AGENDA ITEM M

UCRP – Preview of Upcoming Experience Study

The Plan's Consulting Actuary, the Segal Company (Segal), is currently in the process of performing an Experience Study for UCRP, covering the period from July 1, 2006 through June 30, 2010. The study compares the Plan's actual experience during the period to the expected experience based on the current actuarial valuation assumptions. It considers internal and external trends among various employee groups and determines whether or not these trends indicate that changes should be made to current Plan assumptions.

More specifically, the study determines the Plan's actual experience with respect to:

- rates of mortality, retirement, withdrawal and disability;
- merit, longevity and promotional salary increases;
- other valuation assumptions, including percent of married participants, sick leave conversions, future rates of benefit accrual, Lump Sum Cashout elections, and deferred vested retirement ages.

The study also determines whether current economic assumptions, including price inflation, wage inflation and the investment rate of return assumption, are still appropriate. The review of the assumed investment rate of return is done in consultation with the Office of the Treasurer and will include a review of other California governmental retirement plans and their investment rate of return assumptions.

As in the prior Experience Study, any actual experience during the observation period from active members from the Lawrence Livermore National Laboratory will be excluded from the results, since there are no longer any active members currently at that location. In addition, any changes recommended for UCRP, for assumptions that also apply to either the UC-PERS Plus 5 Plan or the 415(m) Restoration Plan, will also be recommended for those plans.

Segal plans to complete the Experience Study by April and the UCRS Advisory Board will be advised of the preliminary results. The final report, including recommendations, if any, is scheduled to be presented to The Regents in May or July 2011, with any adopted assumption changes reflected in the July 1, 2011 valuation and changes to annuity option factors and Lump Sum Cashout factors (if any) effective either January 1, 2012 or July 1, 2012.