UNIVERSITY OF CALIFORNIA

Retirement Savings Program

# Vendor Relations Management Report

## Q4 2013

**Data provided by Fidelity Retirement Services, UC's master recordkeeper for the DC Plan, 403(b) Plan, and the 457(b) Plan**

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# Retirement Savings Program
# Q4 2013 Highlights

**Quarterly Performance Rating: Average Speed to Answer "not met"**

## Quarterly Highlights

### Overall

- $19.1 billion in assets
- 293,780 unique participants with a balance
- For 403(b) Plan: Average Participation rate 49.2% and deferral rate 10.3%

### Master Record Keeping

- Completed beneficiary designation solicitation campaign in October 2013; over 10,000 participants reviewed and updated their beneficiary designations with Fidelity.
- Default online statements program ready to launch. Notices prepared to accompany 2013 Q4 statements.
- Participant Data and Clean-up audits to run quarterly instead of annually.

### Communications & Education

- Employee attendance at 2013 financial education events increased 18.6% from 2012 to 26,105
- Completed "Give Your Savings a Boost" campaign, reminding participants age 50 or older of the higher contribution limits.
- Initiated review to update performance guarantee agreement

# Retirement Savings Program
# Financial Education Performance

## Financial Education Program Performance Guarantees

| | Trend Indicator | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 |
|---|---|---|---|---|---|
| Workshop ratings | = | met | met | met | met |
| Timely delivery of enrollment materials | = | met | met | met | met |
| Fidelity Financial Education report | = | met | met | met | met |
| UC Documents in NetBenefits | = | met | met | met | met |

