UNIVERSITY OF CALIFORNIA

Retirement Savings Program

# Vendor Relations Management Report

## Q3 2014

**Data provided by Fidelity Retirement Services, UC's master recordkeeper for the DC Plan, 403(b) Plan, and the 457(b) Plan**

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# Retirement Savings Program
# Q3 2014 Highlights

**Quarterly Performance Rating: Portal – Maintenance/Link Accuracy not met**

## Quarterly Highlights

### Overall

- $19.69 billion in assets
- 307,067 unique participants with a balance (290,563 in 2Q14)
- For 403(b) Plan: average participation rate 49.4% and average deferral rate 10.4%
- 23.5% of 403(b) participants hold only one fund (non-Lifecycle fund). 75.6% of DCP participants hold one fund
- 63,261 calls to customer service; 2,380,851 logins to Netbenefits

### Master Record Keeping

- Completed program to properly label rollover monies in the DCP After-Tax account (rollover monies in the After-Tax account that transitioned to Fidelity in 2005). Approximately 6,000 participants benefited.
- Completed several fund menu projects: Removed Dreyfus Prime Treasury Cash Management fund, lowered expense ratios for seven Fidelity funds, changed name of UC Equity fund to UC Global Equity, changed the Plans' default investment fund from UC Savings to an age-appropriate UC Pathway fund. Effective date 9/30/2014 for all changes.

### Communications & Education

- Launched Easy Enroll tool in July to simplify enrollment process.
- Sent fund action communications to affected participants on 8/26 and 8/28.
- Implemented multi-touch Lifestage campaign targeting different life stages with strategic messaging, peer-group comparisons and recommended action steps. Email open rates as high as 43%.

# Retirement Savings Program
# Financial Education Performance

## Financial Education Program Performance Guarantees

| | Trend Indicator | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 |
|---|---|---|---|---|---|
| Workshop ratings | = | met | met | met | met |
| Timely delivery of enrollment materials | = | met | met | met | met |
| Fidelity Financial Education report | = | met | met | met | met |
| UC Documents in NetBenefits | = | met | met | met | met |

