



UCRS Advisory Board

MINUTES

UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS) ADVISORY BOARD MEETING

June 14, 2024

10:00 AM – 2:00 PM

BOARD MEMBERS PARTICIPATING: Chair Terrence Hendershott, Vice Chancellor – CFO Chuck Haines, Professor David Kleinfeld, Benefits Manager Dorothy Ong, Nurse David Yamada, Pharmacy Technician Ruth Zolayvar, and CUCEA Chair Jo Anne Boorkman, CUCRA Chair John Meyer.

BOARD MEMBERS ABSENT: Chief Investment Officer (CIO) Jagdeep Bachher, Vice President Cheryl Lloyd, Chief Operating Officer (COO) Rachael Nava.

UCOP STAFF PARTICIPATING: Interim Associate Vice President Cain Diaz, Associate Vice President Jay Henderson, Senior Managing Director Satish Swamy, Managing Director Marco Merz, Principal Counsel Luis Blanco, Principal Counsel Robert Gaumer, Executive Director Hyun Swanson, Senior Director Ming Wung, Associate Controller Ruth Satorre, Manager Jennetta Brown, Manager Thomas Carthron, Manager Aliya Dibrell, Manager Doug Kanigher, Manager John Monroe, Manager Greg Ricks, Manager Scott Sylva, Manager Matt Teaford, Manager Sapphire Thompson, Principal Analyst Ashley Eigenauer, Principal Analyst Aaron Locquiao, Principal Analyst Rebecca Preza, Principal Analyst Melissa Rad, Principal Analyst Gloria Sit, Policy Analyst Tony Yang, Supervisor Tim Hoppe, Accountant Vicky Lam, Accountant Kiet Luu, Department Coordinator Marla Cox, Business Analyst Mary Sanchez, and Thought Leader Richard Townsend.

OTHERS PRESENT: Professor Emeritus Jim Chalfant, Retiree and UPTE representative Paul Brooks, Retiree and CUCRA member Marianne Schnaubelt, AFSME representative Geoff Goodman, CUCEA Chair-Elect Amy Block-Joy, CUCRA Chair-Elect Sue Abeles, Actuary Todd Tauzer (Segal), and Actuary Emily Klare (Segal).

The meeting officially began at 10:02 a.m.

PUBLIC COMMENT PERIOD: Retiree and UPTE representative Paul Brooks commended the RASC on reducing retirement application processing times to an average of 21 days and requested a graph depicting the number of claims (retirement applications) processed and the number of days to completion. Retiree and UPTE representative Paul Brooks also requested information on survivor application processing times if such time exceeds 30 days. Senior Director Wung indicated that he would address both questions during Item E.

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In response to a question from Retiree and UPTE representative Paul Brooks, Senior Manager Director Merz indicated that the UC Savings Fund's rate of return should increase over the next year.

APPROVAL OF THE MINUTES: Chair Hendershott called for the approval of the minutes of the Board meetings of March 1, 2024. The minutes were approved by acclamation.

COMMENTS FROM THE CHAIR: Chair Hendershott began by announcing he and CUCEA Chair Jo Anne Boorkman's Board terms were coming to an end. He thanked Board Member Boorkman for her service to the Board and University and expressed gratitude for the effort put towards improving RASC operations and services.

OFFICE OF THE CHIEF FINANCIAL OFFICER – BUDGET UPDATE: Interim Associate Vice President Diaz began by recapping highlights from the March 1, 2024 budget update. He informed the Board that earlier in June 2024 the legislature made revisions to the Governor's May 2024 budget proposals, maintaining the \$125 million reduction previously proposed (expected to be restored in 2025-26), but with UC seeing state funding in line with the multi-year compact (\$227.8 million in funding) for 2024-25. In conclusion he stated that a resolution on the final budget is to be expected reached within the upcoming days.

CHIEF INVESTMENT OFFICER – REPORT: Senior Managing Director Swamy began providing UCRP asset value of \$95 billion as of March 31, 2024 and \$98 billion as of June 13, 2024. He then addressed asset allocation, noting that UCRP was running overweight in public equities and underweight in private equities. Lastly, he provided the long-term investment rate of return for UCRP, stating that the thirty-year rate of return is 8.4%, with ten- and twenty-year rate of returns close to 7%.

Managing Director Merz began by providing the Retirement Savings Program (RSP) asset value of \$38 billion as of March 31, 2024, and \$39 billion as of June 13, 2024. He noted this was an increase of \$7 billion over last year. He then provided a breakdown of asset value by fund class, noting that 42% of assets were in the UC Pathway Funds, 50% invested in the core lineup, and the remainder invested in the Brokerage Window. Referencing slides provided to the Board, a brief overview of the RSP fund performance was provided and it was noted that the growth equity fund saw a 46.5% rate of return over the last year. Lastly, he reminded the Board that as of July 1, 2024, the RSP investment lineup will include Certificates of Deposit and the UC Blue and Gold fund.

ITEM A – UCRP – OVERVIEW OF ACTUARIAL BASICS AND ANALYSIS FOR UCRP:

Actuarial Services Group Manager John Monroe began by announcing that consulting actuary Paul Angelo is retiring and is to be replaced by Segal's Todd Tauzer. Referencing slides previously provided to the Board, Consulting Actuary Tauzer explained the concept of an actuarial valuation and reviewed the five input components of an annual actuarial valuation. Lastly, Consulting Actuary Tauzer reviewed detailed graphs of UCRP's funding status, contributions, and plan maturity from 2009 to 2023.

