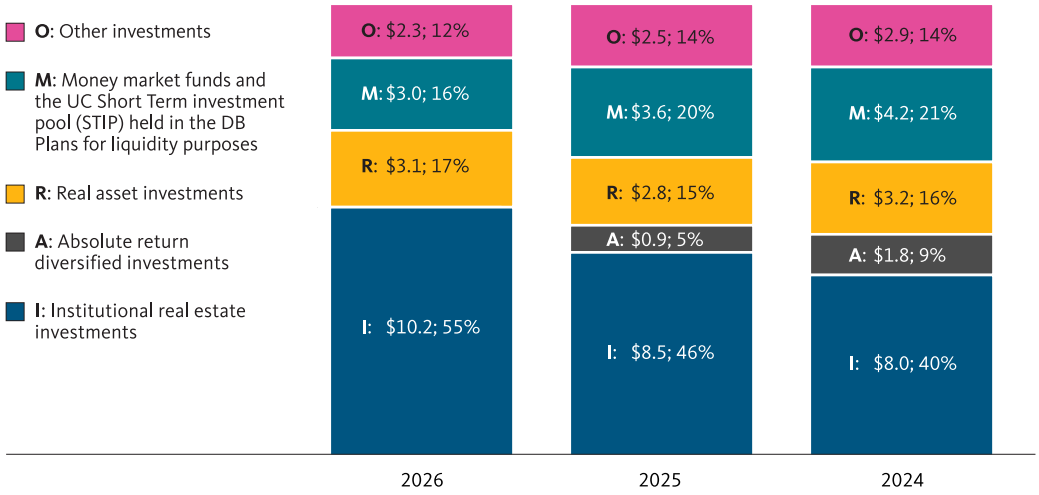
The real asset investments earned a total return of (2.1) percent for the fiscal year ended June 30, 2026 compared to 1.2 percent for the fiscal year ended June 30, 2025 and (1.8) percent for the year ended June 30, 2024.

The relative magnitudes of other investments are illustrated in **Display 5**.

Display 5: Other investments *(in billions of dollars and percents)*

Legend is presented in the same order as the bars in each cluster.

Table data for Display 5 is on page 60.



Contributions

The Regents established contribution rates for the UCRP with the objective of maintaining the plan on an actuarially sound basis. University contributions increased from $3.0 billion in 2024 to $3.7 billion in 2025 and decreased to $3.1 billion in 2026. The higher level of contributions in 2025 included an $800 million transfer from the Short Term Investment Pool (STIP); there was no comparable transfer in 2026. The University contribution rate for UCRP active members increased from 14.0 percent in 2024 to 14.5 percent in both 2025 and 2026. The Regents approved continued scheduled increases through July 1, 2032, when the University contribution rate is expected to reach 18.0 percent.

Member contributions were $1.3 billion in 2024, $1.5 billion in 2025 and $1.6 billion in 2026. Member contribution rates generally remained unchanged, subject to applicable offsets and collective bargaining agreements; therefore, changes in member contributions were primarily attributable to changes in covered payroll.

Deductions

UCRP provides lifetime retirement income, disability protection, death benefits and survivor benefits, and annual COLAs are applied to monthly retirement benefits based on a formula tied to the Consumer Price Index.

Deductions from the DB Plans' fiduciary net position consist primarily of benefit payments to retirees, beneficiaries, survivors and disabled members, as well as lump sum cashouts and administrative expenses. Total deductions were $5.9 billion in 2026, compared with $5.6 billion in 2025 and $5.2 billion in 2024. The increase of $264.3 million, or 4.7 percent, in 2026 was primarily driven by retirement payments, COLAs, lump sum cashouts and other benefit payments, reflecting changes in the number of members receiving benefits, benefit levels and retirement election activity.

In 2025, deductions increased $387.7 million, or 7.4 percent, mainly due to higher retirement payments, COLAs and lump sum cashouts. These trends are affected by plan demographics, including retirees and beneficiaries receiving benefits, active membership levels, tier participation and benefit provisions.

UC Retirement Savings Program

Tables MDA.10a through **MDA.10d** present statistics relating to the UCRSP and the participants who actively contributed for the plan years ended June 30, 2026, 2025 and 2024. The participant counts in the table reflect the fact that individual participants may have accounts in more than one UCRSP.

Table MDA.10a: UCRSP active participant accounts: Defined contribution plan pretax

Active participant accounts	2026	2025	2024
Academic faculty	8,524	8,041	7,555
Management/senior professional	21,721	21,117	20,115
Professional/support staff/other	37,781	38,917	36,883
Total	**68,026**	**68,075**	**64,553**

Table MDA.10b: UCRSP active participant accounts: Defined contribution plan after-tax

Active participant accounts	2026	2025	2024
Academic faculty	1,972	1,668	1,584
Management/senior professional	1,349	1,166	1,145
Professional/support staff/other	10,536	9,959	9,408
Total	**13,857**	**12,793**	**12,137**

Table MDA.10c: UCRSP active participant accounts: Tax-Deferred 403(b) Plan

Active participant accounts	2026	2025	2024
Academic faculty	8,518	7,713	7,808
Management/senior professional	9,155	8,199	8,354
Professional/support staff/other	74,169	72,035	69,464
Total	**91,842**	**87,947**	**85,626**

Table MDA.10d: UCRSP active participant accounts: 457(b) deferred compensation plan

Active participant accounts	2026	2025	2024
Academic faculty	5,286	4,712	4,652
Management/senior professional	4,356	3,619	3,509
Professional/support staff/other	27,516	24,198	22,060
Total	**37,158**	**32,529**	**30,221**

Investment performance

Table MDA.11 presents the historical investment performance of UCRSP for the period ended June 30, 2026.

Policy benchmarks followed by "*" are a blend of the benchmarks of the individual underlying funds based on holdings according to the asset allocation mix.

Table MDA.11: UCRSP funds historical investment performance for the period ended June 30, 2026 *(as percentage)*

Description	One-year	Three-year	Five-year	10-year
Target date funds				
Pathway Income Fund	**12.8%**	**10.8%**	**6.1%**	**6.5%**
Policy Benchmark*	12.7	11.1	6.4	6.6
Pathway Fund 2025	**14.9**	**12.9**	**6.7**	**8.4**
Policy Benchmark*	14.8	12.9	6.7	8.4
Pathway Fund 2030	**17.6**	**14.8**	**7.5**	**9.3**
Policy Benchmark*	17.5	14.7	7.4	9.4
Pathway Fund 2035	**19.8**	**15.9**	**8.2**	**10.1**
Policy Benchmark*	19.6	15.8	8.1	10.1
Pathway Fund 2040	**21.4**	**16.7**	**8.6**	**10.6**
Policy Benchmark*	21.2	16.6	8.5	10.6
Pathway Fund 2045	**22.7**	**17.4**	**8.9**	**11.2**
Policy Benchmark*	22.5	17.3	8.8	11.2
Pathway Fund 2050	**23.5**	**17.8**	**9.1**	**11.5**
Policy Benchmark*	23.4	17.7	9.0	11.5
Pathway Fund 2055	**23.5**	**17.8**	**9.1**	**11.6**
Policy Benchmark*	23.4	17.7	9.0	11.6
Pathway Fund 2060	**23.5**	**17.8**	**9.1**	**11.6**
Policy Benchmark*	23.4	17.7	9.0	11.6
Pathway Fund 2065	**23.5**	**17.8**	**9.1**	
Policy Benchmark*	23.4	17.7	9.0	
Pathway Fund 2070	**23.5**			
Policy Benchmark*	23.4			

(continues)

Table MDA.11: UCRSP funds historical investment performance for the period ended June 30, 2026 *(continued)*

Description	One-year	Three-year	Five-year	10-year
U.S. large equity				
UC Domestic Equity Index Fund	**23.3**	**20.8**	**12.6**	**15.4**
Russell 3000 ex Fossil Fuels ex Tobacco	23.3	20.8	12.5	15.3
UC Social Index Fund	**21.3**	**21.0**	**12.7**	**16.2**
FTSE4Good US Select Index	21.4	21.0	12.6	16.2
U.S. small/mid cap equity				
UC Domestic Small Cap Equity Fund	**41.7**	**19.3**	**7.4**	**11.5**
Russell 2000 ex Fossil Fuels ex Tobacco	41.3	19.0	7.2	11.2
Global/world ex-U.S. equity				
UC International Equity Index Fund	**19.8**	**17.1**	**9.0**	**10.0**
Policy Benchmark*	19.5	16.8	8.8	9.7
Global equity				
UC Global Equity	**24.7**	**20.2**	**10.8**	
Policy Benchmark*	24.4	19.8	10.4	
Inflation sensitive				
UC Short-Term TIPS Fund	**3.6**	**5.3**	**3.7**	**3.2**
Barclays 1-3-Year U.S. TIPS Index	3.5	5.2	3.5	3.0
Diversified fixed-income				
UC Bond Fund	**3.8**	**4.2**	**0.1**	**1.6**
Bloomberg MSCI US Aggregate Index ex Fossil Fuels ex Tobacco	3.8	4.1	0.1	1.5
UC Short Duration Bond Fund	**3.1**			
Bloomberg 1-5 Year Government Credit Index	3.0			
Growth large equity				
UC Growth Company Fund	**49.4**	**33.1**	**17.4**	**24.4**
Russell 3000 Growth Index	18.2	22.3	13.2	18.1
World ex-U.S. equity				
UC Diversified Intl. Fund	**23.1**	**17.7**	**8.6**	**10.6**
MSCI EAFE Index	20.2	16.4	9.1	9.7
UC Emerging Markets Fund	**43.1**	**22.6**	**7.4**	**9.5**
MSCI Emerging Markets Index	42.3	22.9	7.3	10.1
Real estate				
UC Real Estate Fund	**21.1**	**12.4**	**5.9**	**5.9**
MSCI US REIT Index	21.2	12.4	5.8	5.9
Endowment-like				
UC Blue and Gold Fund	**20.3**			
Policy Benchmark	19.9			

Contributions

The Retirement Choice Program was established on July 1, 2016. This program provides eligible University employees a choice between two primary retirement benefit options: (1) Pension Choice, which provides a UCRP pension benefit with covered compensation for new hires capped at the California Public Employees' Pension Reform Act pensionable compensation limit (PEPRA maximum) or (2) Savings Choice, under which the primary retirement benefit is provided from contributions to the DC Plan on eligible pay up to the IRC §401(a)(17) compensation limit (IRC limit).

For eligible employees who elect Pension Choice and are subject to the PEPRA maximum, both the University and eligible participants make mandatory pretax contributions to the DC Plan to provide a supplemental benefit. For purposes of supplemental retirement benefits, designated employees are those who meet specific eligibility criteria based on their academic title codes or covered compensation limits, as applicable, and PEPRA requirements. For designated faculty, the University contributes 5.0 percent on all eligible pay up to the IRC limit. For staff, the University contributes 3.0 percent on eligible pay above the PEPRA maximum up to the IRC limit. University supplemental contributions become fully vested after five years of service credit. Both designated faculty and staff contribute 7.0 percent on eligible pay above the PEPRA maximum up to the IRC limit.

For Savings Choice, participants currently contribute 7.0 percent of eligible pay on a pretax basis, and the University currently contributes 8.0 percent. University contributions under Savings Choice become fully vested after one year of employment.

After five years of service, Savings Choice participants are permitted to prospectively elect Pension Choice. The second-choice window opens on January 1 of the fifth anniversary of the calendar year in which Savings Choice was initially elected and closes on May 31 five years later. The Pension Choice election becomes effective the following July 1.

Voluntary DC Plan contributions, which employees make on an after-tax basis, are held in the DC Plan's after-tax account. The maximum amount employees may contribute annually as after-tax voluntary contributions is determined by the IRC §415(c) limit. Generally, this amount is the lesser of 100 percent of the participant's adjusted gross University salary or $72,000 for calendar year 2026, $70,000 for calendar year 2025 and $69,000 for calendar year 2024. This limit considers all annual additions, including any pretax employee and University contributions to the DC Plan. After-tax contributions are deducted from net income and may be invested in and transferred among any of the investment options available to the UCRSP. The University may also contribute to the DC Plan on behalf of eligible senior managers.

403(b) Plan retirement contributions are made on the summer salaries of eligible academic appointees who teach, conduct research or provide administrative service during the summer session or an equivalent term. To be eligible, the academic appointee must hold an academic year appointment, be an active member of UCRP or another defined benefit plan to which the University contributes, be a Savings Choice participant, or be eligible for a primary retirement benefit option under the Retirement Choice Program even if not yet participating. The contribution rate is 7.0 percent of eligible summer salary, of which 3.5 percent is University-paid and 3.5 percent is employee-paid, both on a pretax basis.

The 403(b) Plan includes voluntary employee salary deferral contributions that are made on a pretax and/or Roth basis. Within IRC limits, a 403(b) Plan participant may make contributions as a percentage of their salary or in a flat dollar amount. Contributions to the 403(b) Plan may be invested in and transferred among any of the investment options available to the UCRSP. The University may also contribute on behalf of eligible senior managers.

The 457(b) Plan includes voluntary salary deferral employee contributions that are made on a pretax and/or Roth basis. University contributions may also be made for eligible senior managers on a pretax basis. Within IRC limits, a 457(b) Plan participant may make contributions as a percentage of their salary or in a flat dollar amount. Contributions to the 457(b) Plan may be invested in and transferred among any of the investment options available to the UCRSP.