▲ Improving

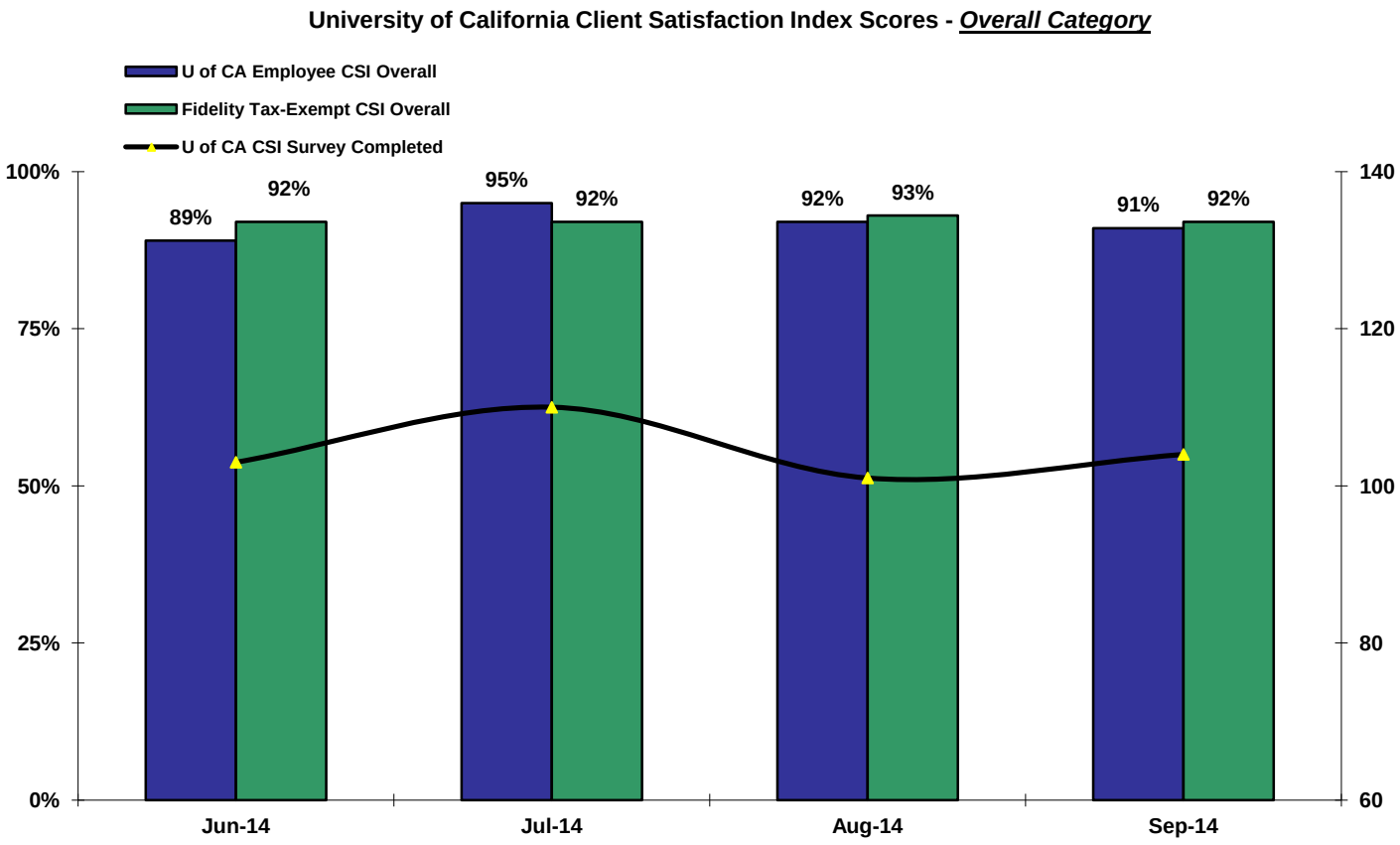
= Stable

● Needs Improvement

# UC Employee Satisfaction
# Fidelity Participant Services

## Customer Satisfaction Index Scores
## University of California Plan Participants
## June 2014 – September 2014

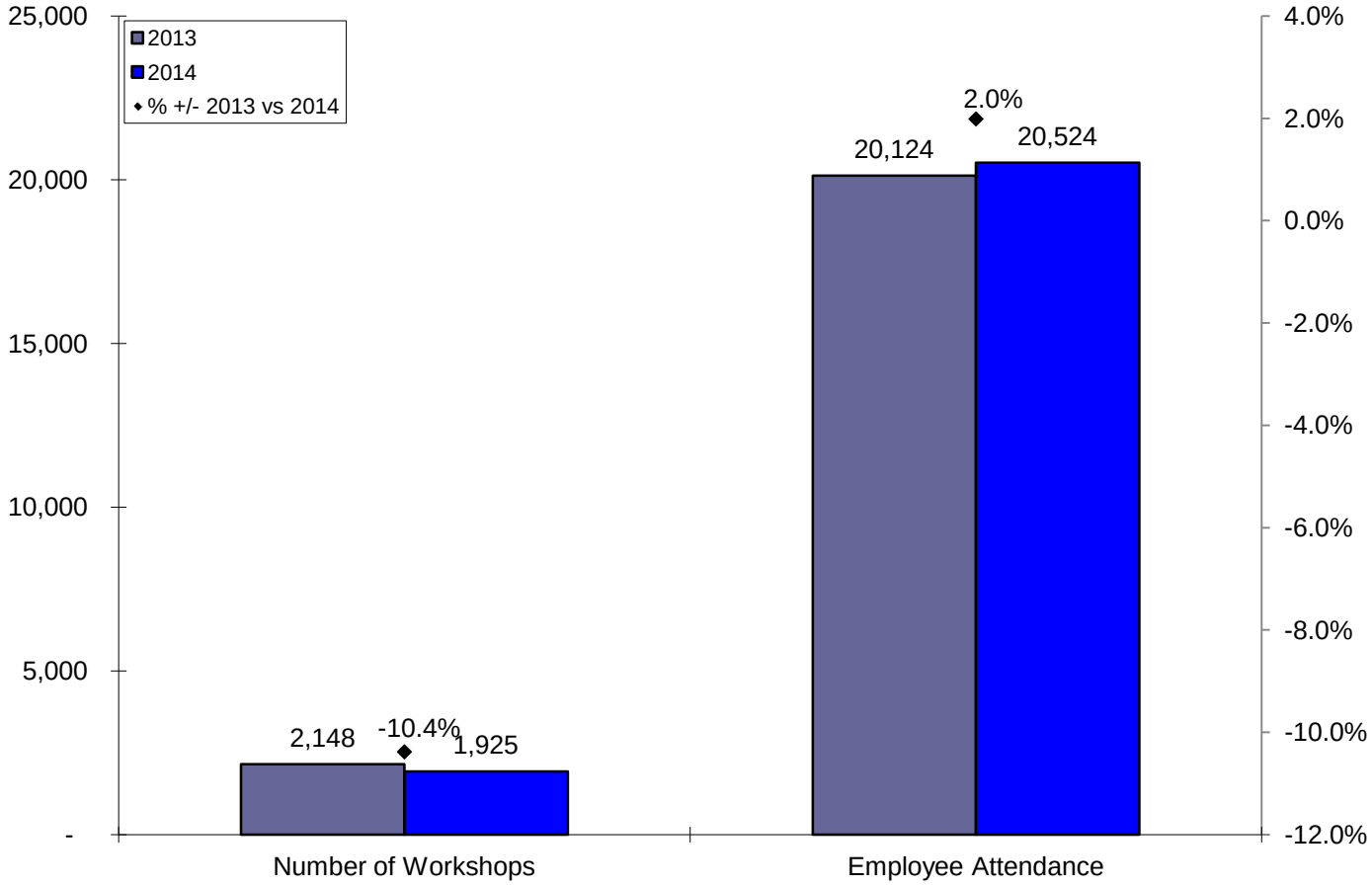
**(voluntary survey completed after speaking with a Fidelity Retirement Services Specialist)**




***Rolling 4-month comparison of Top 2 Box (Very Satisfied & Satisfied) CSI scores for the University of California participants vs. Fidelity Retirement Services Tax-Exempt Market***

# Retirement Savings Program
# Financial Education Workshop Summary

## Workshop Summary
## Through September 2014




| | Overall Workshop Rating "Excellent" or "Very Good" | Overall Presenter Rating "Excellent" or "Very Good" | # of Surveys |
|---|---|---|---|
| **July 2014** | **100%** | **100%** | **34** |
| **August 2014** | **99%** | **100%** | **145** |
| **September 2014** | **98%** | **99%** | **202** |
| | | total | **381** |

