Segal Consulting

University of California Retirement Plan (UCRP)

JULY 1, 2013 VALUATION PRESENTATION

Completed by Segal Consulting San Francisco

UCRS Advisory Board
November 22, 2013

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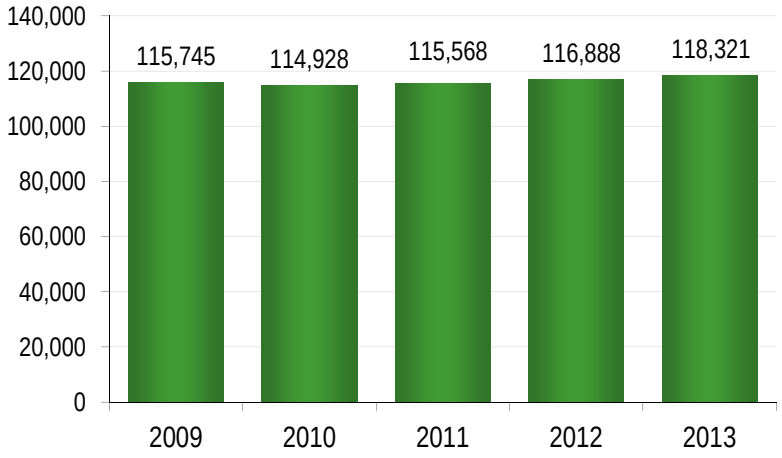
Highlights of 2013 Actuarial Valuation

- 11.7% market value return for 2012/2013
  - Actuarial value return of 4.5% due to five-year smoothing of gains/losses
  - Market value now exceeds actuarial value by $1.77 billion
- Total contribution loss of $1.75 billion during 2012/2013
  - $1.3 billion for campus/medical center segment
    - Due to contributing less than funding policy contribution amount
  - $453 million for DOE LANL and LLNL Retained Segments
    - Due to sequestration and continuing resolutions at federal government
    - $80 million contribution shortfall, plus
    - $373 million not included as contribution receivable
- Future valuations will include results for the 2013 Tier based on actual membership in that tier

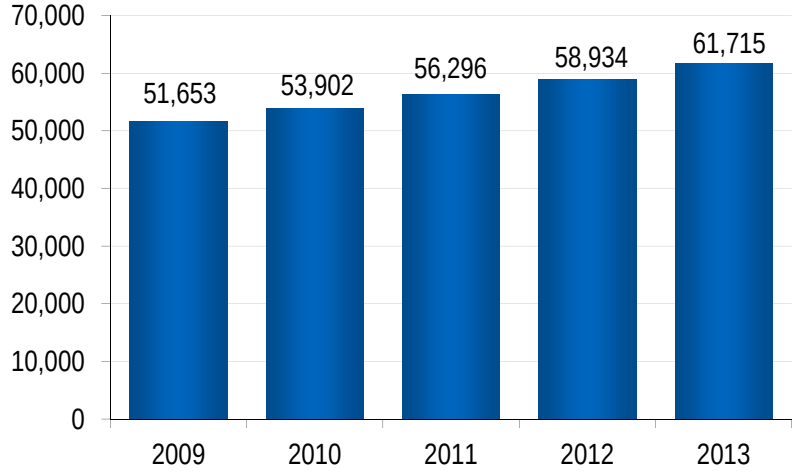
UCRP Demographics

ACTIVE MEMBERS



	2013	2012
Active Members	**118,321**	**116,888**
• Average Age	45.0	45.0
• Average Service	9.6	9.6
• Average Compensation	$83,396	$81,637

