Segal Consulting

## University of California Retirement Plan (UCRP)

# JULY 1, 2014 VALUATION PRESENTATION

## Completed by Segal Consulting San Francisco

UCRS Advisory Board
November 21, 2014

5342984v3

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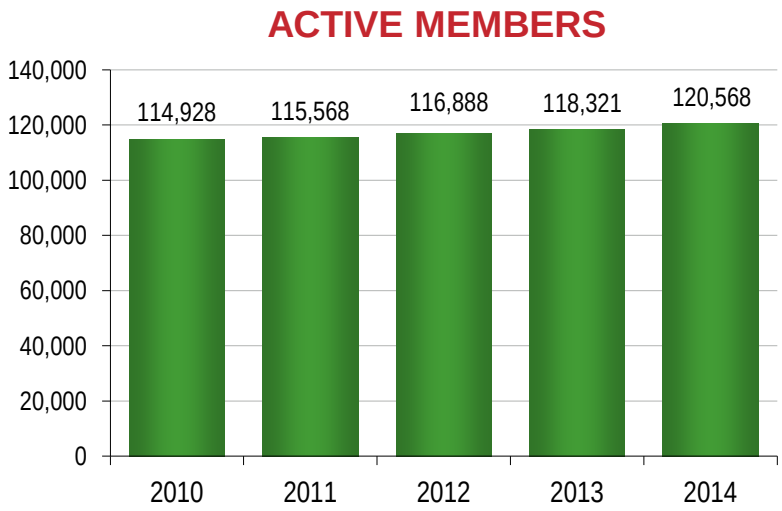
# Highlights of 2014 Actuarial Valuation

- 17.8% market value return for 2013/14
  - Actuarial value return of 12.3% due to five-year smoothing of gains/losses
  - Market value of $52.8 billion now exceeds actuarial value by $4.5 billion
- Increase in funded ratio (76% to 80%) and decrease in UAAL ($13.8 to $12.1 billion) and total funding policy contribution (30.3% to 28.8%) due to:
  - Investment return mentioned above
  - Offset to some extent by contribution loss during 2013/2014
- $700 million STIP to UCRP transfer occurred on July 31
  - Determined based on approximate full funding of the modified Annual Required Contribution ("ARC" = Normal Cost plus interest on UAAL) for 2013/14
  - Since transfer occurred after July 1, 2014 valuation date, it was not reflected in the financial statements or the valuation results and will serve to fully fund the modified ARC for Plan Year 2014/15

# Highlights of 2014 Actuarial Valuation

- First valuation that includes members in 2013 Tier (roughly 14,000 as of July 1, 2014)
- GASB 67 and 68 financial reporting (separate from valuation)
  - Accounting (not funding) purposes only
  - See UCRS Annual Report
- Experience Study
  - Will be performed in first half of 2015
  - Recommendations for actuarial assumptions will be made

