Retirement Administration Service Center Annual Report

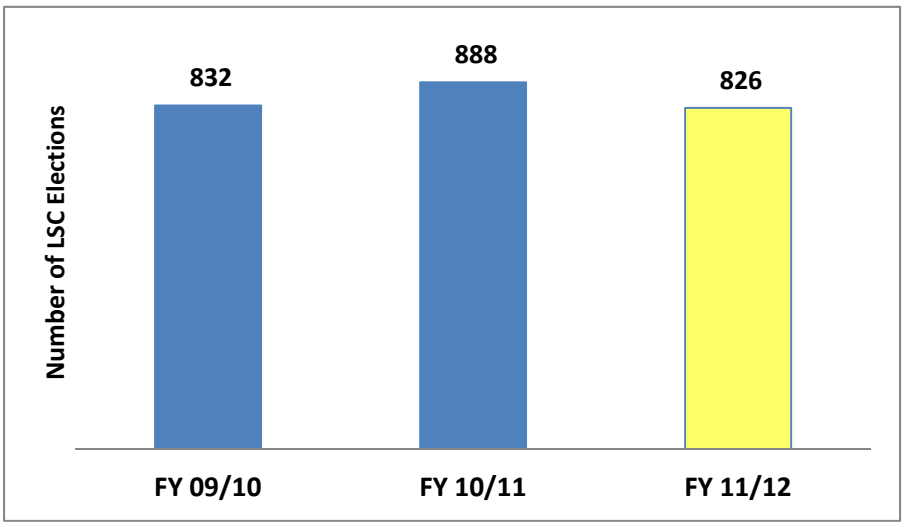
UCRP – Lump Sum Cashout Annual Report

Each year, the UCRS Advisory Board is presented with a report on the Lump Sum Cashout (LSC) payments. The LSC is available to UCRP members who separate from service and are eligible for retirement and to former spouses who want a lump sum payment as a result of a qualified domestic relations order (QDRO). The LSC amount for members is actuarially equivalent to the member's expected lifetime basic retirement income including assumed cost-of-living adjustments. For former spouses, the LSC amount is the actuarial present value of their community property interest in UCRP and is available if the member is eligible to retire.

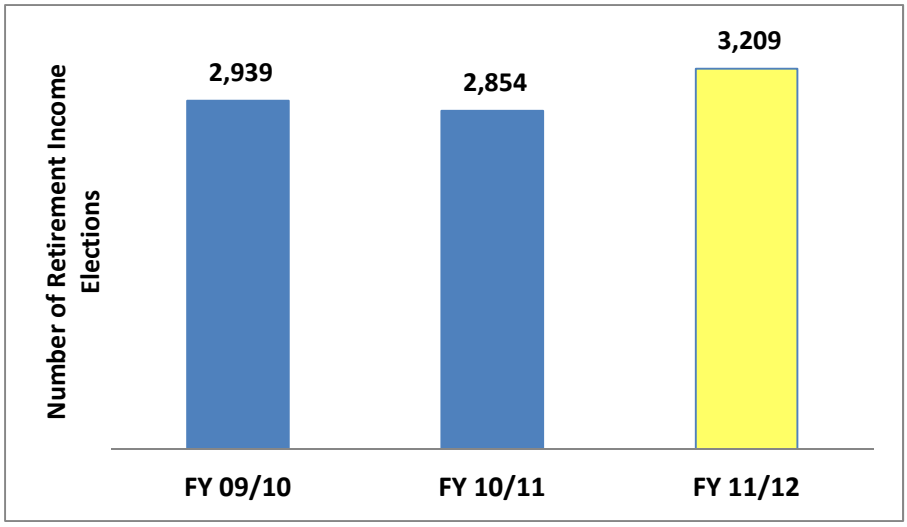
Page 6 is an overview of UCRP LSC and retirement income election and payment activity since fiscal year (FY) 2002/03. A comparison of the data for FY 2011/12 with FY 2010/11 and FY 2009/10 shows the following:

