



UCRS Advisory Board

MINUTES

UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)

ADVISORY BOARD MEETING

OFFICE OF THE PRESIDENT

1111 FRANKLIN ST, LOBBY 1

OAKLAND, CALIFORNIA

December 5, 2025

10:00 AM

BOARD MEMBERS PARTICIPATING: Chair Professor David Kleinfeld, Vice Chair Professor Zoran Nenadić, Chief Investment Officer (CIO) Jagdeep Bachher, Vice President - Systemwide Human Resources - Cheryl Lloyd, Vice Chancellor & Chief Finance Officer UC Merced – Kurt Schnier, 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

UCOP STAFF PARTICIPATING: Interim Vice President Calvin Turner, Associate Vice President Caín Díaz, Chief Operating Officer Arthur Guimaraes, Managing Director Marco Merz, Chief of Staff (CIO) Avery Cambridge, Principal Counsel Luis Blanco, Principal Counsel Robert Gaumer, Principal Counsel Sajjad Matin, Executive Director Bill Perez, Executive Director Holli Strauss, Executive Director Hyun Swanson, Director Ruth Satorre, Director Annette Garcia, Digital Strategy and Systems Leader Matt Tindol, Senior Director Ming Wung, Manager Thomas Carthron, Manager Aliya Dibrell, Manager Peter Ishaya, Manager Sapphire Thompson, Manager Kevin Kennedy, Manager Jennifer Luna, Manager John Monroe, Manager Lahi Oliver, Manager Scott Sylva, Principal Analyst Ashley Eigenauer, Principal Analyst Aaron Locquiao, Principal Analyst Rebecca Preza, Principal Analyst Melissa Rad, Principal Analyst Gloria Sit-Lewis, Analyst Oyindamola Iwalehin, Communications Specialist Radhika Mellin, Retirement Thought Leader Richard Townsend, and Department Coordinator Marla Cox.

OTHERS PRESENT: Actuary (Segal) Emily Klare, UCI Director of Technology Jason Valdry, Retiree and CUCRA Vice Chair Emily Galindo 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: Chair Kleinfeld opened the public comment period, reminding guests it was limited to 30 minutes and allows observers to make a statement, present a question, or

suggest a topic for future consideration. Chair Kleinfeld noted the Advisory Board will not directly respond to comments or questions during this period and all matters, comments or questions raised may be referred to the appropriate University offices, considered for future agenda planning, or address by presenters during their items as appropriate.

Retiree and UPTE representative Paul Brooks read aloud four questions: 1) How will the UC Savings Fund, which underperforms, be “fixed” in the future, 2) After commending the RASC on improvements in service level, how are escalated cases handled, 3) What is the average turnaround time for survivor packets and can a survivor submit documentation early in cases of hospice/terminal care, and 4) Please provide an explanation of the data showing the processing of survivor benefits over time. Responses to Mr. Brooks’ questions were deferred to be covered by presenters during their relevant agenda items.

Nate Johnson, representing the California Nurses Association (CNA), raised concerns regarding investment exposure to artificial intelligence (AI) and private credit markets, citing what he characterized as warning signs similar to prior market bubbles and losses in these as well as cryptocurrency markets at other public pension systems. Mr. Johnson stated that increases in employee contributions cannot make up the gap and asked what steps are being taken to protect the pension fund. Responses to Mr. Johnson’s questions were deferred to the OCIO report.

APPROVAL OF THE MINUTES: Chair Kleinfeld called for the approval of the minutes of the Board meetings of June 13, 2025. The minutes were approved by acclamation.

COMMENTS FROM THE CHAIR: Chair Kleinfeld began by introducing newly appointed Board Member and President Nominee Kurt Schnier, Vice Chancellor and Chief Financial Officer at UC Merced.

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.

The Chief Financial Officer (CFO) provided an update on two items: the Tuition Stability Plan and the overall University budget for FY 2026–27.

The Tuition Stability Plan was approved for a seven-year period through FY 2032–33 under which tuition increases will be calculated annually based on CPI plus 1% (capped at 5%), the tuition increase for incoming students is projected at 4.4% for FY 2026-27, and the Regents modified the financial aid allocation requirements.