# UCRP Demographics

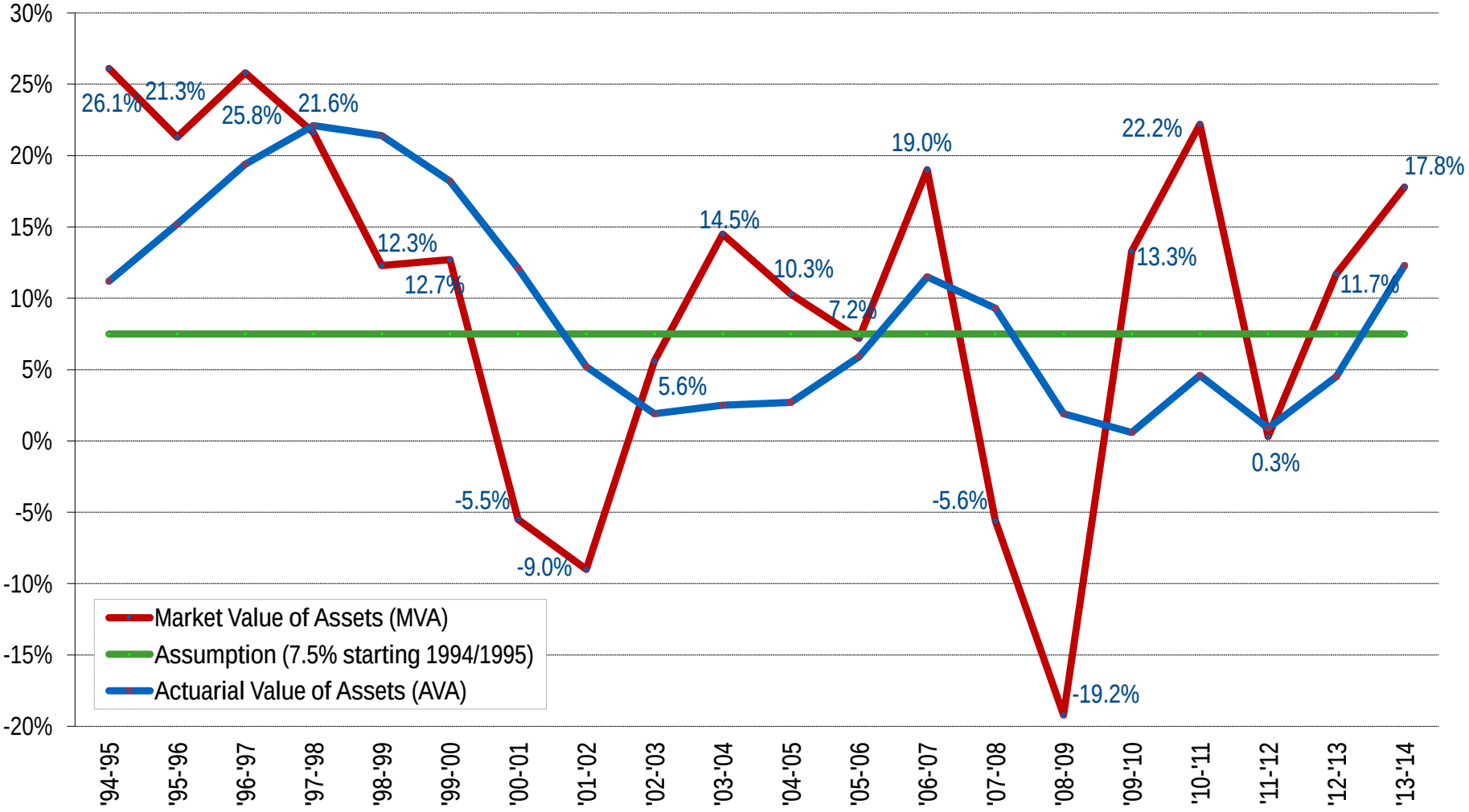



| | 2014 | 2013 |
|---|---|---|
| **Active Members** | **120,568** | **118,321** |
| • Average Age | 44.9 | 45.0 |
| • Average Service | 9.6 | 9.6 |
| • Average Compensation | $86,224 | $83,396 |

