

**SECTION 2: VALUATION RESULTS FOR THE UNIVERSITY OF CALIFORNIA RETIREMENT PLAN**

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

**A. MEMBER DATA**

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

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

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

**CHART 1**

**Member Population: 1995 – 2004**

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

<b>Year Ended June 30</b>	<b>Active Members</b>	<b>Terminated Vested Members*</b>	<b>Retired Members, Disabled Members and Beneficiaries</b>	<b>Ratio of Retirees to Actives</b>
1995	91,318	21,913	28,441	0.31
1996	92,194	25,422	28,918	0.31
1997	93,404	28,778	29,659	0.32
1998	93,363	21,998	30,346	0.33
1999	98,123	22,109	31,242	0.32
2000	103,382	21,950	32,770	0.32
2001	109,848	23,278	34,684	0.32
2002	117,776	25,198	36,165	0.31
2003	121,351	31,262	37,867	0.31
2004	123,717	39,874	39,738	0.32

\* Includes terminated nonvested members due a refund of member contributions or CAP balance payment.

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**Active Members**

Plan costs and liabilities are affected by the age, service credit and compensation of active members. In this year's valuation, there are 123,717 active members with an average age of 44.0 years, average service credit of 9.4 years and average compensation of \$63,332.

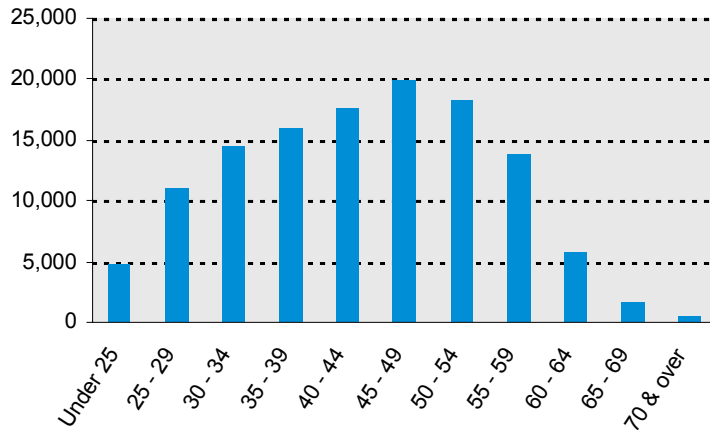
**Inactive Members**

In this year's valuation, there were 39,874 terminated members. Within this group of terminated members there are 21,328 members with a vested right to a deferred or immediate vested monthly benefit and 18,546 terminated nonvested members who are entitled to a return of their member contributions or a distribution of their CAP balance.

*These graphs show a distribution of active members by age and by service credit. In Chart 3 there are 98 members who have 40 or more years of service credit.*

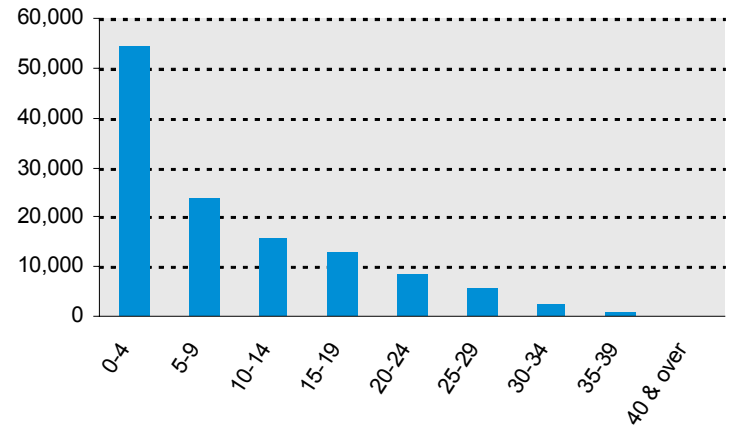
**CHART 2**

**Distribution of Active Members by Age as of June 30, 2004**



**CHART 3**

**Distribution of Active Members by Service Credit as of June 30, 2004**



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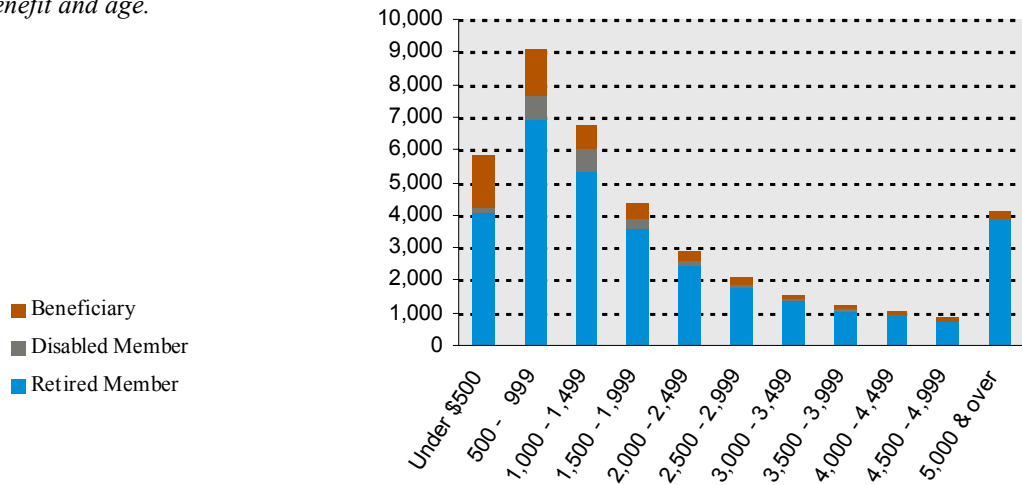
**Retired Members, Disabled Members and Beneficiaries**

As of June 30, 2004, 32,072 retired members, 2,194 disabled members and 5,472 beneficiaries were receiving total monthly benefits of \$83,970,940.

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

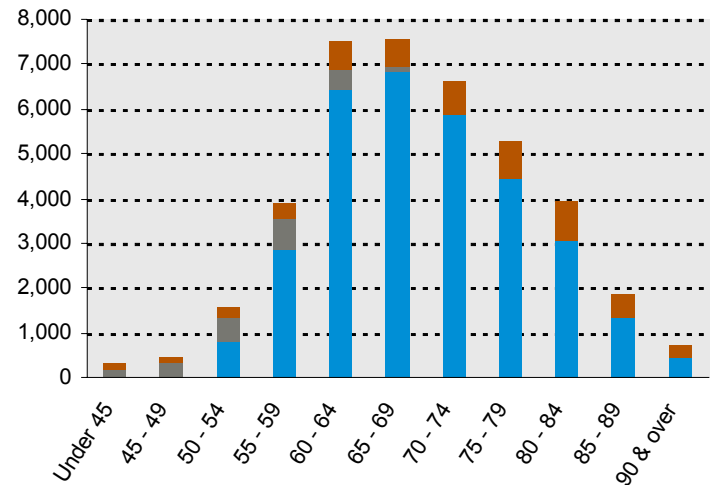
**CHART 4**

**Distribution of Retired Members, Disabled Members and Beneficiaries by Monthly Benefit as of June 30, 2004**



**CHART 5**

**Distribution of Retired Members, Disabled Members and Beneficiaries by Age as of June 30, 2004**



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**B. FINANCIAL INFORMATION**

