Benefits, Compensation and HR Consulting

University of California Retirement Plan

Actuarial Valuation Report as of July 1, 2011

SEGAL

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October 24, 2011

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

Dear Vice President Duckett:

We are pleased to submit this Actuarial Valuation Report as of July 1, 2011 for the University of California Retirement Plan ("UCRP" or "Plan"). It summarizes the actuarial data used in the valuation, determines total funding policy contribution rates for the 2012-2013 Plan Year and analyzes the preceding year's experience.

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

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

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

We look forward to reviewing this report at the November 2011 Regents meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: Paul Angelo

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Vice President and Associate Actuary

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SECTION 1

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

Purpose

This report has been prepared by The Segal Company to present a valuation of the University of California Retirement Plan ("UCRP" or "Plan") as of July 1, 2011. 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, 2011,
- The assets of the Plan as of June 30, 2011,
- The funding policy adopted by The Regents,
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding member terminations, retirement, death, etc.

Significant Issues in Valuation Year

CONTRIBUTIONS

Reference: Pg. 10

- The total funding policy contribution rate increased from 23.25% of covered payroll to 26.35% of covered payroll. The increase in the total funding policy contribution rate was mainly due to the changes in actuarial assumptions, the investment loss on the actuarial value of assets and to the actual contributions being less than the funding policy contributions during 2010-2011, offset to some extent by lower than expected salary increases. This total funding policy contribution rate is for the 2012-2013 Plan Year and applies to the non-laboratory segment of UCRP (i.e., campuses, medical centers and Hastings College of Law). Contributions for the laboratories are subject to the terms of the University's contracts with the Department of Energy. More information on the various UCRP segments can be found in Section 1, page viii. Unless otherwise noted, results shown in this report are for all of UCRP.

Significant Issues in Valuation Year (continued)

Reference: Pg. 53

- The Regents approved restarting contributions on or about April 15, 2010. The initial University contribution rate was 4% of covered payroll and the initial member rate was the same as the amount that was previously redirected to the Defined Contribution Plan (approximately 2% of covered payroll). In September 2010, The Regents approved increases in these rates for the Plan Years beginning July 1, 2011 and July 1, 2012. The University rate will increase to 7% of covered payroll and 10% of covered payroll for those Plan Years while the rate for most members will increase to 3.5% of covered payroll and 5% of covered payroll (less $19 per month for all member rates). Member rates are subject to collective bargaining for represented employees.
- In December 2010, The Regents delegated to the President discretion to fully fund the modified Annual Required Contribution (ARC) for the Plan from fiscal year 2010-2011 through 2018-2019 and the full ARC after that. The modified ARC consists of the normal cost plus interest on the Unfunded Actuarial Accrued Liability (UAAL). In March 2011, The Regents granted authority to transfer up to $2.1 billion from the UC Short-Term Investment Pool (STIP) to UCRP during 2010-2011 and 2011-2012 to fully fund the modified ARC. During 2010-2011, employer contributions included $1.1 billion that was contributed to the Plan at the President's discretion.

ASSETS

Reference: Pgs. 7 and 8

- During the 2010-2011 Plan Year, the rate of return on the market value of assets was approximately 22%. Based on a partial recognition of this return as well as prior investment experience, the rate of return on the actuarial value of assets was 4.6%, which is less than the expected return of 7.5%.

Reference: Pg. 4

- The total unrecognized investment loss as of July 1, 2011 is about $885 million as compared to a $6.6 billion unrecognized loss in the previous valuation. This investment loss will be recognized in the determination of the actuarial value of assets for valuation purposes over the next few years. This means that, if the Plan earns the assumed rate of investment return of 7.50% per year (net of investment expenses) on a **market value** basis, then the deferred losses will be recognized over the next few years as shown in the footnote on Chart 6.
- This footnote in Chart 6 shows that under the asset smoothing method the $885 million in net deferred losses will be recognized in the next four valuations, but in a very non-level (uneven) pattern. In particular, first there will be losses recognized in the next two years, each of which is actually larger than the total deferred losses of $885 million. Those losses will then be followed by offsetting gains in the two years after that, so as to ultimately recognize all of the current net total losses of $885 million. This means that, absent any other considerations, the net deferred losses will increase the total funding policy contribution rate for two years and then decrease the rate in the two following years before the $885 million in deferred losses are fully recognized.

Significant Issues in Valuation Year (continued)

- This actuarial valuation report as of July 1, 2011 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan.

FUNDED RATIO

Reference: Pg. 11

Reference: Pg. 21

- The Plan's funded ratio on an actuarial value basis decreased from 86.7% as of July 1, 2010 to 82.5% as of July 1, 2011. This decrease in funded ratio is mainly a result of the changes in actuarial assumptions, the investment loss on the actuarial value of assets and the fact that the approved contributions were less than the funding policy contributions during 2010-2011. The Plan is in an underfunded position as the actuarial accrued liability exceeds the actuarial value of assets by $9.1 billion. Information on the funded ratio and unfunded actuarial accrued liability for each UCRP segment can be found on page viii.

REVIEW OF PLAN EXPERIENCE

- As a result of recommendations from the July 1, 2006 through June 30, 2010 Actuarial Experience Study that were approved by The Regents in July 2011, several actuarial assumptions were changed in this valuation. These assumptions were modified to more closely reflect anticipated future experience. For a detailed description of these changes, see page 39 of this report. These changes increased the Plan's Actuarial Accrued Liability by $1.8 billion and the total funding policy contribution rate by 2.29% of covered payroll. The change to the mortality assumption was the most significant of the changes in assumptions.

CHANGE IN PLAN PROVISIONS

- In February 1999 The Regents approved a proposal to restore to high-paid employees pension benefits that otherwise would be lost due to limitations on compensation in Internal Revenue Code Section 401(a)(17). The proposal was documented in a draft addendum to UCRP known as "Appendix E." However, such approval was subject to obtaining an appropriate determination from the Internal Revenue Service (which occurred in November 2007 following a lengthy moratorium on determination letter requests for certain defined benefit plans) and to the implementation of the proposed restoration program by the President, with the concurrence of the Chair of the Board of Regents and the Chair of the Finance Committee of the Regents.

Significant Issues in Valuation Year (continued)

Estimates of the liability of the proposed restoration program were first included beginning with the July 1, 2008 actuarial valuation. However, to date neither the President nor the specified Regents have elected to implement the program and no benefits have been paid under the program. Moreover, the President and the Chair of The Regents have stated that the restoration program is not self-executing and confirmed that there is no current intent to implement the program (through Appendix E to UCRP or otherwise) for reasons of fiscal prudence in a changing economy.

Thus, the estimated liability associated with Appendix E has been removed from this valuation, resulting in a decrease of $61 million in the Actuarial Accrued Liability and a 0.15% reduction in the total funding policy contribution.

- In December 2010, The Regents approved a new tier of UCRP benefits for employees hired on or after July 1, 2013, which would increase the early retirement age from 50 to 55, but retain many of the current features of UCRP. The new tier would not offer lump sum cashouts, inactive member cost-of-living adjustments (COLAs), or subsidized survivor annuities for spouses and domestic partners. For represented employees, this change is subject to collective bargaining. This change has <u>not</u> been reflected in this valuation, though it would not have any impact since it only affects future employees.

FUTURE EXPECTATIONS

- The unrecognized investment losses of $885 million represent about 2% of the market value of assets. Unless offset by future investment gains or other favorable experience, the future recognition of the $885 million in market losses is expected to have an impact on the Plan's future funded ratio and future total funding policy contributions. This potential impact may be illustrated as follows:
  - If the deferred losses were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 82.5% to 80.8%.
  - If the deferred losses were recognized immediately in the actuarial value of assets, the total funding policy contribution would increase from 26.35% of covered payroll to 27.09% of covered payroll.
- Since the sum of the approved contributions and the amount transferred is less than the total funding policy contributions, this will create additional future actuarial losses that will lead to further increases in future total funding policy contributions. Since the total funding policy contributions are reported as the Annual Required Contribution (ARC) under Governmental Accounting Standards (GAS) 25 and 27, the accumulated total of these contribution losses are also reported under GAS 27 as a Net Pension Obligation (NPO).

Significant Issues in Valuation Year (continued)

DEMOGRAPHIC EXPERIENCE

Reference: Pgs. 12 and 13

- Overall, the number of active members increased by 0.6% from 114,928 as of July 1, 2010 to 115,568 as of July 1, 2011. The Plan has 56,296 members currently receiving benefits, an increase of 4.4% from 2010. Total annual benefits in pay status increased by 8.2%, to a level of $2.0 billion. There are also 60,903 terminated members in the Plan who are entitled to future benefits. Within this group of terminated members there are 32,159 terminated vested members who are entitled to a deferred or immediate vested benefit and 21,424 terminated nonvested members who are entitled to a refund of member contributions or payment of their Capital Accumulation Provision (CAP) balance. There are also 7,320 members that transferred to the LANS or LLNS defined benefit plans who will be entitled to a CAP balance payment from UCRP after they separate from employment with LANS or LLNS.
- The actual average increase in salary for UCRP members that were active in both this valuation and the previous valuation was 2.9%. When compared to the average assumed increase of approximately 5.5% (based on the 2010 valuation), this produced an actuarial gain due to salary increases less than expected. Note that the temporary Furlough/Salary Reduction Plan had no impact on the actual average increase in salary. This is because this average is based on salaries that are used to determine UCRP benefits, which are unaffected by the Furlough/Salary Reduction Plan due to the amendment approved by The Regents in July 2009.

