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# UCRS Advisory Board

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## MINUTES

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

June 13, 2025

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OAKLAND, CALIFORNIA

10:00 AM – 2:00 PM

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**BOARD MEMBERS PARTICIPATING:** Chair Vice Chancellor – CFO Chuck Haines, Vice Chair Professor David Kleinfeld, Vice President - Systemwide Human Resources - Cheryl Lloyd, Professor Zoran Nenadić, 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, Chief Investment Officer (CIO) Jagdeep Bachher, Nurse David Yamada,

**UCOP STAFF PARTICIPATING:** Vice Chancellor and CFO Kurt Schnier, Associate Vice President Caín Díaz, Senior Managing Director Satish Swamy, Principal Counsel Luis Blanco, Principal Counsel Robert Gaumer, Executive Director Bill Perez, Executive Director Holli Strauss, Executive Director Hyun Swanson, CIO Chief of Staff Avery Cambridge, Digital Strategy and Systems Leader Matt Tindol, Senior Director Ming Wung, Manager Thomas Carthron, Manager Peter Ishaya, Manager Doug Kanigher, Manager Kevin Kennedy, Manager Jennifer Luna, Manager John Monroe, Manager Aliya Dibrell-Moore, Manager Lahi Oliver, Manager Scott Sylva, Manager Sapphire Thompson, Principal Analyst Ashley Eigenauer, Principal Analyst Aaron Locquiao, Principal Analyst Rebecca Preza, Principal Analyst Melissa Rad, Principal Analyst Gloria Sit-Lewis, Policy Analyst Tony Yang, Communications Specialist Radhika Mellin, Supervisor Damian Plebuch, Accountant Vicky Lam, Accountant Kiet Luu, Business Analyst Oyindamola Iwalehin, Retirement Thought Leader Richard Townsend, and Department Coordinator Marla Cox.

**OTHERS PRESENT:** Retiree and UPTE representative Paul Brooks, CUCFA representative Eric Hayes, and AFSME representative Geoff Goodman.

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

**PUBLIC COMMENT PERIOD:** Retiree and UPTE representative Paul Brooks questioned if the UC Savings Fund should continue to be available to participants if it is not performing to the benchmark. Responding to the comment, Senior Managing Director Satish Swamy stated that the Savings Fund is designed for the protection of principal, not for a return on capital. He added that the two-year benchmark will not always align to purchases as a portfolio needs to be distributed over the yield curve

to not have “duration drift”, and that the fund is performing below benchmark due to bonds being held having a lower yield than what is currently available in the market.

**APPROVAL OF THE MINUTES:** Chair Haines called for the approval of the minutes of the Board meetings of February 28, 2025. The minutes were approved by acclamation.

**COMMENTS FROM THE CHAIR:** Chair Haines began by informing the Board that his term was coming to an end, and that UC Merced Vice Chancellor and CFO Kurt Schnier would be the next presidential appointee to the Board, with a term starting on July 1, 2025.

**CHIEF INVESTMENT OFFICER – REPORT:** Senior Managing Director Satish Swamy began by introducing Avery Cambridge, the new Chief of Staff for the Office of the Chief Investment Officer. Turning to UCRP, he stated that pension plan assets were up to \$102 billion as of March 31, 2025, and that as of June 12, 2025 assets were at \$108 billion, up \$9 billion from last fiscal year. He provided the current asset allocation versus the policy allocation and specifically noted that public equity investments were 10% overweight and a leading force behind the 10.3% return on investments FYTD.

Turning to the Retirement Savings Program (RSP), Senior Manager Director Swamy provided the asset value of \$43 billion as of June 12, 2025, noting that UC employees saved over 1.2 billion dollars over the past year. He then provided a breakdown of asset value by fund class, noting that 44% of assets were in the UC Pathway Funds, 49% invested in the core lineup, and the remainder invested in the Brokerage Window.

