SEGAL

Benefits, Compensation and HR Consulting

# University of California Retirement Plan

*Actuarial Valuation Report*
*as of July 1, 2005*

SEGAL

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*October 18, 2005*

*Ms. Judith W. Boyette*
*Associate Vice President, Human Resources and Benefits*
*University of California*
*1111 Franklin Street, 7th Floor*
*Oakland, California  94607-5200*

*Dear Associate Vice President Boyette:*

*We are pleased to submit this Actuarial Valuation Report as of July 1, 2005 for the University of California Retirement Plan ("UCRP" or "Plan"). It summarizes the actuarial data used in the valuation, recommends contribution rates for the 2005-2006 Plan Year and analyzes the preceding year's experience.*

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

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

*We look forward to reviewing this report at the November 2005 Regents meeting and to answering any questions.*

*Sincerely,*

*THE SEGAL COMPANY*

*By:*

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

*John Monroe, MAAA*
*Associate Actuary*

JZM/hy

## SECTION 1

### EXECUTIVE SUMMARY



## SECTION 2

### VALUATION RESULTS



## SECTION 3

### SUPPLEMENTAL INFORMATION



## SECTION 4

### REPORTING INFORMATION

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

**Purpose**

This report has been prepared by The Segal Company to present a valuation of the University of California Retirement Plan ("UCRP" or "Plan") as of July 1, 2005. The valuation was performed to determine if the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Plan,
- The characteristics of covered active members, terminated vested members, retired members, disabled members and beneficiaries as of July 1, 2005,
- The assets of the Plan as of June 30, 2005,
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding member terminations, retirement, death, etc.

**Significant Issues in Valuation Year**

**ASSETS**

- The UCRP investment portfolio consists of approximately 65% equities and 35% fixed income investments. During the 2004-2005 Plan Year, the rate of return on the market value of assets was 10.3%. Due to the recognition of prior investment losses, the rate of return on the actuarial value of assets was 2.7%, which is below the expected return of 7.5%.

**FUNDED RATIO**

- The Plan's funded ratio on an actuarial basis decreased from 118% as of July 1, 2004 to 110% as of July 1, 2005. This decrease in funded ratio is a result of the investment loss on the actuarial value of assets and the fact that no contributions are being made to offset the Plan's normal cost. The Plan is still in an overfunded position as the actuarial value of assets exceeds the actuarial accrued liability by $3.8 billion.

**FUTURE EXPECTATIONS**

- No contributions are recommended for the 2005-2006 Plan Year. This is due to the application of the full funding policy that the Regents adopted in 1990. See Section 2D. of this report for a description of that policy. Member contributions are all currently being redirected to the UC Defined Contribution Plan. It is expected that the Plan's surplus will run out in the next few years.

**Significant Issues in Valuation Year (continued)**

- The normal cost rate calculated in this valuation includes the first of three expected gradual increases. This is due to the temporary three-year reduction in the salary increase assumption that models the effect of current budgetary constraints being phased out. We expect that there will be gradual increases in the normal cost rate in the next two valuations as the period of temporary reduction in the salary increase assumptions continues to be phased out.

**DEMOGRAPHIC EXPERIENCE**

- The number of active members increased by 0.7% from 123,717 as of July 1, 2004 to 124,642 as of July 1, 2005. Total covered payroll increased by 4.0%, to a level of $8.15 billion. The Plan has 41,477 members currently receiving benefits, an increase of 4.4% from 2004. Total annual benefits in pay status increased by 8.8%, to a level of $1.1 billion. There are also 47,123 terminated members in the Plan who are entitled to future benefits. Within this group of terminated members there are 22,671 terminated vested members who are entitled to a deferred or immediate vested monthly benefit and 24,452 terminated nonvested members who are entitled to a refund of member contributions or payment of their Capital Accumulation Provision (CAP) balance.

**LOS ALAMOS NATIONAL LABORATORY TRANSFER OF ASSETS AND LIABILITIES**

- The University of California contract to manage the Los Alamos National Laboratory (LANL) is scheduled to expire May 31, 2006. On April 30, 2003, it was announced that the Department of Energy (DOE) would compete the management and operations contract for LANL. On May 19, 2005, the DOE's National Nuclear Security Administration released the final request for proposals (RFP). The winner of the competition must form a limited liability company (LLC) and sponsor a defined benefit pension plan that incorporates provisions based on the UCRP. Regardless of who wins the competition, assets and liabilities will be transferred from the UCRP to the successor contractor’s defined benefit plan for the LANL employees who transfer their participation to the new plan, provided the necessary and advisable rulings on the plans and proposed transactions are obtained from the appropriate regulatory agencies.

- The amount of assets and liabilities to be transferred to the successor contractor’s defined benefit plan is not known at this time. Furthermore, the methodologies and assumptions that would be used to calculate the amounts (if any) to be transferred are not yet determined. This valuation does not include the plan amendment authorizing the transfer of assets and liabilities or any changes in the assumptions in anticipation of members electing to retire or terminate employment differently than currently assumed.

## Significant Issues in Valuation Year (continued)

- As of July 1, 2005 there are currently 5,920 active vested members, 3,810 active nonvested members, 969 terminated vested members, 700 terminated nonvested members, 3,367 retired members, 208 disabled members and 486 beneficiaries who are associated with the Los Alamos National Laboratory.

## Summary of Key Valuation Results

| | 2005 ($ in 000s) | 2004 ($ in 000s) |
|---|---|---|
| **Contributions for plan year beginning July 1:** | | |
| Recommended | $ 0 | $ 0 |
| Percentage of payroll | 0.00% | 0.00% |
| **Funding elements for plan year beginning July 1:** | | |
| Normal cost (beginning of year) | $ 1,250,061 | $ 1,178,628 |
| Percentage of payroll (beginning of year) | 15.34% | 15.04% |
| Percentage of payroll (middle of year) | 15.90% | 15.59% |
| Market value of assets | 41,857,500 | 39,216,094 |
| Actuarial value of assets (AVA) | 41,084,862 | 41,293,050 |
| Actuarial accrued liability (AAL) | 37,252,384 | 35,034,183 |
| Unfunded/(Overfunded) actuarial accrued liability | (3,832,478) | (6,258,867) |
| Current liability | 30,329,325 | 28,412,796 |
| **GAS* 25/27 for plan year beginning July 1:** | | |
| Annual required contributions | $ 0 | $ 0 |
| Actual contributions | 0 | 0 |
| Percentage contributed | 100.00% | 100.00% |
| Funded ratio (AVA / AAL) | 110.3% | 117.9% |
| Covered payroll | $8,149,640 | $7,835,249 |
| **Demographic data for plan year beginning July 1:** | | |
| Number of retired members and beneficiaries | 41,477 | 39,738 |
| Number of vested terminated members** | 47,123 | 39,874 |
| Number of active members | 124,642 | 123,717 |
| Average covered payroll (actual dollars) | $65,384 | $63,332 |

** Governmental Accounting Standards which requires certain reporting information for public sector plans.*
*** Includes terminated nonvested members due a refund of member contributions or CAP balance payment.*

## FIVE-YEAR HISTORY OF RECOMMENDED CONTRIBUTIONS AND FUNDED STATUS

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).

Normal cost as a percentage of pay has remained relatively stable over the past 5 years ranging from a low of 14.91% for 2001-2002 to a high of 15.34% for 2005-2006. The Plan remains fully funded for 2005-2006 under the UCRP funding policy shown above as once again the assets exceed the actuarial accrued liability.