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

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

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

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

**CHART 6**  
**Determination of Actuarial Value of Assets for Year Ended June 30, 2004**

			(\$ in 000s)
1. Market value of assets			\$39,216,094
2. Calculation of unrecognized return*	<u>Original</u> <u>Amount*</u>	<u>Unrecognized</u> <u>Return**</u>	
(a) Year ended June 30, 2004	\$2,420,256	\$1,936,205	
(b) Year ended June 30, 2003	(653,657)	(392,193)	
(c) Year ended June 30, 2002	(6,340,338)	(2,536,134)	
(d) Year ended June 30, 2001	(5,424,170)	(1,084,834)	
(e) Year ended June 30, 2000	<u>1,971,375</u>	<u>0</u>	
(f) Total unrecognized return			(2,076,956)
3. Actuarial value of assets: (1) - (2f)			<u>\$41,293,050</u>
4. Actuarial value as a percentage of market value: (3) ÷ (1)			105.30%

\* Total return minus expected return on a market value basis

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

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

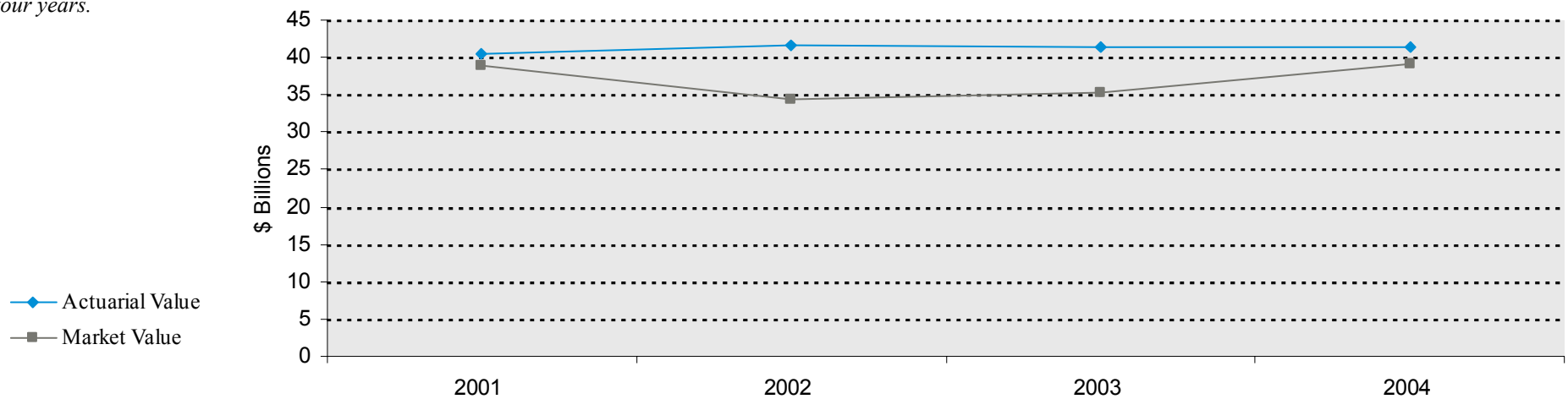
*This chart shows the change in the actuarial value of assets versus the market value over the past four years.*

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**CHART 7**

**Actuarial Value of Assets vs. Market Value of Assets for Years Ended June 30, 2001 – 2004**

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**C. ACTUARIAL EXPERIENCE**

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

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

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

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

The components of the total loss of \$1.6 billion are shown below. The net experience gain from sources other than investments was 1.26% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

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

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**CHART 8  
Actuarial Experience for Year Ended June 30, 2004**

	(\$ in 000s)
1. Net gain/(loss) from investments*	(\$2,062,997)
2. Net gain/(loss) from salary increases less (greater) than assumed	570,306
3. Net gain/(loss) from other experience	<u>(130,192)</u>
4. Net experience gain/(loss): (1) + (2)	(\$1,622,883)

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\* Details in Chart 9

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

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**Investment Rate of Return**

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on UCRP’s investment policy. For valuation purposes, the assumed rate of return is 7.50%. As shown below, the actual rate of return on the actuarial value of assets for fiscal 2003-2004 was 2.45%.

Since the actual return for the year was less than the assumed return, the Plan experienced an actuarial loss during the year ended June 30, 2004 with regard to its investments, when measured based on the actuarial value of assets. The amount of this loss is derived below.

*This chart shows the gain/(loss) due to investment experience.*

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**CHART 9**  
**Investment Experience for Year Ended June 30, 2004**

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	<b>June 30, 2004</b>
	<b>(\$ in 000s)</b>
1. Actual return on actuarial value of assets	\$1,001,535
2. Average actuarial value of assets	40,860,424
3. Actual rate of return: (1) ÷ (2)	2.45%
4. Assumed rate of return	7.50%
5. Expected return: (2) x (4)	3,064,532
6. Actuarial gain/(loss): (1) – (5)	(\$2,062,997)

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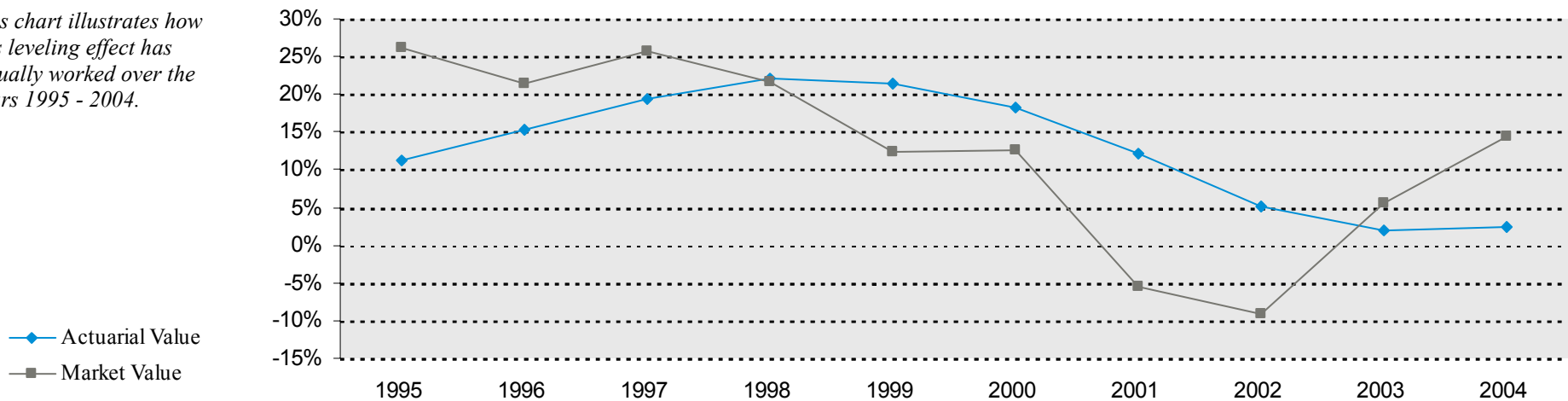
## SECTION 2: Valuation Results for the University of California Retirement Plan

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

**CHART 10**

**Market and Actuarial Rates of Return for Years Ended June 30, 1995 - 2004**

*This chart illustrates how this leveling effect has actually worked over the years 1995 - 2004.*



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

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### **Other Experience**

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

- the extent of turnover among the members,

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

The net gain from this other experience for the year ended June 30, 2004 amounted to \$440 million which is 1.26% of the actuarial accrued liability.

