Overview of UCRP
July 1, 2024 Valuation Report
Prepared by Segal

Presented by

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UCRS Advisory Board
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Highlights of 2024 Actuarial Valuation

Current participants	Rate of Return on Market Basis	Funded Ratio on Market Basis	Funded Ratio on Actuarial Basis
89,000	**12.9%**	**84.7%**	**82.5%**
Retirees and Survivors	7.7% on Actuarial Basis	80.1% prior year	81.8% prior year

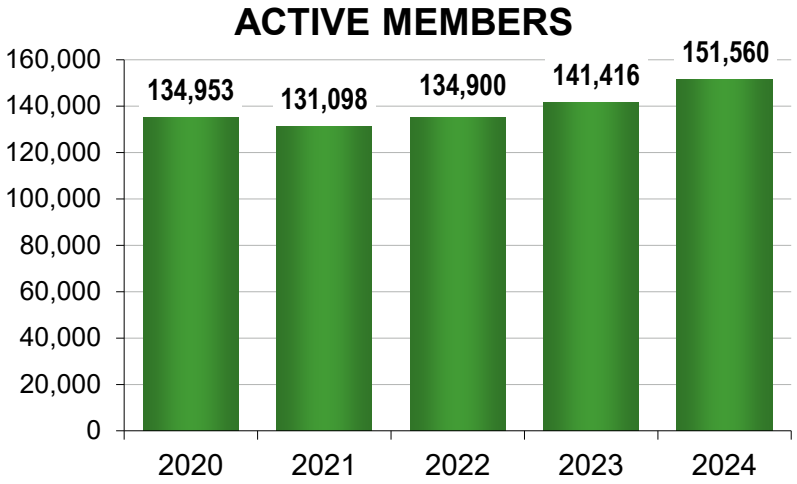
Unfunded Liability on Actuarial Basis	Total Funding Policy Contribution	How Long Until Fully Funded
$20.4B	**32.13%**	**17 Years**
$20.0B prior year	32.88% prior year	24 prior year

Green text indicates improvement over 2023

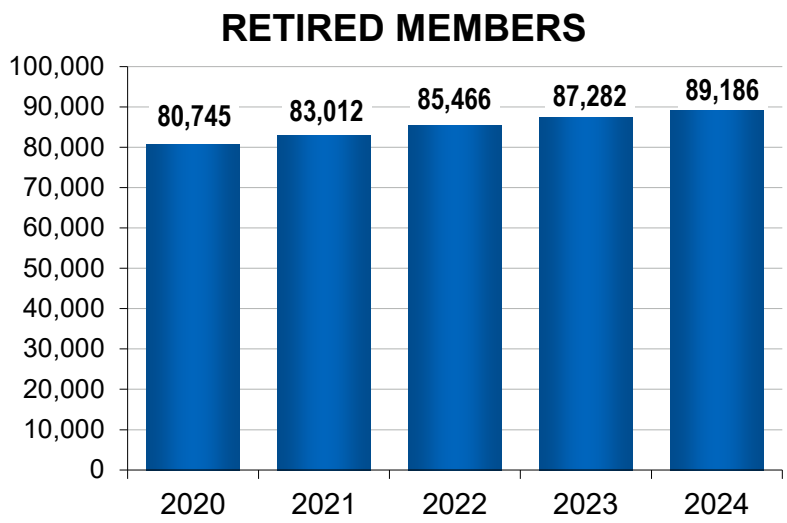
Highlights of 2024 Actuarial Valuation

- Changes in funded ratio and UAAL primarily due to:
  - Actual individual salary increases greater than assumed
  - Actual contributions less than the Total Funding Policy Contribution
  - Investment gain after smoothing
- $500 million STIP to UCRP transfer during 2023/24 is reflected in valuation results
  - $800 million STIP transfer approved for 2024/25