Summary of Key Valuation Results

	2011 ($ in 000s)	2010 ($ in 000s)
Total funding policy contributions:		
Percentage of payroll*	26.35%	23.25%
Estimated annual dollar amount**	$2,164,793	$1,867,921
Funding elements for Plan Year beginning July 1:		
Normal cost (beginning of year)	$1,403,693	$1,354,302
Percentage of payroll (beginning of year)	17.20%	16.94%
Percentage of payroll (middle of year)	17.83%	17.56%
Market value of assets (MVA)	$41,872,655	$34,574,454
Actuarial value of assets (AVA)	42,757,271	41,195,318
Actuarial accrued liability (AAL)	51,831,306	47,504,309
Unfunded/(Overfunded) actuarial accrued liability	9,074,035	6,308,991
Funded ratio on actuarial value basis (AVA / AAL)	82.5%	86.7%
Funded ratio on market value basis (MVA / AAL)	80.8%	72.8%
Governmental Accounting Standard (GAS) 25 for Plan Year beginning July 1:		
Annual required contributions (ARC)***	N/A	$1,806,205
Actual contributions	- -	1,677,921
Percentage contributed	N/A	92.9%
Net Pension Obligation (as of June 30)	- -	$1,725,445
Demographic data for Plan Year beginning July 1:		
Number of retired members and beneficiaries	56,296	53,902
Number of vested terminated members****	60,903	55,037
Number of active members	115,568	114,928
Average covered compensation (actual dollars)	$78,264	$77,172

* *Total funding policy contributions are for the Plan Year starting one year after the date of the actuarial valuation. The total funding policy contributions shown are for the non-laboratory segment of UCRP and exclude contributions for the Lawrence Berkeley National Laboratory Segment, the Lawrence Livermore National Laboratory Retained Segment and the Los Alamos National Laboratory Retained Segment of UCRP. Page viii shows those contributions by each segment. The Normal Cost plus interest on the July 1, 2011 UAAL represents 24.87% of covered payroll.*

** *Based on estimated covered payroll of $8,215,534 (also in thousands) for the 2012-2013 Plan Year and $8,034,068 for the 2011-2012 Plan Year. Actual contributions are set by The Regents and will be made based on actual payroll.*

*** *The ARC for the Plan Year ending June 30, 2012 will be determined at the end of that year based on actual covered payroll for the 2011/2012 Plan Year.*

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

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

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

The total funding policy contribution rate is effective for the Plan Year starting one year after the date of the actuarial valuation and applies to the non-laboratory segment of UCRP. The total funding policy contribution rate for the 2012-2013 Plan Year is based on this valuation and is 26.35% of payroll.

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

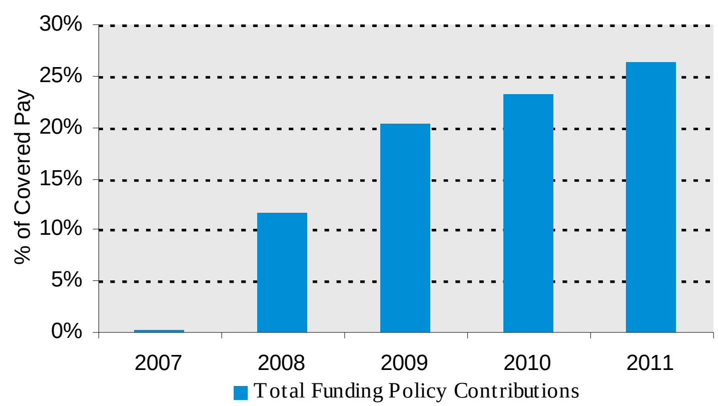
The Plan's funded percentage (actuarial value of assets divided by actuarial accrued liability) over the past five years is shown below:

Plan Year Beg. 7/1	AAL $ in Billions	AVA $ in Billions	Funded Percentage
2007	$41.4	$43.4	105%
2008	42.6	43.8	103
2009	45.2	42.8	95
2010	47.5	41.2	87
2011	51.8	42.8	82

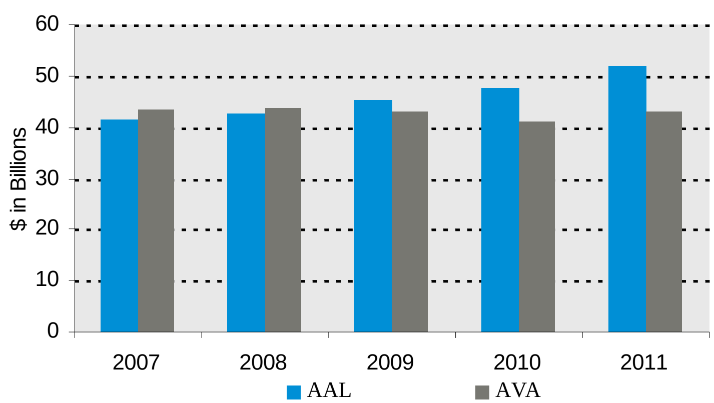
The actuarial accrued liability has shown a steady increase while the actuarial value of assets has remained relatively level as prior investment losses are recognized over a five-year period and contributions have recently restarted.

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

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



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



Summary of UCRP July 1, 2011 Valuation Results by Segment ($ in 000s)

	Total UCRP	Campus and Medical Centers*	Lawrence Berkeley National Laboratory (LBNL)	Lawrence Livermore National Laboratory (LLNL)	Los Alamos National Laboratory (LANL)
Normal Cost (beginning of year)	$1,403,693	$1,357,825	$45,869	$0	$0
Market value of assets	41,872,655	34,584,440	1,678,428	2,957,031	2,652,756
Actuarial value of assets (AVA)	42,757,271	35,315,069	1,713,882	3,019,518	2,708,801
Actuarial accrued liability (AAL)	51,831,306	43,011,984	1,738,173	3,858,533	3,222,616
Unfunded/(Overfunded) actuarial accrued liability	9,074,035	7,696,915	24,291	839,015	513,815
Funded Ratio (AVA/AAL)	82.5%	82.1%	98.6%	78.3%	84.1%
Estimated Covered Payroll for 2012-2013 Plan Year	$8,489,542	$8,215,534	$274,008	$0	$0
Total funding policy contributions**					
Percent of payroll***		26.35%	26.35%	N/A	N/A
Estimated dollar amount in 000s		$2,164,793	$72,201	N/A	N/A
Required Contractual Contributions****					
Estimated dollar amount in 000s		N/A	N/A	$198,250	$108,473

* *Includes Hasting College of Law*

** *All total funding policy contributions are based on valuation results as of July 1, 2011. Please see Section 2, page 10 for more detailed information on this calculation.*

*** *The total funding policy contributions shown for the campus and medical centers and LBNL segments are for the Plan Year beginning July 1, 2012. Actual contributions for these two segments will be set by The Regents.*

**** *The contributions shown for the LLNL and LANL Retained Segments are required for the Plan Year beginning July 1, 2011 under the terms of the University's contracts with the Department of Energy, and are due by February 28, 2013.*

Note: Results may not add due to rounding.

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

A. MEMBER DATA

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

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

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

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

CHART 1

Member Population: 2002 – 2011

Year Beginning July 1	Active Members	Terminated Vested Members*	Retired Members, Disabled Members and Beneficiaries	Ratio of Retirees to Actives
2002	117,776	25,198	36,165	0.31
2003	121,351	31,262	37,867	0.31
2004	123,717	39,874	39,738	0.32
2005	124,642	47,123	41,477	0.33
2006	122,317	52,548	45,442	0.37
2007	118,885	59,056	47,682	0.40
2008	114,242	64,566	50,171	0.44
2009	115,745	54,883	51,653	0.45
2010	114,928	55,037	53,902	0.47
2011	115,568	60,903	56,296	0.49

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

Active Members

Plan costs and liabilities are affected by the age, service credit and covered compensation of active members. In this year's valuation, there are 115,568 active members with an average age of 44.9 years, average service credit of 9.6 years and average covered compensation of $78,264.

Inactive Members

In this year's valuation, there were 60,903 terminated members. Within this group of terminated members there are 32,159 members with a vested right to a deferred or immediate vested benefit and 21,424 terminated nonvested members who are entitled to a return of their member contributions or a distribution of their CAP balance. There are also 7,320 members that transferred to the LANS or LLNS defined benefit plans who will be entitled to a CAP balance payment from UCRP after they separate from employment with LANS or LLNS.