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

**D. RECOMMENDED CONTRIBUTION**

Beginning with the 1990 plan year, the Regents adopted a full funding policy. Under that policy, the University will suspend contributions when the smaller of the market value or actuarial value of plan assets exceeds the lesser of:

- The actuarial accrued liability (including normal cost), or
- 150% of the estimated current liability (including normal cost).

Based on application of the full funding policy, the recommended contributions to the plan are \$0.

The contribution rates as of July 1, 2004 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

**CHART 11  
Recommended Contribution**

*The chart compares this valuation's recommended contribution with the prior valuation.*

	Plan Year Beginning July 1			
	2004		2003	
	(\$ in 000s)		(\$ in 000s)	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost				
a. Non-safety members	\$1,172,344	15.02%	\$1,170,156	15.19%
b. Safety members	6,284	22.39%	6,786	24.34%
c. Total	1,178,628	15.04%	1,176,942	15.22%
2. Full funding limitation*				
a. Actuarial liability basis	0	N/A	0	N/A
b. Current liability basis	5,067,319	N/A	4,642,972	N/A
c. Lesser of actuarial and current liability basis	0	N/A	0	N/A
3. Recommended contribution lesser of (1c) and (2c)	0	0.00%	0	0.00%
4. Covered payroll	\$7,835,249		\$7,733,777	

\* Details in Exhibit H

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### Components and Reconciliation of Normal Cost

Chart 12 below details the components of normal cost as of July 1, 2004. Chart 13 shows a reconciliation of the normal cost percentage from July 1, 2003 to July 1, 2004.

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#### CHART 12

##### Components of Normal Cost as of July 1, 2004

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	(\$ in 000s)	% of Payroll
Retirement benefits	\$879,974	11.23%
Withdrawal benefits	111,166	1.42%
Disability benefits	111,528	1.42%
Death benefits	36,784	0.47%
Administrative expenses	39,176	0.50%
<b>Total Normal Cost</b>	<b>\$1,178,628</b>	<b>15.04%</b>

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#### CHART 13

##### Reconciliation of the Normal Cost from July 1, 2003 to July 1, 2004

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	% of Payroll
Normal Cost as of July 1, 2003	15.22%
Change in demographic profile of participants	(0.27)%
Change in actuarial assumptions	0.09%
Normal Cost as of July 1, 2004	15.04%

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### E. INFORMATION REQUIRED BY THE GASB

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

Critical information to GASB is the historical comparison of the GASB required contribution (\$0) to the actual contributions (\$0). This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements.

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

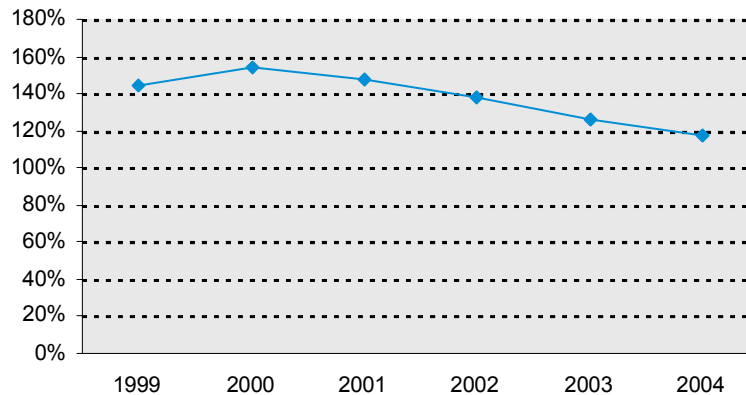
The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits I, II and III.

*These graphs show key GASB factors.*

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**CHART 14**  
**Funded Ratio (Plan Year Beginning July 1)**

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**SECTION 3: SUPPLEMENTAL INFORMATION FROM THE VALUATION OF THE UNIVERSITY OF CALIFORNIA  
RETIREMENT PLAN**

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

**EXHIBIT A**

**Table of Plan Coverage**

**i. Active Members**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2004</b>	<b>2003</b>	
<b>Active members with Social Security:</b>			
Number	117,129	113,939	2.80%
Average age	43.5	43.2	N/A
Average service credit	8.5	8.3	2.41%
Total compensation	\$7,310,951,778	\$7,134,858,000	2.47%
Average compensation	62,418	62,620	-0.32%
<b>Active members without Social Security:</b>			
Number	6,189	7,012	-11.74%
Average age	53.7	53.4	N/A
Average service credit	24.7	24.0	2.92%
Total compensation	\$496,229,405	\$571,036,000	-13.10%
Average compensation	80,179	81,437	-1.54%
<b>Safety members:</b>			
Number	399	400	-0.25%
Average age	40.2	40.5	N/A
Average service credit	10.9	11.2	-2.68%
Total compensation	\$28,068,021	\$27,884,000	0.66%
Average compensation	70,346	69,709	0.91%
<b>All active members:</b>			
Number	123,717	121,351	1.95%
Average age	44.0	43.8	N/A
Average service credit	9.4	9.2	2.17%
Total compensation	\$7,835,249,203	\$7,733,778,000	1.31%
Average compensation	63,332	63,731	-0.63%

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

**EXHIBIT A**

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

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2004</b>	<b>2003</b>	
<b>Terminated vested members:</b>			
Number	21,328	20,418	4.46%
Average age	49.2	48.0	N/A
Total monthly benefit	\$13,457,968	\$11,624,667	15.84%
Average monthly benefit	631	569	10.90%
<b>Terminated nonvested members:</b>			
Number	18,546	10,844	71.03%
Average member refund and CAP balance	1,981	1,343	47.51%
<b>Retired members:</b>			
Number in pay status	32,072	30,655	4.62%
Average age	69.6	69.6	N/A
Total monthly benefit	\$73,092,088	\$66,546,917	9.84%
Average monthly benefit	2,279	2,171	4.97%
<b>Disabled members:</b>			
Number in pay status	2,194	2,129	3.05%
Average age	54.6	54.2	N/A
Total monthly benefit	\$2,988,228	\$2,681,083	15.84%
Average monthly benefit	1,362	1,259	8.18%
<b>Beneficiaries (includes Eligible Survivors, Contingent Annuitants, and Spouses/Domestic Partners):</b>			
Number in pay status	5,472	5,083	7.65%
Average age	71.6	71.5	N/A
Total monthly benefit	\$7,890,624	\$7,275,417	8.46%
Average monthly benefit	1,442	1,431	0.77%