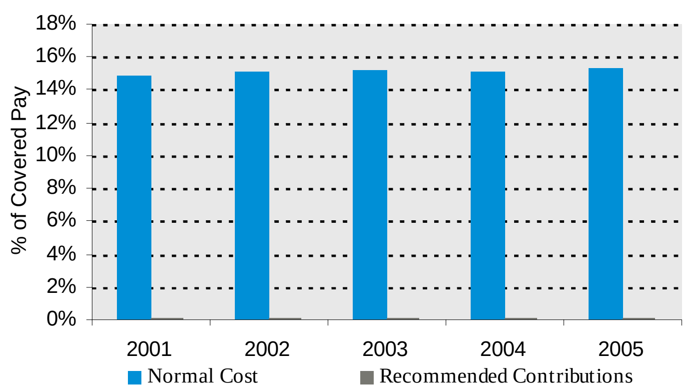
The Plan's funded percentage (actuarial value of assets divided by actuarial accrued liability) has steadily declined over the past five years as shown below:

| Plan Year Beg. 7/1 | AAL $ in Billions | AVA $ in Billions | Funded Percentage |
|---|---|---|---|
| 2001 | 27.5 | 40.6 | 148 |
| 2002 | 30.1 | 41.6 | 138 |
| 2003 | 33.0 | 41.4 | 126 |
| 2004 | 35.0 | 41.3 | 118 |
| 2005 | 37.3 | 41.1 | 110 |

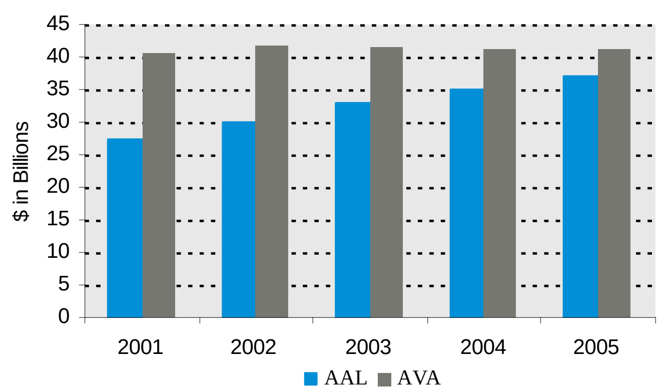
The actuarial accrued liability has shown a steady increase while the actuarial value of assets has remained relatively level as prior investment losses are being recognized over a five-year period and no contributions are being made.

*The first graph shows a five-year history of the normal cost as a percent of pay along side the recommended contributions. The second graph shows the five-year history of the funded status – actuarial accrued liability versus the actuarial value of assets.*

**Five-Year History of Normal Cost and Recommended University Contributions for Plan Years Beginning July 1**




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



## 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.

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

**CHART 1**

**Member Population: 1996 – 2005**

| Year Ended June 30 | Active Members | Terminated Vested Members* | Retired Members, Disabled Members and Beneficiaries | Ratio of Retirees to Actives |
|---|---|---|---|---|
| 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 |
| 2005 | 124,642 | 47,123 | 41,477 | 0.33 |

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

**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 124,642 active members with an average age of 44.2 years, average service credit of 9.4 years and average compensation of $65,384.

**Inactive Members**

In this year's valuation, there were 47,123 terminated members. Within this group of terminated members there are 22,671 members with a vested right to a deferred or immediate vested monthly benefit and 24,452 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 119 members who have 40 or more years of service credit.*

**CHART 2**

**Distribution of Active Members by Age as of June 30, 2005**

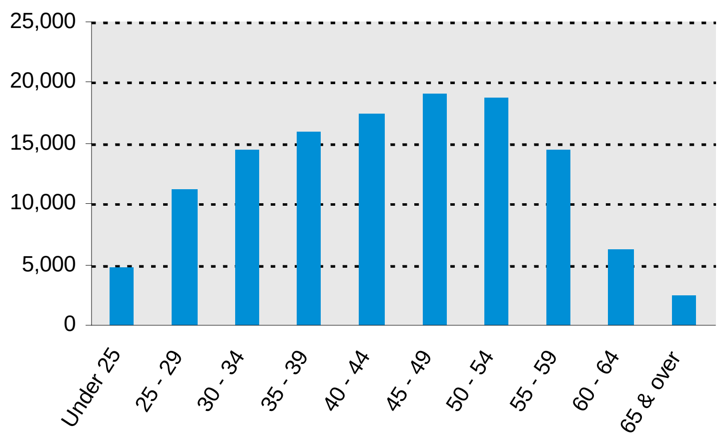
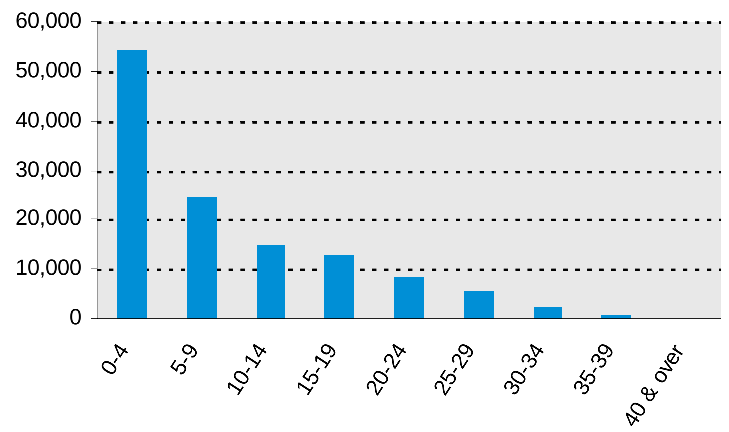



**CHART 3**

**Distribution of Active Members by Service Credit as of June 30, 2005**



**Retired Members, Disabled Members and Beneficiaries**
As of June 30, 2005, 33,590 retired members, 2,225 disabled members and 5,662 beneficiaries were receiving total monthly benefits of $91,346,244.

*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, 2005**

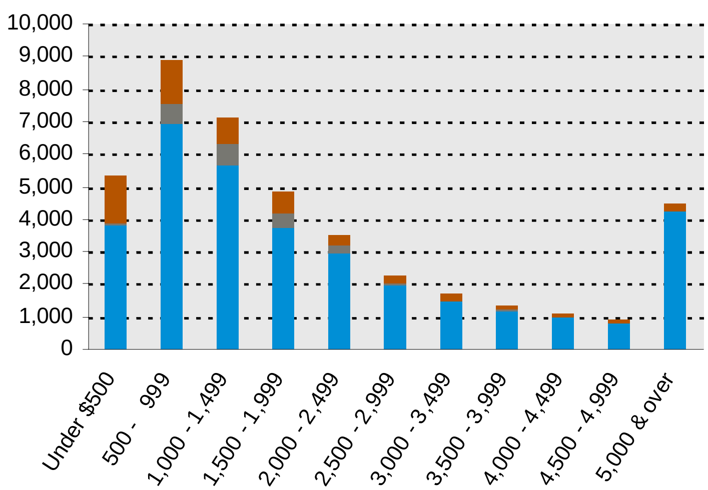
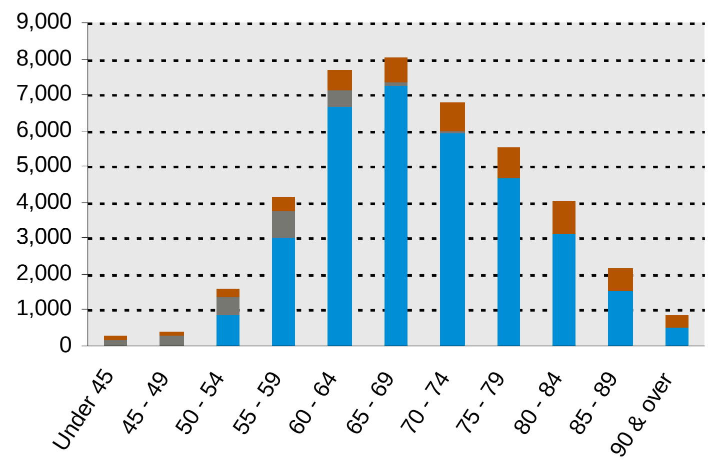