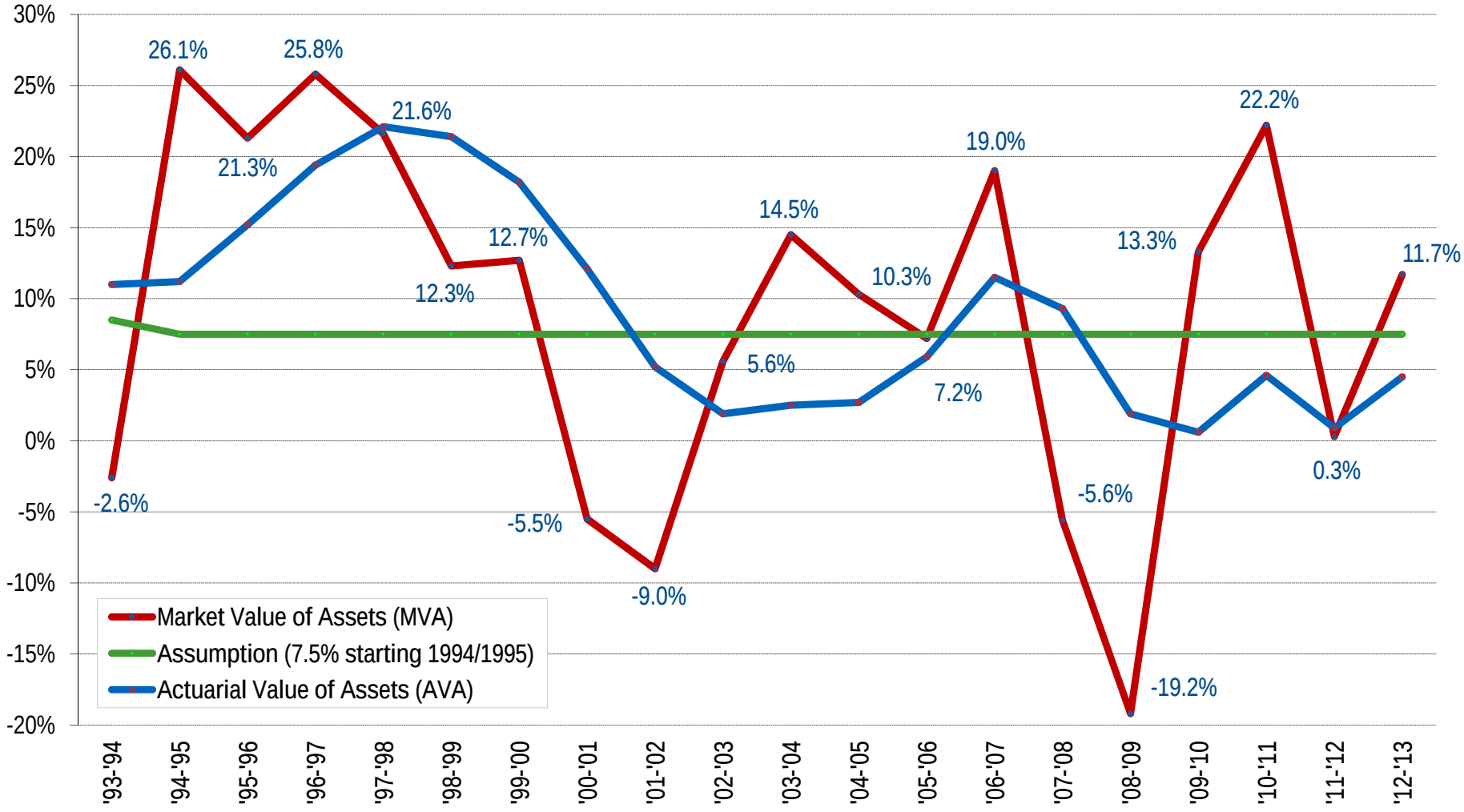
RETIRED MEMBERS



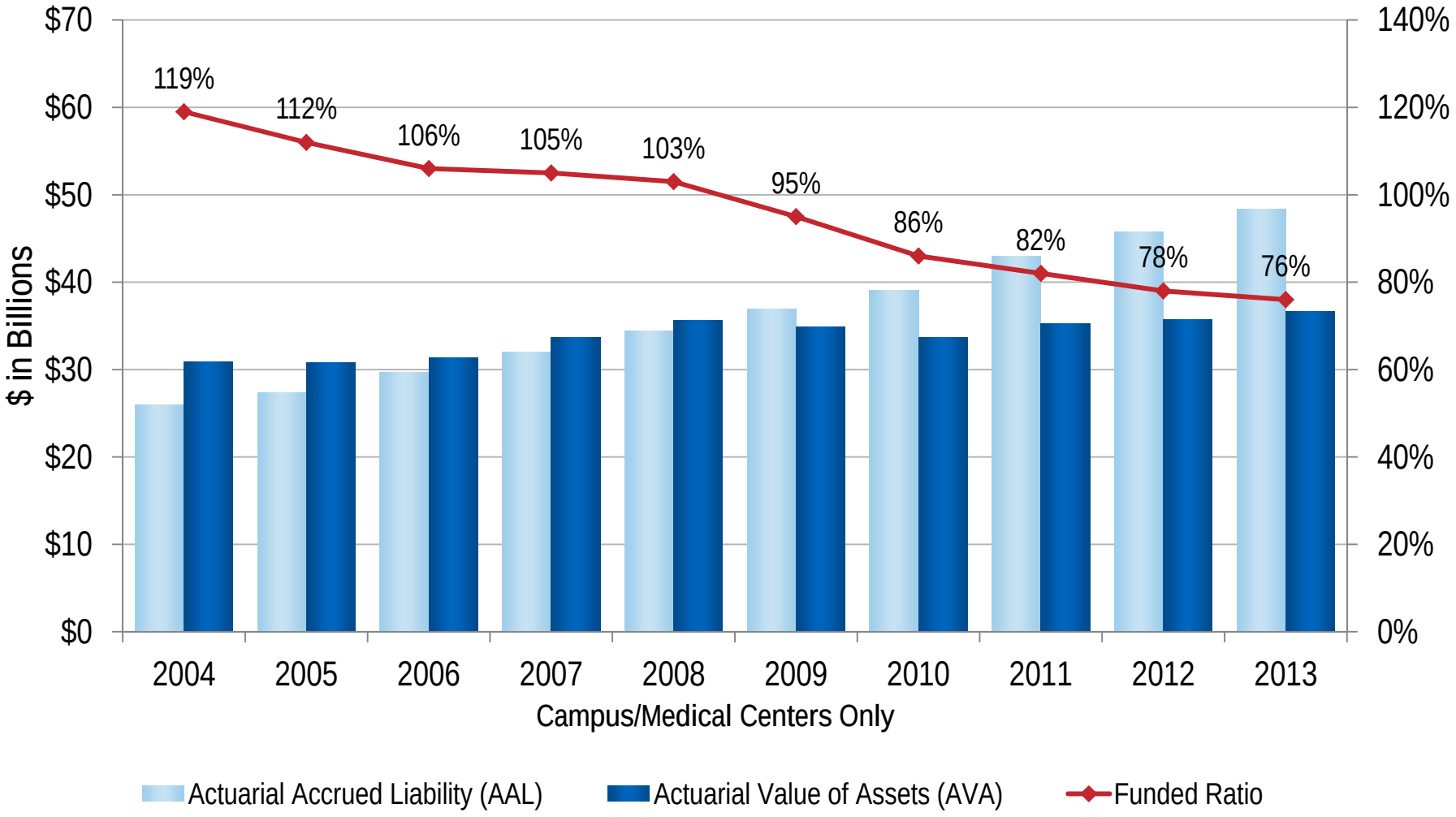
	2013	2012
Retired Members (in Pay Status)	**61,715**	**58,934**
• Average Age	70.6	70.4
• Average Annual Benefit	$37,168	$35,959