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

**EXHIBIT B**

**Members in Active Service and Average Compensation During Year Ended June 30, 2004  
By Age and Service Credit**

**i. All Active Members**

Age	Service Credit									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	4,730	4,684	46	--	--	--	--	--	--	--
	\$34,895	\$34,867	\$37,751	--	--	--	--	--	--	--
25 - 29	11,031	9,810	1,205	16	--	--	--	--	--	--
	43,392	43,241	44,592	\$45,692	--	--	--	--	--	--
30 - 34	14,484	10,784	3,158	516	26	--	--	--	--	--
	52,149	51,648	53,882	52,473	\$42,700	--	--	--	--	--
35 - 39	15,920	8,893	4,501	1,963	541	22	--	--	--	--
	58,841	55,822	63,463	63,150	54,307	\$60,516	--	--	--	--
40 - 44	17,621	6,722	4,735	3,228	2,248	656	32	--	--	--
	63,600	57,430	66,044	70,220	66,858	65,537	\$61,539	--	--	--
45 - 49	19,869	5,597	4,021	3,719	3,446	2,189	862	35	--	--
	66,889	58,156	65,479	71,504	74,164	72,238	67,914	\$59,085	--	--
50 - 54	18,214	3,900	2,962	2,916	3,249	2,796	1,869	494	28	--
	70,539	60,438	65,441	70,437	75,653	80,983	76,052	68,372	\$61,123	--
55 - 59	13,870	2,467	2,050	2,037	2,124	1,930	1,976	1,001	278	7
	75,121	62,453	66,297	69,803	75,830	85,150	90,490	84,254	74,537	\$68,646
60 - 64	5,815	950	863	839	855	657	726	656	255	14
	86,624	66,271	72,742	77,209	81,059	95,301	106,168	114,824	109,071	76,687
65 - 69	1,661	266	256	227	199	134	155	187	198	39
	97,910	70,484	72,338	84,512	90,892	99,786	116,885	130,680	134,417	142,281
70 & over	502	101	65	57	55	40	43	49	54	38
	112,953	71,458	79,856	94,222	123,439	141,051	139,171	154,329	134,383	149,724
Total	123,717	54,174	23,862	15,518	12,743	8,424	5,663	2,422	813	98
	\$63,332	\$52,260	\$63,009	\$69,679	\$73,562	\$80,110	\$85,227	\$93,933	\$103,465	\$130,537

Average Age: 44.0

Average Service Credit: 9.4

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

**EXHIBIT B**

**Members in Active Service and Average Compensation During Year Ended June 30, 2004  
By Age and Service Credit**

**ii. Members with Social Security**

Age	Service Credit									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	4,665	4,619	46	--	--	--	--	--	--	--
	\$34,829	\$34,800	\$37,751	--	--	--	--	--	--	--
25 - 29	10,723	9,507	1,200	16	--	--	--	--	--	--
	43,406	43,254	44,576	\$45,692	--	--	--	--	--	--
30 - 34	14,065	10,402	3,133	504	26	--	--	--	--	--
	52,408	52,030	53,817	51,960	\$42,700	--	--	--	--	--
35 - 39	15,565	8,589	4,477	1,942	535	22	--	--	--	--
	59,098	56,261	63,434	63,010	54,087	\$60,516	--	--	--	--
40 - 44	17,484	6,657	4,718	3,207	2,223	647	32	--	--	--
	63,608	57,525	66,055	70,197	66,692	65,206	\$61,539	--	--	--
45 - 49	19,514	5,508	4,016	3,701	3,414	2,149	722	4	--	--
	67,001	58,384	65,475	71,511	74,110	72,224	69,018	\$55,918	--	--
50 - 54	16,902	3,880	2,952	2,899	3,180	2,663	1,282	41	5	--
	70,457	60,375	65,414	70,397	75,642	81,411	77,229	68,325	\$54,495	--
55 - 59	11,761	2,453	2,037	2,001	2,054	1,790	1,290	118	18	--
	73,690	62,488	66,226	69,730	75,662	85,322	91,880	93,926	67,060	--
60 - 64	4,748	945	857	819	823	604	466	161	69	4
	82,257	66,150	72,698	76,765	81,130	94,438	108,631	122,916	120,930	\$76,790
65 - 69	1,307	264	253	222	188	123	105	52	85	15
	89,735	69,280	72,230	84,028	91,120	99,278	118,565	123,692	138,734	136,659
70 & over	395	99	65	55	52	38	29	18	22	17
	104,085	70,835	79,856	93,383	120,300	143,754	136,526	150,814	131,900	145,909
Total	117,129	52,923	23,754	15,366	12,495	8,036	3,926	394	199	36
	\$62,418	\$52,458	\$62,987	\$69,591	\$73,423	\$80,011	\$85,676	\$109,249	\$123,206	\$134,375

Average Age: 43.5

Average Service Credit: 8.5

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

**EXHIBIT B**

**Members in Active Service and Average Compensation During Year Ended June 30, 2004  
By Age and Service Credit**

**iii. Members without Social Security**

Age	Service Credit									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	52	52	--	--	--	--	--	--	--	--
	\$35,907	\$35,907	--	--	--	--	--	--	--	--
25 - 29	263	262	1	--	--	--	--	--	--	--
	41,087	41,145	\$26,100	--	--	--	--	--	--	--
30 - 34	355	351	4	--	--	--	--	--	--	--
	40,048	39,748	66,350	--	--	--	--	--	--	--
35 - 39	280	275	5	--	--	--	--	--	--	--
	42,316	41,777	71,943	--	--	--	--	--	--	--
40 - 44	63	51	7	3	2	--	--	--	--	--
	48,342	44,951	60,570	\$64,455	\$67,864	--	--	--	--	--
45 - 49	291	85	1	6	18	21	129	31	--	--
	57,595	43,063	76,194	64,857	85,072	\$68,862	\$60,564	\$59,494	--	--
50 - 54	1,264	14	6	14	61	119	577	450	23	--
	71,056	67,138	67,293	76,686	75,709	70,922	73,179	68,170	\$62,563	--
55 - 59	2,096	13	13	32	68	138	684	881	260	7
	83,029	52,016	77,368	72,279	80,567	82,854	87,862	82,893	75,055	\$68,646
60 - 64	1,064	4	5	19	32	53	260	495	186	10
	106,116	83,184	82,689	96,217	79,228	105,130	101,753	112,192	104,672	76,646
65 - 69	354	2	3	5	11	11	50	135	113	24
	128,092	229,398	81,522	105,982	87,008	105,472	113,356	133,372	131,169	145,795
70 & over	107	2	--	2	3	2	14	31	32	21
	145,688	102,288	--	117,311	177,848	89,688	144,651	156,371	136,090	152,812
Total	6,189	1,111	45	81	195	344	1,714	2,023	614	62
	\$80,179	\$41,991	\$71,532	\$81,008	\$80,973	\$82,067	\$84,180	\$90,923	\$97,067	\$128,308

Average Age: 53.7

Average Service Credit: 24.7

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

**EXHIBIT B**

**Members in Active Service and Average Compensation During Year Ended June 30, 2004  
By Age and Service Credit**

**iv. Safety Members**

Age	Service Credit									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	13	13	--	--	--	--	--	--	--	--
	\$54,428	\$54,428	--	--	--	--	--	--	--	--
25 - 29	45	41	4	--	--	--	--	--	--	--
	53,649	53,603	\$54,128	--	--	--	--	--	--	--
30 - 34	64	31	21	12	--	--	--	--	--	--
	62,291	58,393	61,345	\$74,013	--	--	--	--	--	--
35 - 39	75	29	19	21	6	--	--	--	--	--
	67,364	59,181	68,076	76,141	\$73,941	--	--	--	--	--
40 - 44	74	14	10	18	23	9	--	--	--	--
	74,529	57,731	64,526	75,226	82,770	\$89,318	--	--	--	--
45 - 49	64	4	4	12	14	19	11	--	--	--
	74,956	64,526	66,682	72,804	73,389	77,526	\$81,657	--	--	--
50 - 54	48	6	4	3	8	14	10	3	--	--
	85,767	85,266	83,004	79,777	79,451	85,108	90,890	\$99,294	--	--
55 - 59	13	1	--	4	2	2	2	2	--	--
	94,224	113,300	--	86,554	87,271	89,524	92,548	113,355	--	--
60 - 64	3	1	1	1	--	--	--	--	--	--
	84,440	113,080	60,878	79,361	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	399	140	63	71	53	44	23	5	--	--
	\$70,346	\$58,829	\$65,128	\$75,771	\$78,961	\$82,896	\$86,618	\$104,918	--	--

