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# UCRS Advisory Board

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## MINUTES

### UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS) ADVISORY BOARD MEETING

February 28, 2025

10:00 AM – 2:00 PM

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**BOARD MEMBERS PARTICIPATING:** Chair Vice Chancellor – CFO Chuck Haines, Vice Chair Professor David Kleinfeld, Chief Investment Officer (CIO) Jagdeep Bachher, Professor Zoran Nenadić, Nurse David Yamada, Benefits Manager Dorothy Ong, Pharmacy Technician Ruth Zolayvar, CUCRA Chair Sue Abeles, and CUCEA Chair Joel Dimsdale.

**BOARD MEMBERS ABSENT:** Chief Operating Officer (COO) Rachael Nava, Vice President - Systemwide Human Resources - Cheryl Lloyd

**UCOP STAFF PARTICIPATING:** Associate Vice President Caín Díaz, Associate Vice President Jay Henderson, Senior Managing Director Satish Swamy, Managing Director Marco Merz, Principal Counsel Luis Blanco, Principal Counsel Robert Gaumer, Executive Director Bill Perez, Executive Director Holli Strauss, Executive Director Hyun Swanson, Digital Strategy and Systems Leader Matt Tindol, Senior Director Ming Wung, Manager Thomas Carthron, Manager Aliya Dibrell, Manager Peter Ishaya, Manager Doug Kanigher, Manager Kevin Kennedy, Manager Jennifer Luna, Manager John Monroe, Manager Lahi Oliver, Manager Scott Sylva, Principal Analyst Ashley Eigenauer, Principal Analyst Ken Feer, Principal Analyst Aaron Locquiao, Principal Analyst Rebecca Preza, Principal Analyst Melissa Rad, Principal Analyst Gloria Sit-Lewis, Communications Specialist Radhika Mellin, Retirement Thought Leader Richard Townsend, and Department Coordinator Marla Cox.

**OTHERS PRESENT:** Professor Emeritus Todd Wipke, UCI Director of Technology Jason Valdry, Retiree and UPTE representative Paul Brooks, CUCEA Chair-Elect Amy Block-Joy, CUCFA representative Eric Hayes, Retiree and CUCRA member Marianne Schnaubelt, CUCFA representative Eric Hays, AFSME representative Geoff Goodman, CNA representative Nate Johnson, Teamsters Representative Alex Vermie.

The meeting officially began at 10:00 a.m.

**PUBLIC COMMENT PERIOD:** Retiree and UPTE representative Paul Brooks inquired how often investment fund factsheets are updated and questioned why the UC Savings Fund was not performing to the benchmark. Responding to the comment, Managing Director of Defined Contribution Products Marco Merz stated that the fund factsheets are updated quarterly and are published online 5 weeks after the quarter-end. With regard to the UC Savings Fund, Managing Director Merz stated that the

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fund is performing below benchmark due to bonds being held having a lower yield than what is currently available in the market, and as the bonds mature the interest rate will become in line with the market. CIO Jagdeep Singh-Bachher added that the bonds were purchased prior to the Federal Reserve raising interest rates, resulting in a performance under the benchmark.

Retiree and UPTE representative Paul Brooks then complimented the RASC on improvements made in the processing of survivor benefits and inquired if retirees are informed of a possible lag time in payment of survivor benefits. Executive Director Swanson indicated that she would address the question in a later item.

Professor Emeritus Todd Wipke detailed the individual experience of a domestic partner of a deceased UCSC retiree in receiving survivor benefits. Chair Haines indicated that RASC Executive Director Bill Perez would follow up with Professor Emeritus Wipke directly.

**APPROVAL OF THE MINUTES:** Chair Haines called for the approval of the minutes of the Board meetings of December 6, 2024. The minutes were approved by acclamation.

**COMMENTS FROM THE CHAIR:** Chair Haines began by introducing newly appointed Board Member and CUCRA Chair Sue Abeles.

**OFFICE OF THE CHIEF FINANCIAL OFFICER – BUDGET UPDATE:** Associate Vice President Caín Díaz began by providing an overview of the Governor’s budget proposal for 2025-26. With respect to UC, he stated that the Governor’s proposal was consistent with the Budget Act of 2024, with UC seeing a net budget reduction of \$270 million. Lastly Associate Vice President Caín Díaz reviewed UC’s multi-year core funding estimate, noting a budget deficit of \$509 million for FY 2025-26.

**CHIEF INVESTMENT OFFICER – REPORT:** Chief Investment Officer Jagdeep Singh Bachher welcomed Board Members and guests to freely ask questions regarding UCRP and market performance.

In the interest of time, meeting attendees were directed to the previously provided slide deck for more information on Retirement Savings Program performance as of December 31, 2024.

### **ITEM A – RETIREMENT SAVINGS PROGRAM – OPERATIONS AND EDUCATION**

**REPORT:** Manager Jenniger Luna began by summarizing the highlights of the 2024 4<sup>th</sup> quarter RSP report. She noted that RSP plans had almost 362,000 unique participants, 50% of active participants were making supplemental deferral contributions, and that 58% of career employees were on track to have at least 80% retirement income replacement from all UCRS sources. She noted that Fidelity met all performance standards for the quarter. With respect to communications and education, Communications Specialist Radhika Mellin informed the Board that myUCretirement.com had seen over 491,000 views since launching its redesign.

