University of California Retirement Plan (UCRP) July 1, 2011 Valuation Presentation

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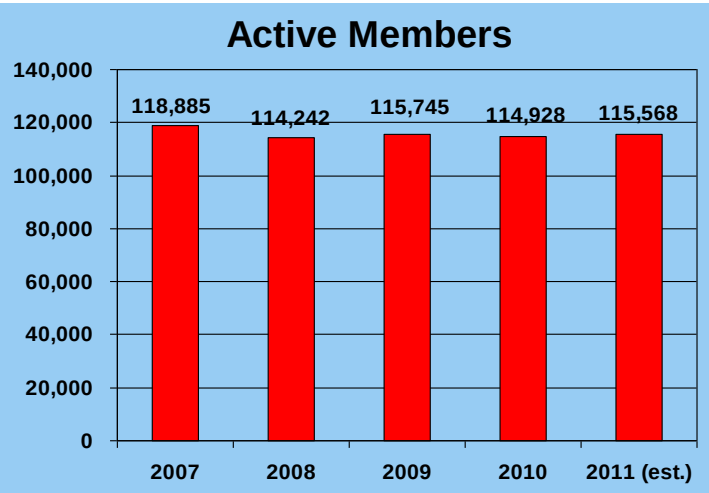
Highlights of 2011 Actuarial Valuation

- **22% market value return for 2010/2011**
  - **Actuarial return of 4.6% due to prior losses**
- **STIP transfer of $1.1 billion**
  - **2011/12 borrowing to be reflected next valuation**
- **New assumptions from experience study**
  - **Increased actuarial liability by $1.8 billion**

UCRP Demographics

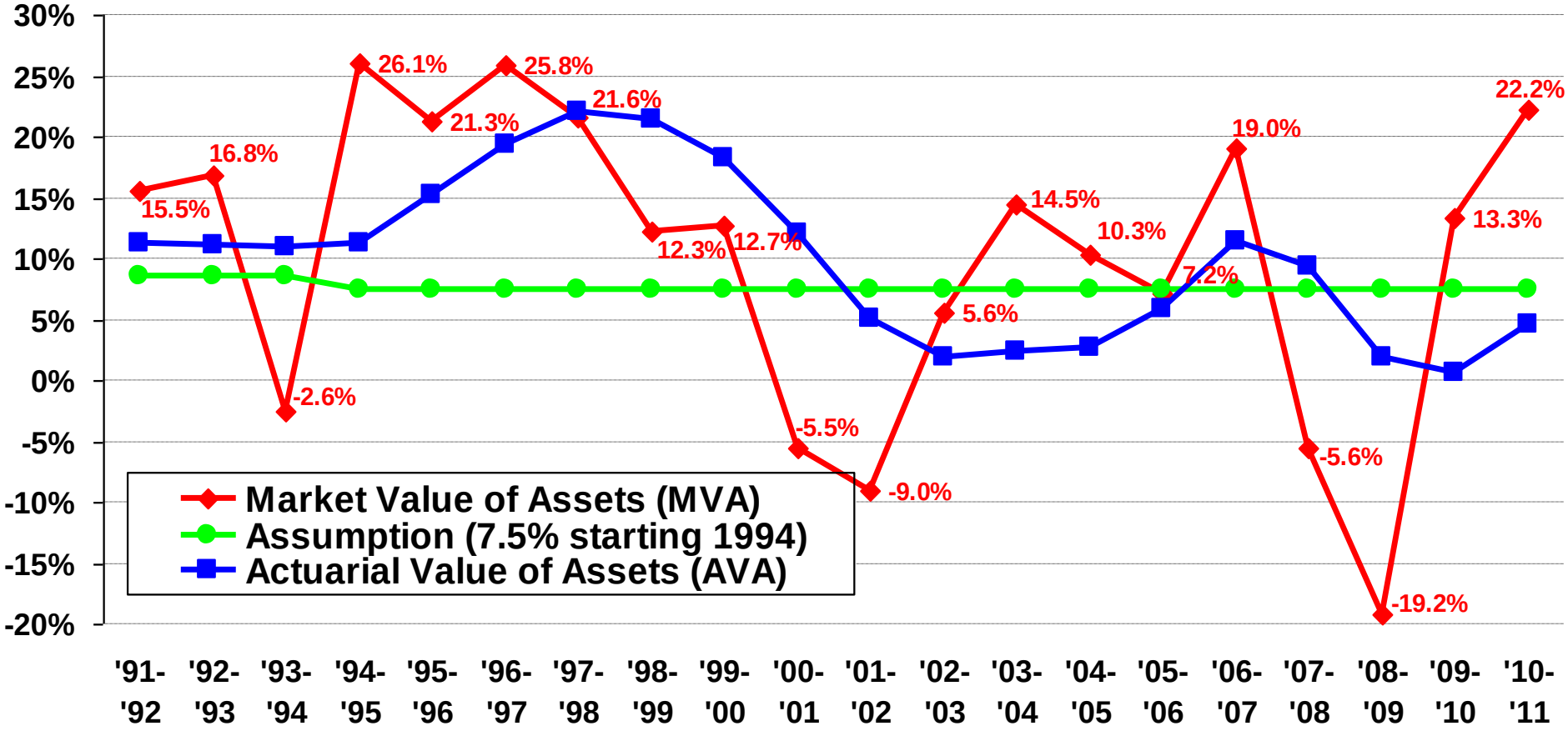


	2011	2010
Active Members	115,568	114,928
• Average Age	44.9	44.8
• Average Service	9.6	9.4
• Average Compensation	$78,264	$77,172