UCRP Demographics



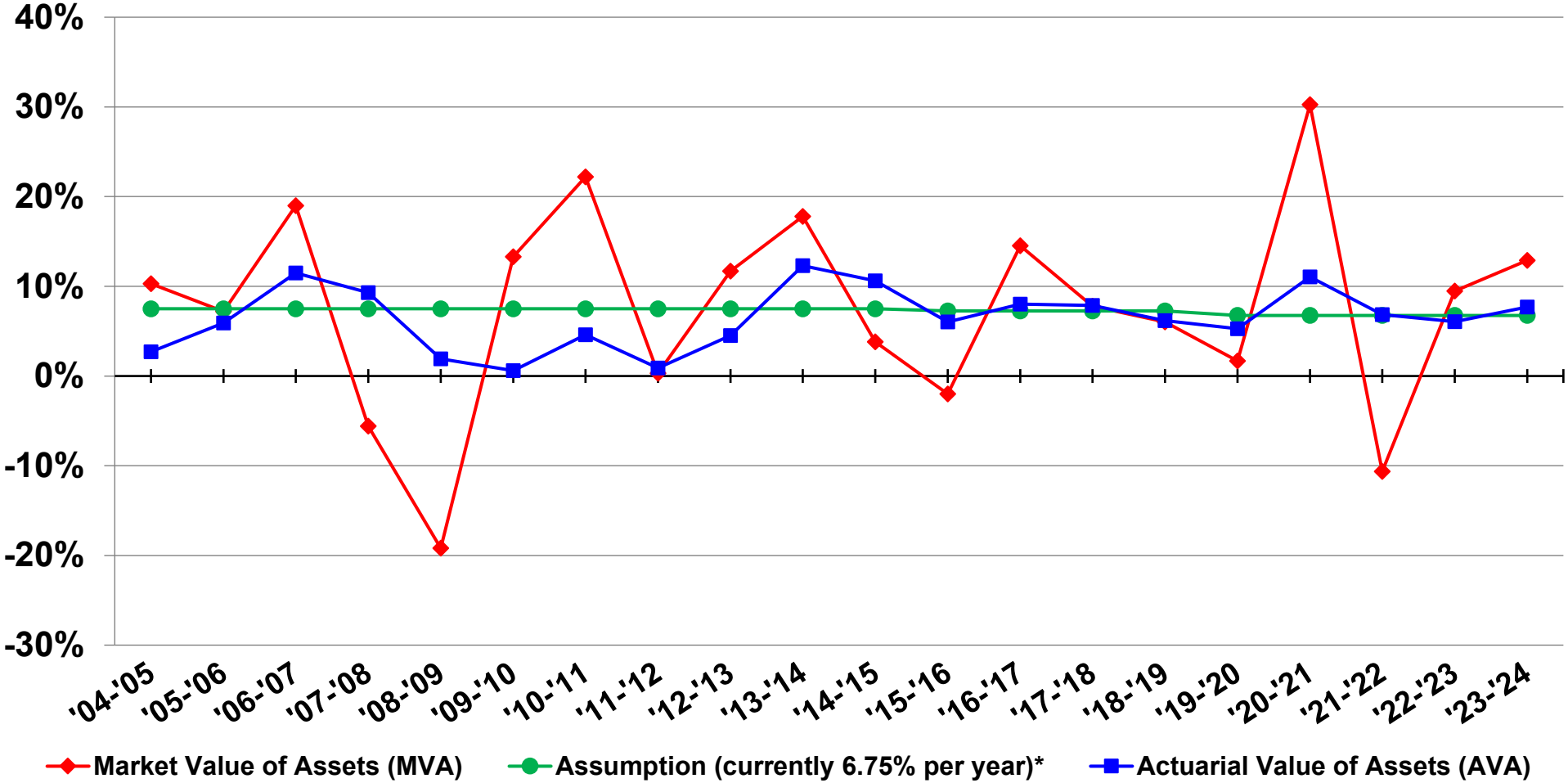
	2024	2023
Active Members	**151,560**	**141,416**
• Average Age	44.8	44.8
• Average Service	9.0	9.3
• Average Compensation	$123,075	$118,052



	2024	2023
Retired Members (in Pay Status)	**89,186**	**87,282**
• Average Age	73.5	73.2
• Average Annual Benefit	$52,572	$51,120