▲ Improving

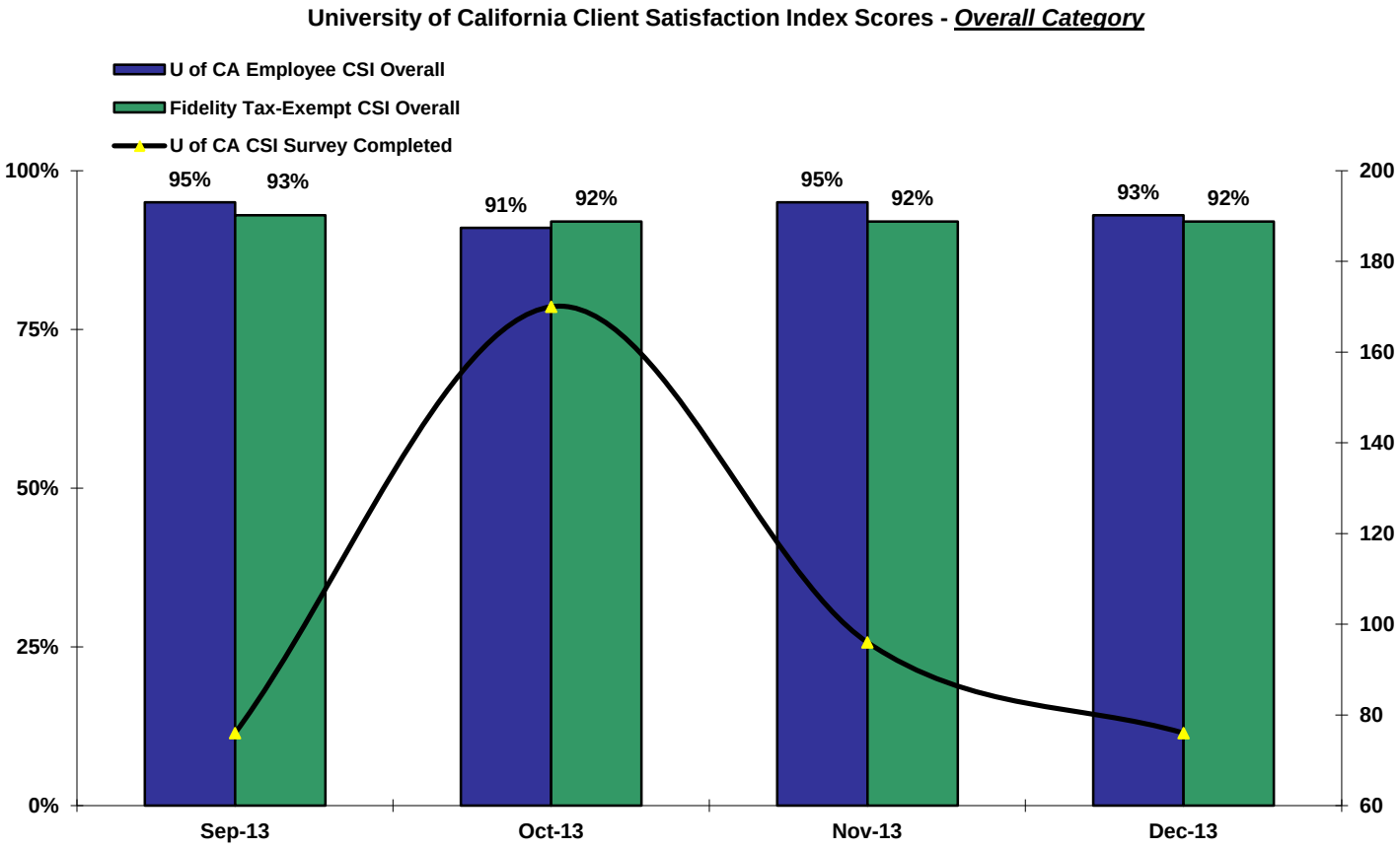
= Stable

● Needs Improvement

# UC Employee Satisfaction
# Fidelity Participant Services

## Customer Satisfaction Index Scores
## University of California Plan Participants
## September 2013 – December 2013

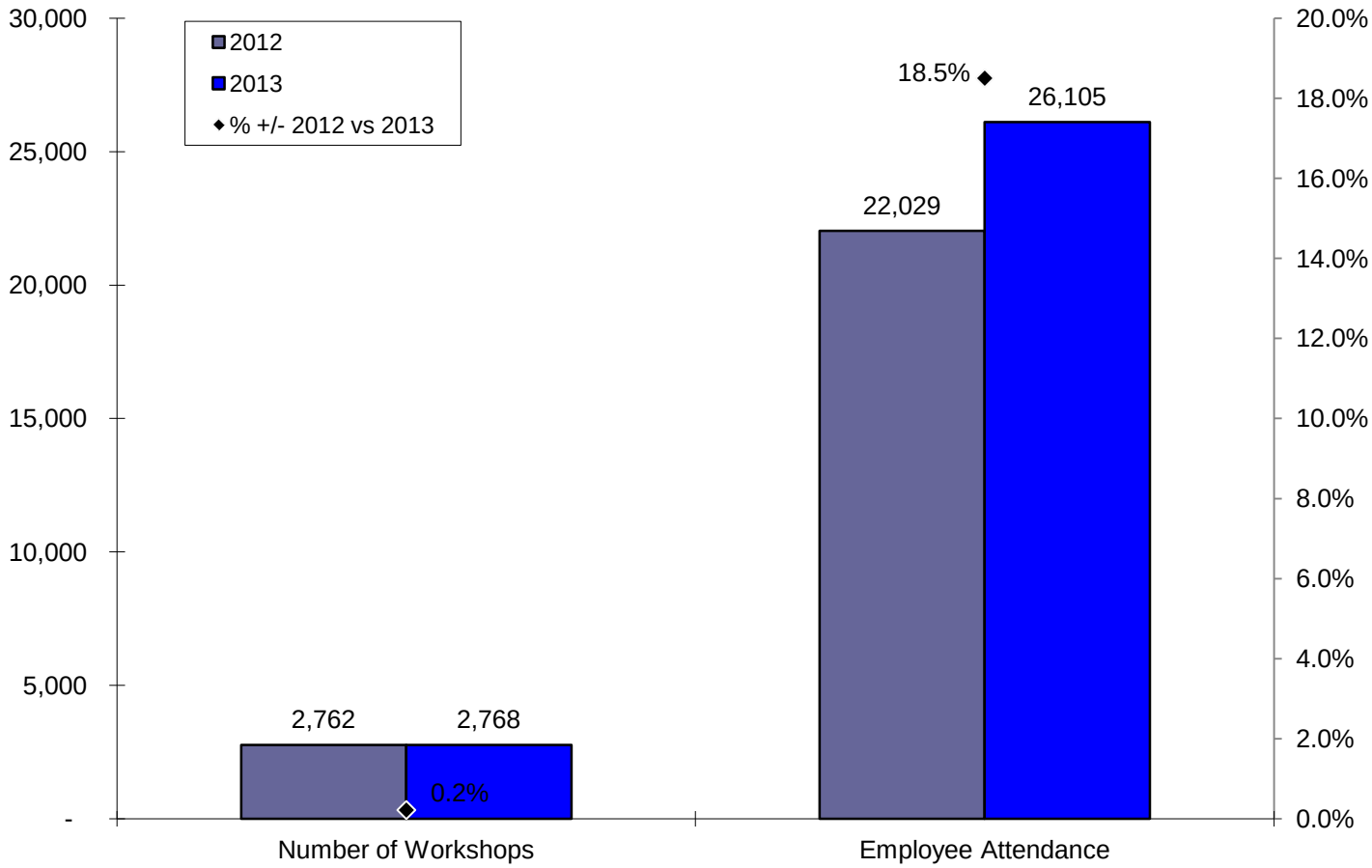
**(voluntary survey completed after speaking with a Fidelity Retirement Services Specialist)**