Investments

UC Investments has primary responsibility for selecting appropriate asset classes and specific investment options, establishing investment guidelines and benchmarks against which performance is measured, and for making changes in the UCRS funds menu as it deems appropriate based on its periodic evaluations. UC Investments' selection and monitoring responsibilities do not extend to the mutual funds available through the Fidelity brokerage account option. The Regents has fiduciary responsibility for establishing broad investment policy and overseeing the performance of the investment functions.

Tax-Deferred 403(b) Plan Loan Program

As permitted by IRC §72(p), active participants with a 403(b) Plan balance of at least $1,000 may generally borrow from their total 403(b) Plan account balance without incurring taxes or penalties. Certain limitations apply to the available borrowing amount depending on account balance, previous loan activity and highest outstanding loan balance within the past 12 months.

The 403(b) Plan Loan Program (the Loan Program) offers short-term general-purpose loans with repayment terms of five years or less and long-term principal-residence loans with repayment terms of up to 15 years. A participant may have one general-purpose loan and one principal-residence loan outstanding at one time but may not take out more than one loan within a 12-month period. Monthly repayments of principal and interest are credited proportionately to the investment fund(s) according to the current 403(b) Plan contribution investment mix established by the participant. A nonrefundable loan initiation fee of $35 is deducted from the 403(b) Plan account balance at the end of the calendar quarter in which the loan is taken. An annual maintenance fee of $15 is deducted ($3.75 per calendar quarter) from the participant's 403(b) Plan account balance.

The interest rate is fixed at the time the loan is granted and equals the prevailing bank Prime Rate as published by The Wall Street Journal plus 1.0 percentage point. The Loan Program interest rate for new loans as of June 30, 2026, 2025 and 2024 was 7.8 percent, 8.5 percent and 9.5 percent, respectively.

Table MDA.12 reflects participant loan information for the three years ended June 30.

Table MDA.12: Tax-Deferred 403(b) participant plan loan information for the three years ended June 30

Fiscal year	Number of outstanding loans	Aggregate loan balance *($ in millions)*	Number of new loans	Aggregate new loan balance *($ in millions)*
2026	24,118	$250.0	7,111	$109.9
2025	23,071	243.0	7,558	111.7
2024	21,443	225.4	7,270	105.4

Currently Known Facts, Decisions or Conditions

Employers bear the mortality and investment risk in DB plans because members' benefits are based on the employer's benefit promises rather than on the contributions, plan assets and investment earnings available to pay those benefits.

Future deductions from the DB Plans' fiduciary net position continue to be affected by changes in membership, retirement patterns, COLA experience and benefit elections. Tier participation will also affect future deductions because the 2013 Tier and 2016 Tier do not provide lump sum cashouts.





Report of Independent Auditors



Independent Auditors' Report

The Board of Regents of the University of California:

Opinion

We have audited the financial statements of the University of California Retirement System (the System), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2026, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The financial statements of the System are intended to present the financial position and the changes in financial position of only that portion of the fiduciary activities of the University of California that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the University of California, as of June 30, 2026, or the changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

The financial statements of the System as of and for the year ended June 30, 2025 were audited by other auditors, who expressed an unmodified opinion on those financial statements on November 21, 2025.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a

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material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information referenced in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

[(signed) KPMG LLP]

San Francisco, California
November 20, 2026

Fiduciary Financial Statements

Statements of Fiduciary Net Position

At June 30, 2026 and 2025 (in thousands of dollars)

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Assets				
Investments, at fair value:				
Equity securities	$75,593,150	$65,689,052	$30,482,127	$25,223,530
Fixed-income: U.S. government	9,362,915	4,502,311	5,629,038	4,791,490
Fixed-income: Other U.S. dollar-denominated	6,915,174	4,788,565	2,580,817	4,564,959
Foreign currency-denominated	80			
Commingled funds	36,027,127	33,067,501	8,758,128	4,829,334
Real estate	1,522,056	852,997		
Publicly traded real estate investment trusts	1,381,674	1,323,159	1,567,364	1,328,190
Other investments	124,780	415,355	645	
Investment derivatives	7,882	2,721	5,885	4,679
Total investments	**130,934,838**	**110,641,661**	**49,024,004**	**40,742,182**
Investment of cash collateral	7,219,401	8,269,711	3,340,980	4,908,291
Participants' interests in mutual funds			4,074,844	3,329,248
Participant 403(b) plan loans			249,595	243,048
Receivables: Contributions	261,265	246,453	10	10
Receivables: Interest and dividends	165,823	66,463	34,467	28,561
Receivables: Securities sales and other	392,882	520,350	14,936	17,683
Total receivables	819,970	833,266	49,413	46,254
Total assets	**138,974,209**	**119,744,638**	**56,738,836**	**49,269,023**
Liabilities				
Payables for securities purchased	124,720	104,921	180,542	235,465
Member withdrawals, refunds and other payables	584,305	561,557	3,857	3,931
Collateral held for securities lending	7,219,400	8,269,712	3,340,980	4,908,290
Total liabilities	**7,928,425**	**8,936,190**	**3,525,379**	**5,147,686**
Net position	**$131,045,784**	**$110,808,448**	**$53,213,457**	**$44,121,337**

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position

For the years ended June 30, 2026 and 2025 (in thousands of dollars)

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Additions				
Contributions: University	$3,088,757	$3,690,291	$236,443	$216,331
Contributions: Members	1,611,691	1,484,516		
Contributions: Participants			2,779,440	2,533,354
Total contributions	**4,700,448**	**5,174,807**	**3,015,883**	**2,749,685**
Investment income:				
Net appreciation in fair value of investments	18,536,272	10,701,657	8,656,545	4,213,002
Interest, dividends and other investment income	2,876,946	1,745,450	893,544	900,074
Securities lending income	302,863	431,326	165,288	215,840
Less: securities lending fees and rebates	(297,710)	(391,912)	(157,351)	(209,211)
Total investment income	21,418,371	12,486,521	9,558,026	5,119,705
Total additions, net	**26,118,819**	**17,661,328**	**12,573,909**	**7,869,390**
Deductions				
Benefit payments and withdrawals:				
Retirement payments	3,919,094	3,716,775		
Member withdrawals	149,080	149,701		
Cost-of-living adjustments	971,064	920,704		
Lump sum cashouts	674,371	626,580		
Preretirement survivor payments	65,611	62,977		
Disability payments	24,804	24,636		
Death payments	11,963	11,070		
UCRSP benefit payments and participant withdrawals			3,479,264	2,842,768
Total benefit payments and withdrawals	**5,815,987**	**5,512,443**	**3,479,264**	**2,842,768**
Expenses: Administrative and other expenses	65,496	104,731	2,525	2,598
Total expenses	**65,496**	**104,731**	**2,525**	**2,598**
Total deductions	**5,881,483**	**5,617,174**	**3,481,789**	**2,845,366**
Change in net position	**20,237,336**	**12,044,154**	**9,092,120**	**5,024,024**
Net position, beginning of year	110,808,448	98,764,294	44,121,337	39,097,313
End of year	**$131,045,784**	**$110,808,448**	**$53,213,457**	**$44,121,337**

See accompanying notes to financial statements.

Notes to Financial Statements

Years ended June 30, 2026 and 2025

1. Description of the Plans and Significant Accounting Policies

The University of California Retirement System (UCRS) is a valuable component of the comprehensive benefits package offered to employees of the University. UCRS consists of two defined benefit plans and four defined contribution plans. The defined benefit plans (DB Plans) include the University of California Retirement Plan (UCRP) for members and the Voluntary Early Retirement Incentive Plan (UC-VERIP) for certain University employees who were members of the California Public Employees' Retirement System (CalPERS) who elected early retirement. The University of California Retirement Savings Program (UCRSP) includes four defined contribution plans (collectively referred to as the UCRSP Plans): the Defined Contribution Plan (DC Plan), the Supplemental Defined Contribution Plan (SDC Plan), the Tax-Deferred 403(b) Plan (403(b) Plan) and the 457(b) Deferred Compensation Plan (457(b) Plan). The Regents of the University of California (the Regents) acts as the trustee associated with each of the UCRS Plans, with the Office of the Chief Investment Officer (UC Investments) of the Regents acting as custodian. Administrative authority with respect to the UCRS Plans is vested in the President of the University (the President) as plan administrator, and the President has delegated that authority for UCRS, under University policies and procedures, to the Vice President, Systemwide Human Resources and Chief Human Resources Officer (the VP, Systemwide HR).

Defined Benefit Plans

University of California Retirement Plan

UCRP is a single-employer defined benefit pension plan providing lifetime retirement income, disability protection, death benefits and postretirement and preretirement survivor benefits to certain eligible employees of the University and its affiliate, UC College of the Law, San Francisco (UC Law SF), and their survivors and beneficiaries.

UCRP was established in 1961 and, prior to July 1, 2016, membership was required for all employees appointed to work at least 50 percent time for one year or more or for an indefinite period. Certain academic employees were also eligible for UCRP membership after working 1,000 hours (750 hours for the Non-Senate Instructional Unit) in a continuous 12-month period. Under the Retirement Choice Program, effective July 1, 2016, employees could elect to participate in Savings Choice in lieu of UCRP membership.

Generally, an employee is required to work for five years in order to become entitled to UCRP benefits. The amount of the monthly pension benefit is determined under the basic formula of covered compensation times age factor times years of service credit. The maximum monthly benefit cannot exceed 100 percent of the employee's eligible highest average plan compensation over a 36-month period. The annual benefit is also subject to limitations established by Internal Revenue Code (IRC) §415. Annual cost-of-living adjustments (COLAs) are made to monthly retirement benefits according to a specified formula based on the Consumer Price Index (CPI). Ad hoc COLAs may be granted subject to funding availability. Service accrued by a member with coordinated or noncoordinated benefits before July 1, 2013, is deemed to have been accrued in the 1976 Tier. If the member continues as an eligible employee after June 30, 2013, the member continues to accrue in the 1976 Tier until they incur a break of service.

For the period from July 1, 1987 to July 1, 1990, qualifying UCRP members could elect to participate in a noncontributory UCRP membership known as Tier Two. Tier Two provides a lower level of retirement income, disability protection and survivor benefits, calculated using specific Tier Two formulas based on the member's covered compensation times age factor times years of service credit.

Effective July 1, 2013, UCRP was amended to provide a new tier of pension benefits applicable to employees hired, or who returned to work after a tier break in service, on or after July 1, 2013 (2013 Tier). In the 2013 Tier, the earliest retirement age was increased from 50 to 55 and the age for the maximum age factor was increased to 65. There are no lump sum cashouts, inactive member COLAs or subsidized survivor annuities for spouses and domestic partners for 2013 Tier members.

Effective July 1, 2016, UCRP was amended to provide a new tier of pension benefits under the Retirement Choice Program (2016 Tier). This program provides eligible University employees hired (or becoming eligible) on or after July 1, 2016 (and certain eligible rehires who return to work after a break in service) a choice between two primary retirement benefit options: (1) Pension Choice, which is the UCRP pension benefit with covered compensation for new hires capped at the California Public Employees' Pension Reform Act of 2013 (PEPRA) salary pensionable compensation limit (PEPRA maximum), $155,081 and $151,446 for the fiscal years ended June 30, 2026 and June 30, 2025, respectively, plus for new hires subject to the PEPRA maximum, a supplemental benefit to the DC Plan on eligible pay up to the IRC §401(a)(17) compensation limit (IRC compensation limit), $350,000 and $345,000 for fiscal years ended June 30, 2026 and June 30, 2025, respectively; or (2) Savings Choice, which is a defined contribution plan option on eligible pay up to the IRC compensation limit.

On behalf of employees who participate in Savings Choice, the University also contributes 6.5 percent to UCRP for each of the fiscal years ended June 30, 2026 and June 30, 2025, on eligible pay up to the IRC compensation limit.

Members' contributions are recorded separately and accrue interest at a rate determined by the Regents. Currently, member contributions accrue interest at an annual compounded rate of 6.0 percent, credited monthly. Upon termination, members may elect a refund of their contributions plus accumulated interest (and their Capital Accumulation Payment (CAP) balance as described in **Table 1.1**, if any). Vested terminated members (excluding 2013 Tier and 2016 Tier) who are eligible to retire may also elect a lump sum payment equal to the actuarially equivalent present value of their accrued benefits. Both actions forfeit the member's right to monthly benefits based on the same service credit.

From July 1, 1966, to June 30, 1971, UCRP contributions were required only from members who had reached age 30 and had at least one year of service. Member plan accounts designated Plan 02 were established to keep track of contributions that would have been made had a member been contributing during this period. Future retirement benefits for members with Plan 02 accounts are reduced to account for the contributions that were not made, unless the member repays the Plan 02 balance or attains a benefit percentage equal to 100 percent, based on service credit excluding the noncontributory period.

Certain UCRP members may also have a balance in UCRP consisting of CAP allocations, which were credited on behalf of eligible members on various dates in 1992, 1993, 1994, 2002 and 2003. Provided to supplement basic UCRP benefits, the allocations were equal to a percentage of the eligible member's covered compensation paid during the specified period. The CAP balance is generally payable in a lump sum at retirement or separation from service and includes interest credited monthly equal to an annual percentage yield (APY) of 8.5 percent for allocations made in 1992, 1993 and 1994. For allocations made in 2002 and 2003, the interest credited monthly is equal to the discount rate component of the actuarial equivalence basis under UCRP, which equated to an APY of 6.75 percent for the fiscal years ended June 30, 2026 and June 30, 2025. The APY applied to the 2002 and 2003 allocation will vary according to changes in the discount rate.