These graphs show a distribution of active members by age and by service credit. In Chart 3 there are 233 members who have 40 or more years of service credit.

CHART 2

Distribution of Active Members by Age as of July 1, 2011

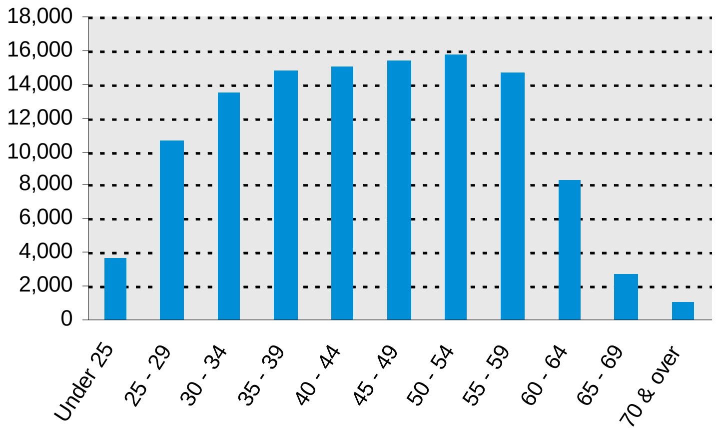
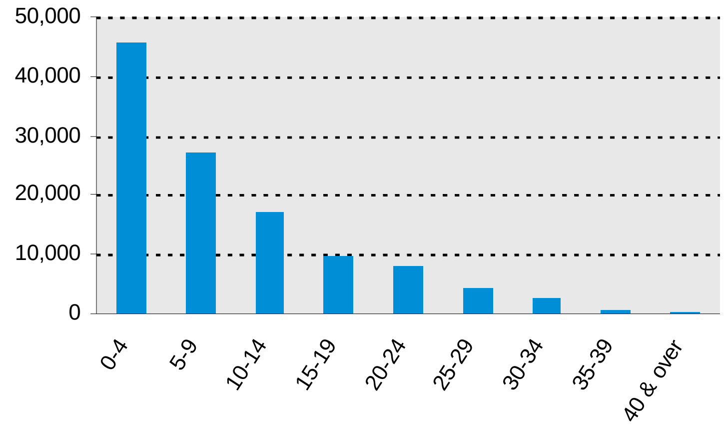


CHART 3

Distribution of Active Members by Service Credit as of July 1, 2011



Retired Members, Disabled Members and Beneficiaries
As of July 1, 2011, 47,243 retired members, 2,084 disabled members and 6,969 beneficiaries were receiving total monthly benefits of $163,324,880.

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

CHART 4

Distribution of Retired Members, Disabled Members and Beneficiaries by Monthly Benefit as of July 1, 2011

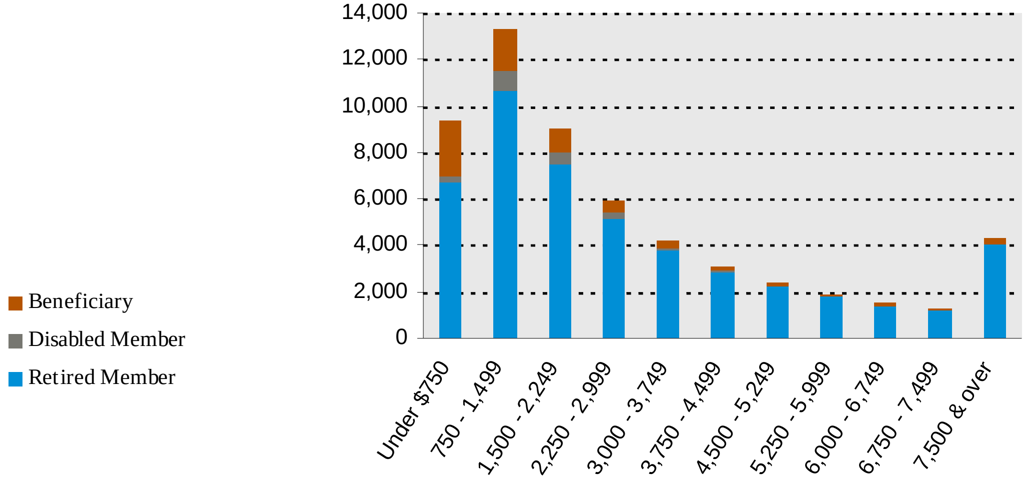
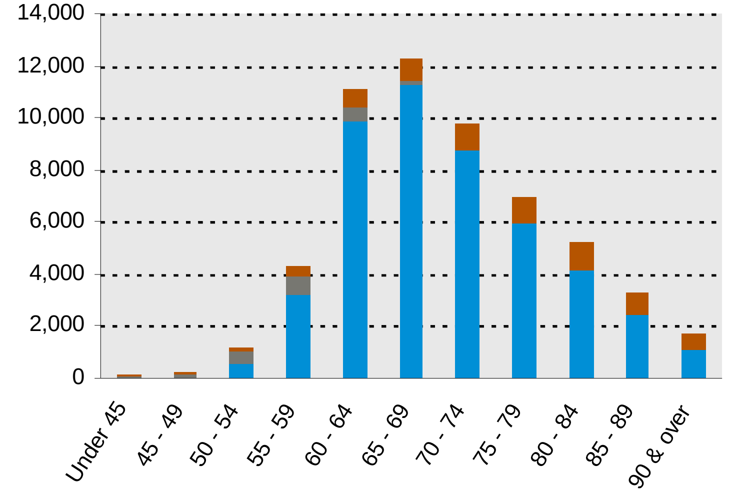


CHART 5

Distribution of Retired Members, Disabled Members and Beneficiaries by Age as of July 1, 2011



B. FINANCIAL INFORMATION

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

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

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

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

CHART 6

Determination of Actuarial Value of Assets for Year Ended June 30, 2011

			($ in 000s)
1. Market value of assets			$41,872,655
2. Calculation of unrecognized return*	Original Amount*	Unrecognized Return**	
(a) Year ended June 30, 2011	$4,552,513	$3,642,010	
(b) Year ended June 30, 2010	1,803,846	1,082,308	
(c) Year ended June 30, 2009	(10,986,902)	(4,394,760)	
(d) Year ended June 30, 2008	(6,070,876)	(1,214,174)	
(e) Year ended June 30, 2007	4,782,754	0	
(f) Total unrecognized return***			(884,616)
3. Actuarial value of assets: (1) - (2f)			42,757,271
4. Actuarial value as a percentage of market value: (3) ÷ (1)			102.1%

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

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

****Deferred return as of June 30, 2011 recognized in each of the next four years:*

(a) Amount recognized during 2011/2012	*($2,140,283)*
(b) Amount recognized during 2012/2013	*(926,108)*
(c) Amount recognized during 2013/2014	*1,271,272*
(d) Amount recognized during 2014/2015	*910,503*
Total	*($884,616)*

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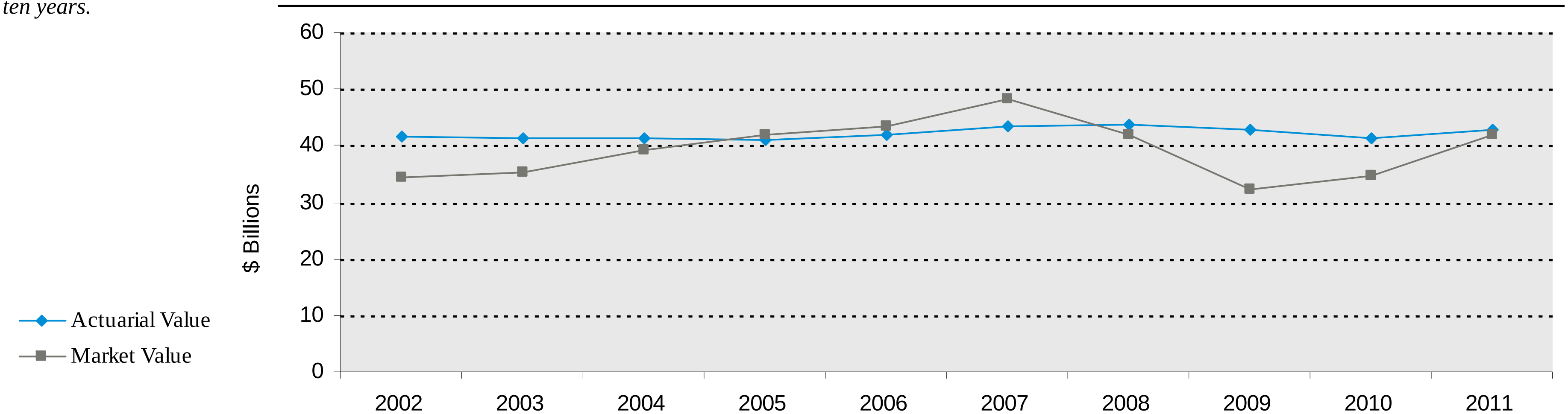
Both the actuarial value and market value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial value of assets is significant because UCRP's liabilities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

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

CHART 7

Actuarial Value of Assets vs. Market Value of Assets for Years Ended June 30, 2002 – 2011



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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 $1.3 billion are shown below. The net experience gain from sources other than investments and contributions was 0.4% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

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

CHART 8

Actuarial Experience for Year Ended June 30, 2011

		($ in 000s)
1.	Net (loss) from contributions less than expected under funding policy	($335,549)
2.	Net (loss) from investments*	(1,183,733)
3.	Net gain from salary increases less than assumed	410,709
4.	Net (loss) from other experience**	(187,855)
5.	Net experience (loss): (1) + (2) + (3) + (4)	($1,296,428)

* *Details in Chart 9*

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

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on UCRP's investment policy. For valuation purposes, the assumed rate of return is 7.50%. As shown below, the actual rate of return on the actuarial value of assets for the 2010-2011 Plan Year was 4.61%.