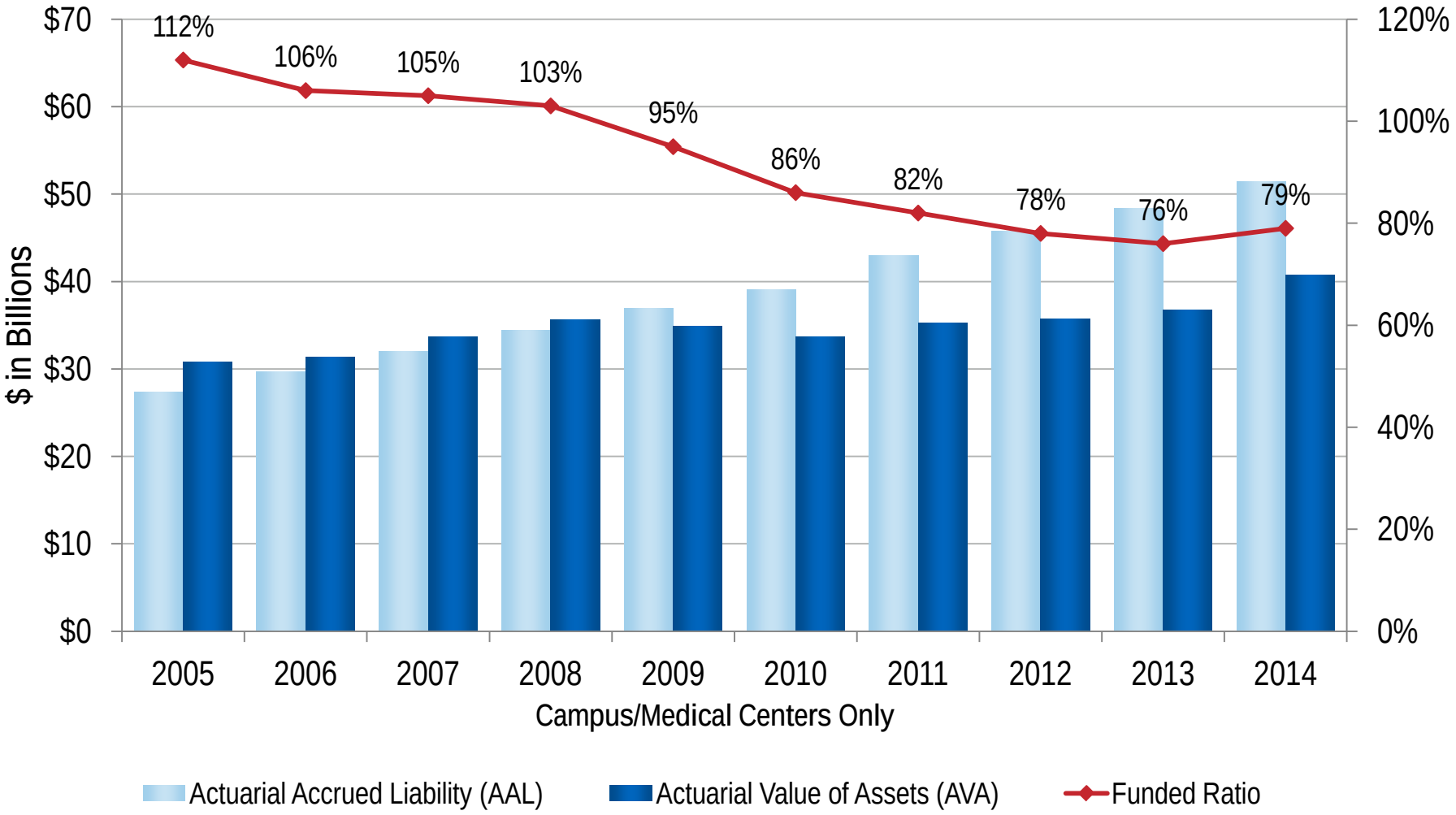
| | 2014 | 2013 |
|---|---|---|
| **Retired Members** (in Pay Status) | **64,191** | **61,715** |
| • Average Age | 70.9 | 70.6 |
| • Average Annual Benefit | $38,323 | $37,168 |

| | 2014 | 2013 |
|---|---|---|
| **Terminated Vested Members** | **34,162** | **33,466** |

# UCRP Investment Rates of Return



# UCRP Historical Funded Status and Funded Ratio (5 year smoothing) as of July 1



# UCRP Valuation Results ($ in billions)

| | 07/01/2014 | 07/01/2013 |
|---|---|---|
| Market Value of Assets (MVA) | $52.8 | $45.3 |
| Actuarial Value of Assets (AVA) | $48.3 | $43.6 |
| Actuarial Accrued Liability (AAL) | $60.4 | $57.4 |
| Unfunded AAL – AVA Basis (AAL less AVA) | $12.1 | $13.8 |
| Unfunded AAL – MVA Basis (AAL less MVA) | $7.6 | $12.1 |
| Funded Percentage (AVA Basis) | 80% | 76% |
| Funded Percentage (MVA Basis) | 87% | 79% |
| Normal Cost (beginning of year)* | $1.6 | $1.6 |
| Normal Cost (% of pay, middle of year)* | 18.24% | 18.35% |
| Funding Policy Contributions (% of pay)* | 28.79% | 30.33% |

* Campus and Medical Centers Segment and LBNL Segment