ITEM B – UCRP – COST-OF-LIVING ADJUSTMENTS (COLA) FOR 2024,

MEASUREMENT OF ANNUITANT PURCHASING POWER: Policy Analyst Sit began by stating that the UCRP Annuitant COLA for July 1, 2024, which is based on the average increase in the Consumer Price Index (CPI) for all urban consumers in the San Francisco and Los Angeles

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metropolitan areas from February 2023 to February 2024, will be 2.00% for annuitants with retirement dates on or before July 1, 2023. She then briefly summarized the methodology within the item. Policy Analyst Sit stated purchasing power for most retirees remains around 85%, noting approximately 13,450 annuitants with a purchasing power below 85%, but none lower than 82%.

ITEM C – RETIREMENT SAVINGS PROGRAM – OPERATIONS AND EDUCATION

REPORT: Executive Director Swanson summarized the highlights of the 2024 1st quarter RSP report, specifically noting RSP participants have an 11% average deferral rate. Turning to communications and education, Executive Director Swanson played a sample video clip of Fidelity Education Consultant Jeremy Young and informed the Board that similar educational videos would be linked in future participant engagement emails.

With respect to the Roth deferral option that was added to the RSP plans August 2023, Executive Director Swanson informed the Board that there have been 11,500 participant enrollments. She noted that 33% of Roth enrollments were made by employees who did not previously participate, and that the Roth contribution rate aligns with the national average, making up 13% of total deferrals. Executive Director Swanson then informed the Board that an educational video library will be added to myUCretirement.com and previewed the library's video on the Roth deferral option.

In response to Board member Meyer and comment from retiree Paul Brooks, Senior Director Wung acknowledged the request for an informational video on survivor benefits planning.

ITEM D – UCRS – RETIREMENT CHOICE PROGRAM & SECOND CHOICE WINDOW -

UPDATE: Reviewing slides previously provided to the Board, Manager Sylva detailed Retirement Choice Program election statistics, including second choice election statistics, based on UC location and employee group (Faculty, Staff represented, Staff unrepresented).

Board member Zolayvar requested that Choice elections by income bracket be provided in future meetings.

ITEM E – UCRS – REDWOOD RETIREMENT ADMINISTRATION RECORDKEEPING SYSTEM, UCRAYS, ROOTS AND RETIREMENT ADMINISTRATION SERVICE CENTER (RASC) – UPDATE:

Manager Dibrell provided a brief update of the UCRAYS, Roots and Redwood systems. With respect to UCRAYS, she noted that efforts are being made to determine how to lower the number of password resets performed and stated that over 90% of retirement elections are being submitted through the online portal.

RASC Senior Director Wung began by introducing two new leaders, Matt Tindol and Thomas Carthron. He then informed the Board that in the Fall meeting an update on the results of the pension administration benchmarking analysis, performed by CEM Benchmarking, would be provided.

Referencing slides previously provided to the Board, Senior Director Wung provided an update on the newly launched RASC website (rasc.universityofcalifornia.edu), which provides members with retirement planning resources and a scheduling system to make an appointment with RASC retirement counselors. Highlighting one of the planned content additions, he played a member facing video on the no lapse in pay program (NLIP). With respect to the retirement counseling services, Senior Director

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Wung informed the Board that a customer satisfaction survey is now being sent after every appointment. Board member Boorkman commented that she would be interested in seeing the member comments provided in surveys with the lowest two satisfaction ratings. Board member Meyer requested an assessment as to whether the available retirement counselor appointments are enough to meet demand. In response to a question from Board member Zolayvar, Senior Director Wung stated that language of preference is available for counseling appointments and the post counseling survey is currently only available in English.

Senior Director Wung then reviewed processing times for retirement applications in 2023 and 2024. Addressing the public comment made by retiree Paul Brooks, Senior Director Wung indicated that retirement application processing time is reviewed weekly, and average processing time for the 90th percentile is about 30 days.

Turning to RASC member contact channels, Senior Director Wung summarized a chart depicting average speed to answer for tier 1, tier 2, and the dedicated survivor phone line over the past year. Chair Hendershott commented on the performance improvement, noting the average speed to answer decreased from twenty-five to 4 minutes over the past year. With respect to message submitted through the UCRAYS member portal, Senior Director Wung noted the improvement in processing times and stated that the goal is to answer messages in 5 or less business days.

Lasty, Senior Director Wung informed the Board that a new work queue has been established for the team processing survivor benefit applications with the goal of improving member experience and faster application processing.

In response to questions posed by Board member Zolayvar and Meyer, Senior Director Wung informed the Board that the RASC is fully staffed.

Board Member Boorkman requested educational content for retiree's survivors.

ITEM F – LUMP SUM CASHOUT REPORT - UPDATE: Referencing slides previously provided to the Board, RASC Senior Director Ming Wung reviewed statistics on retirees electing the lump sum cashout option and informed the Board that, in coordination with Board member Zolayvar, an online survey is being distributed to those who elected a lump sum cashout in the last five years.

ITEM G – UCRS ADVISORY BOARD – ELECTION OF OFFICERS FOR FISCAL YEAR 2024-25: Principal Analyst Eigenauer and Chair Hendershott noted that Chuck Haines had been nominated to serve as Chair and David Kleinfeld had been nominated to serve as Vice Chair. These were the only nominations received. Chair Hendershott called for a voice vote and Chuck Haines and David Kleinfeld were elected to serve as Chair and Vice Chair, respectively, for FY 2024-25.

ITEM H – UCRS ADVISORY BOARD – MEETING SCHEDULE FOR FISCAL YEAR 2024-25: Principal Analyst Eigenauer announced the proposed meeting dates for the next fiscal year, as delineated in the Board item. She indicated that if no scheduling conflicts were reported over the summer months, she would consider the proposed dates as acceptable and have them posted on the Board's main page on UCnet.

The meeting adjourned at 1:34 p.m.