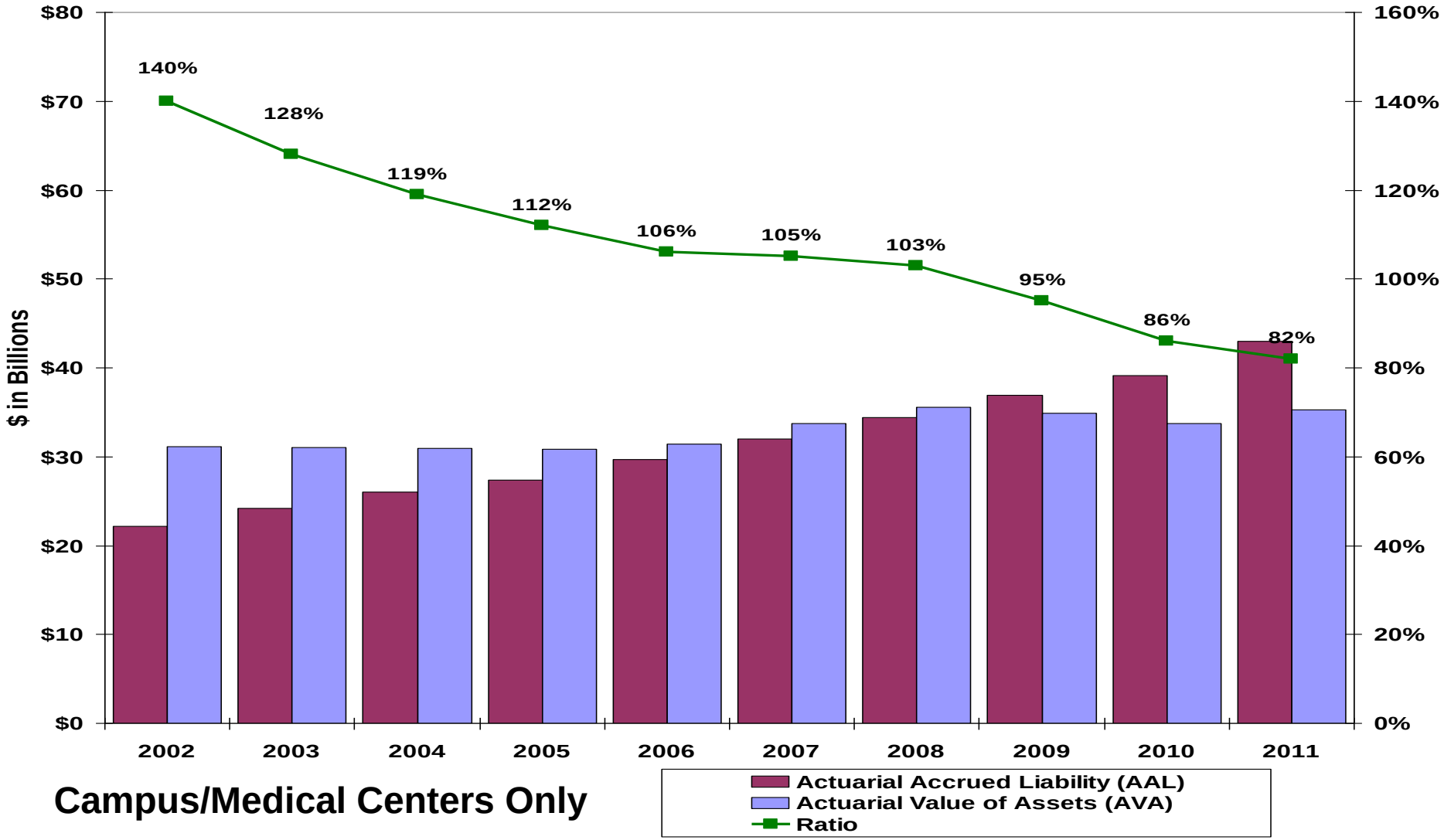
	2011	2010
Retired Members (in Pay Status)	56,296	53,902
• Average Age	70.2	70.0
• Average Annual Benefit	$34,814	$33,616

	2011	2010
Terminated Vested Members	32,159	31,623

UCRP Investment Rates of Return



UCRP Historical Funded Status and Funded Ratio (5 year smoothing) as of July 1



Campus/Medical Centers Only

UCRP Valuation Results ($ in billions)

	07/01/2011	07/01/2010
Market Value of Assets (MVA)	$41.9	$34.6
Actuarial Value of Assets (AVA)	$42.7	$41.2
Actuarial Accrued Liability (AAL)	$51.8	$47.5
Unfunded AAL (AAL less AVA)	$9.1	$6.3
Funded Percentage (AVA Basis)	82%	87%
Funded Percentage (MVA Basis)	81%	73%
Normal Cost (beginning of year)	$1.4	$1.4
Normal Cost (% of pay, middle of year)	17.83%	17.56%
Funding Policy Contribs (% of pay)	26.35%	23.25%

Regents Approved Contributions

- **Employer – all funding sources**
  - **FY 11/12 – 7%**
  - **FY 12/13 – 10%**
- **"Borrowing" to fund Annual Required Contribution**
  - **FY 11/12 ~ $1.0 billion**
- **Member***
  - **FY 11/12 – 3.5%**
  - **FY 12/13 – 5%**

***Less $19 per month; member contributions subject to collective bargaining for represented employees**

- **Proposal to increase contributions starting FY 13/14**
  - **Separate item**
- **Approved contributions (excluding borrowing) still lower than funding policy contribution**