Table 1.1 presents UCRP membership at June 30, 2026 and 2025.

Table 1.1: UCRP membership *(number of members)*

Description	2026	2025
Retirees and beneficiaries receiving benefits	93,930	91,424
Inactive plan members entitled to, but not yet receiving benefits	136,152	130,094
Active plan members: Vested	90,780	90,661
Active plan members: Nonvested	68,199	66,052
Total active plan members	158,979	156,713
Total membership	**389,061**	**378,231**

Employer contributions are made to UCRP on behalf of all members. The annual rate of University contributions is established pursuant to the Regents' funding policy.

Effective July 2025, employees of Children's Hospital and Research Center Oakland (CHRCO) transitioned to be employees of the University in connection with the continued integration of UCSF Benioff Children's Hospital Oakland. Eligible employees who transitioned received recognition of equivalent prior vesting credit under the applicable CHRCO retirement plans as UCRP service credit. This service credit is recognized solely for purposes of satisfying UCRP vesting requirements and is not used to calculate retirement income or lump-sum cashout benefits. In June 2026, UCSF Medical Center made a supplemental contribution of $29.0 million to UCRP in connection with the recognition of this prior vesting credit.

In July 2024, the Regents approved an amendment to UCRP related to an affiliation with Dignity Health. Under the agreement, the Regents, through UCSF Medical Center, became the sole member of UCSF Health Community Hospitals. UCSF Health Community Hospitals owns UCSF Health Saint Francis Hospital, a 277-licensed bed general acute care hospital, UCSF Health St. Mary's Hospital, a 267-licensed bed general acute care hospital and related assets. The amendment grants eligible employees transitioning employment from Dignity Health facilities to UCRP service credit, solely for vesting purposes (and not for purposes of benefit accrual), that is equivalent to the employee's vesting service under the pension plans administered by Dignity Health and its affiliates (the "Dignity Plans"), taking into account the Dignity Plans' different service crediting methods and plan years. To fund the cost of this change, UCSF Medical Center, on behalf of the acquired hospitals, made a supplemental contribution of $16.5 million to UCRP in December 2024.

University of California Voluntary Early Retirement Incentive Program

Some University employees became members of the California Public Employees' Retirement System (CalPERS) before UCRP was established and continued to participate in CalPERS during their University employment after UCRP was established. The University of California contributed to CalPERS on behalf of these members. The UC-VERIP is a single-employer defined benefit pension plan established by the University that provides lifetime supplemental retirement income and survivor benefits to UC-VERIP members who elected early retirement under CalPERS.

Generally, to participate in the UC-VERIP, an eligible employee was required to elect concurrent retirement under CalPERS and the UC-VERIP effective October 1, 1991, and must have had a combined age plus service credit equal to 80 years as of September 30, 1991, if classified as a qualified academic senate faculty member, or equal to 75 years if not classified as a qualified academic senate faculty member. Of 1,579 eligible employees, 879 elected to retire under the UC-VERIP. As of June 30, 2026 and 2025, there were 212 and 243 retirees and beneficiaries, respectively, receiving benefits under the UC-VERIP. After eligible employees elected to participate, the UC-VERIP was closed to future participation.

No contributions are required as long as the UC-VERIP remains fully funded under the actuarial assumptions used in the actuarial valuation.

Effective July 1, 2011, the UC-VERIP was amended, subject to funding availability, to provide annual COLAs to monthly benefits according to the formula based on the Consumer Price Index that is used for UCRP. Ad hoc COLAs may also be granted subject to funding availability.

University of California Retirement Savings Program

UC Investments oversees the investment choices of the UCRSP. The fund choices are segmented into Tiers I, II and III. Participants may direct investment of their contributions and transfer their UCRSP plan accumulations to any of these funds. Participants' interests in the UCRSP plans are fully and immediately vested and are distributable at death, retirement or termination of employment. University contributions for Savings Choice participants vest after one year of employment and University contributions under Pension Choice are fully vested after five years of service credit. Participants may elect to defer distribution until age 73, or separation from service, whichever is later, in accordance with IRC §401(a)(9) minimum distribution requirements. In-service withdrawals are permitted in conformance with the IRC regulations applicable to each plan.

Tier I: Target Date Funds

- UC Pathway Funds

Tier II: Main Fund Menu — Bond and Stock Investments

- Bond Investments
- Domestic Stock Investments
- Foreign Stock Investments
- Specialty Stock Funds

Tier III: BrokerageLink®

Fidelity BrokerageLink combines the convenience of a workplace retirement plan with the additional flexibility of a brokerage account and expanded investment choices to manage retirement contributions. The UCRSP plan fiduciary neither evaluates nor monitors the investments available through BrokerageLink. It is the participants' responsibility to ensure that the investments selected are suitable for each participant's circumstances, including goals, time horizon and risk tolerance.

Defined Contribution Plan

Under the Retirement Choice Program, for employees who elect Savings Choice, which works much like a 401(k) plan, both the University and the participants make mandatory DC Plan retirement contributions on a pretax basis, on eligible pay up to the IRC compensation limit. The participant contributes 7.0 percent, and the University contributes 8.0 percent. University contributions under Savings Choice are fully vested after one year of employment. For employees who elect Pension Choice and who are subject to the PEPRA maximum, both the University and the participants make mandatory DC Plan retirement contributions on a pretax basis. University contributions under Pension Choice are fully vested after five years of service credit. For designated faculty, the University contributes 5.0 percent on all eligible pay up to the IRC compensation limit. For staff, the University contributes 3.0 percent on eligible pay above the PEPRA maximum up to the IRC compensation limit. Both designated faculty and staff contribute 7.0 percent on eligible pay above the PEPRA maximum up to the IRC compensation limit. The University may also contribute on behalf of eligible senior managers.

After five years of service, Savings Choice participants are permitted to prospectively elect Pension Choice. The second-choice window opens on January 1 of the fifth anniversary of the calendar year in which Savings Choice was initially elected and closes on May 31 five years later. The Pension Choice election becomes effective on the next July 1.

The DC Plan Pretax Account also includes mandatory contributions from part-time, seasonal and temporary employees at the University who are not currently participating in UCRP or another defined benefit plan to which the University contributes (Pretax Account participants). Pretax participation includes certain University student employees and resident aliens with F-1 and J-1 visa status. Pretax Account participants contribute 7.5 percent of their gross salary (up to the Social Security wage base) to the DC Plan in lieu of deductions for Social Security taxes.

All University employees, except students who normally work fewer than 20 hours per week, are eligible to make voluntary contributions to the DC Plan After-Tax Account and defer taxation on their earnings until the accumulations are withdrawn. The maximum amount that participants may contribute annually to the After-Tax Account is determined by the IRC §415(c) limit.

The Supplemental Defined Contribution Plan (SDC Plan) accepts employer contributions on behalf of certain designated employees. Employer contributions are fully vested, and there is no provision for employee contributions. For the years ended June 30, 2026 and 2025, the SDC Plan did not have any participants, assets or contributions.

Tax-Deferred 403(b) Plan

The University makes 403(b) Plan retirement contributions on the summer salaries of eligible academic appointees who teach, conduct research or provide administrative service during the summer session or an equivalent term. To be eligible, the academic appointee must hold an academic year appointment and be an active member of UCRP or another defined benefit plan to which the University contributes, be a Savings Choice participant, or be eligible for a primary retirement benefit option under the Retirement Choice Program even if not yet participating. The contribution rate is 7.0 percent of eligible summer salary, of which 3.5 percent is University-paid and 3.5 percent is employee-paid, both on a pretax basis.

The 403(b) Plan is available to all University employees except students who normally work fewer than 20 hours per week. Employees who want to participate in the 403(b) Plan designate a portion of their gross salary within the IRC limits to be contributed on a pretax and/or Roth basis. Tax advantages from pretax contributions are realized when made, and Roth benefits are realized when the participant withdraws the money. The University also makes 403(b) Plan contributions on behalf of eligible senior managers.

Annual salary deferral contribution limits for the 403(b) Plan during the plan year ended June 30, 2026 were as follows: the maximum annual contribution limit for participants under age 50 was $24,500 (or 100 percent of adjusted gross salary, if less) and $23,500 for the calendar years 2026 and 2025, respectively. For participants age 50 or older, the total annual contribution limits were $32,500 (or 100 percent of adjusted gross salary, if less) and $31,000 for calendar years 2026 and 2025, respectively. Participants with 15 or more years of service may be able to increase their limit under additional catch-up provisions.

457(b) Deferred Compensation Plan

The 457(b) Plan is available to all University employees except students who normally work fewer than 20 hours per week. Similar to the 403(b), participants may make contributions on a pretax and/or Roth basis. The University may also make 457(b) Plan contributions on behalf of eligible senior managers. The deferred compensation limits for the 457(b) Plan were the same as the 403(b) Plan limits during fiscal years ended June 30, 2026 and 2025.

Basis of Accounting

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles using the economic resources measurement focus and the accrual basis of accounting. The UCRS Plans follow accounting principles issued by the Governmental Accounting Standards Board (GASB). The DB Plans and UCRSP Plans are not legally separate entities and therefore, under GASB requirements, a going concern evaluation at the level of the DB Plans and UCRSP Plans is not required and has not been performed by management.

Adoption of accounting pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), effective for the University of California's fiscal year beginning July 1, 2025. GASB 103 changes some of the reporting requirements issued in Statements 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* and Statement 35, *Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities*. For the University of California Retirement System, adoption of GASB 103 resulted in changes to the content and presentation of management's discussion and analysis.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events* (GASB 105). GASB 105 is effective for fiscal years beginning after June 15, 2026; however, the University of California early adopted the Statement in the current fiscal year. The Statement defines subsequent events as events or transactions that occur after the financial statement date but before the financial statements are available to be issued. It establishes guidance for distinguishing between recognized and nonrecognized subsequent events, clarifies the period during which subsequent events should be evaluated, and provides specific note disclosure requirements for certain subsequent events. The University's adoption of GASB 105 enhanced subsequent event disclosures.

Valuation of Investments

Investments are measured and reported at fair value. Securities are generally valued at the last sale price on the last business day of the plan year, as quoted on a recognized exchange or by utilizing an industry-standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the plan year are valued at the quoted bid price of an exchange or a dealer who regularly trades in the security being valued. Investment in nonexchange traded debt and equity investments are valued using inputs provided by independent pricing services or by brokers/dealers who actively trade in these markets. Certain securities may be valued on the basis of a price provided by a single source.

Investments also include private equities, absolute return funds, real estate, real asset and certain corporate asset-backed securities. Private equities include venture capital partnerships, buyout and international funds. Fair values for interests in private equity, absolute return partnerships, real assets and real estate partnerships are based on valuations provided by the general partners of the respective partnerships. The valuations are primarily based on the net asset value (NAV) of the underlying investments. The NAV is reported by the external investment managers, including general partners, in accordance with their policies as described in their respective financial statements and offering memoranda. The most recent NAV is adjusted for capital calls, distributions and significant known valuation changes, if any, of its related portfolio through June 30, 2026 and 2025, respectively.

Interests in certain direct investments in real estate are estimated based upon independent appraisals. Because the private equity, real estate and absolute return partnerships, along with direct investments in real estate, are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would be used had a ready market for such investments existed. These investments are generally less liquid than other investments, and the value reported may differ from the values that would have been reported had a ready market for these investments existed.

For other investments, the UCRS Plans consider various factors to estimate fair value, such as the timing of the transaction, the market in which the company operates, comparable transactions, company performance and projections as well as discounted cash flow analysis. The selection of an appropriate technique may be affected by the availability and general reliability of relevant inputs. In some cases, one valuation technique may provide the best indication of fair value, while in other circumstances, multiple valuation techniques may be appropriate. Furthermore, the UCRS Plans may review the investment's underlying portfolio as well as engage external appraisers, depending on the nature of the investment.

The UCRS Plans exercise due diligence in assessing the external managers' use of and adherence to fair value principles. In conjunction with these procedures, estimated fair value is determined by consideration of a wide range of factors, including market conditions, redemption terms and restrictions, and risks inherent in the inputs of the external investment managers' valuations. In situations where the information provided by the external manager is deemed to not be representative of the fair value as of the measurement date, management evaluates specific features of the investment and utilizes supplemental fair value information provided by the external manager along with any relevant market data to measure the investment's fair value.

Investments in registered investment companies are valued based upon the reported net asset value of those companies. Mortgage loans, held as investments, are valued on the basis of their future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Insurance contracts are valued at contract value, plus reinvested interest, which approximates fair value.

Investments denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign currency exchange rates. Purchases and sales of investments and their related income are translated at the rate of exchange on the respective transaction dates. Realized and unrealized gains and losses resulting from foreign currency changes are included in the UCRS Plans' statement of changes in fiduciary net position.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date, and interest income is accrued as earned. Gifts of securities are recorded based on fair value at the date of donation.

Derivative Financial Instruments

Derivative instruments are recorded at fair value. Futures contracts, foreign currency exchange contracts, stock rights and warrants, options and swaptions are valued at the settlement price on the last day of the plan year, as quoted on a recognized exchange or by utilizing an industry-standard pricing service, when available. Financial institutions or independent advisors have estimated the fair value of the interest rate swaps and total return swaps using quoted market prices when available or discounted expected future net cash flows.

Administrative Expenses

Administrative expenses are incurred in connection with the operation of UCRS for costs such as staff salaries and benefits, information systems, leased space, supplies and equipment and professional services rendered by the benefits consultants, legal counsel and independent auditor, which are paid from UCRS' assets.