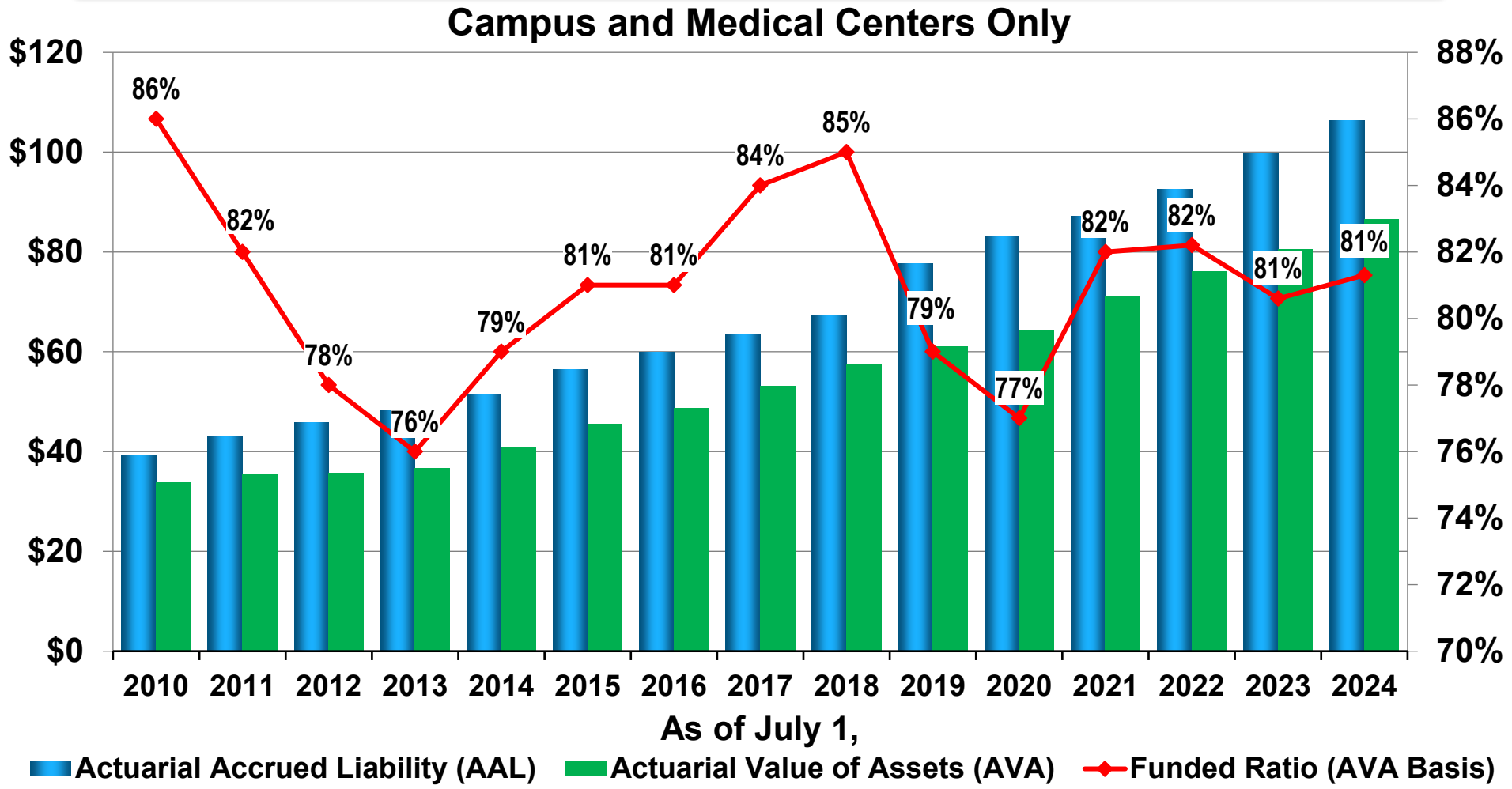
	2024	2023
Terminated Vested Members	**38,951**	**39,149**

UCRP Investment Rates of Return



The investment rate of return assumption was 7.50% starting July 1, 1994, decreased to 7.25% on July 1, 2015 and decreased to 6.75% on July 1, 2019.

UCRP Historical Funded Status



Dollars shown in billions

Future Expectations

Current schedule of approved contribution rates

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
UCRP Employer Contribution	14.5%	15.0%	15.5%	16.0%	16.5%	17.0%	17.5%	18.0%
Savings Choice UAAL Surcharge	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%	10.0%