**CHART 5**

**Distribution of Retired Members, Disabled Members and Beneficiaries by Age as of June 30, 2005**



## B. FINANCIAL INFORMATION

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

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

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Regents have approved an asset valuation method for UCRP that smoothes market value investment gains and losses over a five-year period. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset 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, 2005

| | Original Amount* | Unrecognized Return** | ($ in 000s) |
|---|---|---|---|
| 1. Market value of assets | | | $41,857,500 |
| 2. Calculation of unrecognized return* | | | |
| (a) Year ended June 30, 2005 | $1,062,517 | $ 850,014 | |
| (b) Year ended June 30, 2004 | 2,420,256 | 1,452,153 | |
| (c) Year ended June 30, 2003 | (653,657) | (261,462) | |
| (d) Year ended June 30, 2002 | (6,340,338) | (1,268,067) | |
| (e) Year ended June 30, 2001 | (5,424,170) | 0 | |
| (f) Total unrecognized return | | | 772,638 |
| 3. Actuarial value of assets: (1) - (2f) | | | 41,084,862 |
| 4. Actuarial value as a percentage of market value: (3) ÷ (1) | | | 98.15% |

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

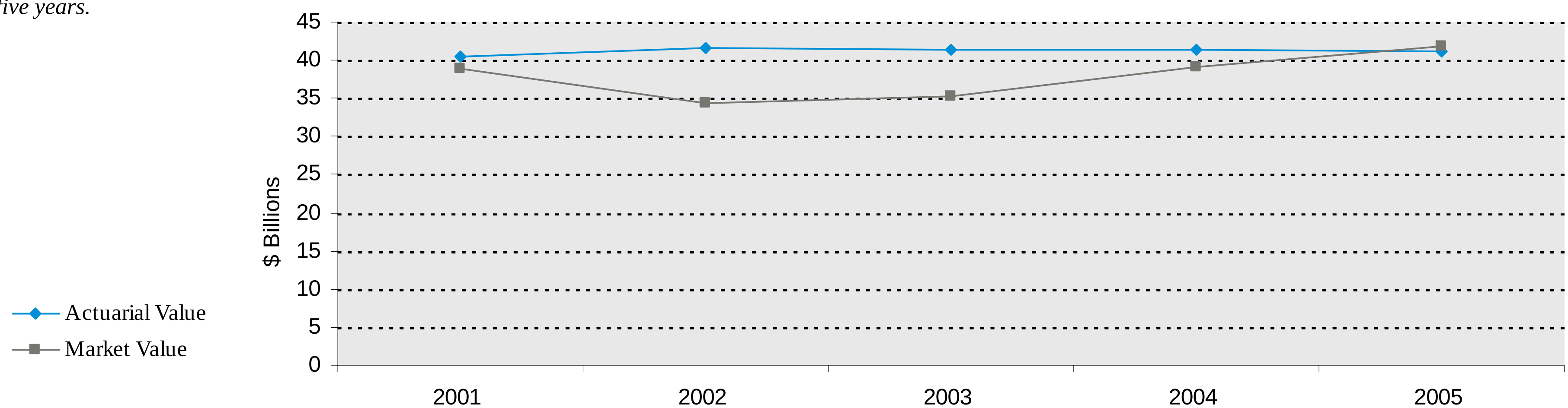
** *Recognition at 20% per year over 5 years*

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 five years.*

**CHART 7**

**Actuarial Value of Assets vs. Market Value of Assets for Years Ended June 30, 2001 – 2005**



## 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 0.83% of the expected actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

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

**CHART 8**

**Actuarial Experience for Year Ended June 30, 2005**

| | | ($ in 000s) |
|---|---|---|
| 1. | Net (loss) from investments* | ($1,942,849) |
| 2. | Net (loss) from salary increases greater than assumed | (266,588) |
| 3. | Net gain from other experience | 578,179 |
| 4. | Net experience (loss): (1) + (2) + (3) | ($1,631,258) |

** Details in Chart 9*

### 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 2004-2005 was 2.72%.

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, 2005 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 (loss) due to investment experience.*

**CHART 9**

**Investment Experience for Year Ended June 30, 2005**

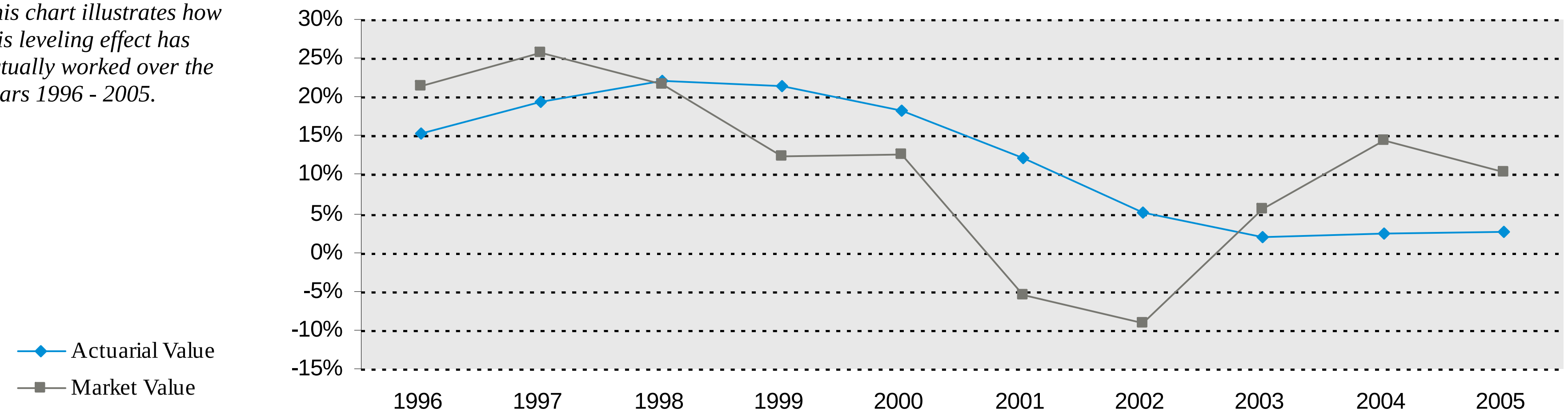
| | June 30, 2005 ($ in 000s) |
|---|---|
| 1. Actual return on actuarial value of assets | $ 1,104,889 |
| 2. Average actuarial value of assets | 40,636,512 |
| 3. Actual rate of return: (1) ÷ (2) | 2.72% |
| 4. Assumed rate of return | 7.50% |
| 5. Expected return: (2) x (4) | 3,047,738 |
| 6. Actuarial (loss): (1) – (5) | ($1,942,849) |

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, 1996 - 2005**

*This chart illustrates how this leveling effect has actually worked over the years 1996 - 2005.*



**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, 2005 amounted to $312 million which is 0.83% of the expected actuarial accrued liability.

