

UNIVERSITY OF CALIFORNIA

UCRS Advisory Board

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November 10, 2010

TO: Members of the UCRS Advisory Board

RE: Meeting of November 19, 2010

This is an advance reminder that the first regular business meeting of the UCRS Advisory Board for 2010-2011 is scheduled from 10am to 2pm on Friday, November 19. I understand from the advance attendance survey of the ten other Advisory Board members that eight, and perhaps nine, will be present in Oakland for the meeting. Professor Ross Starr from UC San Diego and possibly Vice Chancellor Meredith Michaels from UC Irvine will be participating by telephone. Executive Vice President Brostrom and Vice President Duckett will not be able to join us at the start of the meeting, but will arrive later.

Before getting into the details of the upcoming meeting on November 19, I want to express my sincere appreciation for your participation in our two special meetings of September 9 and October 21. I believe you have seen my two letters of September 13 and October 22 to President Yudof, reporting on the discussions we had at those two meetings about the Post-Employment Benefits Task Force Recommendations.

For the benefit of the University community, my letter of October 22 was subsequently posted on the Office of the President website about the Task Force recommendations:

<http://universityofcalifornia.edu/sites/ucrpfuture/files/2010/10/oakley-letter-from-ucrs-advisory-board-102010.pdf>

Also, one of our Advisory Board members, Kandy Piper, wrote her own letter to President Yudof, as a follow-on to my letter of October 22. I sent each of you a copy of Kandy's letter on November 8. If any member did not receive this copy of Kandy's letter, I will be happy upon request to send a second copy on an individual basis.

I have invited Adrian Harris of UCLA, the Chair of the CUCEA/CUCRA Joint Committee on Benefits, to present a 10-minute summary of his committee's October 28, 2010, report to CUCEA and CUCRA. A copy of this report accompanies this memorandum as an additional attachment to my covering e-mail. Please review it in advance of our meeting on November 19.

You may be aware that President Yudof issued a letter on October 26 to the University community, announcing his own conclusions and decisions regarding the Task Force recommendations as a result of

This memorandum is sent in my capacity as Chair of the UCRS Advisory Board and not as a representative of the University of California.

the broad range of input he had received (including that of the Advisory Board). A second announcement was made on the same day about the recommendations regarding the retiree health benefits program. In case you have not read them, these two statements are available at the following URLs:

- President Yudof's letter of October 26:
<http://universityofcalifornia.edu/sites/ucrpfuture/news-updates/president-yudof-proposed-changes-to-retirement-benefits/>
- Statement of October 26 regarding Retiree Benefits Program recommendations
<http://universityofcalifornia.edu/sites/ucrpfuture/news-updates/uc-considers-eligibility-changes-for-the-retiree-health-program/>

The three relevant agenda items being submitted by President Yudof to the Board of Regents for their consideration at its regular meeting of November 16-18 and its special meeting of December 13 have now been posted on the Board of Regents website. The first two items will be discussed on Wednesday morning, November 17; the third item will be discussed on Thursday morning, November 18. I urge you to read these agenda items in advance of our meeting on November 19. Although you've been notified of the relevant URLs by yesterday's e-mail directly from Director Schlimgen, for your convenience I'll repeat that information here in somewhat expanded form:

- **Item F3** (For Discussion/Open Session) – Meeting of the Committee on Finance, 10:15am, Wednesday, November 17, 2010—**Annual Actuarial Valuations for the University of California Retirement Plan and its Segments** (110 pages, posted at: <http://www.universityofcalifornia.edu/regents/regmeet/nov10/f3.pdf>).
- **Item F4** (For Discussion/Open Session) – Meeting of the Committee on Finance, 10:15am, Wednesday, November 17, 2010 – **Annual Actuarial Valuation of the University of California Retiree Health Benefit Program** (118 pages, posted at: <http://www.universityofcalifornia.edu/regents/regmeet/nov10/f4.pdf>).
- **Item J3** (For Discussion/Open Session) – Joint Meeting of the Committee on Finance and the Committee on Compensation, 10:15am, Thursday, November 18, 2010 – **University of California Post-Employment Benefits Recommendations** (22 pages, posted at: <http://www.universityofcalifornia.edu/regents/regmeet/nov10/j3.pdf>).

In case you wish to listen to the discussions about these three agenda items at the Board of Regents meetings, the information regarding the audio connection via the Internet is available at: <http://www.universityofcalifornia.edu/regents/regmeet/nov10.html>.

President Yudof announced on Monday, November 8, in an “Open letter to California,” that he will also be recommending that the Board of Regents increase student fees by a further eight percent. His letter refers to UC's unfunded liabilities for UCRP and retiree health as factors in deciding to seek this additional revenue, and in beginning “to move on pension reform.” This letter is posted at: <http://www.universityofcalifornia.edu/news/article/24446>.

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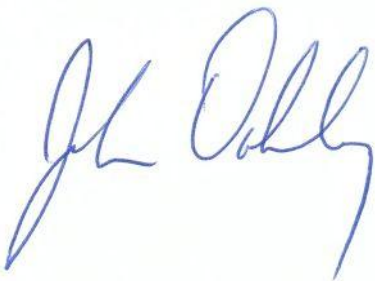
The agenda for our business meeting of November 19 is nearly complete. I hope to distribute it to you by this Friday, November 12, and in any event by Monday, November 15, along with the draft minutes for the last regular Advisory Board meeting held on June 25, 2010. Included in our November 19 agenda will be the same presentation of Item F3 that will be given to the Board of Regents two days earlier on November 17. Of course, I am sure we will also want to compare notes regarding Item J3 and the comments from the Board of Regents expressed the previous day.

Unless a member of the Advisory Board requests of me otherwise by the morning of November 12, we will not receive a briefing as to Item F4. If such a request is timely made, I and Director Schlimgen will have to resolve the ticklish issue of whether retiree-health issues are sufficiently intertwined with pension issues to be within the purview of the Advisory Board. I have put this jurisdictional issue on the November 19th agenda for discussion by the entire Advisory Board; I would prefer to confront this issue then rather than attempt to resolve it in advance of our impending meeting.

The last item on the current draft of the agenda for November 19 calls for preliminary discussion of possible effects on UCRS plans of new federal Department of Labor regulations requiring administrators of ERISA-governed plans to disclose information about plan fees, expenses, and investment options to participants and beneficiaries in 401(k), 403(b), and other types of defined contribution plans if investments are participant-directed. These regulations are effective for plan years beginning on or after Nov. 1, 2011 (Jan. 1, 2012, for calendar year plans). It appears that these regulations do not facially apply to the UCRS suite of direct-contributions plans, which as government plans are exempt from ERISA, but may indirectly affect UCRS by changing current standards of best practices for plan administration. Please read in advance of our meeting the following article describing the new ERISA regulations: http://www.icemiller.com/enewsletter/Bulletins/Fee_Disclosure_Regs.htm.

I look forward to seeing you on Friday, November 19, in Oakland.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Oakley". The signature is fluid and cursive, with a large initial "J" and "O".

cc: Director Gary Schlimgen
Mr. Robert Semple
University Counsel Barbara Clark