For the UCRSP Plans, investment management, trading, trust and custody expenses are deducted from investment income. The UCRSP Plans charge a per-participant administrative fee to cover costs of plan administrative services. The single quarterly fee applies regardless of how many plan accounts a participant holds.

For the UC-VERIP, administrative expenses, other than actuarial consulting fees which are paid directly from plan assets, are assessed through an annual account servicing charge of $10 per retiree.

Status Under the Internal Revenue Code

UCRP is intended to qualify under §401(a) of the Internal Revenue Code (IRC) and the regulations thereunder, and the UCRP trust is intended to be exempt from taxation under IRC §501(a). The University received a favorable determination from the Internal Revenue Service (IRS) for UCRP in a letter dated April 5, 2017.

The UC-VERIP is intended to satisfy the qualification requirements under IRC §401(a) and its trust is intended to be exempt from taxation under IRC §501(a).

The DC Plan is intended to meet the requirements for qualification under IRC §401(a). The University received a favorable determination from the IRS for the DC Plan in a letter dated April 5, 2017.

The SDC Plan is intended to meet the requirements for qualification under IRC §401(a). The University received a favorable determination from the IRS for the SDC Plan in a letter dated January 20, 2017.

The UC Tax-Deferred 403(b) Plan is intended to satisfy the requirements of IRC §403(b). The UC 457(b) Deferred Compensation Plan is intended to satisfy the requirements of IRC §457(b).

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made, and actual amounts could differ from those estimates.

2. Investments

The Regents, as the governing board and as trustee, is responsible for the oversight of the UCRS Plans' investments and establishes investment policies for the DB Plans and the UCRSP, which are carried out by UC Investments. UC Investments has primary fiduciary responsibility for investing UCRS' assets consistent with the policies established by the Regents.

Participation in the UC Short Term Investment Pool (STIP) maximizes the returns on short-term cash balances in the UCRS Plans by taking advantage of the economies of scale of investing in a large pool with a broad range of maturities. STIP is managed to maximize current earned income. The available cash in UCRS Plans awaiting investment or for administrative expenses is also invested in STIP. Investments authorized by the Regents for STIP include fixed-income securities with a maximum maturity of three years. In addition, for STIP, the Regents has also authorized loans, primarily to faculty members residing in California, under the University's Mortgage Origination Program with terms of up to 40 years.

Investments authorized by the Regents for the UCRS Plans' investment pools and separate investments include equity securities, fixed-income securities and certain other asset classes. The equity portion of the investment portfolios may include both domestic and foreign common and preferred stocks, and actively managed and passive strategies, along with exposure to private equities. Private equities include venture capital partnerships, buyouts and international funds. Investment portfolios may include certain foreign currency-denominated equity securities.

The fixed-income portion of the investment portfolios may include both domestic and foreign securities, along with certain securitized investments, including mortgage-backed and asset-backed securities. Fixed-income investment guidelines permit the use of futures and options on fixed-income instruments in the ongoing management of the portfolios. Real estate investments and real assets are authorized for the UCRS Plans. Absolute return strategies, which may incorporate short sales, plus derivative positions to implement or hedge an investment position, are also authorized for the UCRS Plans.

The target asset allocation policy for the DB Plans investment pool at June 30, 2026 and 2025 is presented in **Table 2.1**.

Table 2.1: DB Plans target asset allocation *(as percentage)*

Asset class	Target allocation 2026	Target allocation 2025
Public equity	57.0%	53.0%
Core fixed income	14.0	13.6
High-yield bonds	3.0	3.4
Real estate	7.0	7.0
Private credit	3.0	3.5
Private equity	12.0	12.0
Absolute return		3.5
Real assets	3.0	4.0
Cash	1.0	
Total	**100.0%**	**100.0%**

Annual Money-weighted Rates of Return

A money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of investments by the proportion of time they are available to earn a return during that period. For the DB Plans, the annual money-weighted rates of return, net of investment expenses, adjusted for changing amounts actually invested, were 19.4 percent and 12.7 percent for the fiscal years ended June 30, 2026 and 2025, respectively.

The composition of investments and derivative instruments, by investment type, at June 30, 2026 and 2025, is presented in **Table 2.2**.

Table 2.2: Composition of investments and derivatives *(in thousands of dollars)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Equity securities	**$75,593,150**	**$65,689,052**	**$30,482,127**	**$25,223,530**
Fixed-income securities				
U.S. government-guaranteed:				
U.S. treasury bills, notes and bonds	9,360,516	4,502,311	3,733,220	3,003,677
U.S. TIPS			1,752,018	1,649,662
U.S. government-backed securities	2,399		3,077	4,133
U.S. government-backed mortgage-backed securities			140,723	134,018
Total U.S. government-guaranteed	**9,362,915**	**4,502,311**	**5,629,038**	**4,791,490**
Other U.S. dollar-denominated:				
Corporate bonds	6,123,592	3,572,634	1,375,547	1,011,081
Repurchase agreements [1]				784,000
U.S. agencies	144,919	73,040	603,486	1,982,067
U.S. agencies asset-backed securities			481,890	465,643
Corporate asset-backed securities			26,607	28,706
Supranational/foreign	641,744	1,135,806	89,553	288,829
Other	4,919	7,085	3,734	4,633
Total other U.S. dollar-denominated	**6,915,174**	**4,788,565**	**2,580,817**	**4,564,959**
Foreign currency-denominated:				
Corporate	80			
Total foreign currency-denominated	**80**			
Commingled funds:				
Absolute return		860,943		
U.S. equity funds	2,244,362	1,680,953	5,830,894	4,013,209
Non-U.S. equity funds	4,140,468	3,847,482		
U.S. bond funds	2,072,730	1,596,283	345,258	327,413
Private equity	12,085,864	10,170,645	933	1,170
Private credit	2,129,097	2,100,137		
Real assets	3,060,588	2,831,386		
Real estate investment trusts	7,319,979	6,331,452		
Money market funds [2]	2,974,039	3,648,220	2,581,043	487,542
Total commingled funds	**36,027,127**	**33,067,501**	**8,758,128**	**4,829,334**
Real estate	1,522,056	852,997		
Publicly traded real estate investment trusts	1,381,674	1,323,159	1,567,364	1,328,190
Other investments	124,780	415,355	645	
Investment derivatives	7,882	2,721	5,885	4,679
Total investments	**$130,934,838**	**$110,641,661**	**$49,024,004**	**$40,742,182**

Footnotes:

[1] *The Regents is invested in repurchase agreements held directly between SSGA Trust Company and various counterparties. As of June 30, 2025, the Regents recorded repurchase agreements of $784.0 million, with investments of $802.7 million in carrying value pledged as collateral. The repurchase agreement positions held have overnight maturities.*

[2] *Amounts include investments of $716,410 and $2,252,180 by DB Plans in STIP at June 30, 2026 and 2025, respectively.*

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk, may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates. Alternative investment strategies and their underlying assets and rights are also subject to an array of economic and market vagaries that can limit or erode value.

Credit risk

Fixed-income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors, such as financial weakness, bankruptcy, litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and ultimately to pay the principal. Credit quality is evaluated by independent bond rating agencies, for example, Moody's Investors Service (Moody's) or Standard and Poor's (S&P). The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed-income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk.

Asset-backed securities are debt obligations that represent claims to the cash flows from pools of commercial, mortgage, credit card or student loans. Mortgage-backed securities issued by Ginnie Mae are backed by the full faith and credit of the U.S. government.

The investment guidelines for STIP recognize that a limited amount of credit risk, properly managed and monitored, is prudent and provides incremental risk-adjusted return over its benchmark. The combined benchmark for STIP is a 50/50 weighted average of the yield on a constant maturity one-year U.S. Treasury Note and U.S. 30-day Treasury Bills.

The Regents recognize that credit risk is appropriate in balanced investment pools such as the UCRS Plans by virtue of the benchmark chosen for the fixed-income portion of the pool.

The core fixed-income benchmark for UCRSP is the Bloomberg MSCI US Aggregate ex-Tobacco ex-Fossil Fuels Index, comprised of 24.1 percent corporate bonds, 3.8 percent non-corporate bonds and 25.4 percent mortgage/asset-backed securities, all of which carry some degree of credit risk. The remaining 46.7 percent is composed of government-issued bonds. The core fixed-income benchmark for the DB Plans is the Bloomberg 1-5 Year US Government/Credit Index, comprised of 24.8 percent corporate bonds and 5.2 percent non-corporate bonds, all of which carry some degree of credit risk. The remaining 70 percent is government issued bonds.

In addition, the investment policies for the UCRS Plans allow for dedicated allocations to non-investment-grade and emerging market bonds, investments that entail credit, default and/or sovereign risk.

The credit risk profile for investments at June 30, 2026 and 2025 is presented in **Table 2.3**.

Table 2.3: Credit risk profile *(in thousands of dollars)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
U.S. government-guaranteed	$9,362,915	$4,502,311	$5,629,038	$4,791,490
Other U.S. dollar-denominated: AAA	472,300	221,158	85,414	81,461
Other U.S. dollar-denominated: AA	484,281	216,845	537,019	1,999,794
Other U.S. dollar-denominated: A	1,657,774	752,669	294,050	256,252
Other U.S. dollar-denominated: BBB	1,930,837	955,011	328,144	306,707
Other U.S. dollar-denominated: BB	1,125,690	1,280,057	340,677	287,300
Other U.S. dollar-denominated: B	826,140	956,980	284,883	244,545
Other U.S. dollar-denominated: CCC or below	236,771	298,029	48,561	62,530
Other U.S. dollar-denominated: P-1			14,000	
Other U.S. dollar-denominated: Not rated	181,380	107,816	648,070	1,326,370
Foreign currency denominated	80			
Commingled funds:				
U.S. bond funds: Not rated	2,072,730	1,596,283	345,258	327,413
Money market funds: Not rated	2,974,039	3,648,220	2,581,043	487,542

Custodial credit risk

Custodial credit risk is the risk that, in the event of the failure of the custodian, the investments may not be returned. Substantially all of the UCRS Plans' securities are registered in the name of the Regents by the custodial bank. Other types of investments, such as private investments, commingled funds, real estate and derivatives represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk for such investments is remote.

Concentration of credit risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing UCRS Plans to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

The U.S. and non-U.S. equity portions of UCRS may be managed either passively or actively. For the portion managed passively, the concentration of individual securities is similar to their concentration in the benchmark. While some securities have a larger representation in the benchmark than others, the Regents considers that passive management results in an absence of concentration of credit risk. For the portion managed actively, asset class guidelines do not specifically address concentration risk, but do state that the equity asset class in the aggregate will be appropriately diversified to control overall risk and will exhibit portfolio characteristics similar to the asset class benchmark (including concentration of credit risk). Concentration of credit risk for individual portfolios is monitored relative to their individual benchmarks and agreed-upon risk parameters in their guidelines.

At June 30, 2026 and 2025, no single issuer comprised more than 5 percent of investments held by the UCRS Plans, excluding government securities.

Interest rate risk

Interest rate risk is the risk that the value of fixed-income securities will decline because of changing interest rates. The prices of fixed-income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in the price of a security resulting from a 1-percentage-point change in the level of interest rates.

Interest rate risk for STIP is managed by constraining the maturity of all individual securities to be less than or equal to three years. There is no restriction on weighted average maturity of the portfolio as it is managed relative to the liquidity demands of the investors. The nature and maturity of individual securities in STIP allow for the use of weighted average maturity as an effective risk management tool, rather than the more complex measure, effective duration.

The portfolio guidelines constrain the potential price movement due to interest rate changes of the portfolio being similar to that of the benchmark. There are similar restrictions for the high-yield and emerging market debt portfolios relative to their benchmarks.

The effective durations for fixed-income securities at June 30, 2026 and 2025 are presented in **Table 2.4**.

Table 2.4: Effective durations for fixed-income securities *(in years)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Fixed-income securities				
U.S. government-guaranteed:				
U.S. treasury bills, notes and bonds	2.6	2.7	7.3	7.7
U.S. TIPS			3.8	4.6
U.S. government-backed securities	3.6		15.4	13.5
U.S. government-backed asset-backed securities			5.4	5.0
Other U.S. dollar-denominated:				
Corporate bonds	2.8	2.8	4.3	4.5
U.S. agencies	2.3	1.9	0.2	0.5
U.S. agencies asset-backed securities			5.7	4.8
Corporate asset-backed securities			2.5	2.2
Corporate	40.3			
Supranational/foreign	2.8	2.7	5.3	4.3
Other	1.6	2.0	11.8	11.7
Commingled funds:				
U.S. bond funds	3.4	3.9	6.5	6.4

Investments may also include various mortgage-backed securities, collateralized mortgage obligations, structured notes, variable-rate securities and callable bonds that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features. Although the effective durations of the securities may be low, they are considered to be highly sensitive to changes in interest rates.

At June 30, 2026 and 2025, the fair values of such investments are presented in **Table 2.5**.

Table 2.5: Fair value of certain investments highly sensitive to interest rate changes *(in thousands of dollars)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Mortgage-backed securities			$602,800	$580,055
Collateralized mortgage obligations			38,695	37,201
Other asset-backed securities			352,984	338,525
Variable-rate securities	$3,124,024	$1,591,143	1,369,238	990,082
Callable bonds	5,686,445	4,208,496	1,503,684	2,989,867
Structured notes	1,046,243	523,622	2,440,284	1,993,792
Convertible bonds	2,145	1,361	2,318	921
Total	**$9,858,857**	**$6,324,622**	**$6,310,003**	**$6,930,443**

Mortgage-backed securities

These securities are issued by Fannie Mae, Ginnie Mae and Freddie Mac and various commercial entities and may include short embedded prepayment options. Unanticipated prepayments by the obligees of the underlying asset reduce the total expected rate of return.