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In response to a question from Board Member Dimsdale, Manager Luna stated that she expects to be able to provide more information on retirement readiness scores for employees subject to the PEPRA covered compensation limit during the June meeting.

Addressing Retiree Paul Brooks public comment, Executive Director Swanson stated that the current webinar offerings advertise communication pieces such as the Survivor Handbook, where processing times are referenced multiple times. Additionally, she stated that a two-part webinar series focusing on survivor benefits will launch in August 2025, and that the second webinar will include information on what benefits are available to survivors, how to access them, and expected time frames for processing benefit applications.

In response to a comment from Board Member Dimsdale, Senior Director Ming Wung stated that there the RASC will have one-on-one appointments available for retirees who may return to employment at UC.

**ITEM B – RETIREMENT CHOICE PROGRAM & SECOND CHOICE WINDOW UPDATE:**

Manager Sylva reviewed slides previously provided to the Board, detailing Retirement Choice Program election statistics and Second Choice election statistics (those who submit an election to switch from Savings Choice to Pension Choice).

**ITEM C – UCRS – LEGISLATION UPDATE – SOCIAL SECURITY FAIRENESS ACT:**

Manager Scott Sylva provided the Board with a summary of changes to Social Security benefits brought about by the Social Security Fairness Act, specifically the repeal of the Windfall Elimination Provision and Government Pension Offset. Manager Sylva explained that although the repeal of this legislation did not impact UCRP benefits directly, education and communication pieces were published on UCnet and distributed to locations Retirement Centers to inform retirees that they may be eligible for (additional) Social Security benefits and should reach out to the Social Security Administration directly.

**ITEM D – UCRS – RETIREMENT ADMINISTRATION SERVICE CENTER (RASC) –**

**UPDATE:** RASC Executive Director Bill Perez began by introducing himself to the Board. Turning to slides previously provided to the Board, Senior Director Ming Wung summarized the 2024 performance statistics for the Board, noting seasonal periods when call and secure message volume increased. Turning to retirement applications, Senior Director Wung highlighted the 14-day improvement in application processing time and noted that 78% of applications are processed within the 45-day service level agreement. He stated that considerations were being given to adopt a “streamlined” approach to retirement processing, versus No Lapse In Pay, but no changes would be implemented until 2026.

With respect to survivor benefits, Senior Director Wung stated that improving processing times is a critical focus for RASC in 2025, and that June’s meeting would have an agenda item dedicated specifically to the topic.

In response to a question from Board Member Zolayvar, Retirement Counselor Manager Kevin Kennedy stated that they will see if they can provide a breakdown of employee group and pay band for those who scheduled retirement counseling appointments.

In response to a question from Board Member Ong, Retirement Counselor Manager Kevin Kennedy stated that maximum capacity for retirement counseling appointments is 600 per month and noted that rescheduled appointments are included in the metric for cancelled appointments.

Lastly, Senior Director Wung announced that the RASC Spanish portal is now live.

**ITEM E – UCRS – RASC DIGITAL STRATEGY INITIATIVES AND PENSION**

**ADMINISTRATION RECORDKEEPING SYSTEM – UPDATE:** Referencing slides previously provided to the Board, Digital Strategy & Systems Manager Matt Tindol began by sharing the key areas of focus for UCRAYS enhancements and improvements in the 2025 calendar year. He reviewed the two-track approach to UCRAYS improvements, highlighting that small, meaningful, enhancements could be achieved through track one, and changes towards a full-service model would follow track two.

In response to a question from Board Member Abeles, Digital Strategy & Systems Manager Tindol stated that member feedback will be included.

HR Benefits Information Systems Manager Aliya Dibrell began by providing a brief update on the UCRAYS system. Referencing slides previously provided to the Board, she highlighted the increased use of UCRAYS for self-service retirement applications from the launch of Redwood in 2019 through the end of 2024. Turning to system updates, Manager Dibrell stated that the lived name and gender recognition update was completed in January 2025, and a campaign was launched in October 2024 to increase multi-factor authentication among users. She stated that about 60% of users elected to use multi-factor authentication, and in the future all users will be required to utilize this security enhancement.

**ITEM F – UCRS – LUMP SUM CASHOUT REPORT:** Referencing slides previously provided to the Board, RASC Thought Leader Richard Townsend began by reviewing the breakdown, by percentage, of monthly income and lump sum cashout elections over the last five calendar years.

Turning to LSC statistics, he indicated that the LSC take rate for 2024 was 28% for Academics and 27% for Staff. He noted that the breakdown of LSC by annual salary was based on active employee health insurance pay bands, the same methodology used in the LSC survey. Board Member Dimsdale requested further analysis as to whether lower salary employees are more likely to elect an LSC. He mentioned that 63% of the FY LSC recipients elected an internal (UC) or external rollover, while 28% elected a direct payment and 9% elected a combination of rollover and direct payment. In closing, He mentioned that 67% of the members who elected an LSC in 2024 would not have been eligible for retiree health coverage had they opted for UCRP monthly retirement income.

In response to a question from Board Member Zolayvar, Thought Leader Townsend stated that eligibility for retiree medical and dental was not broken down by pay band and reminded the Board that 87% of retirees who elected a LSC would not change their retirement election if given another opportunity (based on LSC survey conducted by Segal Benz and presented in the Fall 2024 Board meeting).

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In response to a question from Board Member Nenadić, Thought Leader Townsend stated that distributions can be rolled over to UC and non-UC retirement plans.

The meeting adjourned at 1:07 pm