# Retirement Savings Program
# Fidelity's Administrative Performance

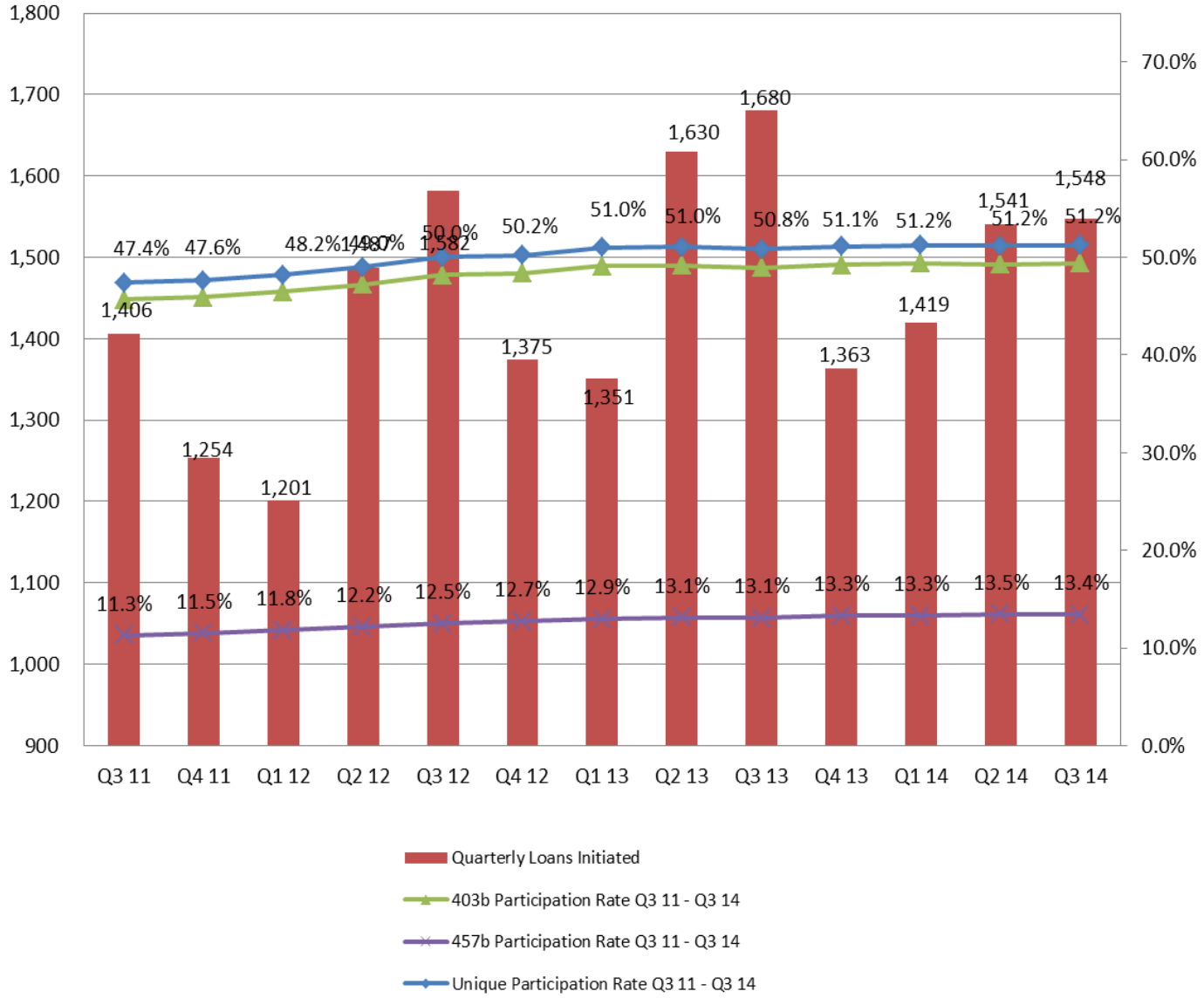
| | Performance Standard | Q3 Result | Q3 '14 | Q2 '14 | Q1 '14 |
|---|---|---|---|---|---|
| Average Speed to Answer | 30 | met | 22 | 20 | 22 |
| Call Abandonment Rate | 3% | met | 1% | 1% | 1% |
| VRS Availability | 99% | met | 100.00% | 100.00% | 100.00% |
| NetBenefits Availability | 99% | met | 99.79% | 99.80% | 99.98% |
| PSW Availability | 99% | met | 99.86% | 99.70% | 99.95% |
| One-and-Done Rate | 90% | met | 97.45% | 97.57% | 96.94% |
| Case Management | 95% in 5 bus. days | met | 96.80% | 97.87% | 95.41% |
| | 99% in 10 bus. days | met | 99.79% | 99.92% | 99.46% |
| Contribution Reconciliation | same day | met | 100.00% | 100.00% | 100.00% |
| Transaction Processing | 99% | met | 99.98% | 99.99% | 99.98% |
| Quarterly Online Statements | 99% Availability | met | yes | yes | yes |
| Quarterly / Annual Paper Statements | 20th next month | met | yes | yes | yes |
| Plan Sponsor Service Review | annual | met | complete | complete | complete |
| Participant Survey | annual | met | complete | complete | complete |
| Enrollment Materials | 90% rec w/in 2 weeks | met | yes | yes | yes |
| RC Financial Education Report | monthly | met | yes | yes | yes |
| Annual Business Planning | annual | met | complete | complete | complete |
| UC Documents in NetBenefits | 72 hours | met | yes | yes | yes |
| Overall Workshop Rating | 95% | met | 98.68% | 100.00% | 98.96% |
| Overall Plan Sponsor Satisfaction | Annual based on sliding UC schedule | pending | Assessment expected February 2015 | | |
| Quarterly / Annual Plan Reporting | 100% w/in 10 days | met | yes | yes | yes |
| Quarterly VRM Report | Q1 - Q3 w/in 45 Bus Days of quarter end<br>Q4 w/in 60 Bus Days of quarter end | met | yes | yes | yes |
| Portal - Data Accuracy | 100% | met | yes | yes | yes |
| Portal - Accuracy of Output | 100% | met | yes | yes | no |
| Portal - Access | 98% | met | yes | yes | yes |
| Portal - Maintenance / Link accuracy | 100% | not met | no | yes | no |

# Retirement Savings Program
# Key Statistics

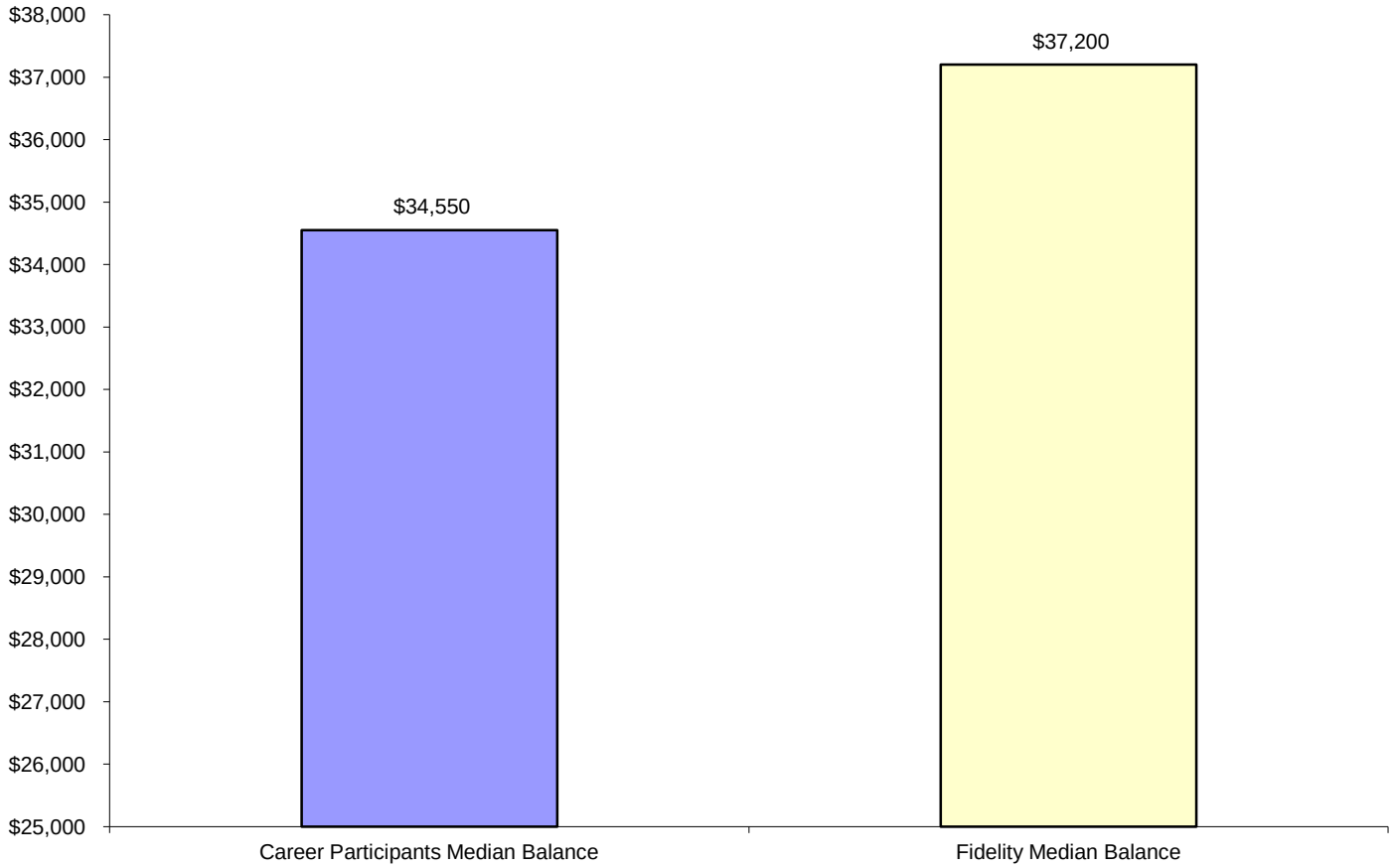
| | | UC RSP 9/30/2014 | % Change vs 6/30/2014 | % Change vs 9/30/2013 |
|---|---|---|---|---|
| Total Assets UC Funds | | $15.19B | -1% | 4% |
| Total Assets Fidelity Funds | | $3.76B | 1% | 22% |
| Total Assets Other | | $740M | -1% | 16% |
| Total Plan Assets | | $19.69B | -1% | 7% |
| Net Cash Flow | | (13M) | *-- | *-- |
| **Career Participants** | | | | |
| **Plan Participation Rate | 403b | 49.4% | 0.2% | 1% |
| | 457b | 13.4% | (0.4%) | 2% |
| **Average Deferral Rate | 403b | 10.4% / $833 | 0% / 3% | 0% / 3% |
| | 457b | 10.1% / $1,267 | 2% / 3% | 1% / 1% |
| **Median Partcipant Balance | 403b | $33,583 | (3%) | 2% |
| | 457b | $25,321 | (4%) | 4% |
| **Average Partcipant Balance | 403b | $98,661 | (2%) | 6% |
| | 457b | $65,507 | (1%) | 10% |