	2013	2012
Terminated Vested Members	**33,466**	**32,873**

UCRP Investment Rates of Return



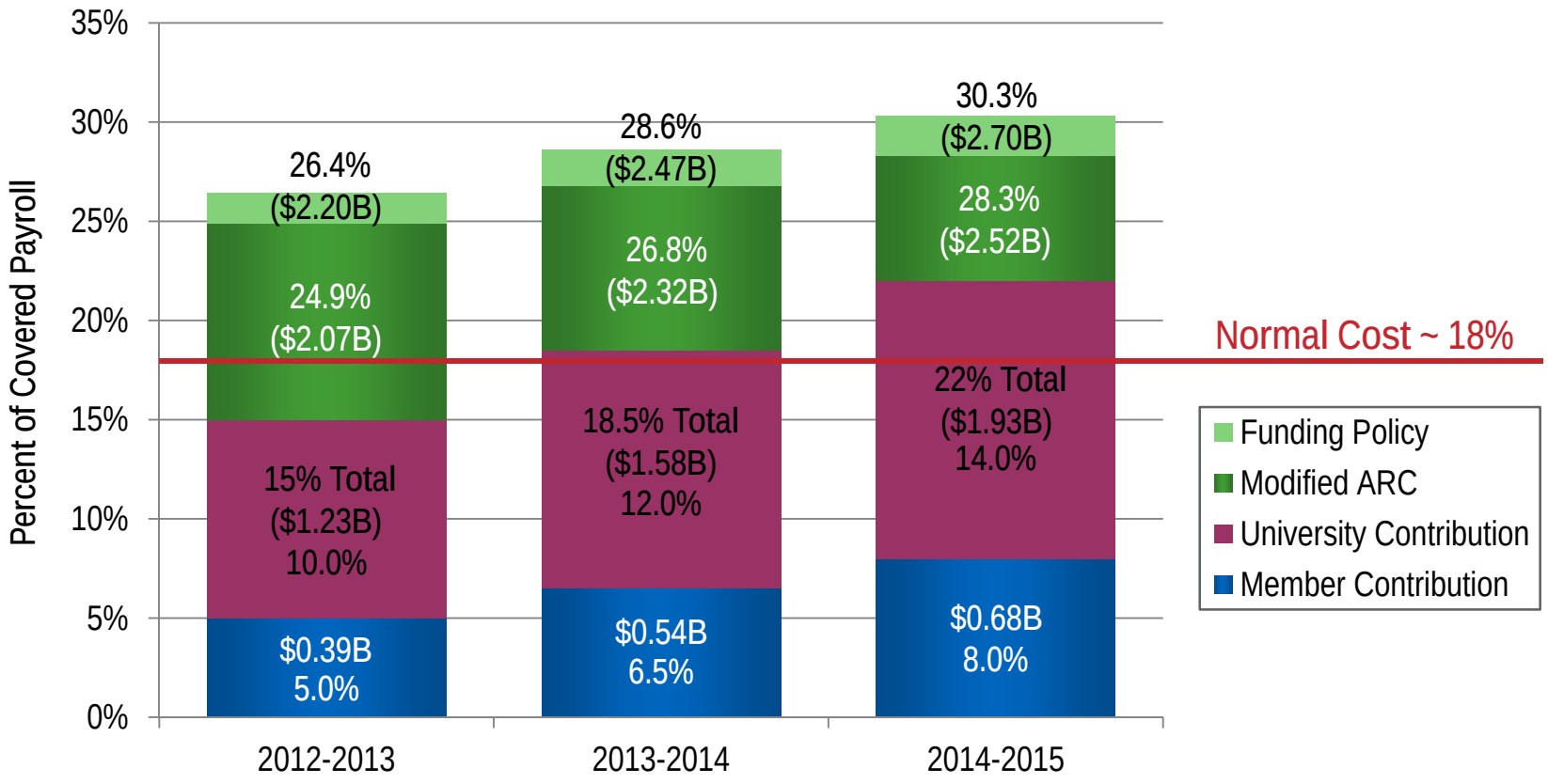
UCRP Historical Funded Status and Funded Ratio (5 year smoothing) as of July 1



UCRP Valuation Results ($ in billions)

	07/01/2013	07/01/2012
Market Value of Assets (MVA)	$45.3	$41.8
Actuarial Value of Assets (AVA)	$43.6	$43.0
Actuarial Accrued Liability (AAL)	$57.4	$54.6
Unfunded AAL – AVA Basis (AAL less AVA)	$13.8	$11.6
Unfunded AAL – MVA Basis (AAL less MVA)	$12.1	$12.8
Funded Percentage (AVA Basis)	76%	79%
Funded Percentage (MVA Basis)	79%	77%
Normal Cost (beginning of year)	$1.6	$1.5
Normal Cost (% of pay, middle of year)	18.35%	18.09%
Funding Policy Contribs (% of pay)	30.33%	28.56%

UCRP Contribution Illustration



- Results based on July 1, 2013 actuarial valuation.
- Member contribution rates shown apply to 1976 Tier members; offset of $19 per month applies; all member contributions subject to collective bargaining, as applicable. Contribution amounts ($) are based on campus/med center payroll.
- Employer rates exclude the extra assessment to pay back any internal or external financing.
- Modified ARC equals Normal Cost plus interest on the Unfunded Actuarial Accrued Liability (UAAL)