Average Age: 40.2

Average Service Credit: 10.9

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

**EXHIBIT C**

**Reconciliation of Member Data**

	<b>Active Members</b>	<b>Terminated Vested Members*</b>	<b>Retired Members</b>	<b>Disabled Members</b>	<b>Beneficiaries</b>	<b>Total</b>
Number as of July 1, 2003	121,351	20,418	30,655	2,129	5,083	179,636
New members	15,469	N/A	N/A	N/A	N/A	15,469
Terminations – with vested rights	(1,495)	1,495	0	0	0	0
Termination – without vested rights	(4,300)	0	0	0	0	(4,300)
Retirements	(2,464)	(267)	2,570	161	N/A	0
Return to work	353	(353)	0	0	N/A	0
Died with beneficiary	**	**	(351)	(4)	355	0
Died without beneficiary	**	**	(885)	(68)	(526)	(1,479)
Data adjustments	0	1,816	83	(24)	560	2,435
Contribution/CAP refunds**	<u>(5,197)</u>	<u>(1,781)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,978)</u>
Number as of July 1, 2004	123,717	21,328	32,072	2,194	5,472	184,783

\* Excludes terminated nonvested members due a refund of member contributions or CAP balance payment.

\*\* "Contributions/CAP refunds" also includes active and terminated vested member deaths.

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

**EXHIBIT D**

**Summary Statement of Income and Expenses**

	Year Ended June 30, 2004 (\$ in 000s)	Year Ended June 30, 2003 (\$ in 000s)
<b>Contribution income:</b>		
Employer contributions	\$5,150	\$ 811
Members contributions	2,503	7,060
Less administration expense	<u>(24,053)</u>	<u>(27,696)</u>
Net contribution income	(\$16,400)	(\$19,825)
<b>Investment income:</b>		
Interest, dividends and other income	\$1,091,918	\$1,031,630
Recognition of capital appreciation	(39,183)	(166,381)
Less investment fees	<u>(58,397)</u>	<u>(84,864)</u>
Net investment income	994,338	780,385
Other income	7,196	7,502
<b>Total income available for benefits</b>	<b>\$985,134</b>	<b>\$768,062</b>
<b>Less benefit payments</b>	<b>(\$1,121,416)</b>	<b>(\$987,552)</b>
<b>Change in reserve for future benefits</b>	<b>(\$136,282)</b>	<b>(\$219,490)</b>

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

**EXHIBIT E**

**Summary Statement of Assets**

	Year Ended June 30, 2004 (\$ in 000s)	Year Ended June 30, 2003 (\$ in 000s)
<b>Cash equivalents</b>	\$117,043	\$66,939
<b>Accounts receivable:</b>		
Contributions	\$ 84,710	\$ 89,014
Interest and dividends	146,570	139,662
Investment of cash collateral	6,237,691	5,413,706
Securities sales and other	<u>168,130</u>	<u>28,783</u>
Total accounts receivable	6,637,101	5,671,165
<b>Investments:</b>		
Equity securities	\$25,961,877	\$23,602,769
Fixed income securities	12,601,118	11,541,619
Commingled funds	<u>411,775</u>	<u>0</u>
Total investments at market value	<u>38,974,770</u>	<u>35,144,388</u>
<b>Total assets</b>	\$45,728,914	\$40,882,492
<b>Less accounts payable:</b>		
Payable for securities purchased	(\$170,459)	(\$107,005)
Member withdrawals, refunds and other payables	(103,871)	(35,074)
Collateral held for securities lending	<u>(6,238,490)</u>	<u>(5,413,601)</u>
Total accounts payable	(\$6,512,820)	(\$5,555,680)
<b>Net assets at market value</b>	<u>\$39,216,094</u>	<u>\$35,326,812</u>
<b>Net assets at actuarial value (for comparison purposes)</b>	<u>\$41,293,050</u>	<u>\$41,429,332</u>

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

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**EXHIBIT F**

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

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	<b>Year Ended June 30, 2004</b>
1. Unfunded/(Overfunded) actuarial accrued liability at beginning of year	(\$8,474,575)
2. Normal cost at beginning of year	1,176,942
3. Total contributions (employer and member)	(7,653)
4. Interest	
(a) For whole year on (1) + (2)	(\$547,322)
(b) For half year on (3)	<u>(287)</u>
(c) Total interest	<u>(547,609)</u>
5. Expected unfunded/(overfunded) actuarial accrued liability	(\$7,852,895)
6. Changes due to:	
(a) (Gain)/Loss	\$1,622,883
(b) Change in actuarial assumptions	<u>(28,855)</u>
(c) Total changes: (a) + (b)	<u>1,594,028</u>
7. Unfunded/(Overfunded) actuarial accrued liability at end of year	<u>(\$6,258,867)</u>

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

**EXHIBIT G**

**Actuarial Liabilities**

	July 1, 2004 (\$ in 000s)	July 1, 2003 (\$ in 000s)
<b>Actuarial Accrued Liability</b>		
Members in pay status:		
Retirees	\$10,223,858	\$9,206,927
Beneficiaries	929,883	835,294
Disableds	<u>459,990</u>	<u>432,110</u>
Total in pay status	\$11,613,731	\$10,474,331
Active members		
With Social Security	\$17,564,769	\$16,572,730
Without Social Security	3,531,074	3,976,591
Safety	<u>128,213</u>	<u>127,417</u>
Total Actives	\$21,224,056	\$20,676,738
Terminated members		
Vested	\$2,159,647	\$1,789,121
Nonvested	<u>36,748</u>	<u>14,567</u>
Total terminated	\$2,196,396	\$1,803,688
Total actuarial accrued liability	\$35,034,183	\$32,954,757
<b>Current Liability</b>		
Members in pay status	\$11,613,731	\$10,474,331
Active members	14,602,669	13,207,426
Terminated members	<u>2,196,396</u>	<u>1,803,688</u>
Total current liability	\$28,412,796	\$25,485,445
<b>Actuarial Present Value of Projected Benefits</b>		
Members in pay status	\$11,613,731	\$10,474,331
Active members	31,024,293	30,814,938
Terminated Members	<u>2,196,396</u>	<u>1,803,688</u>
Total	\$44,834,420	\$43,092,957

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

**EXHIBIT H**

**Full Funding Limitations**

<b>Assets</b>	<b>July 1, 2004</b> <b>(\$ in 000s)</b>	<b>July 1, 2003</b> <b>(\$ in 000s)</b>
Actuarial Value of Assets at beginning of Plan Year	\$41,293,050	\$41,429,332
Market value of assets at beginning of Plan Year	39,216,094	35,326,812
Lesser of actuarial value and market value	39,216,094	35,326,812
Estimated benefit disbursements	(1,373,931)	(1,217,236)
Interest to end of Plan Year	<u>2,889,685</u>	<u>2,604,690</u>
Estimated assets at end of Plan Year	\$40,731,848	\$36,714,266
<b>Full Funding Limitation - Actuarial Accrued Liability Basis</b>		
Actuarial accrued liability at beginning of Plan Year	\$35,034,183	\$32,954,757
Normal cost at beginning of Plan Year (net of expenses)	1,139,451	1,138,274
Estimated benefit disbursements	(1,373,931)	(1,217,236)
Interest to end of Plan Year	<u>2,661,500</u>	<u>2,512,156</u>
Estimated actuarial accrued liability at end of Plan Year	\$37,461,203	\$35,387,951
Estimated assets at end of Plan Year	<u>40,731,848</u>	<u>36,714,266</u>
Full funding limitation (minimum zero)	\$ 0	\$ 0
<b>Full Funding Limitation - Current Liability Basis</b>		
Current liability at beginning of Plan Year	\$28,412,796	\$25,485,445
Current liability normal cost at beginning of Plan Year	1,315,793	1,336,461
Estimated benefit disbursements	(1,373,931)	(1,217,236)
Interest to end of Plan Year	<u>2,178,120</u>	<u>1,966,822</u>
Estimated current liability at end of Plan Year	\$30,532,778	\$27,571,492
150% of estimated current liability	45,799,167	41,357,238
Estimated assets at end of Plan Year	<u>40,731,848</u>	<u>36,714,266</u>
Full funding limitation (minimum zero)	\$ 5,067,319	\$ 4,642,972

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

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**EXHIBIT I**

**Section 415 Limitations**

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit indexed for inflation. That limit is \$165,000 for 2004. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, form of benefits chosen and after tax contributions.

