UNIVERSITY OF CALIFORNIA

2016 Retirement Benefits Options Task Force

Interim UCRS Advisory Board Meeting
October 19, 2015

Overview

- Background: why the task force was formed
- Task force composition
- Task force's charge and guiding principles
- Parameters for new retirement benefits options
- Timeline
- Meeting Summaries
- Keeping you abreast of what's happening
- Questions

Why the Task Force was formed

- State budget agreement included $436 million over next three years to help pay down UCRP's unfunded pension liability
- These monies would be the first UCRP funding from the state in 25 years
- In exchange for state's pension funding, UC must implement a new retirement benefits program that aligns pension-eligible pay for future employees with that of state employees
- President Napolitano formed task force to help develop retirement benefits options for the president and regents to consider

Task Force composition

- Faculty, staff and administrators from around the UC system
- 13 members
- Membership list available at http://ucal.us/2016retbens

Charge of Task Force

- Develop retirement benefits options for future employees (i.e., hired/rehired on or after July 1, 2016) and recommendations for President Napolitano's consideration
- Consider widest possible range of options
- Consult with the entire UC community

Guiding principles for options

- UC retirement benefits continue to be competitive within the context of total employee compensation
- Enable UC to continue to recruit and retain a quality workforce
- UCRP must remain financially sustainable

Parameters for options

- Will apply to future employees hired/rehired on or after July 1, 2016
- Current employees and retirees are **not** affected
- Must align pension-eligible pay for future employees with that of state employees under PEPRA
  - Otherwise the 2016 Tier will have the same design as the 2013 Tier
- Will be guided by input from UC community, including faculty, non-represented and represented staff, and other stakeholders
- Pension changes for future represented employees will be subject to collective bargaining

Timeline

- Currently: Task force is meeting regularly, and consulting and gathering input from faculty, staff, administrators and retirees at their respective campuses.
- December 2015: Task force delivers recommendations to President Napolitano
- Spring 2016: President Napolitano presents her recommendation to Board of Regents for approval
- July 2016: New retirement benefits options implemented for employees hired / re-hired on or after July 1, 2016

Meeting Summary: August 7 and 20

- <u>President Napolitano guidance:</u>
  - Task force should consider the widest possible range of options
  - Criticality of meeting implementation demands/timeline
  - Important that task force members engage in broad consultation

- <u>Background presentations:</u>
  - Overview of the UC Retirement System
  - Review of retirement options provided by comparator institutions
  - UC faculty total remuneration study
  - Preliminary financial analysis of select retirement option designs

August 7 and 20 (cont.)

- <u>Principles for task force recommendations:</u>
  - New benefits options continue to be competitive in the context of total employee compensation
  - The UC Retirement Plan must remain financially sustainable
  - Pension-eligible pay for the 2016 defined benefit plan for must mirror PEPRA cap for state employees

- <u>Possible defined contribution options:</u>
  - Preliminary discussion of potential defined contribution benefit options that might be offered in combination with or as an alternative to the new 2016 pension benefit

Meeting Summary: September 15

<u>Continuation of previous discussions</u>

- Supplemental benefit approach and design options
- Benefits for incoming employees: Employees hired by 6/30/16 will participate in the 2013 UCRP Tier
- Financial parameters: discussion with CFO Brostrom

Meeting Summary: September 30

- Continued discussion of supplemental benefit design and eligibility
- Initial discussion of defined contribution plan choice
- Goal is to attain higher funded status

How to stay informed

Dedicated website: http://ucal.us/2016retbens

- Background information on budget agreement and task force
- FAQs
- Task force meeting summaries
- Timeline
- Update stories

Questions?