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, 2011 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, 2011

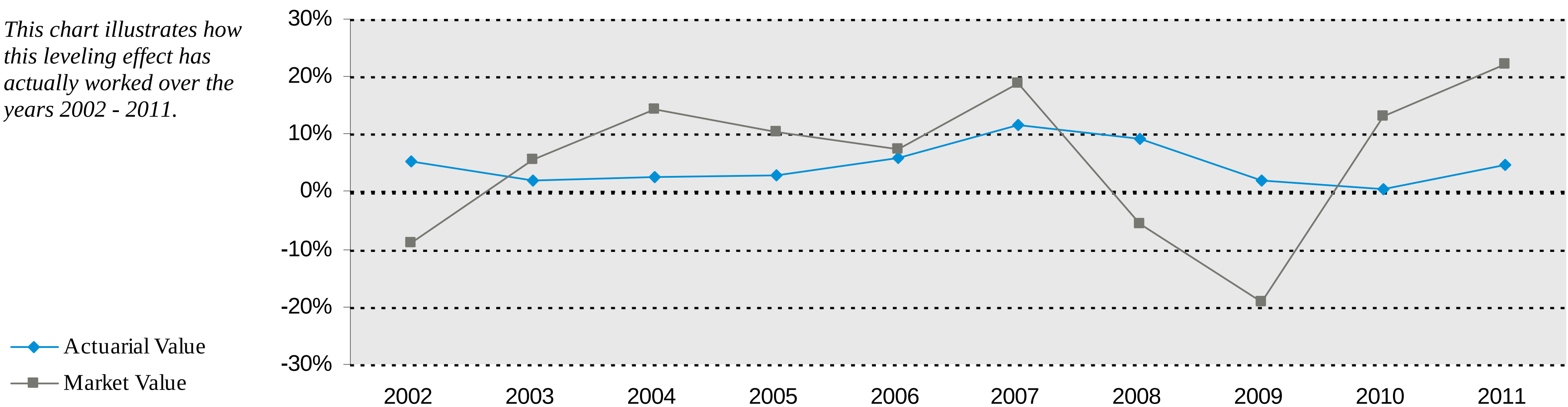
	June 30, 2011 ($ in 000s)
1. Actual return on actuarial value of assets	$1,893,483
2. Average actuarial value of assets	41,029,553
3. Actual rate of return: (1) ÷ (2)	4.61%
4. Assumed rate of return	7.50%
5. Expected return: (2) x (4)	3,077,216
6. Actuarial loss: (1) – (5)	($1,183,733)

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, 2002 - 2011

This chart illustrates how this leveling effect has actually worked over the years 2002 - 2011.



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 loss from this other experience for the year ended June 30, 2011 amounted to $220 million which is 0.4% of the actuarial accrued liability. Further details may be found in Section 3, Exhibit F.

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

D. TOTAL FUNDING POLICY CONTRIBUTION

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

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

The total funding policy contribution for the 2012-2013 Plan Year is based on various amortization periods for different components of the UAAL as of July 1, 2011 as shown in Section 3, Exhibit H.

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

This total funding policy contribution rate applies to the non-laboratory segment of UCRP (i.e., campuses, medical centers and Hastings College of Law). Contributions for the laboratories are subject to the terms of the University's contracts with the Department of Energy. For more information on the various UCRP segments please see Section 1, page viii. For more details on the UCRP funding policy please see Section 4, Exhibit VI, page 55.

The total funding policy contribution rates as of July 1, 2011 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
Total Funding Policy Contribution (Non-Laboratory Segment of UCRP)

	Actuarial Valuation Date			
	July 1, 2011 ($ in 000s)		July 1, 2010 ($ in 000s)	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost (beginning of year)	$1,357,825	17.19%	$1,311,636	16.94%
2. Actuarial value of assets	35,315,069		33,733,692	
3. Actuarial accrued liability	43,011,984		39,123,578	
4. Unfunded/(Overfunded) actuarial accrued liability	7,696,915		5,389,886	
5. Amortization of Unfunded/(Overfunded) actuarial accrued liability*	649,050	8.22%	424,529	5.48%
6. Total funding policy contribution rate, before timing adjustment: (1) + (5)		25.41%		22.42%
7. Total funding policy contribution rate, adjusted for timing**		26.35%		23.25%
8. Estimated total funding policy contribution amount***	$2,164,793		$1,867,921	

* *Layered amortization of unfunded actuarial accrued liability (UAAL) as of July 1, 2011. Thirty-year amortization of the UAAL as of July 1, 2010. See Section 3, Exhibit H for more details.*

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

*** *The total funding policy contributions shown are for the non-laboratory segment of UCRP and are based on estimated covered payroll of $8,215,534 (also in thousands) for the 2012-2013 Plan Year and $8,034,068 for the 2011-2012 Plan Year. Actual contributions are set by The Regents and will be made based on actual payroll.*

E. INFORMATION REQUIRED BY THE GASB

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

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

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

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

These graphs show key elements of the GASB information.

CHART 12

Required Versus Actual Contributions

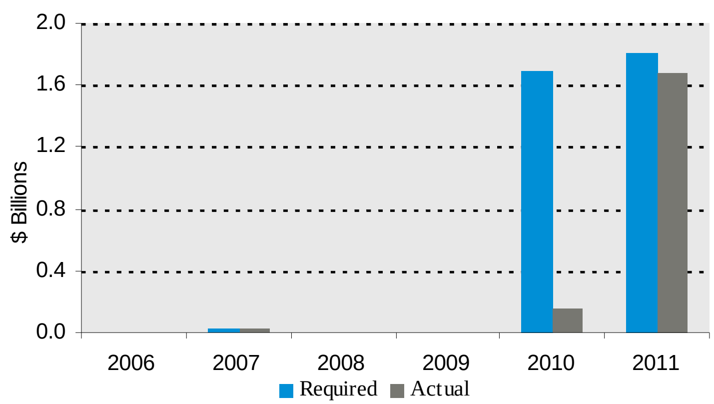
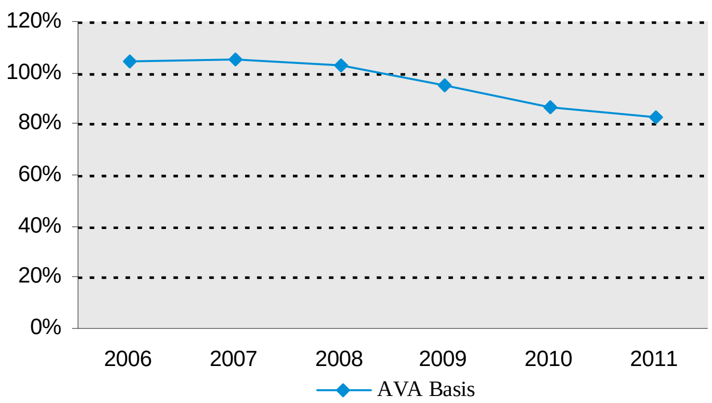


CHART 13

Funded Ratio (Plan Year Beginning July 1)



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

EXHIBIT A

Table of Plan Coverage

i. Active Members

Category	Year Beginning July 1 2011	2010	Change From Prior Year
Active members with Social Security:			
Number	113,657	112,705	0.8%
Average age	44.8	44.6	N/A
Average service credit	9.3	9.1	2.2%
Total covered compensation	$8,844,185,959	$8,638,749,175	2.4%
Average covered compensation	$77,815	$76,649	1.5%
Active members without Social Security:			
Number	1,507	1,805	-16.5%
Average age	56.4	57.0	N/A
Average service credit	26.0	26.1	-0.4%
Total covered compensation	$163,215,729	$191,502,212	-14.8%
Average covered compensation	$108,305	$106,095	2.1%
Safety members:			
Number	404	418	-3.3%
Average age	42.1	41.8	N/A
Average service credit	10.2	9.9	3.0%
Total covered compensation	$37,383,252	$39,013,890	-4.2%
Average covered compensation	$92,533	$93,335	-0.9%
All active members:			
Number	115,568	114,928	0.6%
Average age	44.9	44.8	N/A
Average service credit	9.6	9.4	2.1%
Total covered compensation	$9,044,784,940	$8,869,265,277	2.0%
Average covered compensation	$78,264	$77,172	1.4%