## 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, 2005 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4 and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

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

**CHART 11**

**Recommended Contribution**

| | Plan Year Beginning July 1 | | | |
|---|---|---|---|---|
| | 2005 ($ in 000s) | | 2004 ($ in 000s) | |
| | Amount | % of Payroll | Amount | % of Payroll |
| 1. Normal cost, beginning of year | | | | |
| a. Non-safety members | $1,243,104 | 15.31% | $1,172,344 | 15.02% |
| b. Safety members | 6,957 | 23.00% | 6,284 | 22.39% |
| c. Total | $1,250,061 | 15.34% | $1,178,628 | 15.04% |
| 2. Normal cost, adjusted for timing to middle of year | | | | |
| a. Non-safety members | $1,288,878 | 15.87% | $1,215,512 | 15.57% |
| b. Safety members | 7,213 | 23.85% | 6,515 | 23.21% |
| c. Total | $1,296,091 | 15.90% | $1,222,027 | 15.59% |
| 3. Full funding limitation* | | | | |
| a. Actuarial liability basis | 0 | N/A | 0 | N/A |
| b. Current liability basis | 6,216,589 | N/A | 5,067,319 | N/A |
| c. Lesser of 3(a) and 3(b) | 0 | N/A | 0 | N/A |
| 4. Recommended contribution, lesser of (2c) and (3c) | 0 | 0.00% | 0 | 0.00% |
| 5. Covered payroll | $8,149,640 | | $7,835,249 | |

** Details in Exhibit H*

## Components and Reconciliation of Normal Cost

Chart 12 below details the components of normal cost as of July 1, 2005. Chart 13 shows a reconciliation of the normal cost percentage from July 1, 2004 to July 1, 2005.

### CHART 12

### Components of Normal Cost as of July 1, 2005

| | ($ in 000s) | % of Payroll |
|---|---|---|
| Retirement benefits | $937,628 | 11.51% |
| Withdrawal benefits | 116,621 | 1.43% |
| Disability benefits | 115,824 | 1.42% |
| Death benefits | 39,240 | 0.48% |
| Administrative expenses | 40,748 | 0.50% |
| **Total Normal Cost** | $1,250,061 | 15.34% |

### CHART 13

### Reconciliation of the Normal Cost from July 1, 2004 to July 1, 2005

| | % of Payroll |
|---|---|
| Normal Cost as of July 1, 2004 | 15.04% |
| Change in demographic profile of participants | (0.01)% |
| Change due to removal of one year of select and ultimate salary scale | 0.31% |
| Normal Cost as of July 1, 2005 | 15.34% |

### 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.

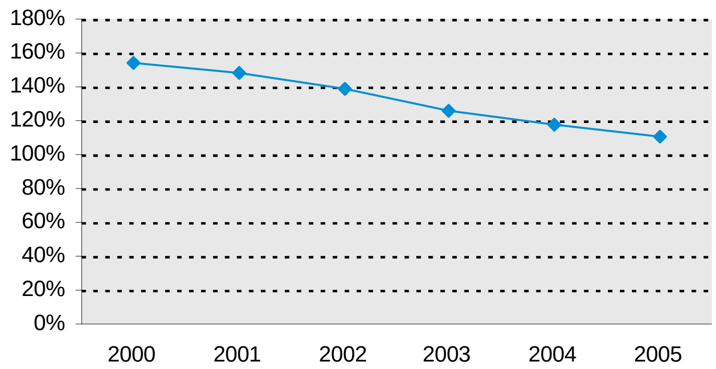
The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the assets of the plan to the liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may 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.*

**CHART 14**

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



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

## EXHIBIT A

### Table of Plan Coverage
### i. Active Members

| Category | Year Ended June 30 2005 | Year Ended June 30 2004 | Change From Prior Year |
|---|---|---|---|
| **Active members with Social Security:** | | | |
| Number | 118,782 | 117,129 | 1.41% |
| Average age | 43.7 | 43.5 | N/A |
| Average service credit | 8.7 | 8.5 | 2.35% |
| Total compensation | $7,660,232,931 | $7,310,951,778 | 4.78% |
| Average compensation | 64,490 | 62,418 | 3.32% |
| **Active members without Social Security:** | | | |
| Number | 5,442 | 6,189 | -12.07% |
| Average age | 54.2 | 53.7 | N/A |
| Average service credit | 25.3 | 24.7 | 2.43% |
| Total compensation | $459,157,178 | $496,229,405 | -7.47% |
| Average compensation | 84,373 | 80,179 | 5.23% |
| **Safety members:** | | | |
| Number | 418 | 399 | 4.76% |
| Average age | 40.1 | 40.2 | N/A |
| Average service credit | 10.4 | 10.9 | -4.59% |
| Total compensation | $30,250,028 | $28,068,021 | 7.77% |
| Average compensation | 72,368 | 70,346 | 2.87% |
| **All active members:** | | | |
| Number | 124,642 | 123,717 | 0.75% |
| Average age | 44.2 | 44.0 | N/A |
| Average service credit | 9.4 | 9.4 | 0.00% |
| Total compensation | $8,149,640,137 | $7,835,249,203 | 4.01% |
| Average compensation | 65,384 | 63,332 | 3.24% |

## EXHIBIT A

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

| Category | Year Ended June 30 2005 | Year Ended June 30 2004 | Change From Prior Year |
|---|---|---|---|
| **Terminated vested members:** | | | |
| Number | 22,671 | 21,328 | 6.30% |
| Average age | 47.5 | 49.2 | N/A |
| Total monthly benefit | $14,484,596 | $13,457,968 | 7.63% |
| Average monthly benefit | 639 | 631 | 1.27% |
| **Terminated nonvested members:** | | | |
| Number | 24,452 | 18,546 | 31.85% |
| Average member refund and CAP balance | 2,204 | 1,981 | 11.26% |
| **Retired members:** | | | |
| Number in pay status | 33,590 | 32,072 | 4.73% |
| Average age | 69.7 | 69.6 | N/A |
| Total monthly benefit | $79,450,826 | $73,092,088 | 8.70% |
| Average monthly benefit | 2,365 | 2,279 | 3.77% |
| **Disabled members:** | | | |
| Number in pay status | 2,225 | 2,194 | 1.41% |
| Average age | 54.9 | 54.6 | N/A |
| Total monthly benefit | $3,258,967 | $2,988,228 | 9.06% |
| Average monthly benefit | 1,465 | 1,362 | 7.56% |
| **Beneficiaries (includes Eligible Survivors, Contingent Annuitants, and Spouses/Domestic Partners):** | | | |
| Number in pay status | 5,662 | 5,472 | 3.47% |
| Average age | 72.0 | 71.6 | N/A |
| Total monthly benefit | $8,636,451 | $7,890,624 | 9.45% |
| Average monthly benefit | 1,525 | 1,442 | 5.76% |