Associate Vice President Cain then explained that, for the overall budget, core operations costs are rising by approximately 5% annually with enrollment growth remaining a key cost driver. Under the 2022 multi-year compact with the State, UC was to receive 5% annual funding increases in exchange

for meeting shared goals, including increased in-state undergraduate enrollment. Enrollment exceeded projections by approximately 4,000 students for FY 2024–25 with anticipated state funding tied to enrollment growth not fully materializing. Accordingly, budget deficits are expected and campuses will need to make difficult budget decisions to address these shortfalls.

CHIEF INVESTMENT OFFICER – REPORT: Chief Investment Officer Jagdeep Singh Bachher reviewed long-term asset growth and capital market performance stating that, over the past 12 years, pension assets have grown from approximately \$52 billion to \$116 billion, largely driven by equity market returns. During this period, bond yields remained historically low, limiting fixed income returns. As a result, asset allocation has shifted from 55% equities and 22% bonds twelve years ago to approximately 64% equities and 10% bonds today.

He emphasized that long-term investing requires patience and remaining invested during periods of volatility. In April 2025, pension assets declined approximately \$20 billion during market turbulence; however, historical experience supports maintaining long-term investment discipline.

Regarding AI-related investments, the CIO stated that AI represents a transformative force across industries. While some companies will succeed and others will not, broad equity exposure remains essential for long-term returns. At the UC’s scale, frequent market rotation is not feasible. Despite strong asset growth, the pension funding ratio has improved only modestly due to changes in actuarial assumptions, including reduced assumed rates of return and updated longevity projections.

Managing Director Marco Merz provided an update to the Retirement Savings Program (RSP), reporting that total RSP assets exceed \$47 billion, an increase of \$6 billion over the past 12 months, with approximately 380,000 participants. Additionally, he noted the UC Savings Fund will be retired and replaced with a UC Money Market Fund, TIPS exposure will shift to short-duration TIPS on April 1, 2026, and that UC launched a short-duration bond portfolio in July 2024.

ITEM A – UCRS – Annual Financial Report and Results of External Audit of the Financial Statements for Fiscal Year 2024-2025: Manager Lahi Oliver provided a brief update on the annual audit with external auditors issuing the opinion that UC’s annual financial statement was free of material misstatements. Manager Oliver reported that the Regents approved a 5-year contract with external auditors KPMG starting July 2025.

ITEM B – UCRP – Annual Actuarial Valuation Report as of July 1, 2025: Manager John Monroe and consulting actuary Emily Klare provided a summary and key highlight of the annual UCRP valuation. These highlights include an increase in Actuarial Accrued Liability (AAL) from \$116 billion to \$123 billion, a market value of assets of \$111 billion, as of June 30, 2025, reflecting a market return of nearly 13%, and an actuarial value of assets (smoothed) of \$105 billion, with a 9.9% actuarial return. The unfunded actuarial accrued liability (UAAL) decreased from \$20 billion to \$18 billion with a funding policy contribution rate decreasing to approximately 30% of pay.

Actuary Klare stated that Segal projects full funding within 12 years, down from 17 years last year, largely due to strong investment returns. The assumed rate of return of 6.75% remains consistent with California and national public pension medians with inflation assumed at 2.5%.

Board discussed with Manager Monroe and Actuary Klare several questions including the historical funding status of UCRP, the impact of actuarial assumption changes, how survivors and contingent annuitants are factored into the valuation, and that future assumptions include increases in the employer contribution, including for Savings Choice participants and no increase in employee contributions.

ITEM C - RETIREMENT SAVINGS PROGRAM – OPERATIONS AND EDUCATION

REPORT: Manager Jennifer Luna began noting that RSP plans had almost 381,000 unique participants with 49% of active participants making supplemental deferral contributions, and that 55% of career employees were on track to have at least 80% retirement income replacement from all UC sources. She noted that Fidelity met all performance standards. Communication Specialist Radhika Mellin reported that UC and Fidelity reached over 28,000 participants in Q3 via workshops, webinars and guidance sessions and there continues to be strong digital engagement between Fidelity Netbenefits and mobile applications. The campaign promoting UC’s Qualified Longevity Annuity Contract (QLAC) also yielded nearly \$7 million in annuity purchases.

Executive Director Hyun Swanson explained how income replacement analysis is conducted, incorporating benefits from UC sources including UCRP, Social Security, and funds from Savings Choice and other supplement retirement savings managed under the RSP. While the overall percentage on track to replace 80% of income is 55%, this is a range with 80-90% of UCRP members set to achieve over this mark, 69% of Savings Choice are projected to reach 80% with lesser percentages for late career employees where UC’s benefits will not be their primary source of retirement income.