EXHIBIT A

Table of Plan Coverage
ii. Nonactive Members

Category	Year Beginning July 1* 2011	2010	Change From Prior Year
Terminated vested members:			
Number	32,159	31,623	1.7%
Average age	48.9	48.6	N/A
Total monthly benefit**	$45,298,121	$44,505,642	1.8%
Average monthly benefit	$1,409	$1,407	0.1%
Terminated nonvested members:* **			
Number	28,744	23,414	22.8%
Average member refund and CAP balance	$6,443	$7,486	-13.9%
Retired members:			
Number in pay status	47,243	45,111	4.7%
Average age	70.2	70.0	N/A
Total monthly benefit	$146,644,555	$135,350,694	8.3%
Average monthly benefit	$3,104	$3,000	3.5%
Disabled members:			
Number in pay status	2,084	2,110	-1.2%
Average age	56.8	56.4	N/A
Total monthly benefit	$3,494,998	$3,520,653	-0.7%
Average monthly benefit	$1,677	$1,669	0.5%
Beneficiaries (includes Eligible Survivors, Contingent Annuitants, and Spouses/Domestic Partners):			
Number in pay status	6,969	6,681	4.3%
Average age	74.2	73.9	N/A
Total monthly benefit	$13,185,327	$12,126,311	8.7%
Average monthly benefit	$1,892	$1,815	4.2%

Note: Monthly benefits shown include temporary Social Security Supplement

* *CAP balances total $1.28 billion as of July 1, 2011 and $1.26 billion as of July 1, 2010 for all members.*

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

*** *For July 1, 2011, includes 7,320 members that transferred to the LANS or LLNS defined benefit plans who will be entitled to a CAP balance payment from UCRP after they separate employment with LANS or LLNS. For July 1, 2010, 7,498 members were included.*

EXHIBIT B

Members in Active Service and Average Covered Compensation as of July 1, 2011
By Age and Service Credit

i. All Active Members

		Service Credit								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	3,690	3,664	26	- -	- -	- -	- -	- -	- -	- -
	$40,992	$41,016	$37,594	- -	- -	- -	- -	- -	- -	- -
25 - 29	10,712	9,378	1,311	23	- -	- -	- -	- -	- -	- -
	53,960	54,234	52,205	$42,383	- -	- -	- -	- -	- -	- -
30 - 34	13,506	8,854	3,966	680	6	- -	- -	- -	- -	- -
	65,559	66,776	64,205	57,601	$66,517	- -	- -	- -	- -	- -
35 - 39	14,819	7,358	4,968	2,131	354	8	- -	- -	- -	- -
	74,484	74,945	76,913	68,330	67,860	73,731	- -	- -	- -	- -
40 - 44	15,005	5,246	5,068	3,140	1,207	333	11	- -	- -	- -
	78,530	74,590	81,033	82,739	76,937	69,188	$60,702	- -	- -	- -
45 - 49	15,362	3,943	4,049	3,483	2,145	1,381	345	16	- -	- -
	80,325	73,906	77,612	84,955	92,116	78,063	74,737	$76,243	- -	- -
50 - 54	15,724	3,054	3,175	3,097	2,395	2,353	1,188	448	14	- -
	84,186	74,673	76,702	85,005	96,378	93,870	85,579	77,365	$62,536	- -
55 - 59	14,691	2,307	2,579	2,477	2,083	2,328	1,632	1,076	208	1
	90,133	80,728	79,533	84,844	96,143	100,246	105,630	93,003	78,958	$113,166
60 - 64	8,281	1,247	1,551	1,450	1,195	1,127	823	649	218	21
	96,051	82,612	82,065	87,817	94,597	104,259	118,047	127,757	116,347	85,174
65 - 69	2,754	389	429	417	323	327	231	308	267	63
	118,809	93,011	91,660	93,490	112,627	123,914	144,190	158,878	163,741	156,381
70 & over	1,024	149	127	127	99	104	77	94	99	148
	140,131	104,999	97,975	115,721	125,917	150,109	164,425	176,246	171,572	178,509
Total	115,568	45,589	27,249	17,025	9,807	7,961	4,307	2,591	806	233
	$78,264	$66,977	$75,554	$81,991	$92,572	$95,379	$103,002	$109,752	$128,247	$163,833

Average Age: 44.9

Average Service Credit: 9.6

EXHIBIT B

Members in Active Service and Average Covered Compensation as of July 1, 2011
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	3,654	3,628	26	- -	- -	- -	- -	- -	- -	- -
	$40,971	$40,996	$37,594	- -	- -	- -	- -	- -	- -	- -
25 - 29	10,552	9,231	1,299	22	- -	- -	- -	- -	- -	- -
	54,006	54,325	51,962	$40,510	- -	- -	- -	- -	- -	- -
30 - 34	13,333	8,719	3,933	675	6	- -	- -	- -	- -	- -
	65,548	66,852	64,060	57,367	$66,517	- -	- -	- -	- -	- -
35 - 39	14,676	7,264	4,935	2,120	349	8	- -	- -	- -	- -
	74,461	75,018	76,842	68,186	67,351	$73,731	- -	- -	- -	- -
40 - 44	14,908	5,208	5,048	3,119	1,193	329	11	- -	- -	- -
	78,461	74,581	80,959	82,679	76,645	68,750	$60,702	- -	- -	- -
45 - 49	15,278	3,930	4,033	3,468	2,131	1,364	336	16	- -	- -
	80,248	73,909	77,583	84,936	92,059	77,756	73,410	$76,243	- -	- -
50 - 54	15,639	3,035	3,168	3,089	2,390	2,337	1,171	441	8	- -
	84,152	74,593	76,690	84,984	96,401	93,800	85,520	76,872	$67,484	- -
55 - 59	14,392	2,292	2,568	2,473	2,078	2,309	1,593	1,020	59	- -
	90,192	80,569	79,274	84,844	96,177	100,355	106,010	92,766	83,328	- -
60 - 64	7,974	1,246	1,547	1,445	1,186	1,106	787	584	68	5
	95,358	82,586	81,834	87,781	94,407	103,994	117,990	129,126	122,881	$86,988
65 - 69	2,424	385	428	410	320	315	212	254	84	16
	114,262	92,796	91,475	93,265	112,698	124,252	143,021	161,446	175,414	161,891
70 & over	827	148	125	126	96	99	73	76	30	54
	133,831	105,189	98,379	114,697	126,659	151,621	165,296	180,728	187,233	180,974
Total	113,657	45,086	27,110	16,947	9,749	7,867	4,183	2,391	249	75
	$77,815	$67,031	$75,462	$81,931	$92,518	$95,254	$102,700	$108,697	$137,204	$170,637

Average Age: 44.8

Average Service Credit: 9.3

EXHIBIT B

Members in Active Service and Average Covered Compensation as of July 1, 2011
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	31	31	- -	- -	- -	- -	- -	- -	- -	- -
	$38,343	$38,343	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	122	122	- -	- -	- -	- -	- -	- -	- -	- -
	43,450	43,450	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	109	106	3	- -	- -	- -	- -	- -	- -	- -
	58,286	58,109	$64,571	- -	- -	- -	- -	- -	- -	- -
35 - 39	73	67	6	- -	- -	- -	- -	- -	- -	- -
	67,084	65,598	83,674	- -	- -	- -	- -	- -	- -	- -
40 - 44	33	24	4	5	- -	- -	- -	- -	- -	- -
	73,836	65,900	115,046	$78,961	- -	- -	- -	- -	- -	- -
45 - 49	15	8	2	3	1	- -	1	- -	- -	- -
	71,232	66,336	76,470	78,631	$56,245	- -	$92,725	- -	- -	- -
50 - 54	32	4	2	2	1	3	10	4	6	- -
	78,530	61,855	61,029	85,073	45,960	$133,386	75,870	$108,224	$55,937	- -
55 - 59	263	1	3	2	4	16	33	54	149	1
	83,534	54,204	130,912	78,366	81,467	84,387	86,327	96,681	77,228	$113,166
60 - 64	304	1	3	5	9	21	34	65	150	16
	113,863	114,052	174,211	98,067	119,626	118,221	119,472	115,455	113,385	84,607
65 - 69	328	4	1	7	2	11	19	54	183	47
	152,616	113,698	171,145	106,617	116,776	117,427	157,236	146,798	158,383	154,505
70 & over	197	1	2	1	3	5	4	18	69	94
	166,578	76,862	72,730	244,791	102,177	120,179	148,533	157,320	164,763	177,094
Total	1,507	369	26	25	20	56	101	195	557	158
	$108,305	$54,482	$102,420	$97,561	$102,240	$109,386	$112,316	$122,652	$124,243	$160,604