The University pays benefits in excess of the limits through a non-qualified 415(m) Restoration Plan.

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

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

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**EXHIBIT J**

**Definitions of Pension Terms**

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

**Assumptions or Actuarial**

**Assumptions:**

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

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

**Normal Cost:**

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

**Actuarial Accrued Liability  
for Actives:**

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

**Actuarial Accrued Liability  
for Pensioners:**

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

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

The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan. There is a wide range of approaches to recognizing the unfunded or overfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

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

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

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

**Investment Return:**

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

**Current Liability:**

The actuarial present value of accumulated plan benefits.

**Beneficiary:**

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

**SECTION 4: REPORTING INFORMATION FROM THE VALUATION OF THE UNIVERSITY OF CALIFORNIA  
RETIREMENT PLAN**

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

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**EXHIBIT I**

**Supplementary Information Required by the GAS 25 – Schedule of Employer Contributions**

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<b>Plan Year Ended June 30</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2000	\$0	\$0	100.00%
2001	0	0	100.00%
2002	0	0	100.00%
2003	0	0	100.00%
2004	0	0	100.00%
2005	0	--	--

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

**EXHIBIT II**

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]</b>
07/01/1999	\$32,089,610	\$22,156,969	(\$9,932,641)	144.8%	\$5,346,900	(185.8%)
07/01/2000	37,026,168	24,067,231	(12,958,937)	153.8%	5,903,227	(219.5%)
07/01/2001	40,554,492	27,451,200	(13,103,292)	147.7%	6,539,246	(200.4%)
07/01/2002	41,648,822	30,099,594	(11,549,228)	138.4%	7,226,529	(159.8%)
07/01/2003	41,429,311	32,954,757	(8,474,554)	125.7%	7,733,777	(109.6%)
07/01/2004	41,293,050	35,034,183	(6,258,867)	117.9%	7,835,249	(79.9%)



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

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**EXHIBIT III**

**Supplementary Information Required by the GAS 25 and 27**

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Valuation Date	July 1, 2004
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level percent, Open
Remaining Amortization Period	5.92 Years
Asset Valuation Method	The market value of asset less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected returns on a market value basis and is recognized over a five year period.
Actuarial Assumptions:	
Investment Rate of Return*	7.50%
Projected Salary Increases*	4.50% to 6.50%
Cost of Living Adjustments	2.00%
Membership of the Plan	
Retirees, disableds and beneficiaries receiving benefits	39,738
Terminated plan members entitled to, but not yet receiving benefits**	39,874
Active plan members	<u>123,717</u>
Total	203,329

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\* Includes inflation at 4.00%

\*\* Includes terminated nonvested members due a refund of member contributions or CAP balance payment.

Note: The projected salary increases will be 2.0% lower for the period July 1, 2004 through June 30, 2007.

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

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**EXHIBIT IV**

**Actuarial Assumptions and Methods**

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**Demographic Assumptions**

**Post – Retirement Mortality Rates:**

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

*Disabled:* Based upon 1987 Group Long Term Disability Table (composite select and ultimate rates).

**Sample Termination Rates Before Retirement:**

Age	Rate(%)					
	Healthy Mortality		Disabled Mortality		Disability Incidence	
	Male	Female	Male	Female	Male	Female
20	0.04	0.03	19.60	15.10	0.14	0.06
25	0.06	0.03	18.18	13.81	0.15	0.08
30	0.08	0.03	11.49	7.88	0.16	0.10
35	0.09	0.04	7.80	5.48	0.18	0.16
40	0.10	0.06	5.26	4.13	0.22	0.26
45	0.13	0.09	3.89	3.15	0.28	0.38
50	0.20	0.12	3.30	2.66	0.37	0.57
55	0.33	0.21	3.02	2.84	0.51	0.80
60	0.60	0.40	3.14	3.75	0.78	1.12
65	1.10	0.79	4.28	5.07	1.24	1.45

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

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**Sample Termination Rates Before Retirement (continued):**

<b>Age</b>	<b>Rate (%)</b>			
	<b>Withdrawal - Faculty</b>			
	<b>Less than one Year of Service</b>	<b>At least one, but less than two Years of Service</b>	<b>At least two, but less than three Years of Service</b>	<b>Three or more Years of Service</b>
	<b>Unisex</b>	<b>Unisex</b>	<b>Unisex</b>	<b>Unisex</b>
20	24.00	22.00	21.00	21.00
25	24.00	20.00	18.00	16.00
30	21.00	10.00	9.00	9.00
35	12.00	8.00	5.00	4.00
40	12.00	6.00	5.00	4.00
45	12.00	5.00	5.00	2.00
50	12.00	3.00	3.00	2.00
55	12.00	3.00	3.00	2.00
60	12.00	3.00	3.00	2.00

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

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**Sample Termination Rates Before Retirement (continued):**

<b>Age</b>	<b>Rate (%)</b>			
	<b>Withdrawal – Staff</b>			
	<b>Less than one Year of Service</b>	<b>At least one, but less than two Years of Service</b>	<b>At least two, but less than three Years of Service</b>	<b>Three or more Years of Service</b>
	<b>Unisex</b>	<b>Unisex</b>	<b>Unisex</b>	<b>Unisex</b>
20	27.00	20.00	16.00	16.00
25	25.00	20.00	16.00	15.00
30	23.00	18.00	12.00	10.00
35	18.00	15.00	10.00	7.00
40	15.00	10.00	8.00	5.00
45	15.00	7.00	6.00	3.00
50	12.00	7.00	6.00	3.00
55	12.00	7.00	4.00	2.00
60	12.00	7.00	4.00	2.00

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

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**Sample Termination Rates Before Retirement (continued):**

Age	Rate (%)							
	Withdrawal - Safety							
	Less than one Year of Service		At least one, but less than two Years of Service		At least two, but less than three Years of Service		Three or more Years of Service	
	Male	Female	Male	Female	Male	Female	Male	Female
20	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
25	20.00	20.00	20.00	20.00	20.00	19.00	18.00	18.00
30	15.00	20.00	15.00	20.00	15.00	16.00	10.00	11.00
35	10.00	19.00	10.00	19.00	10.00	15.00	6.00	7.00
40	10.00	16.00	10.00	16.00	10.00	10.00	4.00	6.00
45	10.00	14.00	10.00	14.00	10.00	10.00	3.00	6.00
50	10.00	10.00	10.00	10.00	10.00	10.00	2.00	5.00
55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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**Retirement Rates:**