***Net Cash Flow for Quarter Ending 9/30/14 was (13M) in which case % Change becomes irrelevant.**
**** Data taken from quarterly UC report (Active participants in 403b and 457b plans).**

# Retirement Savings Program
# New 403(b) Loan to Participation Rate Analysis

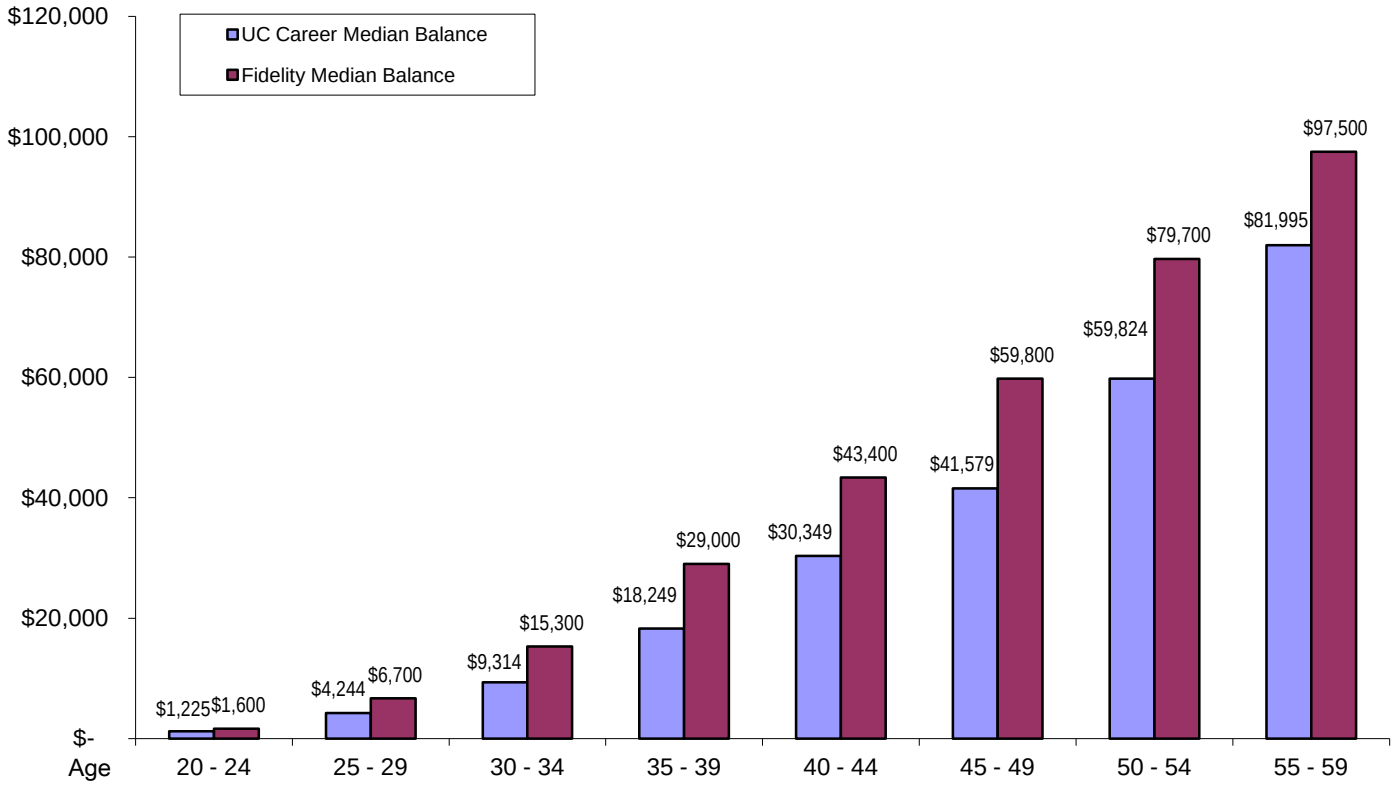


# Retirement Savings Program
# UC Median Balance vs.
# Fidelity Median Balance




Data taken from quarterly UC report (Total balance of 403b and 457b plans)

# Retirement Savings Program
# Active Participants Median Balance by Age




Data taken from quarterly UC report (Total balance of 403b and 457b plans)

# Retirement Savings Program
# Retirement Readiness Scores

| Systemwide Retirement Readiness Scores | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | 20 - 24 | 25 - 29 | 30 - 34 | 35 - 39 | 40 - 44 | 45 - 49 | 50 - 54 | 55 - 59 | 60 - 64 | 65+ | System |
| RR Score of 80% | 98.1% | 96.0% | 86.8% | 68.3% | 60.2% | 54.3% | 49.9% | 48.1% | 38.3% | 48.7% | 60.2% |