The total number of LSC elections decreased by 7.0% from FY 2010/11

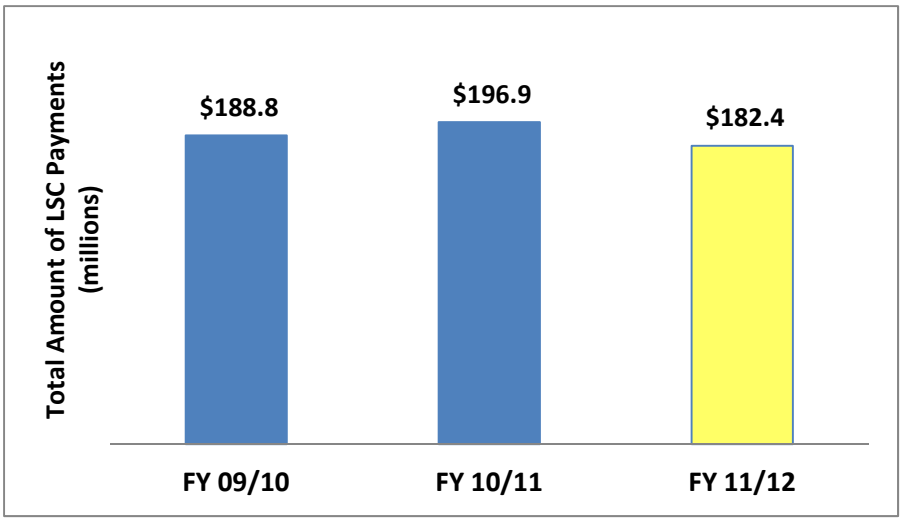
LSC Take Rate by year: 22.1% 23.7% 19.7%



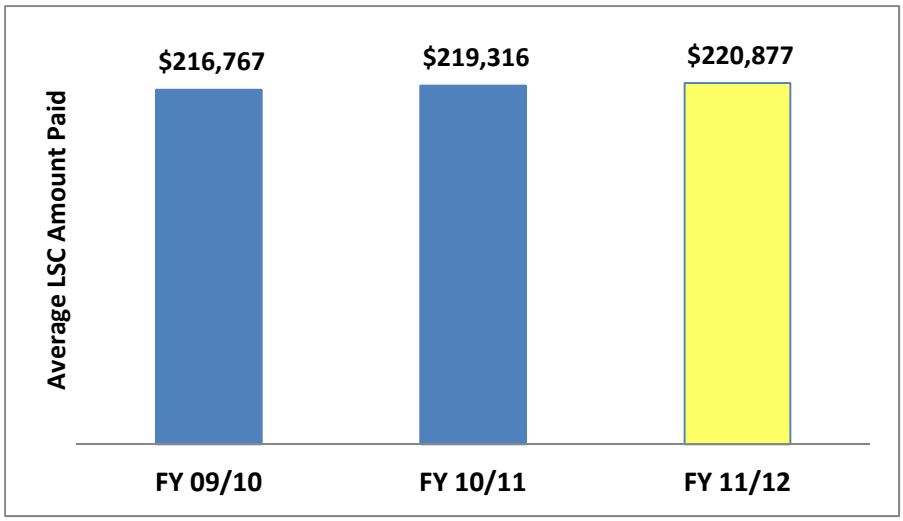
The total number of Retirement Income elections increased by 12.4%



The total amount of LSC payments decreased by 7.4%

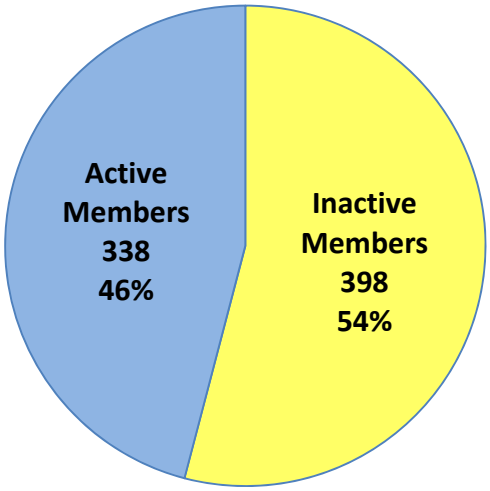


The average LSC amount paid increased by 0.7%



Of the 736 LSCs elected by members during FY 2011/12, 338 (46%) were elected by active members and 398 (54%) were elected by inactive members.

Distribution of FY 2011/12 LSC Elections by Active vs. Inactive Members

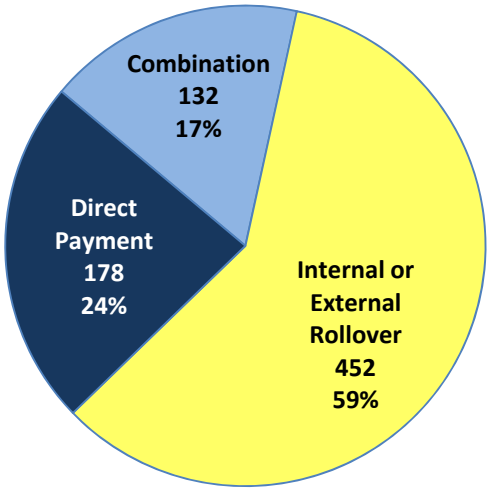


Note that due to timing issues, the number of LSC elections and LSC payments are not exactly the same each fiscal year. The total and average dollar value of LSC payments corresponds to those LSCs actually paid during FY 2011/12 (826 in total, 762 to members and 64 to former spouses).

