



UCRS Advisory Board

MINUTES

**UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)
AD HOC ADVISORY BOARD MEETING/VIDEO-TELECONFERENCE
APRIL 17, 2020
11:00 AM – 12:00 PM**

BOARD MEMBERS PARTICIPATING: Chair Ronald Cortez, Vice Chair Jo Mackness, Chief Investment Officer (CIO) Jagdeep Bachher, Professor David Brownstone, Professor Henning Bohn, Academic Personnel Policy Analyst Tiffany Wilson, Pharmacy Technician Ruth Zolayvar, CUCRA Chair Marianne Schnaubelt, and CUCEA Chair Caroline Kane.

BOARD MEMBERS ABSENT: Chief Operating Officer (COO) Rachael Nava and Interim Vice President Cheryl Lloyd.

UCOP STAFF PARTICIPATING: Chief Operating Officer Arthur Guimaraes, Managing Director Marco Merz, Executive Director Gary Schlimgen, Sr. Counsel Luis Blanco, Sr. Counsel Robert Gaumer, Director Cain Diaz, Director Ellen Lorenz, Director Hyun Swanson, Manager John Monroe, Manager Scott Sylva, Administrative Officer Babbitt, Principal Analyst Ashley Eigenauer, and Principal Analyst Robert Semple.

OTHERS PRESENT: AFSCME representative Claudia Preparata, AFSCME representative Nischit Hedge, CNA representative Jeff Welsh, Teamsters Local 2010 representative Mary Higgins, Teamsters Local 2010 representative Alex Vermie, UAW representative Neal Sweeney, CUCFA representative Eric Hays, Local Engineers representative Richard Bartow, retiree/UPTE representative Paul Brooks, CUCRA/CUCEA Joint Benefits Committee Chair Roger Anderson, Academic Senate Principal Analyst Ken Feer, and Manager Stephanie Tenney (UCI-Finance and Administration).

The meeting officially began at 11:03 a.m.

PUBLIC COMMENT PERIOD: (No public comments)

COMMENTS FROM THE CHAIR: Chair Cortez thanked the Board members for attending the ad hoc zoom meeting.

ITEM A. RETIREMENT SAVINGS PROGRAM: – PROPOSED AMENDMENTS TO IMPLEMENT TEMPORARY IN-SERVICE DISTRIBUTIONS AND MORE LENIENT LOAN PROVISIONS AS PERMITTED UNDER THE CARES ACT: Principal Analyst Semple began by briefly summarizing the mandatory and optional provisions of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), enacted into law on March 27, 2020, that apply to eligible defined contribution plans (DC plans), which include the UC Retirement Savings Program (RSP) plans. He noted that the CARES Act mandates the waiver of minimum required distributions (MRDs)

from eligible DC plans for calendar year 2020. As this waiver is a requirement of federal law, he mentioned that the RSP plans will be amended via compliance amendments which do not require Regental approval. In accordance with the CARES Act, the waiver is immediate, but the UC Plan Administrator has until the end of the plan year 2024 to formally, and retroactively, amend each RSP plan for this MRD waiver. He then proceeded to summarize the applicable voluntary relief distribution and loan provisions of the CARES Act.

Referencing a handout distributed to the Board, he stated that the CARES Act allows for temporary DC plan distributions, including in-service distributions regardless of age, up to \$100,000 per qualified participant (across all eligible DC plans) through December 31, 2020 (updated guidance on the law has indicated such distributions must be requested by December 30, 2020 to qualify). He noted that early distribution penalties, if applicable, would not apply to such coronavirus-related distributions. He also noted that automatic tax withholding would not apply to such distributions and the income tax could be spread over three years. Alternatively, a qualified participant could avoid taxation by repaying all or part of the distributed amount within a three-year period. Regarding plan loans, he indicated that the CARES Act doubles the amount of new loans currently available from eligible DC plans for qualified participants, to the lesser of \$100,000 or 100% of the participant's vested plan(s) balance, provided such loans are taken within 180 days of the CARES Act enactment. He indicated that the CARES Act also permits qualified participants to defer any current loan repayments that would otherwise be due by December 31, 2020 by one year, although interest will continue to accrue.

Based on requests and feedback from the UC community, he stated that the UCOP Retirement Policy Unit wished to amend all three RSP plans to adopt the temporary CARES Act distribution provisions, and amend the UC Tax-Deferred 403(b) Plan (403(b) Plan) to adopt the temporary CARES Act loan provisions, as soon as possible following required Regental approval. He also indicated that the UCOP Retirement Policy Unit felt it was an opportune time to amend the UC Defined Contribution Plan (DC Plan) and the 457(b) Deferred Compensation Plan (457(b) Plan) to permit in-service distributions for participants who had attained age 59.5. He noted that such amendments are not related to the CARES Act, but were previously discussed with the Board at their February meeting and would result in the alignment of in-service distribution rules in all three RSP plans; a concept that the Board felt was advisable.

Since an item was in the process of being submitted to the Regents to approve amendments to the RSP plans for certain CARES Act provisions, he asked the Board for feedback on including the amendments to the DC Plan and 457(b) Plan for permanent in-service distributions at age 59.5. The Board members expressed that including these amendments for Regental approval along with the CARES Act-related RSP amendments seemed reasonable. In closing, Principal Analyst Semple noted since the next regular meeting of the Regents was not until late May 2020, approval to amend the RSP plans would be sought under interim Regental authority (i.e., in between Regents meetings) to help expedite coronavirus relief distributions and loan payments, if approved, as soon as administratively feasible. However, he noted that the permanent in-service distributions at age 59.5 in the DC Plan and 457(b) Plan not related to the CARES Act, if approved by the Regents, would probably not be implemented until later in the year.

The meeting adjourned at 12:05