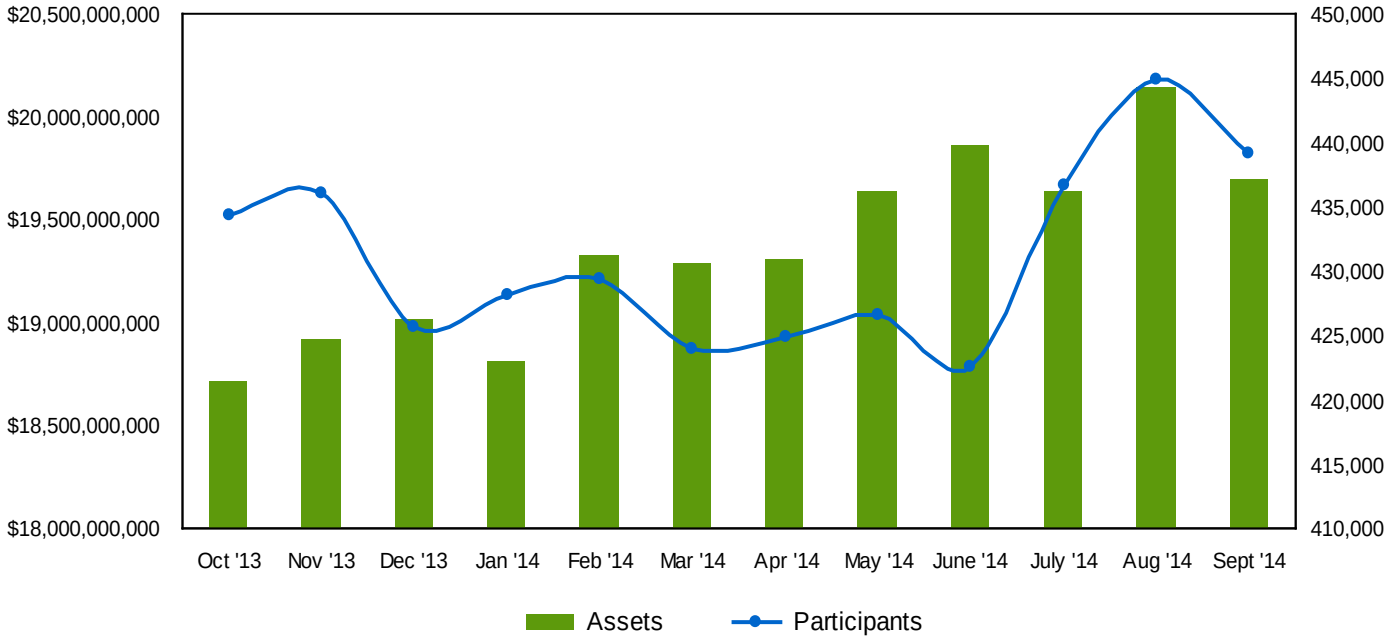
| Systemwide Retirement Readiness Scores | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Campus | 20 - 24 | 25 - 29 | 30 - 34 | 35 - 39 | 40 - 44 | 45 - 49 | 50 - 54 | 55 - 59 | 60 - 64 | 65+ | All Ages |
| < $47,000 | 98.3% | 96.9% | 86.2% | 63.0% | 47.5% | 34.5% | 29.7% | 26.4% | 19.3% | 23.5% | 55.9% |
| $47,001 - $93,000 | 92.3% | 92.0% | 86.3% | 66.1% | 59.4% | 56.0% | 53.3% | 51.3% | 39.2% | 38.1% | 59.6% |
| $93,001 - $140,000 | | 85.7% | 86.0% | 72.0% | 70.7% | 67.5% | 63.2% | 58.3% | 50.3% | 61.9% | 64.3% |
| > $140,000 | | 100.0% | 88.9% | 74.3% | 71.9% | 69.0% | 67.7% | 63.2% | 59.3% | 72.7% | 67.2% |
| *All Wages* | 97.7% | 95.4% | 86.3% | 66.3% | 59.6% | 54.7% | 51.5% | 49.4% | 41.8% | 53.9% | 60.2% |

| Medical Center | 20 - 24 | 25 - 29 | 30 - 34 | 35 - 39 | 40 - 44 | 45 - 49 | 50 - 54 | 55 - 59 | 60 - 64 | 65+ | All Ages |
|---|---|---|---|---|---|---|---|---|---|---|---|
| < $47,000 | 98.6% | 96.9% | 83.3% | 58.4% | 43.2% | 35.8% | 26.6% | 24.6% | 13.7% | 17.6% | 52.5% |
| $47,001 - $93,000 | 98.6% | 96.3% | 87.2% | 70.9% | 57.5% | 51.0% | 43.1% | 40.5% | 26.3% | 20.6% | 59.6% |
| $93,001 - $140,000 | 100.0% | 96.9% | 91.2% | 79.7% | 72.7% | 62.4% | 56.6% | 54.1% | 36.5% | 35.6% | 65.5% |
| > $140,000 | | 100.0% | 94.5% | 80.3% | 75.4% | 71.9% | 66.6% | 64.0% | 52.6% | 60.2% | 67.6% |
| *All Wages* | 98.6% | 96.6% | 87.2% | 71.2% | 60.6% | 53.2% | 46.3% | 45.3% | 31.8% | 32.8% | 60.3% |

| Other | 20 - 24 | 25 - 29 | 30 - 34 | 35 - 39 | 40 - 44 | 45 - 49 | 50 - 54 | 55 - 59 | 60 - 64 | 65+ | All Ages |
|---|---|---|---|---|---|---|---|---|---|---|---|
| < $47,000 | 100.0% | 100.0% | 95.5% | 72.0% | 52.0% | 42.3% | 42.9% | 17.6% | 14.3% | 22.2% | 59.4% |
| $47,001 - $93,000 | 100.0% | 98.6% | 92.1% | 65.5% | 57.1% | 56.1% | 51.1% | 50.0% | 30.1% | 34.6% | 59.1% |
| $93,001 - $140,000 | | 80.0% | 88.1% | 62.9% | 67.8% | 63.2% | 63.6% | 55.3% | 34.4% | 47.2% | 60.6% |
| > $140,000 | | | 50.0% | 78.6% | 77.6% | 67.8% | 69.9% | 63.2% | 50.4% | 67.7% | 65.7% |
| *All Wages* | 100.0% | 98.1% | 91.1% | 65.7% | 64.6% | 60.7% | 59.7% | 54.6% | 37.1% | 47.5% | 61.0% |

*Retirement Readiness Score shows the percentage of your estimated annual pay you could replace at age 65