## EXHIBIT B

### Members in Active Service and Average Compensation During Year Ended June 30, 2005
### By Age and Service Credit

### i. All Active Members

| | | Service Credit | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Age | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | 4,722 | 4,673 | 49 | - - | - - | - - | - - | - - | - - | - - |
| | $35,218 | $35,241 | $33,000 | - - | - - | - - | - - | - - | - - | - - |
| 25 - 29 | 11,105 | 9,880 | 1,211 | 14 | - - | - - | - - | - - | - - | - - |
| | 43,863 | 43,792 | 44,400 | $47,330 | - - | - - | - - | - - | - - | - - |
| 30 - 34 | 14,401 | 10,607 | 3,259 | 514 | 21 | - - | - - | - - | - - | - - |
| | 53,607 | 53,319 | 54,506 | 53,974 | $50,765 | - - | - - | - - | - - | - - |
| 35 - 39 | 15,948 | 9,037 | 4,591 | 1,784 | 515 | 21 | - - | - - | - - | - - |
| | 59,900 | 57,294 | 64,202 | 63,269 | 55,943 | $51,341 | - - | - - | - - | - - |
| 40 - 44 | 17,424 | 6,739 | 4,824 | 3,113 | 2,083 | 633 | 32 | - - | - - | - - |
| | 65,146 | 58,801 | 67,262 | 73,755 | 66,693 | 69,520 | $57,727 | - - | - - | - - |
| 45 - 49 | 19,059 | 5,187 | 4,089 | 3,373 | 3,394 | 2,141 | 843 | 32 | - - | - - |
| | 69,513 | 60,611 | 66,735 | 75,351 | 76,482 | 76,449 | 69,245 | $55,956 | - - | - - |
| 50 - 54 | 18,682 | 4,077 | 3,100 | 2,855 | 3,342 | 2,820 | 1,933 | 534 | 21 | - - |
| | 73,198 | 62,852 | 66,341 | 74,480 | 77,927 | 84,430 | 80,413 | 70,648 | $59,981 | - - |
| 55 - 59 | 14,514 | 2,637 | 2,180 | 2,000 | 2,274 | 2,041 | 1,984 | 1,093 | 304 | 1 |
| | 77,188 | 64,315 | 67,847 | 72,423 | 77,435 | 87,505 | 92,631 | 87,664 | 77,522 | $107,944 |
| 60 - 64 | 6,283 | 1,095 | 955 | 819 | 937 | 742 | 762 | 675 | 280 | 18 |
| | 89,172 | 72,455 | 72,423 | 78,893 | 84,787 | 97,126 | 111,646 | 115,952 | 110,241 | 79,343 |
| 65 - 69 | 1,917 | 325 | 278 | 246 | 237 | 166 | 177 | 218 | 232 | 38 |
| | 101,392 | 77,890 | 76,123 | 83,111 | 89,306 | 105,868 | 122,372 | 136,286 | 136,688 | 148,048 |
| 70 & over | 587 | 116 | 72 | 59 | 65 | 52 | 44 | 51 | 66 | 62 |
| | 113,415 | 78,280 | 82,437 | 89,967 | 114,502 | 128,255 | 133,694 | 154,015 | 141,136 | 146,559 |
| Total | 124,642 | 54,373 | 24,608 | 14,777 | 12,868 | 8,616 | 5,775 | 2,603 | 903 | 119 |
| | $65,384 | $53,903 | $64,002 | $72,605 | $75,610 | $83,770 | $88,668 | $96,491 | $107,110 | $136,543 |

Average Age: 44.2

Average Service Credit: 9.4

## EXHIBIT B

### Members in Active Service and Average Compensation During Year Ended June 30, 2005
### By Age and Service Credit

### ii. Members with Social Security

| | | Service Credit | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Age** | **Total** | **0-4** | **5-9** | **10-14** | **15-19** | **20-24** | **25-29** | **30-34** | **35-39** | **40 & over** |
| Under 25 | 4,670 | 4,621 | 49 | - - | - - | - - | - - | - - | - - | - - |
| | $35,143 | $35,166 | $33,000 | - - | - - | - - | - - | - - | - - | - - |
| 25 - 29 | 10,778 | 9,560 | 1,204 | 14 | - - | - - | - - | - - | - - | - - |
| | 43,897 | 43,838 | 44,330 | $47,330 | - - | - - | - - | - - | - - | - - |
| 30 - 34 | 13,989 | 10,223 | 3,242 | 503 | 21 | - - | - - | - - | - - | - - |
| | 53,869 | 53,706 | 54,455 | 53,537 | $50,765 | - - | - - | - - | - - | - - |
| 35 - 39 | 15,661 | 8,804 | 4,565 | 1,761 | 510 | 21 | - - | - - | - - | - - |
| | 60,079 | 57,635 | 64,176 | 63,028 | 55,773 | $51,341 | - - | - - | - - | - - |
| 40 - 44 | 17,273 | 6,663 | 4,810 | 3,091 | 2,057 | 620 | 32 | - - | - - | - - |
| | 65,137 | 58,883 | 67,256 | 73,736 | 66,463 | 69,032 | $57,727 | - - | - - | - - |
| 45 - 49 | 18,885 | 5,166 | 4,085 | 3,362 | 3,369 | 2,105 | 789 | 9 | - - | - - |
| | 69,526 | 60,617 | 66,737 | 75,355 | 76,474 | 76,510 | 69,209 | $65,133 | - - | - - |
| 50 - 54 | 17,673 | 4,055 | 3,093 | 2,839 | 3,282 | 2,718 | 1,620 | 63 | 3 | - - |
| | 73,214 | 62,781 | 66,343 | 74,440 | 77,918 | 84,755 | 81,553 | 70,975 | $42,874 | - - |
| 55 - 59 | 12,637 | 2,622 | 2,171 | 1,982 | 2,223 | 1,913 | 1,548 | 156 | 21 | 1 |
| | 76,023 | 64,290 | 67,846 | 72,390 | 77,250 | 87,481 | 94,182 | 95,362 | 72,017 | $107,944 |
| 60 - 64 | 5,258 | 1,076 | 943 | 811 | 908 | 694 | 572 | 177 | 72 | 5 |
| | 85,347 | 72,275 | 72,252 | 78,731 | 84,236 | 96,914 | 111,781 | 123,926 | 123,954 | 91,677 |
| 65 - 69 | 1,495 | 310 | 275 | 245 | 230 | 151 | 133 | 55 | 81 | 15 |
| | 92,625 | 75,785 | 76,173 | 82,918 | 89,023 | 106,379 | 124,338 | 129,679 | 139,831 | 145,613 |
| 70 & over | 463 | 110 | 72 | 58 | 64 | 50 | 33 | 21 | 25 | 30 |
| | 104,848 | 76,173 | 82,437 | 90,131 | 114,752 | 129,757 | 128,158 | 156,295 | 132,352 | 145,011 |
| Total | 118,782 | 53,210 | 24,509 | 14,666 | 12,664 | 8,272 | 4,727 | 481 | 202 | 51 |
| | $64,490 | $54,056 | $63,982 | $72,552 | $75,460 | $83,711 | $88,654 | $108,698 | $124,756 | $139,232 |

Average Age: 43.7

Average Service Credit: 8.7



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## EXHIBIT B

### Members in Active Service and Average Compensation During Year Ended June 30, 2005
### By Age and Service Credit

### iii. Members without Social Security

| | | Service Credit | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Age** | **Total** | **0-4** | **5-9** | **10-14** | **15-19** | **20-24** | **25-29** | **30-34** | **35-39** | **40 & over** |
| Under 25 | 32 | 32 | - - | - - | - - | - - | - - | - - | - - | - - |
| | $34,763 | $34,763 | - - | - - | - - | - - | - - | - - | - - | - - |
| 25 - 29 | 278 | 277 | 1 | - - | - - | - - | - - | - - | - - | - - |
| | 40,657 | 40,712 | $25,581 | - - | - - | - - | - - | - - | - - | - - |
| 30 - 34 | 350 | 350 | - - | - - | - - | - - | - - | - - | - - | - - |
| | 41,524 | 41,524 | - - | - - | - - | - - | - - | - - | - - | - - |
| 35 - 39 | 212 | 205 | 7 | - - | - - | - - | - - | - - | - - | - - |
| | 42,985 | 41,917 | 74,249 | - - | - - | - - | - - | - - | - - | - - |
| 40 - 44 | 69 | 59 | 4 | 5 | - - | 1 | - - | - - | - - | - - |
| | 52,783 | 48,494 | 79,724 | $75,892 | - - | $82,517 | - - | - - | - - | - - |
| 45 - 49 | 112 | 11 | - - | 3 | 9 | 21 | 45 | 23 | - - | - - |
| | 64,205 | 47,642 | - - | 65,013 | $85,852 | 69,999 | $67,218 | $52,365 | - - | - - |
| 50 - 54 | 956 | 13 | 5 | 11 | 52 | 88 | 301 | 468 | 18 | - - |
| | 71,724 | 62,437 | 62,710 | 77,019 | 77,278 | 74,189 | 73,401 | 70,138 | $62,832 | - - |
| 55 - 59 | 1,867 | 14 | 9 | 15 | 50 | 124 | 436 | 936 | 283 | - - |
| | 84,978 | 64,392 | 68,229 | 75,315 | 85,746 | 87,606 | 87,124 | 86,343 | 77,930 | - - |
| 60 - 64 | 1,020 | 18 | 11 | 7 | 27 | 48 | 190 | 498 | 208 | 13 |
| | 108,937 | 83,626 | 82,796 | 100,198 | 104,020 | 100,189 | 111,242 | 113,118 | 105,494 | $74,599 |
| 65 - 69 | 422 | 15 | 3 | 1 | 7 | 15 | 44 | 163 | 151 | 23 |
| | 132,452 | 121,411 | 71,577 | 130,371 | 98,587 | 100,727 | 116,428 | 138,515 | 135,002 | 149,636 |
| 70 & over | 124 | 6 | - - | 1 | 1 | 2 | 11 | 30 | 41 | 32 |
| | 145,405 | 116,913 | - - | 80,462 | 98,486 | 90,713 | 150,301 | 152,419 | 146,493 | 148,010 |
| Total | 5,442 | 1,000 | 40 | 43 | 146 | 299 | 1,027 | 2,118 | 701 | 68 |
| | $84,373 | $44,642 | $72,933 | $80,550 | $86,819 | $85,102 | $88,624 | $93,640 | $102,025 | $134,525 |