ITEM D - RETIREMENT SAVINGS PROGRAM – PROGRAM ENHANCEMENTS: Executive Director Hyun Swanson provided update on program enhancements to the Retirement Savings Program approved by the UC Regents approval in November 2025. Seven program enhancements to the 403(b) and 457(b) plans were approved: allow deemed elections to automatically designate high-earner catch up contributions to Roth, allow in-plan Roth conversions, add Secure 2.0 “super catch-up” for ages 60-63, remove special catch-up options, change loan repayments from UCPath to Fidelity via ACH, add clarifying language specifying allowable uses of forfeiture funds, and allow trustee-to-trustee transfers from Benioff Children’s Hospital Oakland to UC plan. Communications and operational changes in support of these program updates are in the works and will be rolled out this month and into the new year.

ITEM E – RETIREMENT CHOICE PROGRAM & SECOND CHOICE WINDOW - UPDATE:

Manager Sylva highlighted statics regarding the Retirement Choice Program, including both first choice (the choice between Pension or Savings Choice) and second choice elections (those who submit an election to switch from Savings Choice to Pension Choice). He noted that 2026 will see the 10-year mark since the program’s inception with the first population of Savings Choice participants being eligible to elect retirement with retiree health benefits. Manager Sylva noted that since program inception, over 108,000 elections have been recorded with approximately 60,000 active members remaining in the program and reviewed elections by employee group, location, and salary bands. When looking at retention rates, data suggests that those who elected Pension Choice are about 5% more likely to remain active employees. Over 1400 employees have elected to switch from Savings to

Pension Choice, with the second-choice window for the first cohort of Savings Choice participants ending May 2026. Manager Sylva shared that to improve the percentage of affirmative first choice elections, UC will be looking at moving the first choice election to the UCPATH employee portal. Second Choice elections are done through UCRAYS.

ITEM F – UCRS – RETIREMENT ADMINISTRATION SERVICE CENTER (RASC) AND SYSTEMS - UPDATE: RASC Executive Director Bill Perez provided an update to the board on the organizational realignment that became effective October 1, 2025, with the alignment of RASC and UCPATH within Shared Services, with Calvin Turner serving as Interim Vice President. Executive Director Perez provided an org chart of the RASC and shared that the new initiatives will include process ownership realignment under single leaders, a single-call phone system, standardized onboarding and training, standing up a quality assurance team, providing a secure beneficiary portal, and integration with Salesforce CRM, the same used by UCPATH. Interim Vice President of Shared Services Calvin Turned explained how the alignment with UCPATH and RASC will foster more efficiency and collaboration between the organizations, better align leadership and expertise, provide a seamless member experience, and share better technology tools where appropriate.

Digital Manager Matt Tindol shared that, with the RASC realignment, Benefits Information Systems (BIS) was now under Journey Experience (JX) with a focus on digital product management. This will look at the tools used by the RASC and members including Redwood, UCRAYS, and Roots.

Senior Director Ming Wung went through an overview of the RASC statistics which include processing 90% of retirements within 60 days (with a goal to reduce further to 45 days) and 98% of July 1st retirements being processed and paid on time. He informed the board that, due to improvements in SLAs for retirement, RASC would be ending the No Lapse in Pay (NLIP) program as it was no longer needed. Senior Director Wung also reported that processing of survivor benefits have improved by 40% with a goal of paying benefits within 30 days. In reviewing member satisfaction results, Senior Director Wung noted that 75% of members rate the contact center in the top two spots for member satisfaction and 88% when it comes to counseling.

Manager Kevin Kennedy also discussed retirement counseling services and the push towards delivering member education and training. The RASC portal would be sunset and members will now be able to use myUCretirement.com to schedule appointments with RASC counselors.

ITEM G – UCRS SURVIVOR PROCESSING - UPDATE: Senior Director Wung provided his update on survivor processing during the RASC update “Item F”. Communication Specialist Mellin stated that two of a three-part webinar series on estate planning and survivor benefits were delivered in August and November, respectively, and checklists were developed to help members and their loved ones get their affairs in order and to navigate accessing survivor benefits when the time comes. Over 1,000 people attended the webinars with a third in the series planned for Spring 2026.

The meeting adjourned at 2:05 pm