# Retirement Savings Program
# Plan Assets Under Management at Fidelity

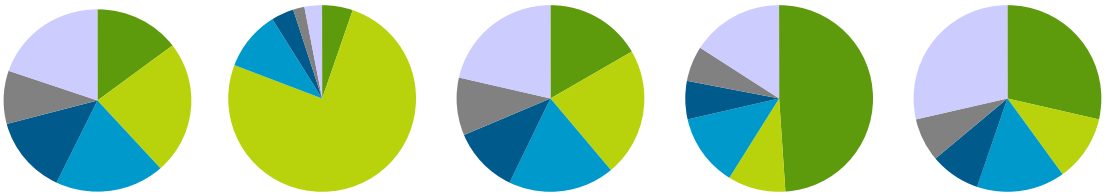



| As of 09/30/2014 | 403b | DCP | 457b | Total |
|---|---|---|---|---|
| Total Participants | 126,139 | 284,186 | 28,781 | 439,106 |
| Active Participants | 78,482 | 172,115 | 21,679 | 272,276 |
| Inactive Participants | 47,657 | 112,071 | 7,102 | 166,830 |
| Total Plan Assets | $13,826,243,786 | $4,081,599,963 | $1,786,532,454 | $19,694,376,203 |

**Total Unique Participants with a balance as of 09/30/2014 - 307,067**

# Retirement Savings Program
# Single-Investment Option Holders

Information as of 09/30/2014



| How many participants hold: | 403b | DCP | 457b | Industry peers | Same-size peers |
|---|---|---|---|---|---|
| 1 Fund (Lifecycle Fund) | 14.8% | 5.3% | 16.6% | 48.8% | 28.5% |
| 1 Fund (Non-Lifecycle Fund) | 23.5% | 75.6% | 22.4% | 10.0% | 11.5% |
| 2 Funds | 19.0% | 10.1% | 18.1% | 12.7% | 15.2% |
| 3 Funds | 13.4% | 3.9% | 11.4% | 6.6% | 8.7% |
| 4 Funds | 9.7% | 2.1% | 10.1% | 6.1% | 7.5% |
| 5 or more Funds | 19.6% | 3.0% | 21.4% | 15.8% | 28.6% |
| Average # of Funds Held | 3.0 funds | 1.4 funds | 3.2 funds | 1.8 funds | 3.2 funds |

| | | Participants holding this fund | | | |
|---|---|---|---|---|---|
| **Funds held as a single investment** | **Asset class** | 403b | DCP | 457b | **Total** |
| UC SAVINGS FUND | Money Market or Short-Term | 16,078 | 198,225 | 2,518 | 216,821 |
| UC GLOBAL EQUITY FD | Domestic Equity | 5,766 | 6,550 | 933 | 13,249 |
| UC BALANCED GROWTH | Balanced/Hybrid | 3,360 | 2,349 | 960 | 6,669 |
| UC BOND FUND | Bond | 680 | 677 | 237 | 1,594 |
| SPTN 500 IDX ADV IS | Domestic Equity | 356 | 782 | 96 | 1,234 |
| Plus 57 other funds | - | 2,848 | 5,593 | 1,471 | 9,912 |
| Lifecycle Funds | - | 18,691 | 15,086 | 4,770 | 38,547 |
| BrokerageLink | - | 499 | 709 | 244 | 1,452 |
| | | 48,278 | 229,971 | 11,229 | 289,478 |

For plans that offer Fidelity BrokerageLink, it will appear as a fund (rather than a product offering) for purposes of providing plan data.

# Retirement Savings Program
# Cash Flow Summary

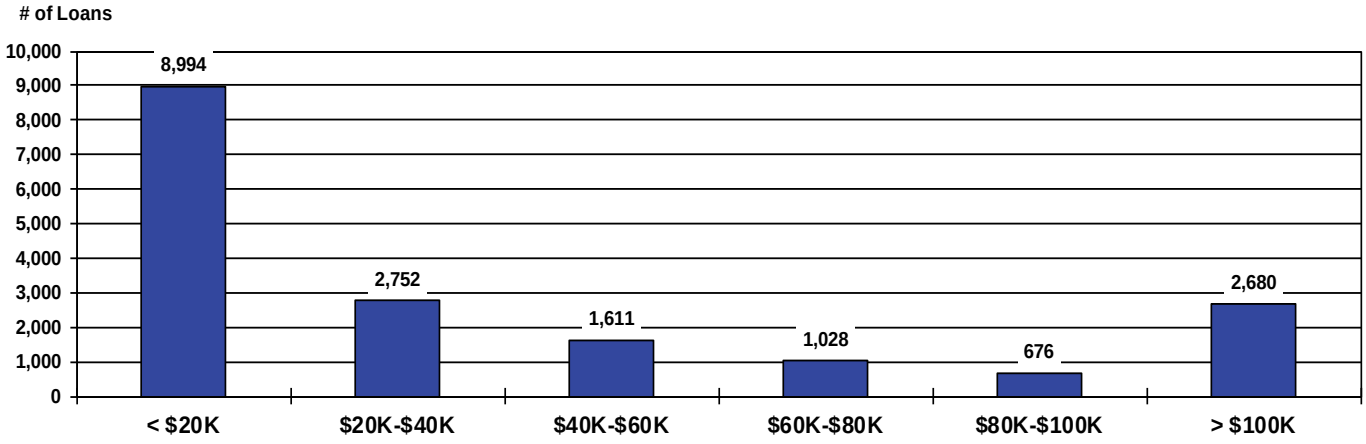
| Cash Inflow | Quarter ending: 9/2014 | Quarter ending: 6/2014 |
|---|---|---|
| Contributions | | |
| 403b: | $ 133,810,155 | $ 127,750,144 |
| 457b: | $ 45,334,612 | $ 45,500,947 |
| DCP: | $ 39,811,765 | $ 22,297,490 |
| Rollover/Transfer In: | $ 107,395,991 | $ 42,846,930 |
| Total | $ 326,352,523 | $ 238,395,512 |
| | | |
| Loan Repayments | $ 16,028,197 | $ 14,794,325 |
| | | |
| Interest on Loans | $ 1,748,376 | $ 1,581,326 |
| | | |
| Balance Forward | $ 8,673 | $ 2,184 |
| ***Total Cash Inflow*** | $ 344,137,769 | $ 254,773,346 |