Average Age: 54.2

Average Service Credit: 25.3

## EXHIBIT B

### Members in Active Service and Average Compensation During Year Ended June 30, 2005
### By Age and Service Credit

### iv. Safety Members

| | | Service Credit | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Age** | **Total** | **0-4** | **5-9** | **10-14** | **15-19** | **20-24** | **25-29** | **30-34** | **35-39** | **40 & over** |
| Under 25 | 20 | 20 | - - | - - | - - | - - | - - | - - | - - | - - |
| | $53,451 | $53,451 | - - | - - | - - | - - | - - | - - | - - | - - |
| 25 - 29 | 49 | 43 | 6 | - - | - - | - - | - - | - - | - - | - - |
| | 54,540 | 53,570 | $61,489 | - - | - - | - - | - - | - - | - - | - - |
| 30 - 34 | 62 | 34 | 17 | 11 | - - | - - | - - | - - | - - | - - |
| | 62,688 | 58,305 | 64,166 | $73,952 | - - | - - | - - | - - | - - | - - |
| 35 - 39 | 75 | 28 | 19 | 23 | 5 | - - | - - | - - | - - | - - |
| | 70,242 | 62,604 | 66,726 | 81,777 | $73,314 | - - | - - | - - | - - | - - |
| 40 - 44 | 82 | 17 | 10 | 17 | 26 | 12 | - - | - - | - - | - - |
| | 77,384 | 62,274 | 65,394 | 76,672 | 84,833 | $93,648 | - - | - - | - - | - - |
| 45 - 49 | 62 | 10 | 4 | 8 | 16 | 15 | 9 | - - | - - | - - |
| | 75,180 | 71,494 | 64,689 | 77,757 | 73,028 | 76,937 | $82,549 | - - | - - | - - |
| 50 - 54 | 53 | 9 | 2 | 5 | 8 | 14 | 12 | 3 | - - | - - |
| | 94,464 | 95,374 | 71,441 | 91,530 | 86,097 | 85,694 | 102,397 | $143,472 | - - | - - |
| 55 - 59 | 10 | 1 | - - | 3 | 1 | 4 | - - | 1 | - - | - - |
| | 94,536 | 128,750 | - - | 79,590 | 72,003 | 95,708 | - - | 123,005 | - - | - - |
| 60 - 64 | 5 | 1 | 1 | 1 | 2 | - - | - - | - - | - - | - - |
| | 79,037 | 64,495 | 118,894 | 60,878 | 75,459 | - - | - - | - - | - - | - - |
| 65 - 69 | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| 70 & over | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - |
| Total | 418 | 163 | 59 | 68 | 58 | 45 | 21 | 4 | - - | - - |
| | $72,368 | $60,939 | $66,136 | $79,075 | $80,213 | $85,786 | $93,890 | $138,356 | - - | - - |

Average Age: 40.1

Average Service Credit: 10.4

## EXHIBIT C
### Reconciliation of Member Data

| | Active Members | Terminated Vested Members* | Retired Members | Disabled Members | Beneficiaries | Total |
|---|---|---|---|---|---|---|
| Number as of July 1, 2004 | 123,717 | 21,328 | 32,072 | 2,194 | 5,472 | 184,783 |
| New members | 16,028 | N/A | N/A | N/A | N/A | 16,028 |
| Terminations – with vested rights | (3,033) | 3,033 | 0 | 0 | 0 | 0 |
| Termination – without vested rights** | (9,974) | 0 | 0 | 0 | 0 | (9,974) |
| Retirements | (1,998) | (362) | 2,241 | 119 | N/A | 0 |
| Lump Sum Cashouts | (300) | (318) | 0 | 0 | N/A | (618) |
| Return to work | 330 | (330) | 0 | 0 | N/A | 0 |
| Died with or without beneficiary | (128) | (32) | (748) | (54) | 217 | (745) |
| Data adjustments | 0 | (648) | 25 | (34) | (27) | (684) |
| Number as of July 1, 2005 | 124,642 | 22,671 | 33,590 | 2,225 | 5,662 | 188,790 |

** Excludes terminated nonvested members due a refund of member contributions or CAP balance payment.*
*** "Termination – without vested rights" includes those members who terminated and received or will be receiving a refund of member contributions or a distribution of their CAP balance.*

## EXHIBIT D
## Summary Statement of Income and Expenses

| | Year Ended June 30, 2005 ($ in 000s) | | Year Ended June 30, 2004 ($ in 000s) | |
|---|---|---|---|---|
| **Contribution income:** | | | | |
| Employer contributions | $ 736 | | $5,150 | |
| Members contributions | 1,653 | | 2,503 | |
| Less administration expense | (21,258) | | (24,053) | |
| Net contribution income | | ($18,869) | | ($16,400) |
| **Investment income:** | | | | |
| Interest, dividends and other income | $1,335,523 | | $1,091,918 | |
| Recognition of capital appreciation | (84,859) | | (39,183) | |
| Less investment fees | (152,639) | | (58,397) | |
| Net investment income | | 1,098,025 | | 994,338 |
| Other income | | 6,865 | | 7,196 |
| **Total income available for benefits** | | $1,086,021 | | $985,134 |
| **Less benefit payments** | | ($1,294,209) | | ($1,121,416) |
| **Change in reserve for future benefits** | | ($208,188) | | ($136,282) |

## EXHIBIT E
### Summary Statement of Assets

| | Year Ended June 30, 2005 ($ in 000s) | | Year Ended June 30, 2004 ($ in 000s) | |
|---|---|---|---|---|
| **Cash equivalents** | | $234,848 | | $117,043 |
| **Accounts receivable:** | | | | |
| Contributions | $ 80,426 | | $ 84,710 | |
| Interest and dividends | 124,314 | | 146,570 | |
| Investment of cash collateral | 7,901,277 | | 6,237,691 | |
| Securities sales and other | 118,502 | | 168,130 | |
| Total accounts receivable | | 8,224,519 | | 6,637,101 |
| **Investments:** | | | | |
| Equity securities | $27,478,773 | | $25,961,877 | |
| Fixed income securities | 14,663,978 | | 13,012,893 | |
| Real estate | 62,605 | | 0 | |
| Total investments at market value | | 42,205,356 | | 38,974,770 |
| **Total assets** | | $50,664,723 | | $45,728,914 |
| **Less accounts payable:** | | | | |
| Payable for securities purchased | ($781,247) | | ($170,459) | |
| Member withdrawals, refunds and other payables | (126,505) | | (103,871) | |
| Collateral held for securities lending | (7,899,471) | | (6,238,490) | |
| Total accounts payable | | ($8,807,223) | | ($6,512,820) |
| **Net assets at market value** | | $41,857,500 | | $39,216,094 |
| **Net assets at actuarial value (for comparison purposes)** | | $41,084,862 | | $41,293,050 |