Collateralized mortgage obligations

Collateralized mortgage obligations (CMOs) generate a return based upon the payment of either interest or principal on mortgages in an underlying pool. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates. In falling interest rate environments, the underlying mortgages are subject to a higher propensity of prepayments. In rising interest rate environments, the opposite is true.

Other asset-backed securities

Other asset-backed securities also generate a return based upon the payment of either interest or principal on obligations in an underlying pool, generally associated with auto loans or credit cards. As with CMOs, the relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates.

Variable-rate securities

These securities are investments with terms that provide for the adjustment of their interest rates on set dates and are expected to have fair values that will be relatively unaffected by interest rate changes. Variable-rate securities may have limits on how high or low the interest rate may go. These constraints may affect the market value of the security.

Callable bonds

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The called bond must then be replaced with a bond that may have a lower yield than the original. The call feature causes the fair value to be highly sensitive to changes in interest rates.

Structured notes

Structured notes are investments whose interest payments or principal values are linked to changes in interest rates through embedded formulas or derivative features. The terms of these securities cause their fair values to be more sensitive to interest rate movements than traditional fixed-rate bonds. Depending on the structure, changes in interest rates may have a disproportionate effect on the note's market value or yield characteristics.

At June 30, 2026 and 2025, the effective durations for these investments are presented in **Table 2.6**.

Table 2.6: Effective durations of other fixed income securities *(in years)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Mortgage-backed securities			5.7	4.9
Collateralized mortgage obligations			3.0	3.4
Other asset-backed securities			6.4	6.2
Variable-rate securities	0.9	0.9	2.3	2.8
Structured notes	2.7	2.6	3.0	4.1
Callable bonds	2.8	2.8	4.0	2.1
Convertible bonds	0.7	1.2	0.5	1.2

Foreign currency risk

The Regents' strategic asset allocation policies include allocations to non-U.S. equities and non-dollar-denominated bonds. The benchmarks for these investments are not hedged; therefore, the investment strategies include foreign currency risk. Exposure to foreign currency risk from these securities is permitted, and it may be fully or partially hedged using forward foreign currency exchange contracts. Under the Regents' investment policies, such instruments are not permitted for speculative use or to create leverage. Similar limits on foreign exchange exposure apply to the high-yield debt and emerging market debt portfolios.

At June 30, 2026 and 2025, the foreign currency risk expressed in U.S. dollars, organized by currency denomination and investment type, is presented in **Table 2.7**.

Table 2.7: Foreign currency risk *(in thousands of dollars)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Equity securities:				
Euro	$4,604,543	$4,558,332	$2,040,424	$1,767,473
British pound	1,648,881	1,747,657	717,891	639,927
Japanese yen	3,497,442	3,073,581	1,529,754	1,196,093
Swiss franc	1,241,977	1,184,207	562,178	481,230
South Korean won	1,834,943	708,312	511,405	192,839
Canadian dollar	1,734,149	1,523,421	767,234	594,211
New Taiwan dollar	2,268,647	1,243,397	636,060	344,054
Indian rupee	984,892	1,544,074	247,640	306,860
Australian dollar	788,654	812,877	345,961	316,379
Hong Kong dollar	1,282,587	1,565,618	392,489	455,887
Swedish krona	500,495	483,234	214,142	182,938
South African rand	235,846	203,513	65,116	56,961
Thailand baht	85,224	66,167	22,838	18,185
Danish krone	259,613	324,568	113,309	123,323
Singapore dollar	200,141	172,884	88,443	66,130
Norwegian krone	91,740	97,454	43,015	38,197
Brazilian real	225,044	208,256	62,489	57,875
Mexican peso	126,679	114,104	34,792	31,070
Chinese yuan	238,075	186,611	70,856	55,121
Other	870,198	818,000	292,369	274,806
Subtotal	**22,719,770**	**20,636,267**	**8,758,405**	**7,199,559**
Fixed-income securities:				
Euro	80			
Subtotal	**80**			
Commingled funds (various currency denominations):				
Absolute return		279,605		
Non-U.S. equity funds	4,140,468	3,847,482		
Real assets	20,556	65,250		
Private equity	202,562	295,055		
Private credit	275,081			
Subtotal	**4,638,667**	**4,487,392**		
Investment derivatives:				
Hong Kong dollar				
Canadian dollar	54	24	25	11
Euro	232	29	103	12
Other	104	438	35	120
Subtotal	**390**	**491**	**163**	**143**
Real estate: Publicly traded real estate investment trusts:				
Euro	34,974	35,922	16,114	14,659
Australian dollar	66,503	71,601	28,172	28,377
British pound	39,325	37,951	16,197	15,699
Japanese yen	55,902	57,503	21,512	23,287
Singapore dollar	29,810	28,289	12,362	11,712
Canadian dollar	13,581	11,848	5,292	5,059
Other	27,048	25,117	11,368	10,747
Subtotal	**267,143**	**268,231**	**111,017**	**109,540**
Total exposure to foreign currency risk	**$27,625,970**	**$25,392,381**	**$8,869,585**	**$7,309,242**

3. Securities Lending

The UCRS Plans participate in a securities lending program as a means to augment income. Securities invested by the UCRS Plans are lent to selected brokerage firms for which collateral received equals or exceeds the fair value of such investments during the period of the loan. Securities loans immediately terminate upon notice by either the UCRS Plans or the borrower. Collateral may be cash or securities issued by the U.S. government or its agencies, or the sovereign or provincial debt of foreign countries. Collateral securities cannot be pledged or sold by the UCRS Plans unless the borrower defaults.

Loans of domestic equities and all fixed-income securities are initially collateralized at 102 percent of the fair value of securities lent. Loans of foreign equities are initially collateralized at 105 percent. All borrowers are required to provide additional collateral by the next business day if the value of the collateral falls to less than 100 percent of the fair value of securities lent.

Cash collateral received from the borrower is invested by lending agents, as agents for the UCRS Plans, in investment pools in the name of the UCRS Plans, with guidelines approved by the UCRS Plans. These investments are shown as investment of cash collateral in the statements of net position. At June 30, 2026 and 2025, the securities in these pools had a weighted average maturity of 11 days and three days, respectively. The UCRS Plans record a liability for the return of the cash collateral shown as collateral held for securities lending in the statements of net position. Securities collateral received from the borrower is held in an investment pool by the UCRS Plans' custodial bank.

At June 30, 2026 and 2025, the UCRS Plans had little exposure to borrowers because the amounts the UCRS Plans owed the borrowers were substantially the same as the amounts the borrowers owed the UCRS Plans. The UCRS Plans are fully indemnified by their lending agents against any losses incurred as a result of borrower default.

Securities lending transactions at June 30, 2026 and 2025 are presented in **Table 3.1**.

Table 3.1: Securities lending transactions *(in thousands of dollars)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Securities lent for cash collateral				
Equity securities: Domestic	$1,716,430	$5,513,687	$1,358,021	$3,298,980
Equity securities: Foreign	695,366	1,026,926	346,343	478,290
Fixed-income securities:				
U.S. government-guaranteed	77,821	102,423	346,229	288,194
U.S. agency	4,053,793	815,620	1,079,426	528,742
Other U.S. dollar-denominated	497,276	626,226	124,023	201,024
Lent for cash collateral	**7,040,686**	**8,084,882**	**3,254,042**	**4,795,230**
Securities lent for securities collateral				
Equity securities: Domestic	1,241,944		718,743	9
Equity securities: Foreign	597,830	3,076	237,690	773
Publicly traded real estate investment trusts	51,023	656	44,830	494
Fixed-income securities: U.S. government	3,664,537	2,174,255	1,583,094	51,499
Fixed income securities: U.S. agency			75,092	1,051,704
Other U.S. dollar-denominated	7,603			
Lent for securities collateral	**5,562,937**	**2,177,987**	**2,659,449**	**1,104,479**
Total securities lent	**12,603,623**	**10,262,869**	**5,913,491**	**5,899,709**
Collateral received				
Cash	7,219,401	8,269,712	3,340,980	4,908,290
Securities	5,562,937	2,177,988	2,659,449	1,104,479
Total collateral received	**12,782,338**	**10,447,700**	**6,000,429**	**6,012,769**
Investment of cash collateral				
Fixed- or variable-income securities:				
Corporate bonds	198,380		91,806	
Commercial paper	61,228	242,616	28,335	143,999
Repurchase agreements	4,997,386	5,254,412	2,312,681	3,118,631
Corporate asset-backed securities	298,166	340,262	137,984	201,955
Certificates of deposit/time deposits	665,133	845,933	307,809	502,083
Supranational/foreign	999,247	1,599,805	462,429	949,526
Other assets (liabilities), net*	(139)	(13,317)	(64)	(7,903)
Total investment of cash collateral	**$7,219,401**	**$8,269,711**	**$3,340,980**	**$4,908,291**

**Other assets (liabilities), net is composed of pending settlements of cash collateral investments.*

The UCRS Plans earn interest and dividends on the collateral held during the loan period, as well as a fee from the brokerage firm, and are obligated to pay a fee and rebate to the borrower. UCRS receives the net investment income.

Investment Risk Factors

There are a variety of potential risk factors involved in a securities lending program. Risks associated with the investment of cash collateral may include the credit risk from fixed-income securities, concentration of credit risk, interest rate risk and foreign currency risk. In addition, there may be custodial credit risk associated with both cash and securities received as collateral for securities lent.

Credit risk

The UCRS Plans' investment policies for the investment of cash collateral maintained in separately managed collateral pools restrict the credit rating of issuers to no less than A-1, P-1 or F-1 for short-term securities and no less than A2/A for long-term securities. Asset-backed securities must have a rating of AAA at the time of purchase.

The credit risk profile for fixed income securities and commingled funds associated with the investment of cash collateral at June 30, 2026 and 2025 is presented in **Table 3.2**.

Table 3.2: Credit risk profile *(in thousands of dollars)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Other U.S. dollar-denominated:				
AAA	$161,461	$209,957	$74,720	$124,614
AA-	222,719	697,056	103,069	413,721
A+	510,032	767,196	236,032	455,353
A	138,988	408,698	64,321	242,574
A-1+	61,228		28,335	
A-1 / A-2 / P-1/ F-1	991,021	815,403	458,622	483,963
Not rated	136,705	130,305	63,264	77,340
Other liabilities, net*: not rated	(139)	(13,317)	(64)	(7,903)

**Other liabilities, net is comprised of pending settlements of cash collateral investments.*

Custodial credit risk

Cash collateral received for securities lent is invested in pools by the UCRS Plans' lending agents. Securities related to the investment of cash collateral are registered in the UCRS Plans' name by the lending agent. Securities collateral received for securities lent are held in investment pools by the UCRS Plans' lending agent. As a result, custodial credit risk is remote.

Concentration of credit risk

The UCRS Plans' investment guidelines for the investment of cash collateral in the separately managed collateral pools restrict investments in any single issuer of corporate debt securities, time deposits, certificates of deposit, banker's acceptances and in money market funds to no more than 5 percent of the portfolio value at the time of purchase.

Investments in issuers other than U.S. government-guaranteed securities that represent 5 percent or more of the total investment of cash collateral held at June 30, 2026 and 2025 are presented in **Table 3.3**.

Table 3.3: Investment in issuers other than U.S. Government-Guaranteed securities that represent 5 percent or more of the total investment of cash collateral *(in thousands of dollars)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Morgan Stanley & Co LLC	$443,906		$205,429	
Goldman Sachs & Co.	906,180	$718,269	419,360	$426,311
Bank of Nova Scotia Group	527,788		244,251	
Citigroup Global Markets Inc.	670,379	554,940	310,239	329,374
JP Morgan Securities LLC	473,907	452,165	219,314	268,372
BofA Securities Inc.	361,860		167,459	
BNP Paribas Prime Brokerage	872,504	848,140	403,776	503,393
Barclays Bank PLC		762,796		452,740

Interest rate risk

The nature of individual securities in the collateral pools allows for the use of weighted average maturity as an effective risk management measure. The UCRS Plans' investment guidelines for the investment of cash collateral in the separately managed collateral pools require the weighted average maturity of the entire collateral pool to be less than 120 days. The maturity of securities issued by the U.S. government and asset-backed securities must be less than five years, corporate debt obligations must be less than two years and time deposits must be less than seven days.

The weighted average maturity expressed in days outstanding for fixed- or variable-income securities associated with the investment of cash collateral at June 30, 2026 and 2025, is presented in **Table 3.4**.

Table 3.4: Weighted average maturity *(in days)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Other U.S. dollar-denominated:				
Corporate bonds	100		100	
Commercial paper	1	1	1	1
Repurchase agreements	1	1	1	1
Corporate asset-backed securities	5	12	5	12
Certificates of deposit/time deposits	10	9	10	9
Supranational/foreign	48	4	48	4

Investment of cash collateral may include various asset-backed securities, structured notes and variable-rate securities that may be considered highly sensitive to changes in interest rates due to the existence of prepayment or conversion features, although the weighted average maturity may be short.

At June 30, 2026 and 2025, the fair value of investments that are considered to be highly sensitive to changes in interest rates is presented in **Table 3.5**.