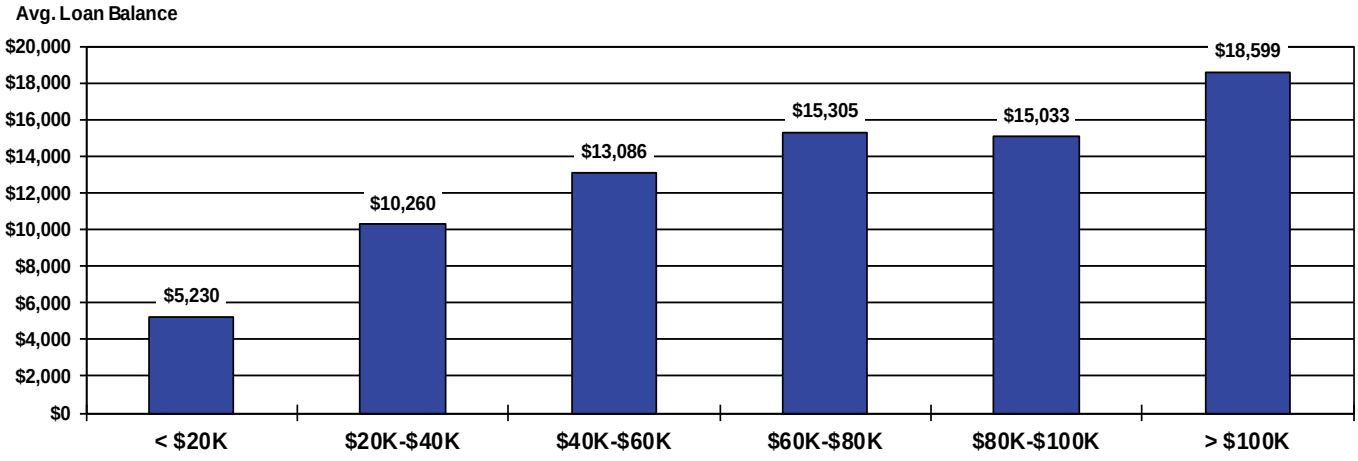
| Cash Outflow | Quarter ending: 9/2014 | Quarter ending: 6/2014 |
|---|---|---|
| Loan Withdrawals | $ (18,866,575) | $ (20,464,676) |
| Withdrawals | | |
| Full Payout: | $ (232,779,223) | $ (172,616,171) |
| Age 59.5: | $ (37,356,523) | $ (42,453,807) |
| Partial Distribution: | $ (35,942,180) | $ (31,167,292) |
| MRD: | $ (12,618,221) | $ (11,413,524) |
| De Minimis Distribution: | $ (6,867,002) | $ (4,374,814) |
| Partial After Tax/Rollover Payout: | $ (4,520,154) | $ (4,011,739) |
| Systematic Withdrawal Payments: | $ (3,745,445) | $ (3,842,966) |
| Age 70.5 In-Service Distribution: | $ (2,565,607) | $ (960,710) |
| Hardship-Sponsor Directed: | $ (1,496,354) | $ (1,022,785) |
| Unforeseen Emergency: | $ (277,601) | $ (75,878) |
| Transfer of Assets: | $ (224,141) | $ (242,472) |
| Total | $ (338,392,451) | $ (272,182,158) |
| | | |
| Transaction-based Fees | $ (195,622) | $ (189,761) |
| ***Total Cash Outflow*** | $ (357,454,648) | $ (292,836,595) |
| | | |
| ***Net Cash Flow*** | $ (13,316,879) | $ (38,063,249) |

# Retirement Savings Program
# Loans by Participant Account Balance

## Loans by Participant Account Balance

as of 9/30/2014




| Total Participants in balance category: | 46,530 Participants | 17,380 Participants | 10,805 Participants | 7,713 Participants | 5,642 Participants | 38,069 Participants |
|---|---|---|---|---|---|---|

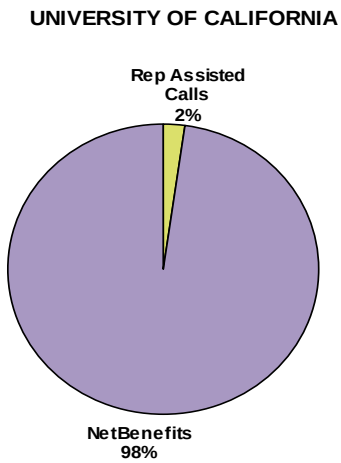
| | Total Loans | Original Amount | Outstanding Loans | Outstanding Balance | Loans Defaulted | Default Amount |
|---|---|---|---|---|---|---|
| 3 Month Change | 56 | $2,377,687 | 56 | $2,425,978 | 119 | $1,857,089 |
| 6 Month Change | 178 | $4,822,312 | 173 | $4,733,088 | 190 | $2,350,803 |
| 9 Month Change | 185 | $3,224,212 | 182 | $3,192,897 | 226 | $1,913,927 |
| 12 Month Change | | | | | | |

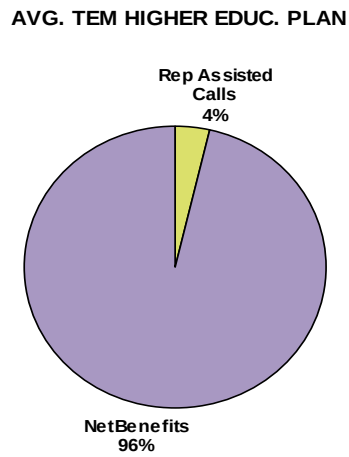
Quarterly changes are not cumulative, and use Q4 '13 as a baseline