**OFFICE OF THE CHIEF FINANCIAL OFFICER – BUDGET UPDATE:** Associate Vice President Caín Díaz began by providing an update on the budget proposal for 2025-26, stating that the May budget revision included a 3% reduction to the overall budget, with an agreement from the State to exclude debt servicing payments from the budget reduction. He added that additional changes to the budget were proposed, and the Governor sent a budget for signature which included no budget reduction and funds from the 5-year compact agreement would be deferred until 2026-27 and 2027-28 (\$125 million being made available July 1, 2026 and \$240 million be made available July 1, 2027). Lastly, Associate Vice President Díaz stated that what was sent to the Governor for signature most likely will not be the final bill, as he expects to see trailer bills changing the budget after it is signed.

**ITEM A – PROPOSAL TO MAINTAIN CURRENT UC CONTRIBUTION RATE AND MODIFY PREVIOUSLY APPROVED STIP TRANSFER FOR FISCAL YEAR 2025-26-**

**UPDATE:** Manager John Monroe informed the Board that in May, 2025 the Regents approved the item requesting to no longer transfer \$700 million from STIP to UCRP and to maintain the current 14.5% UCRP employer contribution rate in FY 2025-26. He stated that UCRP employer contributions will increase by half a percent each year starting July 1, 2026.

**ITEM B – COST-OF-LIVING ADJUSTMENTS (COLA) FOR 2025, MEASUREMENT OF**

**ANNUITANT PURCHASING POWER:** Policy Analyst Sit began by stating that the UCRP Annuitant COLA for July 1, 2025, which is based on the average increase in the Consumer Price Index

(CPI) for all urban consumers in the San Francisco and Los Angeles metropolitan areas from February 2024 to February 2025, will be 2.00% for annuitants with retirement dates on or before July 1, 2024. She then briefly summarized the methodology within the item. Policy Analyst Sit stated purchasing power for most retirees remains around 85%, noting approximately 13,700 annuitants with a purchasing power at approximately 82%.

**ITEM C – RETIREMENT SAVINGS PROGRAM – OPERATIONS AND EDUCATION**

**REPORT:** Manager Jennifer Luna began by summarizing the highlights of the 2025 1<sup>st</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 61% 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 390,000 views in the first quarter. She added that Q1 2025 saw more than 30,000 workshops and guidance interactions, with the webinar on market volatility having over 1,800 attendees.

**ITEM D – UCRS – RETIREMENT SAVINGS PROGRAM – ENHANCEMENTS UNDER**

**CONSIDERATION:** Executive Director Swanson informed the Board that five Retirement Savings Program enhancements are under consideration for approval at the November Regents meeting; the addition of in-plan Roth conversions, the addition of “super catch-up” as permitted by the SECURE Act 2.0, the removal of catch-up options that are complex to administer and that see low utilization in the 403(b) and 457 (b) (“Special Catch-up” and “Traditional Catch-up”, respectively), changing 403(b) loan repayments to be direct payments to the Recordkeeper, and permitting trustee-to-trustee transfers from the Benioff Children’s Hospital of Oakland 403(b) Plan to the UC 403(b).

In response to a question from Board Member Zolayvar, Executive Director Swanson stated that employees directly transferring to UCSF from Benioff Children’s Hospital of Oakland (BCHO) would receive vesting credit under UCRP based on their time worked at BCHO, as dictated by the 2013 affiliation agreement between Benioff Children’s Hospital of Oakland and the UC Regents.

In response to a question from Board Member Nenadic, Executive Director Swanson stated that super catch-up would be available in both the 403(b) and 457(b) Plans.

Board Member Ong expressed her approval of 403(b) loan repayments being made directly to the Recordkeeper, stating that it will help employees on a leave of absence.

Board Member Zolayvar expressed interest in Retirement Readiness score including Social Security retirement income, and that she would like to have assurance that lower income employees are financially prepared to retire.

**ITEM E – UCRS –RASC, REDWOOD RETIREMENT ADMINISTRATION**

**RECORDKEEPING SUSTEM, UCRAYS, ROOTS – UPDATE:** Referencing slides previously provided to the Board, Senior Director Ming Wung summarized performance statistics for the Board, noting the goal of an average speed to answer of less than one minute for inbound calls. Turning to retirement applications, Senior Director Wung noted that statistics were now being presented in

calendar days and highlighted the 10% improvement in application processing time versus the prior year.

In response to a question from Chair Haines, Senior Director Wung stated that if a tier 1 representative could not assist a caller they would be transferred to a tier 2 representative.