Table 3.5: Fair value of investments considered highly sensitive to interest rate changes *(in thousands of dollars)*

Description	DB Plans 2026	DB Plans 2025	UCRSP Plans 2026	UCRSP Plans 2025
Other asset-backed securities	$298,166	$336,476	$137,984	$199,707
Variable-rate investments	5,924,231	7,032,068	2,741,604	4,173,717

At June 30, 2026, the weighted average maturity expressed in days for asset-backed securities was less than a day and variable-rate investments was one day. At June 30, 2025, the weighted average maturity expressed in days for asset-backed securities was one day.

Foreign currency risk

The UCRS Plans' investment guidelines for the investment of cash collateral maintained in separate collateral pools restrict investments to U.S. dollar-denominated securities. Therefore, there is no foreign currency risk.

4. Financial Derivative Instruments

The UCRS Plans' investments may use derivatives including futures, foreign currency exchange contracts, options, forward contracts, stock rights and warrants as a substitute for investment in equity and fixed-income securities or to reduce the effect of fluctuating foreign currencies on foreign currency-denominated investments or to limit the exposure of variable-rate bonds to changes in market interest rates.

The UCRS Plans enter into futures contracts for the purpose of acting as a substitute for investment in equity and fixed-income securities. A futures contract is an agreement between two parties to buy and sell a security or financial index, interest rate or foreign currency at a set price on a future date. They are standardized contracts that can be easily bought and sold and are exchange-traded. Upon entering into such a contract, the UCRS Plans are required to pledge to the broker an amount of cash or securities equal to the minimum initial margin requirements of the exchange on which the contract is traded. Pursuant to the contract, the UCRS Plans agree to receive from, or pay to, the counterparty an amount of cash equal to the daily fluctuation in the value of the contract. These contracts are settled on a daily basis, with the resulting realized gain or loss included in the statements of changes in fiduciary net position. The settlement amount at the end of each day for each of the contracts, or variation margin, is included in investments and represents the fair value of the contracts.

Forward contracts are similar to futures contracts, although they are not exchange-traded. Foreign currency exchange contracts are forward contracts used to hedge against foreign currency exchange rate risks on non-U.S. dollar-denominated investment securities and to increase or decrease exposure to various foreign currencies.

A swap is a contractual agreement entered into between the UCRS Plans and a counterparty under which each agrees to exchange periodic fixed or variable payments for an agreed period of time based upon a notional amount of principal or value of the underlying contract. The payments correspond to an equity index, interest rate or currency. The UCRS Plans consider their futures, forward contracts, rights, warrants and interest rate swaps to be investment derivatives.

The fair value balances and notional amounts of investment derivative instruments outstanding at June 30, 2026 and 2025, categorized by type, and the changes in fair value of such derivatives from the prior years then ended, with positive changes reflected as net appreciation and negative changes reflected as net depreciation are presented in **Tables 4.1a** through **4.1d**.

Table 4.1a: DB Plans 2026 *(in thousands of dollars)*

Category	Notional amount	Fair value classification	Fair value	Changes in fair value classification	Changes in fair value
Investment derivatives					
Futures contracts, net:					
Domestic equity futures: Long positions	$690,791	Investments	$163	Net appreciation	$106,322
Foreign equity futures: Long positions	11,563	Investments	8	Net appreciation	2,580
Total futures contracts, net	**702,354**		**171**		**108,902**
Foreign currency exchange contracts, net:					
Long positions				Net appreciation	1,436
Short positions	278,880	Investments	7,232	Net appreciation	10,996
Total foreign currency exchange contracts, net	**278,880**		**7,232**		**12,432**
Other, net:					
Stock rights/warrants	479	Investments	479	Net (depreciation)	(58)
Total other, net	**479**		**479**		**(58)**
Total investment derivatives	**$981,713**		**$7,882**		**$121,276**

Table 4.1b: DB Plans 2025 *(in thousands of dollars)*

Category	Notional amount	Fair value classification	Fair value	Changes in fair value classification	Changes in fair value
Investment derivatives					
Futures contracts, net:					
Domestic equity futures: Long positions	$571,459	Investments	$13,971	Net appreciation	$51,679
Foreign equity futures: Long positions	9,369	Investments	122	Net appreciation	1,868
Total futures contracts, net	**580,828**		**14,093**		**53,547**
Foreign currency exchange contracts, net:					
Long positions	233,925	Investments	(11,889)	Net depreciation	(6,790)
Short positions				Net (depreciation)	(12,764)
Total foreign currency exchange contracts, net	**233,925**		**(11,889)**		**(19,554)**
Other, net:					
Stock rights/warrants		Investments	517	Net appreciation	314
Total other, net			**517**		**314**
Total investment derivatives	**$814,753**		**$2,721**		**$34,307**

Table 4.1c: UCRSP Plans 2026 *(in thousands of dollars)*

Category	Notional amount	Fair value classification	Fair value	Changes in fair value classification	Changes in fair value
Investment derivatives					
Futures contracts, net:					
Domestic equity futures: Long positions	$485,460	Investments	$5,656	Net appreciation	$50,559
Foreign equity futures: Long positions	13,337	Investments	9	Net appreciation	2,347
Total futures contracts, net	**498,797**		**5,665**		**52,906**
Other, net:					
Stock rights/warrants	220	Investments	220	Net appreciation	93
Total other, net	**220**		**220**		**93**
Total investment derivatives	**$499,017**		**$5,885**		**$52,999**

Table 4.1d: UCRSP Plans 2025 *(in thousands of dollars)*

Category	Notional amount	Fair value classification	Fair value	Changes in fair value classification	Changes in fair value
Investment derivatives					
Futures contracts, net:					
Domestic equity futures: Long positions	$273,798	Investments	$4,407	Net appreciation	$9,646
Foreign equity futures: Long positions	9,609	Investments	104	Net appreciation	2,014
Total futures contracts, net	**283,407**		**4,511**		**11,660**
Foreign currency exchange contracts, net:					
Long positions				Net appreciation	284
Short positions				Net appreciation	268
Total foreign currency exchange contracts, net					**552**
Other, net:					
Stock rights/warrants		Investments	168	Net appreciation	57
Total other, net			**168**		**57**
Total investment derivatives	**$283,407**		**$4,679**		**$12,269**

5. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- **Level 1** Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Level 1 investments include equity securities and other publicly traded securities.
- **Level 2** Quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly, are classified as Level 2. Level 2 investments include fixed- or variable-income securities, commingled funds, certain derivatives and other assets that are valued using market information.
- **Level 3** Investments, variable rate investment contracts and other assets classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these financial instruments are based upon the best information in the circumstance and may require significant management judgment. Level 3 financial instruments include private equity investments, private credit, real assets and real estate.
- **Net Asset Value (NAV).** Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in nongovernmental entities that do not have a readily determinable fair value may be valued at NAV. Investments measured at NAV include hedge funds, private equity investments and commingled funds.
- **Not leveled.** Cash and cash equivalents including pending trades and settlements within various pools are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

Tables 5.1a and **5.1b** summarize the investments and other assets reported at fair value within the fair value hierarchy at June 30, 2026.

Table 5.1a: Investments at fair value: DB Plans 2026 *(in thousands of dollars)*

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net asset value (NAV)	Not leveled
Equity securities	$75,593,150	$75,586,962		$6,188		
U.S. government-guaranteed	9,362,915		$9,362,915			
Other U.S. dollar-denominated	6,915,174	17,421	6,897,753			
Foreign currency-denominated	80		80			
Commingled funds	36,027,127	4,244,222		5,965,174	$25,617,335	$200,396
Investment derivatives	7,882	7,882				
Publicly traded real estate investment trusts	1,381,674	1,379,296	2,378			
Other investments	124,780			124,780		
Real estate	1,522,056			1,351,759	170,297	
Total investments	**$130,934,838**	**$81,235,783**	**$16,263,126**	**$7,447,901**	**$25,787,632**	**$200,396**
Securities lending investments of cash collateral	**$7,219,401**		**$7,219,540**			**($139)**

Table 5.1b: Investments at fair value: UCRSP Plans 2026 *(in thousands of dollars)*

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net asset value (NAV)	Not leveled
Equity securities	$30,482,127	$30,482,034		$93		
U.S. government-guaranteed	5,629,038		$5,629,038			
Other U.S. dollar-denominated	2,580,817		2,580,817			
Commingled funds	8,758,128	363,680	1,884,000	932	$6,176,163	$333,353
Investment derivatives	5,885	5,885				
Publicly traded real estate investment trusts	1,567,364	1,567,011	353			
Other investments	645			645		
Total investments	**$49,024,004**	**$32,418,610**	**$10,094,208**	**$1,670**	**$6,176,163**	**$333,353**
Securities lending investments of cash collateral	**$3,340,980**		**$3,341,044**			**($64)**

Tables 5.2a and **5.2b** summarize the investments and other assets reported at fair value within the fair value hierarchy at June 30, 2025.

Table 5.2a: Investments at fair value: DB Plans 2025 *(in thousands of dollars)*

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net asset value (NAV)	Not leveled
Equity securities	$65,689,052	$65,688,388		$664		
Fixed- or variable-income securities:						
U.S. government-guaranteed	4,502,311		$4,502,311			
Other U.S. dollar-denominated	4,788,565		4,788,565			
Commingled funds	33,067,501	2,681,772		5,373,020	$24,705,706	$307,003
Investment derivatives	2,721	2,721				
Publicly traded real estate investment trusts	1,323,159	1,323,159				
Other investments	415,355			253,600	161,755	
Real estate	852,997			543,319	309,678	
Total investments	**$110,641,661**	**$69,696,040**	**$9,290,876**	**$6,170,603**	**$25,177,139**	**$307,003**
Securities lending investments of cash collateral	**$8,269,711**	**$29,685**	**$8,253,343**			**($13,317)**

Table 5.2b: Investments at fair value: UCRSP Plans 2025 *(in thousands of dollars)*

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net asset value (NAV)	Not leveled
Equity securities	$25,223,530	$25,223,309		$221		
Fixed- or variable-income securities:						
U.S. government-guaranteed	4,791,490		$4,791,490			
Other U.S. dollar-denominated	4,564,959		4,564,959			
Commingled funds	4,829,334	317,378		1,170	$4,337,075	$173,711
Investment derivatives	4,679	4,679				
Publicly traded real estate investment trusts	1,328,190	1,328,190				
Total investments	**$40,742,182**	**$26,873,556**	**$9,356,449**	**$1,391**	**$4,337,075**	**$173,711**
Securities lending investments of cash collateral	**$4,908,291**	**$17,619**	**$4,898,575**			**($7,903)**

Tables 5.3a and **5.3b** present significant terms of certain investments at June 30, 2026.

Table 5.3a: Significant terms of certain investments: DB Plans *(in thousands of dollars)*

Investment type	Fair value	Unfunded commitments	Remaining life *(years)*	Redemption terms and restrictions
Private equity	$10,563,169	$1,904,871	0 to 15	Not eligible for redemption.
Private credit	2,061,415	753,929	0 to 10	Not eligible for redemption and lock-up provisions ranging from zero to 10 years. For securities not eligible for redemption, the underlying assets are estimated to be liquidated within three to seven years. For securities eligible for redemption, after initial lock-up expires, the redemption is available on a rolling basis and requires 30 to 365 days' prior notification before winding down.
Real assets	2,391,232	766,061	0 to 15	Not eligible for redemption.
U.S. equity funds	2,244,362			Redemption generally requires at least zero to 90 days' written notice of intention to terminate as of a date specified in the notice. Payments of withdrawal requests are generally made within zero to 120 days.
Non-U.S. equity funds	4,120,620			Redemption requires at least zero to 180 days' written notice of intention to terminate as of a date determined by the legal agreement between the investment manager and the Regents. Withdrawals may occur on the last business day of the month and are subject to certain withdrawal guidelines.
Real estate and real estate investment trusts	3,690,425	417,874	0 to 10	Closed-end funds are not eligible for redemption. For open-end funds, redemptions are generally on a quarterly basis where the redemption date is the last day of each quarter. Payments of withdrawal requests are generally made within four quarters.

Table 5.3b: Significant terms of certain investments: UCRSP Plans *(in thousands of dollars)*

Investment type	Fair value	Unfunded commitments	Remaining life *(years)*	Redemption terms and restrictions
U.S. equity funds	$5,830,894			Redemption generally requires at least zero to 90 days' written notice of intention to terminate as of a date specified in the notice. Payments of withdrawal requests are generally made within zero to 120 days.

6. Contributions

Contributions to UCRP are based upon rates determined by the Regents. The Regents' funding policy provides for contributions at rates which are reasonably expected to maintain UCRP on an actuarially sound basis. While the University's independent actuary annually determines the total funding policy contributions, the University is not required to contribute an amount equal to the total funding policy contributions. The actual contributions and the contribution rates of the University and employees are based on numerous factors, including the availability of funds to the University, the impact of employee contributions on the competitiveness of the University's total remuneration package and collective bargaining agreements.

The Regents determines the portion of the total contribution to be made by the employer (University) and by the employees (members). The University pays a uniform contribution rate on behalf of all UCRP active members on covered payroll. The contribution rate was 14.5 percent for both fiscal years ended June 30, 2026 and 2025. In order to pay down the unfunded liability of UCRP, effective July 1, 2016, the University pays a separate uniform contribution rate into UCRP on covered payroll on behalf of all active Savings Choice participants, which is generally 8 percent less than the contribution rate the University pays on behalf of UCRP active members. This separate University contribution rate was 6.5 percent for both fiscal years ended June 30, 2026 and 2025. Future University contribution rates, as approved by the Regents, are presented in **Table 6.1**.