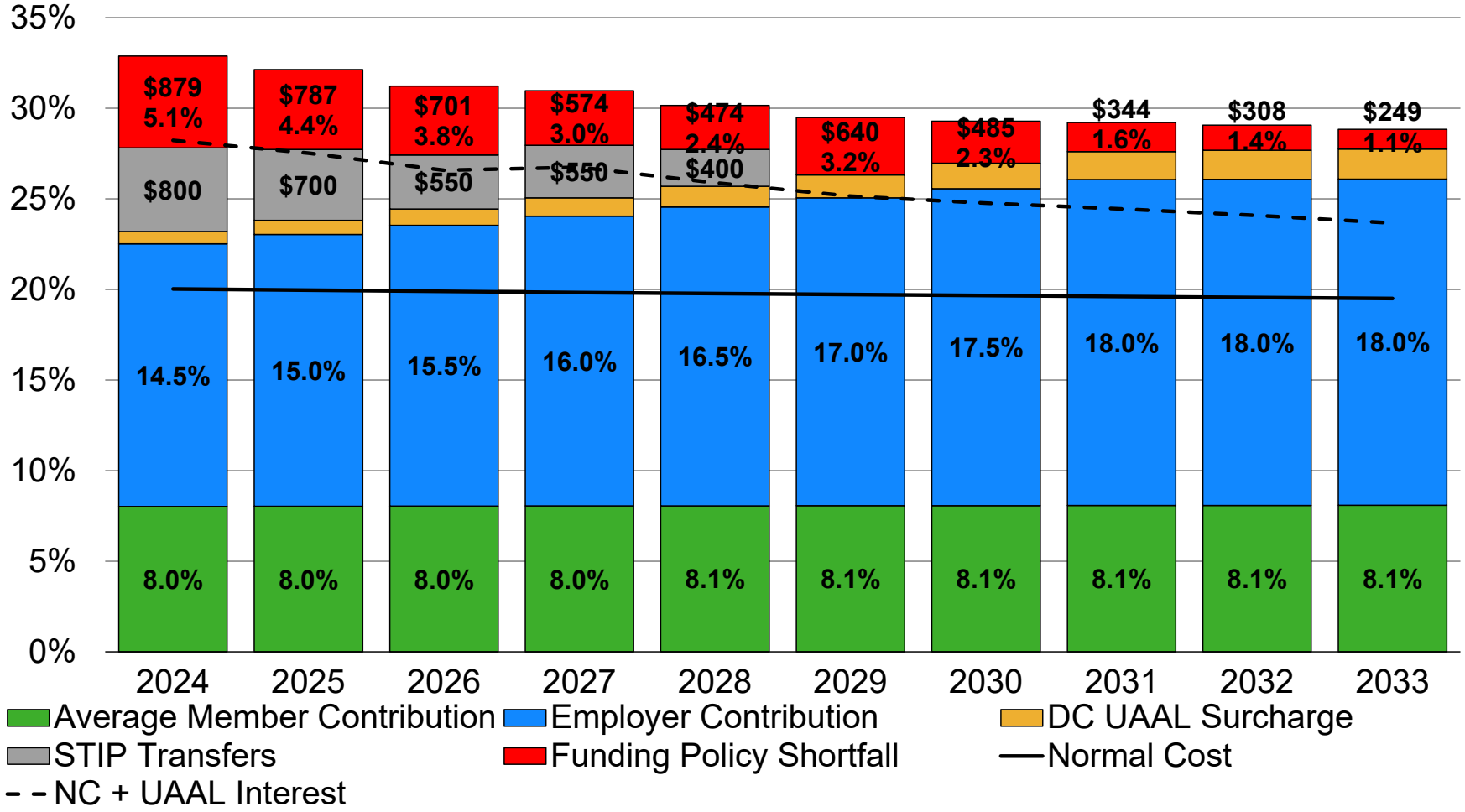
- Various projections prepared by Segal are included in Appendix A of the valuation report
  - Compares approved and total funding policy contributions
  - Shows how current shortfall increases future funding policy contributions
- Projected funded status
  - Funded ratio and UAAL
  - Assumes only approved contributions are made

Baseline Scenario

- The following slide shows the baseline projection from the July 1, 2024 Valuation
  - Reflects all experience through July 1, 2024
  - Reflects current schedule of approved contributions
  - Reflects approved STIP transfers through 2028/29
- Approved contributions projected to fall short of total funding policy contribution by ~$900 million in 2024/25
  - Annual shortfall projected to decrease to $250 million in ten years
- Approved contributions meet normal cost plus interest on UAAL in years after 2024/25