In FY 2011/12, members could have had an LSC paid to them directly, have had it rolled over to another employer's plan or to an Individual Retirement Account (IRA) (external rollover), or have had the pretax portion rolled over to the UC DC Plan, 403(b) Plan or 457(b) Plan (internal rollover). They also may have chosen a combination of a direct payment and either an internal or external rollover. Of the 762 members who received LSC payments during FY 2011/12, 452 (59%) chose

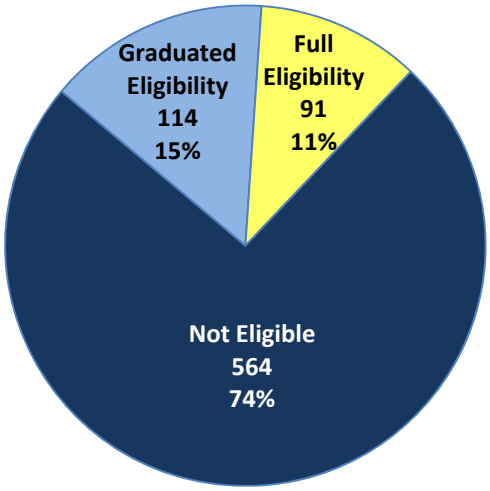
either an internal or external rollover, 178 (23%) chose to receive direct payment, and 132 (17%) chose a combination of direct payment and rollover.

Disbursement Elections of FY 2011/12 LSC Payments



Members who are eligible to continue medical and dental coverage when they retire forfeit this eligibility if they elect to receive an LSC payment instead of retirement income. Of the 762 members who received an LSC payment during FY 2011/12, 564 (74%) would not have been eligible to continue medical and dental coverage if they had elected retirement income instead of an LSC payment. Of this total number, 91 members (11%) had full eligibility and would have received the maximum UC contribution and 114 members (15%) had graduated eligibility and would have received 50% to 95% of the maximum UC contribution depending on the amount of their service credit.

Eligibility for Retiree Medical and Dental Coverage if No LSC



10-Year UCRP Lump Sum Cashout/Retirement Income Overview										
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Lump Sum Cashout (LSC) Elections										
Number of LSC - Members	407	494	715	746	908	960	710	792	841	736
Number of LSC - QDROS	64	53	70	67	61	66	49	40	47	53
Total LSC	471	547	785	813	969	1,026	759	832	888	789
LSC Payments ($000's) [1]	$102,181	$125,147	$167,210	$191,297	$289,363	$309,780	$155,761	$188,804	$196,946	$182,444
Average LSC ($000's) [2]	$191	$195	$196	$217	$279	$278	$197	$217	$219	$203
Retirement Income Elections										
Number of Members	1,769	2,321	2,956	2,896	3,140	3,328	2,459	2,931	2,838	3,196
Number of QDROs	10	20	15	11	20	23	11	8	16	13
Total Retirement Income Elections	1,779	2,341	2,971	2,907	3,160	3,351	2,470	2,939	2,854	3,209
Member LSC Take Rate (%)	18.7%	17.5%	19.5%	20.5%	22.4%	22.4%	22.4%	21.3%	22.9%	18.7%
(# Member LSC / # Member Retirement Income Elections + # Member LSC)										
QDRO LSC Take Rate (%)	86.5%	72.6%	82.4%	85.9%	75.3%	74.2%	81.7%	83.3%	74.6%	80.3%
(# QDRO LSC / # QDRO Retirement Income Elections + # QDRO LSC)										
Total LSC Take Rate (%)	20.9%	18.9%	20.9%	21.9%	23.5%	23.4%	23.5%	22.1%	23.7%	19.7%
(Total # LSC / Total # Retirement Income Elections + Total # LSC)										

Note: Eligibility of the Member to retire is a requirement to elect the LSC; therefore, the take rate percentage for the LSC is measured utilizing retirement figures.

[1] The dollar amount for LSCs represents payments made during the fiscal year.

[2] Effective fiscal year 2000/01 the average LSC is based on the total number of Member and QDRO LSCs paid rather than the total number elected