# Retirement Savings Program Account Access Comparison and Participant Access Volumes

## Account Access Comparison

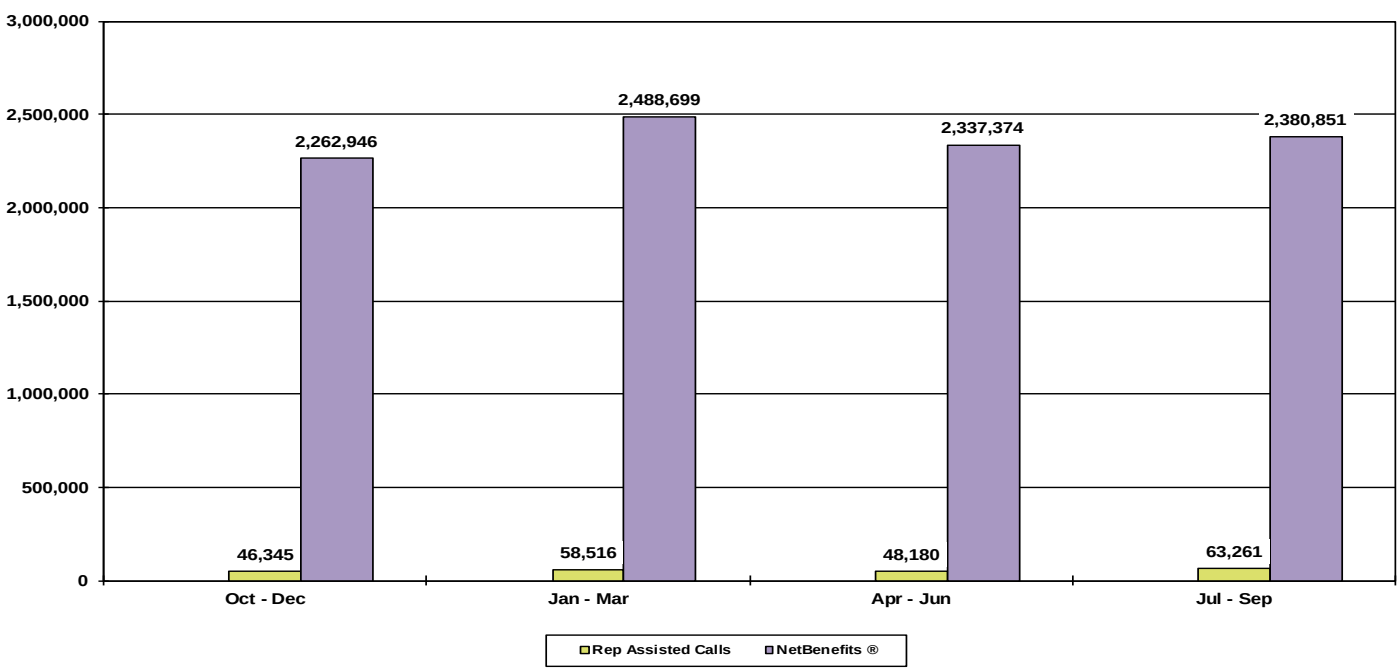
10/1/2013 - 9/30/2014



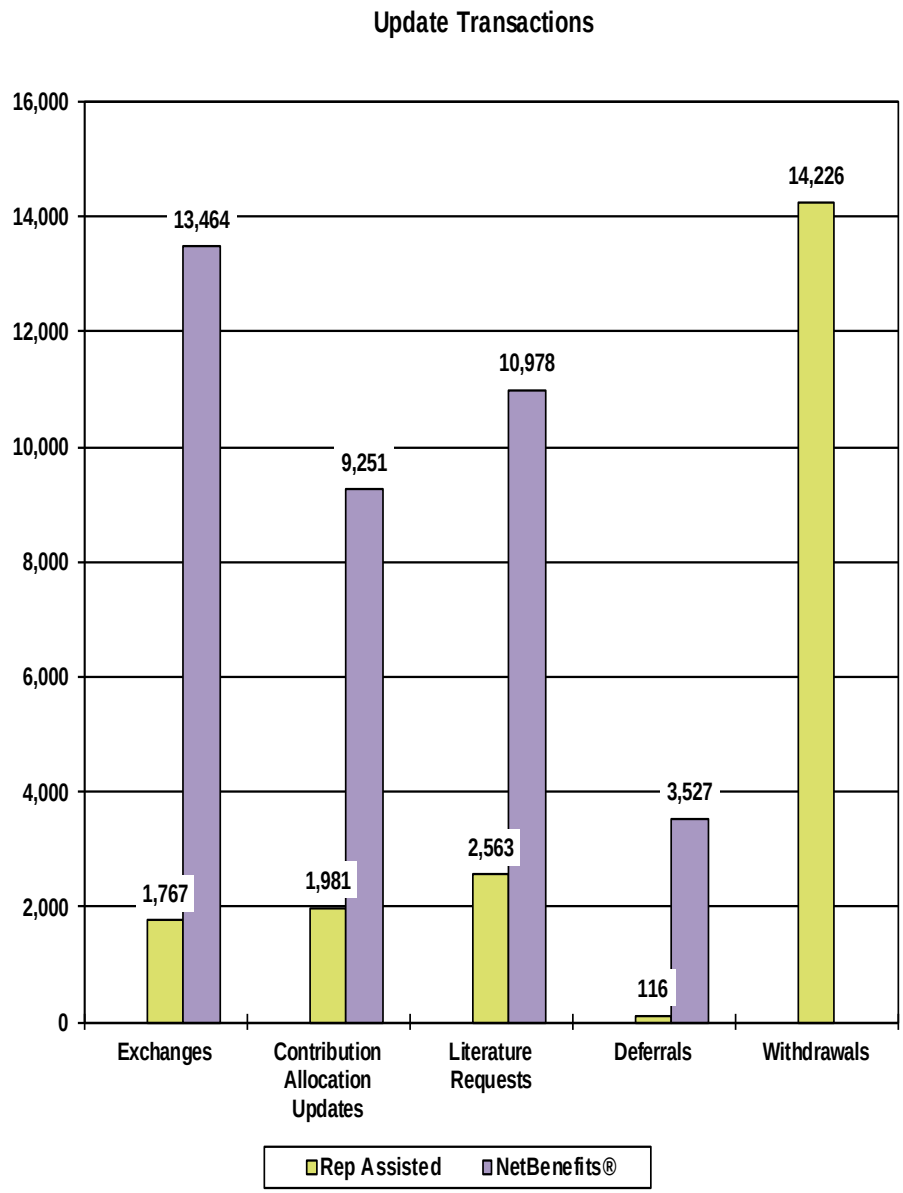
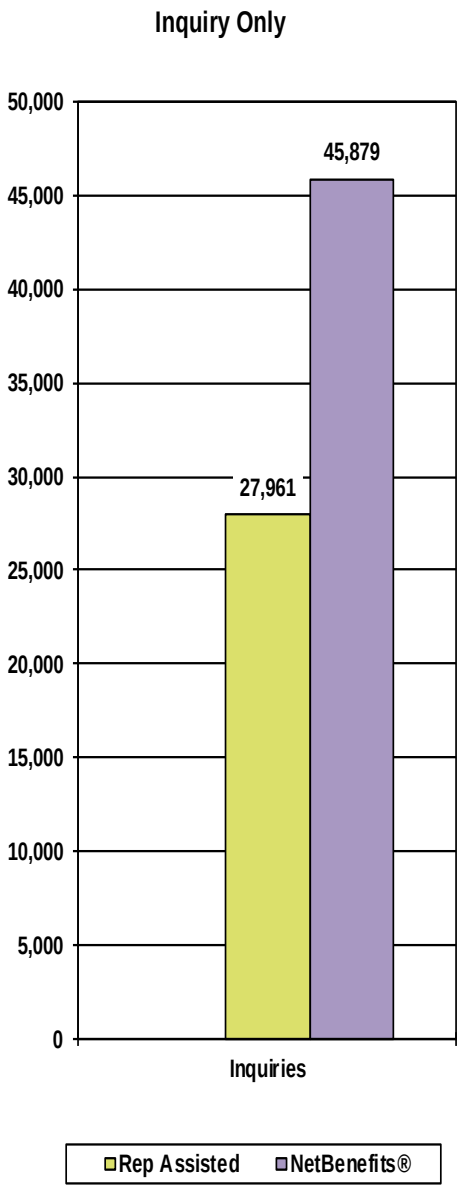




## Participant Access Volumes

10/1/2013 - 9/30/2014



# Retirement Savings Program
# Participant Account Activity by Type

## Participant Account Activity by Type

10/1/2013 - 9/30/2014