UCRS Advisory Board

Meeting of November 10, 2011

AGENDA ITEM E

UCRP – Proposed University and Member Contribution Rates Beginning Plan Year 2013-2014

Consistent with prior consultation and financial modeling previously presented to The Regents, a recommendation on UCRP contribution rates for Plan Year 2013-2014 is scheduled to be presented as an Action Item to The Regents at their meeting of November 15-17, 2011. A copy of the Regents item will be available for distribution and review at the UCRS Advisory Board meeting. The item should also be available on-line on the Regents website in advance of The Regents meeting.

http://www.universityofcalifornia.edu/regents/regmeet/nov11/f5.pdf

The proposed rates for Plan Year 2013-2014 are as follows:

Member Class[1]	University Contribution Rate on Covered Compensation	Member Contribution Rate on Covered Compensation, less $19 per month (pretax)[2]
Non-Safety	12%	6.5%[3]

Due to the continued lack of state support for UCRP and the adverse impact that a faster rate of acceleration would have on location budgets, and in consideration of the competitiveness of UC's total compensation package, the proposed contribution rates will increase incrementally from the 10% / 5% rate effective FY 2012-2013. As shown on the attached UCRP Contribution Illustration, the total contribution rates remain well below the policy contribution rate; however beginning with the 2013-2014 Plan Year, the proposed total contribution rates will allow contributions to cover the Normal Cost[4].

Attachment

[1] Contribution rates for the historical Tier Two members remain at one-half the level for other members for the University and no contributions for members. The proposed UC and member contribution rates on Covered Compensation beginning Plan Year 2013-2014 applicable to Safety members are 12 percent and 7.5 percent, respectively.
[2] Member contribution rates are subject to collective bargaining, as applicable.
[3] The member contribution rate for non-Safety members hired on July 1, 2013 or later ("new tier") was previously approved at the 7% level (with no $19 per month offset).
[4] Normal Cost is defined as the cost allocated to each year of active member service.