Average Age: 56.4

Average Service Credit: 26.0

EXHIBIT B

Members in Active Service and Average Covered Compensation as of July 1, 2011
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	5	5	- -	- -	- -	- -	- -	- -	- -	- -
	$72,292	$72,292	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	38	25	12	1	- -	- -	- -	- -	- -	- -
	75,008	72,966	$78,546	$83,588	- -	- -	- -	- -	- -	- -
30 - 34	64	29	30	5	- -	- -	- -	- -	- -	- -
	80,182	75,617	83,088	89,217	- -	- -	- -	- -	- -	- -
35 - 39	70	27	27	11	5	- -	- -	- -	- -	- -
	86,969	78,718	88,469	96,074	$103,401	- -	- -	- -	- -	- -
40 - 44	64	14	16	16	14	4	- -	- -	- -	- -
	97,103	93,098	95,854	95,687	101,830	$105,240	- -	- -	- -	- -
45 - 49	69	5	14	12	13	17	8	- -	- -	- -
	99,363	83,765	86,354	91,981	104,123	102,642	$128,250	- -	- -	- -
50 - 54	53	15	5	6	4	13	7	3	- -	- -
	97,728	94,266	90,677	95,662	95,402	97,342	109,284	$108,736	- -	- -
55 - 59	36	14	8	2	1	3	6	2	- -	- -
	114,905	108,744	143,381	91,728	85,750	100,780	110,970	114,876	- -	- -
60 - 64	3	- -	1	- -	- -	- -	2	- -	- -	- -
	131,566	- -	162,688	- -	- -	- -	116,006	- -	- -	- -
65 - 69	2	- -	- -	- -	1	1	- -	- -	- -	- -
	85,231	- -	- -	- -	81,385	89,076	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	404	134	113	53	38	38	23	5	- -	- -
	$92,533	$83,302	$91,412	$93,937	$101,183	$100,599	$116,905	$111,192	- -	- -

Average Age: 42.1

Average Service Credit: 10.2

EXHIBIT C
Reconciliation of Member Data

	Active Members	Terminated Vested Members*	Retired Members	Disabled Members	Beneficiaries	Total
Number as of July 1, 2010	114,928	55,037	45,111	2,110	6,681	223,867
New members	12,950	0	0	0	590	13,540
Terminations – with vested rights	(8,477)	8,477	0	0	0	0
Terminations – without vested rights**	(1,458)	(824)	0	0	0	(2,282)
Retirements	(2,545)	(638)	3,138	45	0	0
Lump Sum Cashouts	(356)	(471)	(3)	(15)	(2)	(847)
Return to work	657	(622)	(32)	(3)	0	0
Died with or without beneficiary	(132)	(63)	(984)	(45)	(299)	(1,523)
Data adjustments	1	7	13	(8)	(1)	12
Number as of July 1, 2011	115,568	60,903	47,243	2,084	6,969	232,767

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

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

EXHIBIT D

Summary Statement of Income and Expenses (Actuarial Value Basis)

	Year Ended June 30, 2011 ($ in 000s)		Year Ended June 30, 2010 ($ in 000s)	
Contribution income:				
Employer contributions	$1,677,921		$148,445	
Members contributions	143,261		23,373	
Less administration expense	(31,090)		(32,656)	
Net contribution income		$1,790,092		$139,162
Investment income:				
Interest and dividends	$909,563		$807,916	
Recognition of capital appreciation	950,868		(608,284)	
Securities lending income	48,326		51,006	
Securities lending fees and rebates	(15,274)		(15,706)	
Net investment income		1,893,483		234,932
Other income		0		0
Total income available for future benefits		$3,683,575		$374,094
Less benefit payments		($2,121,622)		($1,977,549)
Change in assets available for future benefits		$1,561,953		($1,603,455)

EXHIBIT E
Summary Statement of Assets

	Year Ended June 30, 2011 ($ in 000s)		Year Ended June 30, 2010 ($ in 000s)	
Cash equivalents		$162,208		$74,163
Accounts receivable:				
Contributions	$301,000		$163,167	
Interest and dividends	69,681		75,459	
Investment of cash collateral	5,099,459		6,363,777	
Securities sales and other	111,466		53,885	
Total accounts receivable		5,581,606		6,656,288
Investments:				
Equity securities	$21,626,822		$18,550,985	
Fixed income securities	9,561,683		9,448,928	
Real estate	1,983,283		948,640	
Commingled funds	8,597,304		5,963,491	
Real assets	327,189		161,114	
Derivative investments	14,958		(7,321)	
Total investments at market value		42,111,239		35,065,837
Total assets		$47,855,053		$41,796,288
Less accounts payable:				
Payable for securities purchased	($668,484)		($650,348)	
Member withdrawals, refunds and other payables	(214,478)		(204,809)	
Collateral held for securities lending	(5,099,436)		(6,366,677)	
Total accounts payable		($5,982,398)		($7,221,834)
Net assets at market value		$41,872,655		$34,574,454
Net assets at actuarial value (for comparison purposes)		$42,757,271		$41,195,318

EXHIBIT F

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

		Year Ended June 30, 2011
1. Unfunded/(Overfunded) actuarial accrued liability at beginning of year		$6,308,991
2. Normal cost at beginning of year		1,354,302
3. Expected total funding policy and required contractual contributions		(2,152,701)
4. Interest		
(a) For whole year on (1) + (2)	$574,747	
(b) For partial year on (3)	(72,324)	
(c) Total interest		502,423
5. Expected Unfunded/(Overfunded) actuarial accrued liability		$6,013,015
6. Changes due to:		
(a) Loss from contributions less than expected under funding policy	$335,549	
(b) Loss from investments	1,183,733	
(c) Gain from salary increases	(410,709)	
(d) Loss from other experience	187,855	
(e) Changes in actuarial assumptions	1,825,407	
(f) Changes in Plan provisions	(60,815)	
(g) Total changes		3,061,020
7. Unfunded/(Overfunded) actuarial accrued liability at end of year		$9,074,035

EXHIBIT G

Actuarial Liabilities

	July 1, 2011 ($ in 000s)	July 1, 2010 ($ in 000s)
Actuarial Accrued Liability		
Members in pay status		
Retirees*	$20,753,433	$18,686,297
Beneficiaries	1,496,599	1,325,427
Disableds	739,824	711,432
Total in pay status	$22,989,856	$20,723,156
Active members		
With Social Security	$22,935,015	$21,050,750
Without Social Security	1,203,380	1,354,846
Safety	145,208	135,689
Total actives	$24,283,603	$22,541,285
Terminated members		
Vested	$4,372,662	$4,064,592
Nonvested	185,185	175,276
Total terminated	$4,557,847	$4,239,868
Total actuarial accrued liability	$51,831,306	$47,504,309
Actuarial Present Value of Projected Benefits		
Members in pay status*	$22,989,856	$20,723,156
Active members	36,375,079	33,585,304
Terminated members	4,557,847	4,239,868
Total present value of projected benefits	$63,922,782	$58,548,328

* *For July 1, 2011, includes a liability of $42.5 million for Lump Sum Cashouts, CAP balance payments and refunds of member contributions that were paid on or after July 1, 2011. For July 1, 2010, includes a liability of $29.3 million for Lump Sum Cashouts, CAP balance payments and refunds of member contributions that were paid on or after July 1, 2010.*

EXHIBIT H

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

Type	Date Established	Initial Years	Initial Amount	Annual Payment*	Years Remaining	Outstanding Balance
Actuarial Loss**	07/01/2010	30	$5,389,886	$424,529	29	$5,337,759
Actuarial Loss	07/01/2011	30	905,208	71,298	30	905,208
Change in Assumptions	07/01/2011	15	1,513,127	159,459	15	1,513,127
Plan Amendment	07/01/2011	15	(59,179)	(6,236)	15	(59,179)
Total				$649,050		$7,696,915

* *Level dollar amount. Payment shown is as of beginning of year. The amounts shown are based on results for the non-laboratory segment of UCRP (i.e., campuses, medical centers and Hastings College of Law). They are used in the determination of the total funding policy contribution shown in Section 2, Chart 11, page 10. For more details on the UCRP funding policy please see Section 4, Exhibit VI, page 55.*

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

EXHIBIT I

Reconciliation of Total Funding Policy Contribution Rate from July 1, 2010 to July 1, 2011

Total Funding Policy Contribution Rate as of July 1, 2010	23.25%
Effect of contributions less than those determined under funding policy	0.31%
Effect of investment loss	0.98%
Effect of gains on salary experience	-0.42%
Effect of other experience*	0.09%
Effect of changes in actuarial assumptions	2.29%
Effect of change in Plan provisions	-0.15%
Total change	3.10%
Total Funding Policy Contribution Rate as of July 1, 2011	26.35%

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

EXHIBIT J

Section 415 Limitations

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit indexed for inflation. That limit is $195,000 for 2010 and 2011. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, form of benefits chosen and after tax contributions.