## EXHIBIT F

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

| | | Year Ended June 30, 2005 |
|---|---|---|
| 1. Unfunded/(Overfunded) actuarial accrued liability at beginning of year | | ($6,258,867) |
| 2. Normal cost at beginning of year | | 1,178,628 |
| 3. Total contributions (employer and member) | | (2,389) |
| 4. Interest | | |
| (a) For whole year on (1) + (2) | ($381,018) | |
| (b) For half year on (3) | (90) | |
| (c) Total interest | | (381,108) |
| 5. Expected unfunded/(overfunded) actuarial accrued liability | | ($5,463,736) |
| 6. Changes due to: | | |
| (a) Actuarial loss | $1,631,258 | |
| (b) Total changes | | 1,631,258 |
| 7. Unfunded/(Overfunded) actuarial accrued liability at end of year | | ($3,832,478) |

## EXHIBIT G
## Actuarial Liabilities

| | July 1, 2005 ($ in 000s) | July 1, 2004 ($ in 000s) |
|---|---|---|
| **Actuarial Accrued Liability** | | |
| Members in pay status | | |
| Retirees | $11,008,951 | $10,223,858 |
| Beneficiaries | 986,013 | 929,883 |
| Disableds | 470,013 | 459,990 |
| Total in pay status | $12,464,977 | $11,613,731 |
| Active members | | |
| With Social Security | $18,909,958 | $17,564,769 |
| Without Social Security | 3,371,819 | 3,531,074 |
| Safety | 134,447 | 128,213 |
| Total actives | $22,416,224 | $21,224,056 |
| Terminated members | | |
| Vested | $2,317,292 | $2,159,648 |
| Nonvested | 53,891 | 36,748 |
| Total terminated | $2,371,183 | $2,196,396 |
| Total actuarial accrued liability | $37,252,384 | $35,034,183 |
| **Current Liability** | | |
| Members in pay status | $12,464,977 | $11,613,731 |
| Active members | 15,493,165 | 14,602,669 |
| Terminated members | 2,371,183 | 2,196,396 |
| Total current liability | $30,329,325 | $28,412,796 |
| **Actuarial Present Value of Projected Benefits** | | |
| Members in pay status | $12,464,977 | $11,613,731 |
| Active members | 32,822,184 | 31,024,293 |
| Terminated members | 2,371,183 | 2,196,396 |
| Total present value of projected benefits | $47,658,344 | $44,834,420 |

## EXHIBIT H
## Full Funding Limitations

| Assets | July 1, 2005 ($ in 000s) | July 1, 2004 ($ in 000s) |
|---|---|---|
| Actuarial value of assets at beginning of Plan Year | $41,084,862 | $41,293,050 |
| Market value of assets at beginning of Plan Year | 41,857,500 | 39,216,094 |
| Lesser of actuarial value and market value | 41,084,862 | 39,216,094 |
| Estimated Plan disbursements | (1,595,181) | (1,373,931) |
| Interest to end of Plan Year | 3,020,017 | 2,889,685 |
| Estimated assets at end of Plan Year | $42,509,698 | $40,731,848 |
| **Full Funding Limitation - Actuarial Accrued Liability Basis** | | |
| Actuarial accrued liability at beginning of Plan Year | $37,252,384 | $35,034,183 |
| Normal cost at beginning of Plan Year | 1,250,061 | 1,139,451 |
| Estimated Plan disbursements | (1,595,181) | (1,373,931) |
| Interest to end of Plan Year | 2,826,336 | 2,661,500 |
| Estimated actuarial accrued liability at end of Plan Year | $39,733,600 | $37,461,203 |
| Estimated assets at end of Plan Year | 42,509,698 | 40,731,848 |
| Full funding limitation (minimum zero) | $ 0 | $ 0 |
| **Full Funding Limitation - Current Liability Basis** | | |
| Current liability at beginning of Plan Year | $30,329,325 | $28,412,796 |
| Current liability normal cost at beginning of Plan Year | 1,429,484 | 1,315,793 |
| Estimated Plan disbursements | (1,595,181) | (1,373,931) |
| Interest to end of Plan Year | 2,320,563 | 2,178,120 |
| Estimated current liability at end of Plan Year | $32,484,191 | $30,532,778 |
| 150% of estimated current liability | 48,726,287 | 45,799,167 |
| Estimated assets at end of Plan Year | 42,509,698 | 40,731,848 |
| Full funding limitation (minimum zero) | $ 6,216,589 | $ 5,067,319 |

## EXHIBIT I

### Section 415 Limitations

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit indexed for inflation. That limit is $170,000 for 2005. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, form of benefits chosen and after tax contributions.

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

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

## EXHIBIT J
### Definitions of Pension Terms

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

**Assumptions or Actuarial Assumptions:** The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield 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 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.

**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 for the Valuation of the University of California Retirement Plan

**EXHIBIT I**

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

| Plan Year Ended June 30 | Annual Required Contributions | Actual Contributions | Percentage Contributed |
|---|---|---|---|
| 2001 | $ 0 | $ 0 | 100.00% |
| 2002 | 0 | 0 | 100.00% |
| 2003 | 0 | 0 | 100.00% |
| 2004 | 0 | 0 | 100.00% |
| 2005 | 0 | 0 | 100.00% |
| 2006 | 0 | - - | 100.00% |

**EXHIBIT II**

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded/ (Overfunded) AAL (UAAL) (b) - (a) | Funded Ratio (a) / (b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)] |
|---|---|---|---|---|---|---|
| 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%) |
| 07/01/2005 | 41,084,862 | 37,252,384 | (3,832,478) | 110.3% | 8,149,640 | (47.0%) |

## EXHIBIT III

## Supplementary Information Required by GAS 25 and 27

| | |
|---|---|
| Valuation Date | July 1, 2005 |
| Actuarial Cost Method | Entry Age Normal Cost Method |
| Amortization Method | Level percent, Open |
| Remaining Amortization Period | 3.22 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 | 41,477 |
| Terminated plan members entitled to, but not yet receiving benefits** | 47,123 |
| Active plan members | 124,642 |
| Total | 213,242 |

** 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, 2005 through June 30, 2007.*

**EXHIBIT IV**

**Actuarial Assumptions and Methods**

**<u>Demographic Assumptions</u>**

**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:**

| | Rate(%) | | | | | |
|---|---|---|---|---|---|---|
| | Healthy Mortality | | Disabled Mortality | | Disability Incidence | |
| Age | 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 | 7.86 | 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 |

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

| | Rate (%) | | | |
|---|---|---|---|---|
| | Withdrawal - Faculty | | | |
| | Less than one Year of Service | At least one, but less than two Years of Service | At least two, but less than three Years of Service | Three or more Years of Service |
| Age | Unisex | Unisex | Unisex | Unisex |
| 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 |

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

| | 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 |
| Age | Unisex | Unisex | Unisex | Unisex |
| 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 |

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

| | 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 | |
| **Age** | **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 |

**Retirement Rates:**

| | Retirement Probability – Unisex | | |
|---|---|---|---|
| **Age** | **Faculty** | **Staff** | **Safety** |
| 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% |

| | |
|---|---|
| **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;<br>25% contingent annuity for members with Social Security in a relationship for at least one year;<br>50% contingent annuity for members without Social Security in a relationship for at least one year;<br>50% contingent annuity for Safety members in a relationship for at least one year. |
| **Future Benefit Accruals:** | 1.0 year of service per year for the full-time employees. Part-time employees are assumed to earn full-time service for all future years. |
| **Definition of Active Members:** | All members of UCRP who are not separated from active employment as of the valuation date or have not started receiving a monthly pension prior to the valuation date. |

**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):**

| | Number of Eligible Dependents per Active Member with Dependents | |
|---|---|---|
| Age | 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 |

**Economic Assumptions**

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

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

**Salary Increases (Samples):**

Annual Rate of Compensation Increase

The sum of 4.00% inflation (at all ages) plus
the following Merit and Longevity increases:

| Age | |
|---|---|
| 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, 2005 through June 30, 2007.