Projected UCRP Contribution Amounts: Baseline

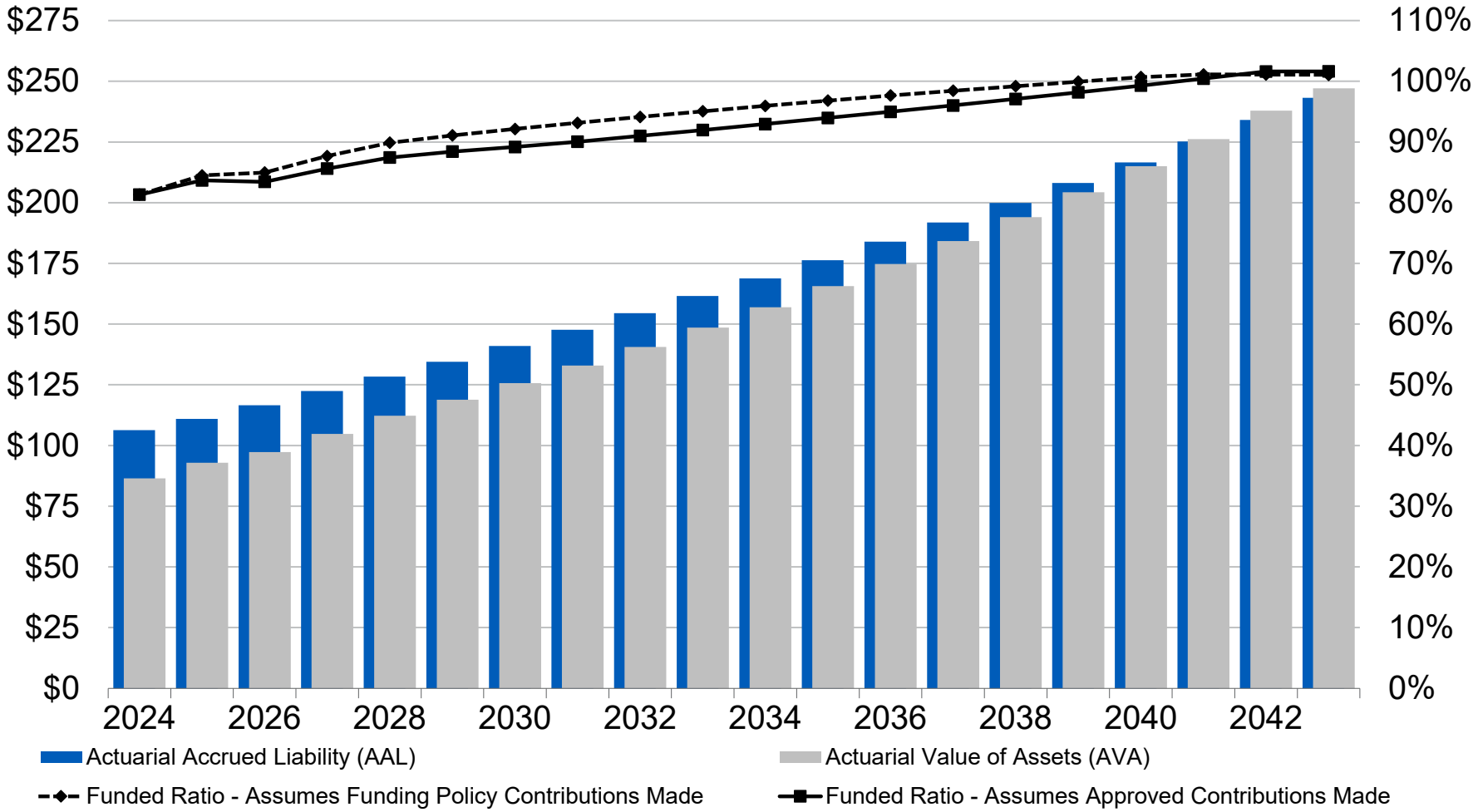
6.75% Market Return Per Year Beginning July 1, 2024



Dollars shown in millions; Shortfalls are shown in future dollars

Projected UCRP Funded Status: Baseline

6.75% Market Return Per Year Beginning July 1, 2024



Dollars shown in billions

Appendix:
Actuarial Assumptions and Disclosures

Assumptions / Methods Used in Projections

- Unless otherwise noted, projections are based on July 1, 2024 actuarial valuation results.
  - Includes participant data, actuarial assumptions, methods and models on which that valuation was based.
- Some of the important assumptions used in the projections:
  - Includes campus and medical center segment only
  - Assumes a market value return of 6.75% per year beginning July 1, 2024
  - Reflects current contribution rate schedule shown earlier
  - Reflects approved STIP transfers through 2028/29
  - Employer contribution rate can be no less than the member contribution rate

Assumptions / Methods Used in Projections

- Assumes total (UCRP and Savings Choice) active member population growth of 0.7% per year
- Demographics for future new entrants are assumed to be the same as those for members hired during the two years prior to July 1, 2024
- Reflects choice of UCRP 2016 Tier or Savings Choice for new hires after July 1, 2024, except for new hires under CNA, AFSCME and UPTE who enter the Modified 2013 Tier.
  - Assumes election rate of 35% Savings Choice (65% UCRP 2016 Tier)
  - Cost of choice of 0.6% of payroll for all new hires added to normal cost

Disclosure

The projections included herein were made using generally accepted actuarial practices

Projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to Segal at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

All calculations were completed under the supervision of Eva Yum, FSA, MAAA, Enrolled Actuary who is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.