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

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

EXHIBIT K
Definitions of Pension Terms

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

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

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age; and

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

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

Actuarial Accrued Liability for Actives: The accumulated value of normal costs allocated to the years before the valuation date.

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

Unfunded (Overfunded) Actuarial Accrued Liability: The extent that the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan.

Amortization of the Unfunded (Overfunded) Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

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

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

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

EXHIBIT I

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

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2006	$0	$0	100.00%
2007	$23,934	$23,934	100.00%
2008	2,657	2,657	100.00%
2009	454	454	100.00%
2010	1,695,137	148,445	8.76%
2011	1,806,205	1,677,921	92.90%

The Annual Required Contribution (ARC) shown for Plan Years ending June 30, 2010 and later includes interest until the end of the Plan Year. This interest includes interest on expected or, if known, actual employer contributions made throughout the year.

EXHIBIT II

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Projected Covered Payroll (c)	UAAL as a Percentage of Projected Covered Payroll [(b) - (a)] / (c)
07/01/2006*	$41,972,476	$40,301,708	($1,670,768)	104.1%	$8,258,985	(20.2%)
07/01/2007**	43,433,936	41,436,576	(1,997,360)	104.8%	7,612,726	(26.2%)
07/01/2008	43,840,272	42,576,822	(1,263,450)	103.0%	7,468,809	(16.9%)
07/01/2009	42,798,773	45,160,525	2,361,752	94.8%	7,873,694	30.0%
07/01/2010	41,195,318	47,504,309	6,308,991	86.7%	7,995,421	78.9%
07/01/2011	42,757,271	51,831,306	9,074,035	82.5%	8,163,021	111.2%

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

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

EXHIBIT III

Supplementary Information Required by GAS 25

Valuation Date	July 1, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level dollar, Closed
Remaining Amortization Period	The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years. Any changes in UAAL due to actuarial experience gains or losses after July 1, 2010 will be separately amortized over a fixed (closed) 30-year period effective with that valuation. Any changes in UAAL due to a change in actuarial assumptions or plan provisions will be separately amortized over a fixed (closed) 15-year period.
Asset Valuation Method	The market value of asset less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected returns on a market value basis and is recognized over a five-year period.
Actuarial Assumptions:	
Investment Rate of Return*	7.50%*
Projected Salary Increases*	4.30% to 6.75%
Cost of Living Adjustments	2.00%
Membership of the Plan	
Retirees, disableds and beneficiaries receiving benefits	56,296
Terminated Plan members entitled to, but not yet receiving benefits**	60,903
Active Plan members	115,568
Total	232,767

* *Includes inflation at 3.50%*

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

EXHIBIT IV

Actuarial Assumptions and Methods

Demographic Assumptions

Post – Retirement Mortality Rates:

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

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

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

Sample Termination Rates Before Retirement:

	Rate (%)					
	Healthy Mortality*		**Disabled Mortality****		**Disability Incidence*****	
Age	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
20	0.02	0.01	1.43	0.49	0.02	0.02
25	0.03	0.01	1.55	0.52	0.03	0.03
30	0.03	0.02	1.99	0.58	0.06	0.06
35	0.06	0.03	1.99	0.57	0.09	0.09
40	0.08	0.04	1.94	0.51	0.13	0.16
45	0.10	0.06	1.71	0.50	0.18	0.26
50	0.12	0.09	1.76	0.75	0.29	0.36
55	0.18	0.16	1.98	1.35	0.35	0.46
60	0.35	0.35	2.63	1.93	0.35	0.50
65	0.70	0.67	3.27	2.47	0.23	0.32

***** *All pre-retirement deaths are assumed to be non-duty related.*
****** *Assumed to apply only while receiving UCRP Disability Income.*
**** All disabilities are assumed to be non-duty related.*

Sample Termination Rates Before Retirement (continued):

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

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

Retirement Rates:

Retirement Probability – Unisex

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

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

Retirement Age for Deferred Vested Members:	Deferred vested members are assumed to retire at age 59.
Benefit for Terminated Nonvested Members:	Immediate refund of member contribution and CAP balance.
Disability Income Cross Over Age:	Members receiving Disability Income are assumed to “cross over” at age 65 for those coordinated with Social Security or age 67 for those not coordinated with Social Security.
Form of Payment:	For those members not electing a Lump Sum Cashout: Life annuity for members without an Eligible Survivor; 25% contingent annuity for members with Social Security who have an Eligible Survivor; 50% contingent annuity for members without Social Security who have an Eligible Survivor; 50% contingent annuity for Safety members who have an Eligible Survivor. It is also assumed that some members elect a Lump Sum Cashout (see Lump Sum Assumptions).
Future Benefit Accruals:	1.0 year of service per year for the full-time employees. Part-time employees are assumed to earn full-time service for all future years.
Definition of Active Members:	All members of UCRP who are not separated from active membership as of the valuation date or have not started receiving a monthly pension on or before the valuation date.
Percent with Eligible Survivors:	85% of male members and 65% of female members are assumed to have Eligible Survivors at time of decrement.
Eligible Survivor Ages:	Members assumed to have an opposite sex Eligible Spouse or Eligible Domestic Partner, with females three years younger than males.

Number of Survivors (Samples):

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

Economic Assumptions

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

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

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

Salary Increases:

Annual Rate of Compensation Increase

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

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

Actuarial Methods

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

Other Actuarial Assumptions

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

Lump Sum Assumptions:

Conversion Basis:

Discount Rate: 7.50%

COLA: 2.00%

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

Take-rate:

Members Terminating From Active Membership and Eligible to Retire

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

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

Approximations:

Sick Leave Service has been increased by 0.13% for Faculty, 1.45% for Staff, and 2.00% for Safety members to account for unused sick leave. This assumption applies only for members retiring from active membership and not electing a Lump Sum Cashout. For all other benefits there is assumed to be no conversion of unused sick leave to service credit.

Changes in Actuarial Assumptions: Based on the Actuarial Experience Study, the following actuarial assumptions were changed. Previously, these assumptions were as follows:

Demographic Assumptions

Post – Retirement Mortality Rates:

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

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

Sample Termination Rates Before Retirement:

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

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

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

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

Changes in Actuarial Assumptions (continued):

Sample Termination Rates Before Retirement (continued):

Rate (%)

Withdrawal – Faculty

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

Changes in Actuarial Assumptions (continued):

Sample Termination Rates Before Retirement (continued):

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

Changes in Actuarial Assumptions (continued):

Retirement Rates:

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

Changes in Actuarial Assumptions (continued):

Economic Assumptions

Salary Increases:

Annual Rate of Compensation Increase

Inflation: 3.50% per year, plus "across the board" salary increases of 0.25% per year, plus the following merit and promotional increases:

Years of Service	Faculty	Staff and Safety
Less than 1	3.25%	3.25%
1	3.25	3.00
2	3.25	2.80
3	3.25	2.50
4	3.25	2.20
5	3.25	2.00
6	3.20	1.80
7	3.10	1.70
8	3.00	1.60
9	2.90	1.50
10	2.80	1.40
11	2.70	1.30
12	2.60	1.20
13	2.50	1.10
14	2.40	1.00
15	2.30	0.90
16	2.20	0.80
17	2.10	0.75
18	2.00	0.70
19	1.75	0.65
20 & over	1.50	0.60

<u>Changes in Actuarial Assumptions (continued)</u>:

<u>Other Actuarial Assumptions</u>	
Lump Sum Assumptions:	
Discount Rate:	7.50%
COLA:	2.00%
Mortality:	1994 Group Annuity Reserving Mortality Table unloaded for males set back three years, projected with scale AA to 2002.
Take-rate:	For those members retiring from active employment and for those who were receiving a disability income and now retiring, we are assuming that 12% elect a Lump Sum Cashout. For those members retiring from inactive (deferred vested) status, we are assuming that 45% elect a Lump Sum Cashout.
Approximations:	
Sick Leave	Service has been increased by 0.15% for Faculty, 1.40% for Staff, and 2.25% for Safety members to account for unused sick leave. This assumption applies only for members retiring from active employment and not electing a Lump Sum Cashout. For all other benefits there is assumed to be no conversion of unused sick leave to service credit.

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, 2011.
Covered Employees:	Generally all employees who are not members of another retirement system to which The Regents contribute, and who: a. Are appointed to work 50% time or more for one year or longer or b. Have generally accumulated at least 1,000 hours in a 12-month period.
Highest Average Plan Compensation (HAPC):	Highest average monthly full-time-equivalent base compensation rate received during any period of 36 consecutive months.
Compensation Limit:	Annual compensation is limited based on Internal Revenue Code Section 401(a)(17). The limit for the Plan Year beginning July 1, 2011 is $245,000 for employees who became members on or after July 1, 1994. The limit is $360,000 for those active members who became employees before July 1, 1994. The compensation limit is indexed for inflation on an annual basis.