Table 6.1: University contribution rates *(as percentage)*

Effective date	UCRP actives	Savings Choice actives
7/1/2026	15.0%	7.0%
7/1/2027	15.5	7.5
7/1/2028	16.0	8.0
7/1/2029	16.5	8.5
7/1/2030	17.0	9.0
7/1/2031	17.5	9.5
7/1/2032	18.0	10.0
7/1/2033	18.0	10.0

Mandatory employee contributions, made as a condition of employment, are based upon covered University wages less a specified monthly reduction, determined periodically by the Regents. Effective July 1, 2014, member contribution rates, by tier are as presented in **Table 6.2**.

Table 6.2: Member contribution rates *(as percentage)*

Member tier	Member contribution rate
1976 Tier*	8.0%
2013 Tier/2016 Tier	7.0
Safety*	9.0

**Contributions offset by $19 per month.*

Under current collective bargaining agreements, employees represented by several unions participate in a modified version of the 2013 Tier (Modified 2013 Tier), where the retirement ages and age factors are not increased and lump sum cashouts are available. In exchange for these modifications, all employees represented by these unions (including those who are 1976 Tier members) pay 9.0 percent of their retirement covered gross salary effective July 1, 2014.

Member contributions to UCRP are accounted for separately and currently accrue interest at 6.0 percent annually. Upon termination, members may elect a refund of their contributions plus accumulated interest. Vested terminated members who are eligible to retire may also elect monthly retirement income or, if entitled, a lump sum equal to the present value of their accrued benefits.

The Lawrence Berkeley National Laboratory (LBNL), as a separate segment of UCRP, is required to make employer and employee contributions in conformity with the Regents' contract with the Department of Energy (DOE). In addition, under certain circumstances the University contributes to UCRP based upon a contractual arrangement with the DOE designed to achieve 100 percent funding within seven years for each of the Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL) retained segments within UCRP, with these contributions reimbursed by the DOE. The seven-year funding period is determined on a rolling basis from the most recent actuarial valuation date. As of June 30, 2026, both the LANL and LLNL retained segments were more than 100 percent funded; therefore, no contributions were required under this arrangement.

7. Net Pension Liability (Asset)

The components of the net pension liability (asset) of UCRP and UC-VERIP at June 30, 2026 and 2025 are presented in **Table 7.1**.

Table 7.1: Components of net pension liability (asset) *(in thousands of dollars)*

Description	UCRP 2026	UCRP 2025	UC-VERIP 2026	UC-VERIP 2025
Total pension liability	$129,921,859	$122,898,994	$11,228	$12,642
Plan net position	130,950,929	110,726,969	94,855	81,479
Net pension liability (asset)	**($1,029,070)**	**$12,172,025**	**($83,627)**	**($68,837)**
Ratio of plan net position to total pension liability	100.8%	90.1%	844.8%	644.5%
Covered payroll	$20,015,236	$18,568,742		
Net pension liability (asset) as a percentage of covered payroll	(5.1%)	65.6%		

Actuarial Assumptions

The net pension liability (asset) was measured as of June 30, 2026 and June 30, 2025. Plan net position was valued as of the measurement date (June 30), while the total pension liability was determined based upon rolling forward the total pension liability from the July 1, 2025 and 2024 actuarial valuations, respectively. The actuarial assumptions used as of June 30, 2026 and as of June 30, 2025 were based upon the results of an experience study conducted for the period July 1, 2018 through June 30, 2022. The net pension liability (asset) was calculated using the methods and assumptions presented in **Table 7.2**.

Table 7.2: Actuarial assumptions used to calculate net pension liability (asset) *(as percentage)*

Description	2026	2025
Discount rate	6.75%	6.75%
Inflation	2.50	2.50
Investment rate of return	6.75	6.75
Projected salary increases	3.65 to 5.95	3.65 to 5.95
Cost-of-living adjustments*	2.00	2.00

**Not applicable to VERIP.*

Discount Rate

To calculate the discount rate, cash flows into and out of the DB Plans were projected in order to determine whether each DB Plan has sufficient cash in future periods for projected benefit payments for current members. For this purpose, University contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected University, state and member contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. The DB Plans are projected to have assets sufficient to make projected benefit payments for current members for all future years.

Investment Rate of Return

The long-term expected investment rate of return assumption for the DB Plans was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected expenses and a risk margin. The projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in **Table 7.3**.

Table 7.3: Target asset allocation and real rates of return *(as percentage)*

Asset class	Target allocation 2026	Projected real rate of return 2026	Target allocation 2025	Projected real rate of return 2025
U.S. equity	33.0%	6.0%	33.0%	6.0%
Developed international equity	13.0	6.8	13.0	6.8
Emerging market equity	7.0	8.5	7.0	8.5
Core bonds	13.0	1.8	13.0	1.8
High-yield bonds	2.5	4.6	2.5	4.6
Emerging market debt	1.5	4.6	1.5	4.6
Private equity	12.0	9.6	12.0	9.6
Private credit	3.5	2.9	3.5	2.9
Real estate	7.0	3.9	7.0	3.9
Absolute return	3.5	1.1	3.5	1.1
Real assets	4.0	4.0	4.0	4.0
Weighted average	**100.0%**	**5.6%**	**100.0%**	**5.6%**

Mortality rates used to calculate the total pension liability at June 30, 2026 and 2025 are described in **Table 7.4**.

Table 7.4: Mortality rates used to calculate the total pension liability at June 30, 2026 and 2025

Description	Actuarial valuation basis
Preretirement*	Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table multiplied by 90 percent for males and 95 percent for females
Postretirement: Healthy members	Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 85 percent for male faculty members, 95 percent for female faculty members, 100 percent for other male members and 105 percent for other female members
Postretirement: Disabled members	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table multiplied by 100 percent for males and 95 percent for females
Beneficiaries of retired members	In Pay Status as of Valuation: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) unadjusted for males and decreased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021
	Not in Pay Status as of Valuation: Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), unadjusted for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021
Projection scale for all mortality tables	Generationally with the two-dimensional mortality improvement scale MP-2021

**Not applicable to VERIP.*

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

Table 7.5 presents the current-period net pension liability (asset) of UCRP and UC-VERIP calculated using the current-period discount rate assumption of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate 1.0 percentage point lower and 1.0 percentage point higher than the current assumption.

Table 7.5: Sensitivity of net pension liability (asset) to changes in the discount rate *(in thousands of dollars)*

Description	1% Decrease (5.75%)	Current assumption (6.75%)	1% Increase (7.75%)
UCRP	$16,799,399	($1,029,070)	($15,618,990)
UC-VERIP	(83,123)	(83,627)	(84,082)

8. Plan Termination

The Regents expects to continue the UCRS Plans indefinitely but reserves the right to amend or discontinue the UCRS Plans at any time provided that any such action shall not lessen accrued benefits of any members. In the event that either DB Plan is terminated, UCRS Plan assets shall be applied solely for the benefit of retired, vested or active participants and beneficiaries, until all liabilities of the UCRS Plans have been satisfied. Once all liabilities have been satisfied, any excess assets of the DB Plans shall revert to the Regents.

The benefits of UCRS noted above are not insured by the Pension Benefit Guaranty Corporation, a federal insurance agency established under Title IV of the Employee Retirement Income Security Act of 1974.

Required Supplementary Information

(Unaudited)

UCRP

The schedule of changes in net pension liability (asset) includes multiyear trend information about whether the pension assets are increasing or decreasing over time relative to the pension liabilities. **UCRP RSI Tables 1a** and **1b** present the schedule of changes in the net pension liability (asset) for UCRP at June 30 for the past 10 years.

UCRP RSI Table 1a: Changes in net pension liability (asset) for the five years ended 2026 *(in thousands of dollars)*

Description	2026	2025	2024	2023	2022
Total pension liability					
Service cost	$3,748,508	$3,443,672	$3,007,048	$2,753,510	$2,588,194
Interest on the total pension liability	8,399,007	7,945,333	7,458,897	6,985,737	6,633,210
Changes in benefit terms				33,303	
Difference between expected and actual experience	689,091	788,362	2,324,145	451,908	284,807
Changes of assumptions or other inputs				469,788	
Benefits paid, including refunds of employee contributions	(5,813,741)	(5,509,922)	(5,124,238)	(4,764,459)	(4,534,161)
Net change in total pension liability	**7,022,865**	**6,667,445**	**7,665,852**	**5,929,787**	**4,972,050**
Total pension liability, beginning of year	122,898,994	116,231,549	108,565,697	102,635,910	97,663,860
Total pension liability, end of year	**129,921,859**	**122,898,994**	**116,231,549**	**108,565,697**	**102,635,910**
Plan net position					
Contributions: University	3,088,757	3,690,291	3,001,069	2,770,474	2,892,621
Contributions: Members	1,611,691	1,484,516	1,332,768	1,206,097	1,105,405
Net investment income (loss)	21,402,747	12,477,247	11,387,694	7,696,274	(9,765,875)
Administrative expense	(65,494)	(104,729)	(102,512)	(76,629)	(84,760)
Benefits paid, including refunds of employee contributions	(5,813,741)	(5,509,922)	(5,124,238)	(4,764,459)	(4,534,161)
Net change in plan net position	**20,223,960**	**12,037,403**	**10,494,781**	**6,831,757**	**(10,386,770)**
Plan net position, beginning of year	110,726,969	98,689,566	88,194,785	81,363,028	91,749,798
Plan net position, end of year	**130,950,929**	**110,726,969**	**98,689,566**	**88,194,785**	**81,363,028**
Net pension liability (asset), end of year	**($1,029,070)**	**$12,172,025**	**$17,541,983**	**$20,370,912**	**$21,272,882**

UCRP RSI Table 1b: Changes in net pension liability (asset) for the five years ended 2021 *(in thousands of dollars)*

Description	2021	2020	2019	2018	2017
Total pension liability					
Service cost	$2,564,134	$2,466,497	$1,946,612	$1,873,004	$1,807,143
Interest on the total pension liability	6,311,412	5,981,599	5,576,660	5,295,733	5,035,267
Difference between expected and actual experience	462,839	(282,321)	334,605	138,419	74,664
Changes of assumptions or other inputs			7,816,717		
Benefits paid, including refunds of employee contributions	(4,299,910)	(3,944,998)	(3,816,434)	(3,587,554)	(3,320,990)
Net change in total pension liability	**5,038,475**	**4,220,777**	**11,858,160**	**3,719,602**	**3,596,084**
Total pension liability, beginning of year	92,625,385	88,404,608	76,546,448	72,826,846	69,230,762
Total pension liability, end of year	**97,663,860**	**92,625,385**	**88,404,608**	**76,546,448**	**72,826,846**
Plan net position					
Contributions: University	2,705,058	2,444,025	2,408,650	2,335,874	2,385,576
Contributions: Members	1,053,939	1,019,302	956,543	941,144	891,987
Contributions: State				169,000	171,000
Net investment income (loss)	21,439,296	1,184,938	4,018,595	4,837,552	7,866,281
Administrative expense	(64,826)	(65,989)	(61,981)	(36,684)	(44,128)
Benefits paid, including refunds of employee contributions	(4,299,910)	(3,944,998)	(3,816,434)	(3,587,554)	(3,320,990)
Net change in plan net position	**20,833,557**	**637,278**	**3,505,373**	**4,659,332**	**7,949,726**
Plan net position, beginning of year	70,916,241	70,278,963	66,773,590	62,114,258	54,164,532
Plan net position, end of year	**91,749,798**	**70,916,241**	**70,278,963**	**66,773,590**	**62,114,258**
Net pension liability (asset), end of year	**$5,914,062**	**$21,709,144**	**$18,125,645**	**$9,772,858**	**$10,712,588**

Notes to Required Supplementary Information: UCRP

UCRP was amended during the plan year ended June 30, 2023 to provide an ad hoc cost-of-living adjustment (ad hoc COLA) to a cohort of retirees. There were no changes to the size or composition of the covered population in any of the fiscal years in the 10-year period which ended June 30, 2026, that significantly affected the total pension liability.

Actuarial assumptions were changed twice during the 10-year period which ended June 30, 2026, each time coinciding with an experience study. Amounts reported in 2023 include an adjustment to the mortality assumption reflecting longer life expectancy. Amounts reported in 2019 include an adjustment to the mortality assumption reflecting longer life expectancy and a decrease in the investment rate of return from 7.25 percent to 6.75 percent.

All plan assets are available to pay any member's benefit. UCRP's net pension liability (asset) is measured as of June 30. Plan fiduciary net position is valued as of the measurement date, while the total pension liability is determined by rolling forward the total pension liability from the July 1 actuarial valuations.

UCRP RSI Tables 2a and **2b** present a 10-year history of the ratio of plan net position to total pension liability and the net pension liability (asset) as a percentage of covered payroll.