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

**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.

| | |
|---|---|
| **<u>Other Actuarial Assumptions</u>** | |
| **Lump Sum Assumptions:** | |
| *Discount Rate:* | 7.50% |
| *COLA:* | 2.00% |
| *Take-rate:* | None assumed. |
| *Mortality:* | 1994 Group Annuity Reserving Mortality Table unloaded for males set back three years, projected with scale AA to 2002. |
| **Approximations:** | |
| *Guaranteed Survivor and Disability Benefits* | 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. |
| *Sick Leave* | 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. |
| **<u>Changes in Assumptions:</u>** | There have been no changes in actuarial assumptions since the previous valuation. |

**EXHIBIT V**

**Summary of Plan Provisions**

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

| | |
|---|---|
| **Effective Date:** | April 24, 1954. Includes amendments through July 1, 2005. |
| **Covered Employees:** | Generally all employees who are not members of another retirement system to which the Regents contribute, and who:<br>a. Are appointed to work 50% time or more for one year or longer or<br>b. Have generally accumulated at least 1,000 hours in a 12-month period. |
| **Highest Average Plan Compensation (HAPC):** | Highest average monthly full-time-equivalent base compensation rate received during any period of 36 consecutive months. |

**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.

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

**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.

| | |
|---|---|
| **Service Retirement:** | |
| *Eligibility* | Age 50 with 5 years of service credit, or<br>Age 62 regardless of service credit if membership began on or before July 1, 1989, or<br>Retirement on Normal Retirement Date. |
| *Benefit* | BRI. |
| *Form of Payment* | Single Life Annuity. |
| *Payment Options* | Full continuance to contingent annuitant; two-thirds continuance to contingent annuitant; one-half continuance to contingent annuitant; one-half continuance (including post-retirement survivor continuance) to surviving spouse or domestic partner (for members with Social Security only). |
| *Lump Sum Cashout* | May be elected in lieu of monthly retirement income. |
| **Temporary Social Security Supplement:** | |
| *Eligibility* | For members with Social Security only and retirement must occur before age 65. |
| *Benefit* | Temporary annuity payable to age 65 in the amount of $133 per month multiplied by Benefit Percentage. |
| *Form of Payment* | Single Life Annuity. |
| *Payment Options* | None. |

**Disability:**

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

**Vested Termination:**

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

**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: |

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

| | |
|---|---|
| *Member with Social Security* | 25% of final salary less $106.40 per month. |
| *Safety Members, non-duty death* | As for members without Social Security. |
| *Safety Members, duty death* | Percentage of HAPC as follows, but not less than benefit for non-duty death. |

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

| | |
|---|---|
| *Death while eligible to retire* | |
| *Eligibility* | 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. |

| | |
|---|---|
| **Post-retirement Survivor Continuance:** | |
| *Eligibility* | Eligible survivor of deceased retired member. |
| *Benefit* | |
| *Member without Social Security* | 50% of BRI including COLA. |
| *Member with Social Security* | 25% of BRI including COLA, plus 25% of Temporary Social Security Supplement (ends when member would have reached age 65). |
| *Safety Members* | 50% of BRI including COLA. |
| **Lump Sum Death Benefit:** | |
| *Eligibility* | Active, inactive, disabled, or retired member. |
| *Basic Benefit* | |
| *Active member who became a member before October 1, 1990* | Greater of : |
| | $1,500 plus one month's final salary, or $7,500. |
| *All others* | $7,500 |
| *Residual Benefit* | Refund of member contributions plus interest, reduced by a portion of benefits received (100% of retirement income, 50% of pre-retirement survivor income or disability income) payable to beneficiary if no survivor, surviving spouse, domestic partner, or contingent annuitant. |
| **Normal Retirement Date:** | Attainment of age 60 with five years of service credit. |

| | |
|---|---|
| **Eligible Survivor:** | |
| *Eligible Spouse or Domestic Partner* | Spouse or domestic partner of deceased active or disabled member in relationship for at least one year before date of death and who is: |
| | Responsible for care of eligible child, disabled, or age 60 (age 50 if spouse of member without Social Security and in Plan prior to October 19, 1973). |
| *Eligible Child* | Child that is either under age 18, under age 22 and full-time student, or disabled, if disability occurred prior to age 18 or age 22 if a full-time student. |
| *Eligible Dependent Parent* | Parent of deceased active, disabled or retired member, supported by 50% or more by member for one year prior to earliest of death, disablement or retirement. |
| **Inactive Member:** | Former UCRP member who retains right to vested benefits. |
| **Cost-of-Living Adjustment:** | |
| *Basic* | 100% of annual Consumer Price Index (CPI) increase up to 2% per year. |
| *Supplemental* | 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. |

| | |
|---|---|
| **Capital Accumulation Provision(CAP):** | |
| *Eligibility* | Active member on specified date; benefits immediately vested. |
| *Allocation Dates* | |
| *April 1, 1992* | Active member from December 31, 1991 through April 1, 1992: 5.0% of 1991 calendar year covered compensation. |
| *July 1, 1992* | Active member on July 1, 1992: 2.5% of 1991-1992 fiscal year covered compensation. |
| *July 1, 1993* | Active member on July 1, 1993: 2.5% of 1992-1993 fiscal year covered compensation. |
| *November 1, 1993* | Active member on October 1, 1993 and subject to 1993-1994 salary plan: 5.26% of July through October 1993 covered compensation. |
| *July 1, 1994* | Active member on June 1, 1994 and subject to 1993-1994 salary plan: 2.67% of November 1993 through June 1994 covered compensation. |
| *May 1, 2002* | Active member on April 1, 2002: 3.0% of April 2001 through March 2002 covered compensation. |
| *May 1, 2003* | Active member on April 1, 2003: 5.0% of April 2002 through March 2003 covered compensation. |
| *Interest Credit* | Regent's approved interest rate; currently 8.5% per year for pre-2002 CAPs and 7.5% for 2002 and later CAPs (CAP II). |
| *Payment* | Lump sum payment upon termination, retirement or death. |
| **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:<br><br>The actuarial accrued liability (including normal cost), or<br><br>150% of the estimated current liability (including normal cost). |

| | |
|---|---|
| **Member Contributions:** | Member contributions are currently being redirected to the UC Defined Contribution Plan. |
| *Members without Social Security* | 3.0% of covered compensation, less $19 per month. |
| *Members with Social Security* | 2.0% of covered compensation up to the Social Security wage base, plus 4.0% of excess covered compensation, minus $19 per month. |
| *Safety Members* | 3.0% of covered compensation, less $19 per month. |
| *Interest Credit* | Regent's approved interest rate; currently 6.0% per year. |
| **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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