Age Factor:	Percentage of HAPC per year of service credit (interpolated for fractional ages).
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 Age 62 regardless of service credit if membership began on or before July 1, 1989, or Retirement on Normal Retirement Date.
Benefit	BRI.
Form of Payment	Single Life Annuity.
Payment Options	Full continuance to contingent annuitant; two-thirds continuance to contingent annuitant; one-half continuance to contingent annuitant; one-half continuance (including postretirement survivor continuance) to surviving spouse or domestic partner (for 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: Date member is eligible to retire and retirement income equals or exceeds disability income; Age 62 (age 67 for members without Social Security); or Date member retires.
Members disabled on or after November 5, 1990	If under age 65 at disablement: 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.

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.

Preretirement Survivor Income:

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

Benefit

Member without Social Security
Percent of final salary as follows:

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

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

Safety Members, non-duty death
As for members without Social Security.

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

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

Death while eligible to retire

Eligibility
*S*urviving spouse or surviving domestic partner of active, disabled or inactive member who dies while eligible to retire.

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

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

Eligible Survivor:	
Eligible Spouse or Domestic Partner	Spouse or domestic partner of deceased active or disabled member in relationship for at least one year before date of death and who is:
	Responsible for care of eligible child, disabled, or age 60 (age 50 if spouse of member without Social Security and in Plan prior to October 19, 1973).
Eligible Child	Child that is either under age 18, under age 22 and a full-time student, or disabled, if disability occurred prior to age 18 or age 22 if a full-time student.
Eligible Dependent Parent	Parent of deceased active, disabled or retired member, supported by 50% or more by member for one year prior to earliest of death, disablement or retirement.
Inactive Member:	Former UCRP member who retains right to vested benefits.
Cost-of-Living Adjustment:	
Basic	100% of annual Consumer Price Index (CPI) increase up to 2% per year.
Supplemental	Generally 75% of annual CPI increase above 4%.
	The sum of the Basic and Supplemental COLA's cannot exceed 6% in a year.
COLA applies to:	
Retired members, survivors, disabled members, and contingent annuitants receiving retirement income	Benefits in pay status one or more years on July 1.
Inactive members	HAPC (used to calculate retirement income) adjusted for COLA up to 2% per year from separation date to retirement date; retirement income adjusted using COLA formula.
Disabled members receiving disability income since before November 5, 1990	HAPC (used to calculate retirement income) adjusted for COLA up to COLA formula above for years from disablement to retirement date.

Capital Accumulation Provision (CAP):	
Eligibility	Various UCRP nonretired members have CAP balances from allocations made periodically in the past. These balances are all vested.
Interest Credit	Regents' approved interest rate; currently 8.5% per year for pre-2002 CAPs and 7.5% for 2002 and later CAPs (CAP II).
Payment	Lump sum payment upon termination, retirement or death.
University Contributions:	Each year The Regents will determine the actual total contributions and the split between Member Contributions and University Contributions based on the total funding policy contribution and various other factors, including the availability of funds, the impact of employee contributions on the competitiveness of UC's total remuneration package, and collective bargaining. In no event would the University Contributions be lower than the Member Contributions. The total funding policy contribution is based on The Regents' funding policy as described in Exhibit VI. The Regents approved an employer contribution rate of 4% of covered compensation effective on or about April 15, 2010. This rate increased to 7% of covered compensation on July 1, 2011 and will increase to 10% of covered compensation on July 1, 2012.
Member Contributions:	
Members without Social Security	3.5% of covered compensation from July 1, 2011 through June 30, 2012; 5.0% of covered compensation starting July 1, 2012.
Members with Social Security	3.5% of covered compensation from July 1, 2011 through June 30, 2012; 5.0% of covered compensation starting July 1, 2012.
Safety Members	4.5% of covered compensation from July 1, 2011 through June 30, 2012; 6.0% of covered compensation starting July 1, 2012.
Offset	All member contributions are reduced by $19 per month.
Interest Credit	Regents' approved interest rate; currently 6.0% per year.

Changes in Plan Provisions:

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

- In February 1999 The Regents approved a proposal to restore to high-paid employees pension benefits that otherwise would be lost due to limitations on compensation in Internal Revenue Code Section 401(a)(17). The proposal was documented in a draft addendum to UCRP known as "Appendix E." However, such approval was subject to obtaining an appropriate determination from the Internal Revenue Service (which occurred in November 2007 following a lengthy moratorium on determination letter requests for certain defined benefit plans) and to the implementation of the proposed restoration program by the President, with the concurrence of the Chair of the Board of Regents and the Chair of the Finance Committee of the Regents.

  Estimates of the liability of the proposed restoration program were first included beginning with the July 1, 2008 actuarial valuation. However, to date neither the President nor the specified Regents have elected to implement the program and no benefits have been paid under the program. Moreover, the President and the Chair of The Regents have stated that the restoration program is not self-executing and confirmed that there is no current intent to implement the program (through Appendix E to UCRP or otherwise) for reasons of fiscal prudence in a changing economy.

  Thus, the estimated liability associated with Appendix E has been removed from this valuation, resulting in a decrease of $61 million in the Actuarial Accrued Liability and a 0.15% reduction in the total funding policy contribution.

EXHIBIT VI

UCRP Funding Policy

UCRP Funding Policy:

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

The UCRP funding policy has the following structure and parameters:

(1) The funding policy is effective with the July 1, 2008 actuarial valuation and determines total funding policy contributions starting with the Plan Year beginning July 1, 2009.

(2) Each year the funding policy contributions would be effective for the Plan Year starting one year after the date of the actuarial valuation.

(3) Each year The Regents will determine the actual total contributions and the split between Member Contributions and University Contributions based on the total funding policy contributions and various other factors, including the availability of funds, the impact of employee contributions on the competitiveness of UC's total remuneration package, and collective bargaining. In no event shall the University Contributions be lower than the Member Contributions.

(4) The funding policy determines total funding policy contribution rates based on an actuarial valuation of the non-laboratory segment of UCRP (i.e., campuses, medical centers and Hastings College of the Law). The Lawrence Berkeley National Laboratory contributes on the same basis as determined for the non-laboratory segment of UCRP, subject to the terms of the University's contract with the Department of Energy. The Lawrence Livermore National Laboratory and Los Alamos National Laboratory Retained Segments in UCRP are subject to the funding policies outlined in the University's contracts with the Department of Energy. Throughout this funding policy, the term "UCRP" refers to the non-laboratory segment of UCRP.

(5) The total funding policy contributions to UCRP consists of the Normal Cost plus an amortization charge for any Unfunded Actuarial Accrued Liability (UAAL) or minus an amortization credit for any surplus.

(6) The Regents' Consulting Actuary conducts an annual actuarial valuation of UCRP. The Normal Cost and the Actuarial Accrued Liability (AAL) in each actuarial valuation is determined under the Entry Age Normal Actuarial Cost Method, using actuarial assumptions adopted by The Regents.

(7) The asset smoothing method used to determine the Actuarial Value of Assets is based on the Market Value of Assets adjusted for "unrecognized returns" in each of the last five years. Unrecognized return is the difference between actual and expected returns on a market value basis and is recognized over a five-year period.

(8) As of the effective date of this policy, any initial surplus as of that date is amortized as a level dollar amount over a period of three years.

   a. Any changes in surplus after the effective date due to actuarial gains and losses (including contribution gains and losses) would be amortized as a level dollar amount over 15 years.

   b. Any change in surplus due to a change in actuarial assumptions, cost method or asset smoothing method would be amortized as a level dollar amount over 15 years.

   c. Any change in surplus due to a Plan amendment would be amortized as a level dollar amount over 15 years.

   d. In the first year after the effective date when UCRP has a UAAL all amortization bases would be considered fully amortized and contributions would be determined under the remaining provisions of this policy.

(9) For any year when UCRP has a UAAL, the calculation of the UAAL would be maintained by source (as listed below) and each new portion of or change in UAAL would be amortized as a level dollar amount over a fixed amortization period.

a. Any initial UAAL (after a period of surplus) or change in UAAL due to actuarial gains and losses (including contribution gains and losses) would be amortized over 30 years.

b. Any change in UAAL due to a change in actuarial assumptions, cost method or asset smoothing method would be amortized over 15 years.

c. Any change in UAAL due to a Plan amendment would be amortized over 15 years, unless a shorter period is adopted by The Regents reflecting the nature of the Plan amendment.

(10) For any year in which UCRP has a surplus, such surplus would be amortized as a level dollar amount over 30 years, and all prior UAAL amortization bases would be considered fully amortized.

(11) Effective July 1, 2010, all UAAL amortization bases as of July 1, 2010 will be combined and the combined base will be amortized as a level dollar amount over 30 years.

(12) This funding policy supersedes any previous funding policies.

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