Meeting of June 19, 2015

AGENDA ITEM B

UCRP – Preliminary Results of Experience Study

As noted at the February meeting, a UCRP Experience Study (Study) has been conducted by the Plan's Consulting Actuary, Segal Consulting (Segal). The Study compares UCRP's current actuarial assumptions to the actual experience from July 1, 2010 through June 30, 2014. The comparisons helped Segal determine if adjustments to UCRP's assumptions were warranted in order to calculate the best estimates of future liabilities.

Specifically, UCRP's actual, as compared to expected experience was analyzed with respect to:

- mortality, retirement, withdrawal and disability rates;
- merit, longevity and promotional salary increases, adjusted for estimated wage inflation;
- other valuation assumptions, including the percentage of UCRP members with eligible survivors, sick leave conversion, future rates of benefit accrual, Lump Sum Cashout (LSC) elections, and deferred vested retirement ages; and
- whether significant patterns or trends existed which indicated that a change should be made to the Plan's actuarial valuation assumptions.

The Study also determined whether UCRP's current economic assumptions, including the assumed rate of return, were still appropriate.

Consulting Actuary John Monroe from Segal will be providing an overview of the results and potential recommendations that will be presented to the Regents for approval in July. Any recommended assumption changes approved by the Regents will be effective for the July 1, 2015 actuarial valuation and changes to annuity option factors and LSC factors will be effective for retirements and LSC elections on July 1, 2016 or later. In addition, any changes recommended for UCRP that also apply to either the UC-PERS Plus 5 Plan or the 415(m) Restoration Plan will also be recommended for those plans.