<b>Age</b>	<b>Retirement Probability – Unisex</b>		
	<b>Faculty</b>	<b>Staff</b>	<b>Safety</b>
50	3.00%	8.00%	20.00%
51	2.00%	5.00%	5.00%
52	2.00%	5.00%	5.00%
53	2.00%	5.00%	5.00%
54	2.00%	6.00%	5.00%
55	2.00%	6.00%	25.00%
56	2.00%	6.00%	25.00%
57	2.00%	6.00%	25.00%
58	2.00%	8.00%	25.00%
59	4.00%	20.00%	25.00%
60	5.00%	20.00%	25.00%
61	5.00%	20.00%	25.00%
62	5.00%	20.00%	50.00%
63	5.00%	20.00%	50.00%
64	5.00%	30.00%	75.00%
65	6.00%	30.00%	100.00%
66	6.00%	25.00%	100.00%
67	10.00%	25.00%	100.00%
68	10.00%	25.00%	100.00%
69	15.00%	30.00%	100.00%
70	100.00%	100.00%	100.00%

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

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

Deferred vested members are assumed to retire at age 50.

**Form of Payment:**

Life annuity for single members;  
25% contingent annuity for members with Social Security in a relationship for at least one year;  
50% contingent annuity for members without Social Security in a relationship for at least one year;  
50% contingent annuity for Safety members in a relationship for at least one year.

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**Future Benefit Accruals:**

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

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

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**Percent with Eligible Dependents (Samples):**

Age	Male	Female
20	58.00%	66.50%
25	85.00	89.50
30	91.50	92.50
35	93.00	94.00
40	93.50	93.50
45	94.00	92.50
50	95.00	91.00
55	94.50	89.00
60	94.00	85.00
65	93.00	80.00

**Spouse/Domestic Partner Ages:** Members assumed to have an opposite sex spouse or domestic partner, with females three years younger than males.

**Number of Dependents (Samples):**

Age	Number of Eligible Dependents per Active Member with Dependents	
	Male	Female
20	1.0	1.0
25	1.8	2.3
30	2.3	3.2
35	3.0	3.1
40	3.5	2.5
45	3.0	2.0
50	2.5	1.5
55	2.0	1.3
60	1.5	1.1
65	1.3	1.1



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

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**Economic Assumptions**

**Net Investment Return:** 7.50% (including 4.00% for inflation)

**Consumer Price Index:** Increase of 4.00% per year.

**Salary Increases (Samples):**

<u>Annual Rate of Compensation Increase</u>	
The sum of 4.00% inflation (at all ages) plus the following Merit and Longevity	
<u>Age</u>	
20	2.50%
25	2.50%
30	2.10%
35	1.70%
40	1.50%
45	1.30%
50	1.20%
55	1.10%
60	0.90%

The assumed salary increases will be 2.0% lower overall for the period July 1, 2004 through June 30, 2007.

**Administrative Expenses:** 0.5% of payroll added to normal cost.

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**Actuarial Methods**

**Actuarial Value of Assets:** The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected returns on a market value basis and is recognized over a five-year period.

**Actuarial Cost Method:** Entry Age Normal Actuarial Cost Method. Entry Age is calculated as the valuation date minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salaries, as if the current benefit accrual rate has always been in effect.

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

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**Other Actuarial Assumptions**

**Lump Sum Assumptions:**

<i>Discount Rate:</i>	7.50%
<i>COLA:</i>	2.00%
<i>Take-rate:</i>	None assumed.
<i>Mortality:</i>	1994 Group Annuity Reserving Mortality Table unloaded for males set back three years, projected with scale AA to 2002.

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**Approximations:**

<i>Guaranteed Survivor and Disability Benefits</i>	Liability and normal cost for guaranteed survivor and disability benefits for members who elected Social Security was estimated as 10% of their basic liability and normal cost.
<i>Sick Leave</i>	Service has been increased by 0.2% for faculty, 1.4% for staff, and 2.5% for safety members to account for unused sick leave.

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

**Changes in Assumptions:**

Based on the October, 2003 Review of Plan Experience for the Period from July 1, 1995 through June 30, 2002, many actuarial assumptions were changed. These assumptions were previously as follows:

**Post – Retirement Mortality Rates:**

*Healthy:*

1983 Group Annuity Mortality Table with ages set back two years.

*Disabled:*

1987 Group Long Term Disability Table (composite select and ultimate rates).

**Sample Termination Rates Before Retirement:**

Age	Rate(%)					
	Healthy Mortality		Disabled Mortality		Disability Incidence	
	Male	Female	Male	Female	Male	Female
20	0.04	0.02	19.60	16.70	0.20	0.05
25	0.04	0.02	18.18	15.27	0.20	0.05
30	0.05	0.03	11.49	8.72	0.20	0.05
35	0.07	0.04	7.80	5.38	0.22	0.08
40	0.10	0.06	4.88	3.85	0.25	0.19
45	0.17	0.08	2.92	2.92	0.29	0.34
50	0.31	0.14	3.34	3.34	0.36	0.52
55	0.52	0.21	3.60	3.60	0.47	0.75
60	0.77	0.34	3.77	3.77	0.72	1.06
65	1.24	0.58	4.32	4.32	1.20	1.41

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

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**Changes in Assumptions – Previous Assumptions (continued):**

**Sample Termination Rates Before Retirement (continued):**

<b>Age</b>	<b>Rate (%)</b>			
	<b>Withdrawal - Faculty</b>			
	<b>Less than one Year of Service</b>	<b>At least one, but less than two Years of Service</b>	<b>At least two, but less than three Years of Service</b>	<b>Three or more Years of Service</b>
	<b>Unisex</b>	<b>Unisex</b>	<b>Unisex</b>	<b>Unisex</b>
20	24.00	22.00	21.00	21.00
25	24.00	22.00	21.00	21.00
30	23.00	20.00	18.00	13.00
35	22.00	19.00	16.00	8.00
40	20.00	18.00	13.00	5.00
45	19.00	18.00	12.00	3.00
50	18.00	16.00	10.00	2.00
55	0.00	0.00	0.00	0.00
60	0.00	0.00	0.00	0.00

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

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**Changes in Assumptions – Previous Assumptions (continued):**

**Sample Termination Rates Before Retirement (continued):**

Age	Rate (%)							
	Withdrawal – Staff							
	Less than one Year of Service		At least one, but less than two Years of Service		At least two, but less than three Years of Service		Three or more Years of Service	
	Male	Female	Male	Female	Male	Female	Male	Female
20	27.00	27.00	24.00	24.00	21.00	21.00	18.00	18.00
25	27.00	27.00	24.00	24.00	21.00	21.00	18.00	18.00
30	26.00	26.00	22.00	22.00	17.00	17.00	10.00	11.00
35	25.00	25.00	20.00	20.00	15.00	15.00	6.00	7.00
40	25.00	25.00	18.00	18.00	13.00	13.00	4.00	6.00
45	24.00	24.00	16.00	16.00	11.00	11.00	3.00	6.00
50	23.00	23.00	15.00	15.00	10.00	10.00	2.00	5.00
55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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**Changes in Assumptions – Previous Assumptions (continued):**