UCRP RSI Table 2a: Schedule of net pension liability (asset) for the five years ended 2026 *(in thousands of dollars)*

Description	2026	2025	2024	2023	2022
Total pension liability	$129,921,859	$122,898,994	$116,231,549	$108,565,697	$102,635,910
Plan net position	130,950,929	110,726,969	98,689,566	88,194,785	81,363,028
Net pension liability (asset)	**($1,029,070)**	**$12,172,025**	**$17,541,983**	**$20,370,912**	**$21,272,882**
Ratio of plan net position to total pension liability	100.8%	90.1%	84.9%	81.2%	79.3%
Covered payroll	$20,015,236	$18,568,742	$16,749,455	$15,191,170	$13,921,086
Net pension liability (asset) as a percentage of covered payroll	(5.1%)	65.6%	104.7%	134.1%	152.8%

UCRP RSI Table 2b: Schedule of net pension liability (asset) for the five years ended 2021 *(in thousands of dollars)*

Description	2021	2020	2019	2018	2017
Total pension liability	$97,663,860	$92,625,385	$88,404,608	$76,546,448	$72,826,846
Plan net position	91,749,798	70,916,241	70,278,963	66,773,590	62,114,258
Net pension liability (asset)	**$5,914,062**	**$21,709,144**	**$18,125,645**	**$9,772,858**	**$10,712,588**
Ratio of plan net position to total pension liability	93.9%	76.6%	79.5%	87.2%	85.3%
Covered payroll	$13,215,494	$13,056,696	$12,168,209	$11,923,489	$11,301,506
Net pension liability (asset) as a percentage of covered payroll	44.8%	166.3%	149.0%	82.0%	94.8%

The Regents' funding policy provides for actuarially determined contributions at rates reasonably expected to maintain UCRP on an actuarially sound basis. LBNL is required to make employer and employee contributions in conformity with the Regents' contract with the DOE. The annual contribution deficiency as of June 30 is presented in **UCRP RSI Table 3**.

UCRP RSI Table 3: Annual contribution deficiency *(in thousands of dollars)*

Year ended June 30	Actuarially determined contributions	Contributions in relation to actuarially determined contributions	Contribution deficiency	Covered payroll	Contributions as a percentage of covered payroll
2026	$4,819,204	$3,088,757	$1,730,447	$20,015,236	15.4%
2025	4,661,188	3,690,291	970,897	18,568,742	19.9
2024	4,221,586	3,001,069	1,220,517	16,749,455	17.9
2023	3,814,606	2,770,474	1,044,132	15,191,170	18.2
2022	3,712,774	2,892,621	820,153	13,921,086	20.8
2021	3,523,568	2,705,058	818,510	13,215,494	20.5
2020	2,516,234	2,444,025	72,209	13,056,696	18.7
2019	2,742,671	2,408,650	334,021	12,168,209	19.8
2018	2,669,169	2,504,874	164,295	11,923,489	21.0
2017	2,654,710	2,556,576	98,134	11,301,506	22.6

Actuarial assumptions were changed in 2019, resulting in a significant increase in the actuarially determined contribution starting with the year ended June 30, 2021. Those assumption changes included an adjustment to the mortality assumption reflecting longer life expectancies and a decrease in the investment rate of return assumption from 7.25 percent to 6.75 percent.

UCRP RSI Table 4 presents the methods and assumptions used to determine contribution rates for UCRP.

UCRP RSI Table 4: Methods and assumptions used to determine contribution rates

Methods	Assumptions
Valuation date	Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level dollar, closed periods
Remaining amortization period	14.79 years as of July 1, 2024
	The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years. Any changes in Unfunded Actuarial Accrued Liability (UAAL) due to actuarial experience gains or losses after July 1, 2010, are 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 are separately amortized over a fixed (closed) 15-year period. Any changes in UAAL due to actuarial experience gains or losses or a change in actuarial assumptions after July 1, 2014, are separately amortized over a fixed (closed) 20-year period. Any changes in UAAL due to a change in plan provisions are separately amortized over a fixed (closed) 15-year period. Any changes in UAAL due to plan amendments after July 1, 2014 affecting non-active members are separately amortized over a fixed (closed) 10-year period.
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. An unrecognized return is equal to the difference between the actual and the expected return on a market value basis and is recognized over a five-year period.
Inflation	2.50%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Projected salary increases	3.65 to 5.95%, varying by service, including inflation
Cost-of-living adjustments	2.00%
Mortality	Actives and inactives: Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table multiplied by 90 percent for males and 95 percent for females.
	Healthy retired members: Pub-2010 Healthy Teacher Amount-Weighted Above-Median Mortality Table, multiplied by 85 percent for male faculty members, 95 percent for female faculty members, 100 percent for other male members and 105 percent for other female members.
	Beneficiaries of retired members: In pay status as of valuation: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table multiplied by 100 percent for males and 90 percent for females.
	Beneficiaries of retired members: Not in pay status as of valuation: Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 100 percent for males and 105 percent for females.
	Disabled members: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table multiplied by 100 percent for males and 95 percent for females.
	All mortality tables listed above are projected generationally with the two-dimensional mortality improvement scale MP-2021.

A money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The annual money-weighted rates of return, net of investment expense adjusted for changing amounts actually invested for the years ended June 30 are presented in **UCRP RSI Table 5**.

UCRP RSI Table 5: Annual money-weighted rate of return *(as percentage)*

Fiscal year	Annual money-weighted rate of return, net of investment expense
2026	19.4%
2025	12.7
2024	12.9
2023	9.5
2022	(10.6)
2021	30.2
2020	1.7
2019	6.0
2018	7.7
2017	14.5

UC-VERIP

The schedule of changes in net pension liability (asset) includes multiyear trend information about whether the pension assets are increasing or decreasing over time relative to the pension liabilities. **UC-VERIP RSI Tables 1a** and **1b** present the schedule of changes in the net pension liability (asset) for the UC-VERIP at June 30 for the past 10 years.

UC-VERIP RSI Table 1a: Changes in net pension liability (asset) for the five years ended 2026 *(in thousands of dollars)*

Description	2026	2025	2024	2023	2022
Total pension liability					
Interest on the total pension liability	$781	$879	$996	$1,181	$1,384
Difference between expected and actual experience	51	(101)	(604)	(1,242)	108
Changes of assumptions or other inputs				(440)	
Benefits paid, including refunds of employee contributions	(2,246)	(2,521)	(2,746)	(2,987)	(3,324)
Net change in total pension liability	**(1,414)**	**(1,743)**	**(2,354)**	**(3,488)**	**(1,832)**
Total pension liability, beginning of year	12,642	14,385	16,739	20,227	22,059
Total pension liability, end of year	**11,228**	**12,642**	**14,385**	**16,739**	**20,227**
Plan net position					
Net investment income (loss)	15,624	9,274	9,488	5,955	(7,853)
Administrative expense	(2)	(2)	(3)	(3)	(3)
Benefits paid, including refunds of employee contributions	(2,246)	(2,521)	(2,746)	(2,987)	(3,324)
Net change in plan net position	**13,376**	**6,751**	**6,739**	**2,965**	**(11,180)**
Plan net position, beginning of year	81,479	74,728	67,989	65,024	76,204
Plan net position, end of year	**94,855**	**81,479**	**74,728**	**67,989**	**65,024**
Net pension asset, end of year	**($83,627)**	**($68,837)**	**($60,343)**	**($51,250)**	**($44,797)**

UC-VERIP RSI Table 1b: Changes in net pension liability (asset) for the five years ended 2021 *(in thousands of dollars)*

Description	2021	2020	2019	2018	2017
Total pension liability					
Interest on the total pension liability	$1,513	$1,656	$1,983	$2,042	$2,463
Difference between expected and actual experience	179	(1,342)	(79)	(436)	(189)
Changes of assumptions or other inputs			714		
Benefits paid, including refunds of employee contributions	(3,750)	(4,142)	(4,213)	(4,610)	(4,738)
Net change in total pension liability	**(2,058)**	**(3,828)**	**(1,595)**	**(3,004)**	**(2,464)**
Total pension liability, beginning of year	24,117	27,945	29,540	32,544	35,008
Total pension liability, end of year	**22,059**	**24,117**	**27,945**	**29,540**	**32,544**
Plan net position					
Net investment income (loss)	18,277	1,049	3,748	4,885	8,666
Administrative expense	(4)	(4)	(5)	(5)	(6)
Benefits paid, including refunds of employee contributions	(3,750)	(4,142)	(4,213)	(4,610)	(4,738)
Net change in plan net position	**14,523**	**(3,097)**	**(470)**	**270**	**3,922**
Plan net position, beginning of year	61,681	64,778	65,248	64,978	61,056
Plan net position, end of year	**76,204**	**61,681**	**64,778**	**65,248**	**64,978**
Net pension asset, end of year	**($54,145)**	**($37,564)**	**($36,833)**	**($35,708)**	**($32,434)**

Notes to Required Supplementary Information: UC-VERIP

Plan fiduciary net position (plan assets) is valued as of the measurement date, while the total pension liability is determined by rolling forward the total pension liability from the July 1 actuarial valuations.

Changes of benefit terms

There were no changes in benefit terms or the size or composition of the covered population in any of the fiscal years in the 10-year period which ended June 30, 2026, that significantly affected the total pension liability.

Changes of assumptions

Actuarial assumptions were changed twice during the 10-year period which ended June 30, 2026, each time coinciding with an experience study. Amounts reported in 2023 include an adjustment to the mortality assumption reflecting longer life expectancy. Amounts reported in 2019 include an adjustment to the mortality assumption reflecting longer life expectancy and a decrease in the investment rate of return from 7.25 percent to 6.75 percent.

UC-VERIP RSI Tables 2a and **2b** present a 10-year history of the plan net pension liability (asset) to total pension liability.

UC-VERIP RSI Table 2a: Schedule of net pension liability (asset) for the five years ended 2026 *(in thousands of dollars)*

Description	2026	2025	2024	2023	2022
Total pension liability	$11,228	$12,642	$14,385	$16,739	$20,227
Plan net position	94,855	81,479	74,728	67,989	65,024
Net pension asset	**($83,627)**	**($68,837)**	**($60,343)**	**($51,250)**	**($44,797)**
Ratio of plan net position to total pension liability	844.8%	644.5%	519.5%	406.2%	321.5%

UC-VERIP RSI Table 2b: Schedule of net pension liability (asset) for the five years ended 2021 *(in thousands of dollars)*

Description	2021	2020	2019	2018	2017
Total pension liability	$22,059	$24,117	$27,945	$29,540	$32,544
Plan net position	76,204	61,681	64,778	65,248	64,978
Net pension asset	**($54,145)**	**($37,564)**	**($36,833)**	**($35,708)**	**($32,434)**
Ratio of plan net position to total pension liability	345.5%	255.8%	231.8%	220.9%	199.7%

There is no covered payroll for the UC-VERIP and the University has not been required to contribute to the plan since 1996.

Accessible Appendix

Display 1: **Asset allocation for the DB Plans' investment portfolio**

Description	2026 dollars *(in billions)*	2026 percentages	2025 dollars *(in billions)*	2025 percentages	2024 dollars *(in billions)*	2024 percentages
Other	$8.3	6%	$9.9	9%	$12.0	12%
Real estate	$10.2	8%	$8.5	8%	$8.0	8%
Private equity	$12.1	9%	$10.2	9%	$9.7	10%
Fixed income	$18.4	14%	$10.9	10%	$13.4	14%
Equity	$82.0	63%	$71.2	64%	$55.5	56%

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Display 2: **Equity portfolio**

Description	2026 dollars *(in billions)*	2026 percentages	2025 dollars *(in billions)*	2025 percentages	2024 dollars *(in billions)*	2024 percentages
Non-U.S. equity funds	$4.1	5%	$3.8	5%	$3.3	6%
Non-U.S. equity securities	$22.7	28%	$22.6	32%	$18.3	33%
U.S. equity funds	$2.2	3%	$1.7	2%	$1.6	3%
U.S. equity securities	$52.9	64%	$43.1	61%	$32.3	58%

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Display 3: **Private equity portfolio**

Description	2026 dollars *(in billions)*	2026 percentages	2025 dollars *(in billions)*	2025 percentages	2024 dollars *(in billions)*	2024 percentages
Other private equity	$2.3	19%	$2.4	24%	$2.5	26%
Venture capital	$2.7	22%	$0.9	9%	$1.0	10%
Co-investment	$3.1	26%	$2.7	26%	$2.4	25%
Buyouts	$4.0	33%	$4.2	41%	$3.8	39%

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Display 4a: **Fixed-income portfolio quality**

Description	2026 dollars *(in billions)*	2026 percentages	2025 dollars *(in billions)*	2025 percentages	2024 dollars *(in billions)*	2024 percentages
Non-investment grade	$2.2	12%	$2.6	24%	$1.6	12%
Non-rated	$2.3	13%	$1.7	16%	$1.7	13%
U.S. government-guaranteed	$9.4	51%	$4.5	41%	$5.6	41%
Investment grade	$4.5	24%	$2.1	19%	$4.5	34%

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Display 4b: Fixed-income portfolio diversification

Description	2026 dollars *(in billions)*	2026 percentages	2025 dollars *(in billions)*	2025 percentages	2024 dollars *(in billions)*	2024 percentages
Other	$2.3	13%	$1.7	16%	$1.7	13%
Supranational/foreign	$0.6	3%	$1.1	10%	$1.8	13%
U.S. government-guaranteed	$9.4	51%	$4.5	41%	$5.6	42%
Corporate bonds	$6.1	33%	$3.6	33%	$4.3	32%

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Display 5: Other investments

Description	2026 dollars *(in billions)*	2026 percentages	2025 dollars *(in billions)*	2025 percentages	2024 dollars *(in billions)*	2024 percentages
Other investments	$2.3	12%	$2.5	14%	$2.9	14%
Money market funds and the UC Short Term investment pool (STIP) held in the DB Plans for liquidity purposes	$3.0	16%	$3.6	20%	$4.2	21%
Real asset investments	$3.1	17%	$2.8	15%	$3.2	16%
Absolute return diversified investments			$0.9	5%	$1.8	9%
Institutional real estate investments	$10.2	55%	$8.5	46%	$8.0	40%

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