UCRS Advisory Board

Meeting of February 25, 2011

AGENDA ITEM B

UCRP - March 2011 Regents Item - Additional Contributions Towards the Annual Required Contribution

Chief Financial Officer Taylor and Associate Director Anguiano will provide an overview of an item that is scheduled to be presented to The Regents in March 2011 which seeks to provide the President with additional flexibility for making asset transfers to the University of California Retirement Plan (UCRP). The goal of the President's asset transfers would be to pay the unfunded portion of UCRP's Normal Cost as well as the interest on UCRP's unfunded liability, which was characterized at the November and December 2010 Regents meetings as a modified annual required contribution or "modified ARC" payment.

It is envisioned that the President will authorize modified ARC payment to UCRP totaling almost $2 billion over the approved UCRRP contribution levels over the next two years. This additional funding will not only reduce UCRP's unfunded liability and improve its funded status, it may help to reduce the amount of future UCRP employer contributions and eliminate the need to report underfunding on the University's annual balance sheet, as required by Governmental Accounting Standard Board provisions.