**Retirement Rates:**

<u>Age</u>	<u>Retirement Probability – Unisex</u>		
	<u>Faculty</u>	<u>Staff</u>	<u>Safety</u>
50	3.00%	8.00%	20.00%
51	1.00%	5.00%	5.00%
52	1.00%	5.00%	5.00%
53	1.00%	5.00%	5.00%
54	1.00%	5.00%	5.00%
55	1.00%	5.00%	25.00%
56	1.00%	5.00%	25.00%
57	1.00%	5.00%	25.00%
58	1.00%	5.00%	25.00%
59	1.00%	5.00%	25.00%
60	3.00%	10.00%	25.00%
61	3.00%	12.00%	25.00%
62	3.00%	25.00%	50.00%
63	3.00%	20.00%	50.00%
64	5.00%	20.00%	75.00%
65	10.00%	35.00%	100.00%
66	7.00%	25.00%	100.00%
67	10.00%	25.00%	100.00%
68	10.00%	25.00%	100.00%
69	10.00%	30.00%	100.00%
70	100.00%	100.00%	100.00%

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

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**Changes in Assumptions – Previous Assumptions (continued):**

**Salary Increases (Samples):**

<u>Annual Rate of Compensation Increase</u>	
The sum of 4.00% inflation (at all ages) plus the following Merit and Longevity	
<u>Age</u>	
20	2.50%
25	2.50%
30	2.10%
35	1.70%
40	1.50%
45	1.30%
50	1.20%
55	1.10%
60	0.90%

**Lump Sum Assumptions:**

<i>Discount Rate:</i>	7.50%
<i>COLA:</i>	2.00%
<i>Take-rate:</i>	None assumed.
<i>Mortality:</i>	1983 Group Annuity Mortality Table with ages set back two years.

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

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**EXHIBIT V**

**Summary of Plan Provisions**

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

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<b>Effective Date:</b>	April 24, 1954. Includes amendments through July 1, 2004.
<b>Covered Employees:</b>	Generally all employees who are not members of another retirement system to which the Regents contribute, and who: a. Are appointed to work 50% time or more for one year or longer or b. Have generally accumulated at least 1,000 hours in a 12-month period.
<b>Highest Average Plan Compensation (HAPC):</b>	Highest average monthly full-time-equivalent base compensation rate received during any period of 36 consecutive months.

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

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

*Nonsafety Members*

Age	Factor	Age	Factor
50	1.10%	56	1.94%
51	1.24	57	2.08
52	1.38	58	2.22
53	1.52	59	2.36
54	1.66	60+	2.50
55	1.80		

*Safety Members*

3.0% at all ages 50 and above.

*Tier II Members*

Equal to one-half of the Age Factor for Nonsafety Members.

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**Benefit Percentage:** Age Factor multiplied by years of service credit; not to exceed 100%.

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**Basic Retirement Income (BRI):**

*Members without Social Security*

Benefit Percentage x HAPC.

*Members with Social Security*

Benefit Percentage x HAPC in excess of \$133 per month.

*Safety Members*

Benefit Percentage x HAPC.

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

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**Service Retirement:**

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

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**Temporary Social Security Supplement:**

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

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

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**Disability:**

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

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

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**Vested Termination:**

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

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

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**Pre-retirement Survivor Income:**

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

*Benefit*

*Member without Social Security*

Percent of final salary as follows:

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

*Member with Social Security*

25% of final salary less \$106.40 per month.

*Safety Members, non-duty death*

As for members without Social Security.

*Safety Members, duty death*

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

<u>Eligible Survivors</u>	<u>Percent of HAPC</u>
1	50.0%
2	62.5
3	70.0
4+	75.0

*Death while eligible to retire*

*Eligibility*

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

*Benefit*

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

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

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**Post-retirement Survivor Continuance:**

<i>Eligibility</i>	Eligible survivor of deceased retired member.
<i>Benefit</i>	
<i>Member without Social Security</i>	50% of BRI including COLA.
<i>Member with Social Security</i>	25% of BRI including COLA, plus 25% of Temporary Social Security Supplement (ends when member would have reached age 65).
<i>Safety Members</i>	50% of BRI including COLA.

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**Lump Sum Death Benefit:**

<i>Eligibility</i>	Active, inactive, disabled, or retired member.
<i>Basic Benefit</i>	
<i>Active member who became a member before October 1, 1990</i>	Greater of : \$1,500 plus one month's final salary, or \$7,500.
<i>All others</i>	\$7,500
<i>Residual Benefit</i>	Refund of member contributions plus interest, reduced by a portion of benefits received (100% of retirement income, 50% of pre-retirement survivor income or disability income) payable to beneficiary if no survivor, surviving spouse, domestic partner, or contingent annuitant.

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**Normal Retirement Date:** Attainment of age 60 with five years of service credit.

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

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**Eligible Survivor:**

*Eligible Spouse or  
Domestic Partner*

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

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

*Eligible Child*

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

*Eligible Dependent Parent*

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

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**Inactive Member:**

Former UCRP member who retains right to vested benefits.

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**Cost-of-Living Adjustment:**

*Basic*

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

*Supplemental*

Greater of: 75% of annual CPI increase above 4%, or accumulated increment.

Accumulated increment: 2% compounded annually from the member's COLA eligibility date through the current date, less 2%.

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

*COLA applies to:*

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

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

*Inactive members*

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

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

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

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

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**Capital Accumulation Provision(CAP):**

<i>Eligibility</i>	Active member on specified date; benefits immediately vested.
<i>Allocation Dates</i>	
<i>April 1, 1992</i>	Active member from December 31, 1991 through April 1, 1992: 5.0% of 1991 calendar year covered compensation.
<i>July 1, 1992</i>	Active member on July 1, 1992: 2.5% of 1991-1992 fiscal year covered compensation.
<i>July 1, 1993</i>	Active member on July 1, 1993: 2.5% of 1992-1993 fiscal year covered compensation.
<i>November 1, 1993</i>	Active member on October 1, 1993 and subject to 1993-1994 salary plan: 5.26% of July through October 1993 covered compensation.
<i>July 1, 1994</i>	Active member on June 1, 1994 and subject to 1993-1994 salary plan: 2.67% of November 1993 through June 1994 covered compensation.
<i>May 1, 2002</i>	Active member on April 1, 2002: 3.0% of April 2001 through March 2002 covered compensation.
<i>May 1, 2003</i>	Active member on April 1, 2003: 5.0% of April 2002 through March 2003 covered compensation.
<i>Interest Credit</i>	Regent's approved interest rate; currently 8.5% per year for pre-2002 CAPs and 7.5% for post-2001 2002 CAPs (CAP II).
<i>Payment</i>	Lump sum payment upon termination, retirement or death.

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**University Contributions:**

Determined by the Entry-Age Normal Cost method. Beginning with the 1990 plan year, the Regents adopted a full funding policy. Under that policy, the University will suspend contributions when the smaller of the market value or the actuarial value of plan assets exceeds the lesser of:

The actuarial accrued liability (including normal cost), or  
150% of the estimated current liability (including normal cost).



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**Member Contributions:**

<i>Members without Social Security</i>	3.0% of covered compensation, less \$19 per month.
<i>Members with Social Security</i>	2.0% of covered compensation up to the Social Security wage base, plus 4.0% of excess covered compensation, minus \$19 per month.
<i>Safety Members</i>	3.0% of covered compensation, less \$19 per month.

Member contributions are currently being redirected to the UC Defined Contribution Plan.

**Changes in Plan Provisions:**

There have been no changes in plan provisions since the last valuation that have a material impact on Plan liabilities and normal cost.

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