In response to a question from Board Member Zolayvar, Retirement Counselor Manager Kevin Kennedy stated that in 2025, 36.5% of those submitting retirement applications utilized retirement counseling services, with staff seeking counseling at a higher rate than faculty.

Board Member Zolayvar requested a summary of employee groups utilizing appointments with RASC retirement counselors.

In response to a comment from Board Member Dimsdale, Senior Director Wung stated that results from customer satisfaction surveys would be shared when available.

Board Member Ong complimented improvements made on the average speed to answer inbound calls and stated that she would like to see results from a secure messaging survey.

Turning to updates on business information systems and referencing slides previously provided to the Board, Digital Strategy and Systems Leader Matt Tindol reviewed the short- and long-term plans to improve member experience in the UCRays member portal.

In response to a question from Board Member Dimsdale, Digital Strategy and Systems Leader Tindol stated that CUCRA and CUCEA were engaged to provide feedback on planned retiree surveys regarding UCRays member experience.

Business Information Systems Manager Aliya Dibrell provided a brief update of the UCRays portal, reviewing member login activity, the number of retirements processed, and member utilization of retirement estimates and secure messages. She noted that the data listed is for a full calendar year, except for the current year where data is provided through May 31, 2025.

Board Member Nenadic commented that it would be helpful to provide an explanation of the assumptions used in the UCRays retirement estimates, specifically as it relates to non-user generated “default” estimates.

**ITEM F – UCRS – SURVIVOR BENEFITS UPDATE:** Senior Director Ming Wung began by informing the Board that a cross functional workgroup was formed to address the necessary improvements in survivor benefits processing. Addressing questions previously asked by the Board, Senior Director Wung stated that the survivor team structure included a total of 13 employees split between an intake group and a processing group. He then provided the steps involved in processing survivor benefits. Turning to opportunities and challenges identified by the cross functional workgroup, Senior Director Wung stated that five key challenges were identified; 1. processing times are too slow 2. processors are required to answer inbound calls which decreases their time to process work 3. delays are caused by required repayment of Medicare Part B reimbursements 4. some

verification processes are inefficient 5. member and survivor communications and education are insufficient. To address the first challenge of processing times being too slow, RASC is looking to decrease turnaround times by emailing benefit packets (in addition to being mailed), and by adding another way to return completed forms and certificates by launching an online document submission portal with a target launch date of September, 2025. To address the second challenge of answering the phone calls and processing work, he stated that the main call team would now answer the designated survivor phone line. To address the third challenge, payments to survivors are no longer being delayed due to an unreimbursed overpayment resulting from a Medicare Part B reimbursement paid to the deceased member. To address the fourth challenge, processes will be reviewed for opportunities to streamline, and training will be expanded.

Addressing the fifth challenge, insufficient survivor communication and education materials, Communications Specialist Radhika Mellin stated that a three-part webinar series on estate planning, organizing your affairs, and accessing UC survivor benefits was being launched. She added that additional proactive outreach for updating beneficiary information was being added through a New Dimensions article and a mailed letter.

Senior Director Wung concluded by informing the Board that he is looking to present processing time metrics, but system restraints challenge the ability to provide accurate reports.

In response to a question from Board Member Dimsdale, Board Member Lloyd stated that using UC networks will help reduce email packets being taken for phishing emails and that the RASC will continue to work with the Chief Information Officer to ensure emailed items are received by intended recipients.

In response to a question from Board Member Ong, Board Member Lloyd stated that when CEM benchmarking material is ready they will present it to the Board.

**ITEM G – UCRS ADVISORY BOARD – ELECTION OF OFFICERS FOR FISCAL YEAR**

**2025-26:** Principal Analyst Eigenauer noted that Chair Chuck Haines nominated David Kleinfeld for Chair and Zoran Nenadic had been nominated to serve as Vice Chair. These were the only nominations received. Chair Haines called for a voice vote and David Kleinfeld and Zoran Nenadic were elected to serve as Chair and Vice Chair, respectively, for FY 2025-26.

**ITEM H – UCRS ADVISORY BOARD – MEETING SCHEDULE FOR FISCAL YEAR 2025-**

**26:** 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 1:22 pm