***Rolling 4-month comparison of Top 2 Box (Very Satisfied & Satisfied) CSI scores for the University of California participants vs. Fidelity Retirement Services Tax-Exempt Market***

# Retirement Savings Program
# Financial Education Workshop Summary

## Workshop Summary
## Through December 2013




| | Overall Workshop Rating "Excellent" or "Very Good" | Overall Presenter Rating "Excellent" or "Very Good" | # of Surveys |
|---|---|---|---|
| **October 2013** | **98%** | **100%** | **135** |
| **November 2013** | **100%** | **100%** | **67** |
| **December 2013** | **100%** | **100%** | **93** |
| | | total | **295** |

# Retirement Savings Program
# Fidelity's Administrative Performance

| | Performance Standard | Q4 Result | Q4 '13 | Q3 '13 | Q2 '13 |
|---|---|---|---|---|---|
| Average Speed to Answer | 30 | not met | 41 | 64 | 40 |
| Call Abandonment | 3% | met | 3 | 4 | 2 |
| VRS Availability | 99% | met | 100.00% | 100.00% | 99.90% |
| NetBenefits Availability | 99% | met | 100.00% | 100.00% | 99.84% |
| PSW Availability | 99% | met | 99.97% | 99.09% | 99.54% |
| One-and-Done Rate | 85% | met | 98.54% | 98.10% | 97.81% |
| Case Management | 90% in 5 bus. days | met | 99.03% | 97.77% | 99.06% |
| | 99% in 10 bus. days | met | 100.00% | 99.88% | 99.82% |
| Contribution Reconciliation | same day | met | 100.00% | 100.00% | 100.00% |
| Withdrawal/loan Processing | 99% | met | 99.98% | 99.98% | 99.97% |
| Quarterly Statements | 20th next month | met | yes | yes | yes |
| Plan Sponsor Service Review | annual | met | complete | complete | complete |
| Participant Survey | annual | met | complete | complete | complete |
| Enrollment Materials | 90% rec w/in 2 weeks | met | yes | yes | yes |
| RC Activity Report | monthly | met | yes | yes | yes |
| Annual Business Planning | annual | met | complete | complete | complete |
| UC Documents in NetBenefits | 72 hours | met | yes | yes | yes |
| Overall Workshop Rating | 90% | met | 98.98% | 97.69% | 98.77% |
| Portal - Data Accuracy | 100% | met | yes | yes | yes |
| Portal - Accuracy of Output | 100% | met | yes | yes | yes |
| Portal - Access | 98% | met | yes | yes | yes |
| Portal - Maintenance/link accuracy | 100% | met | yes | yes | no |

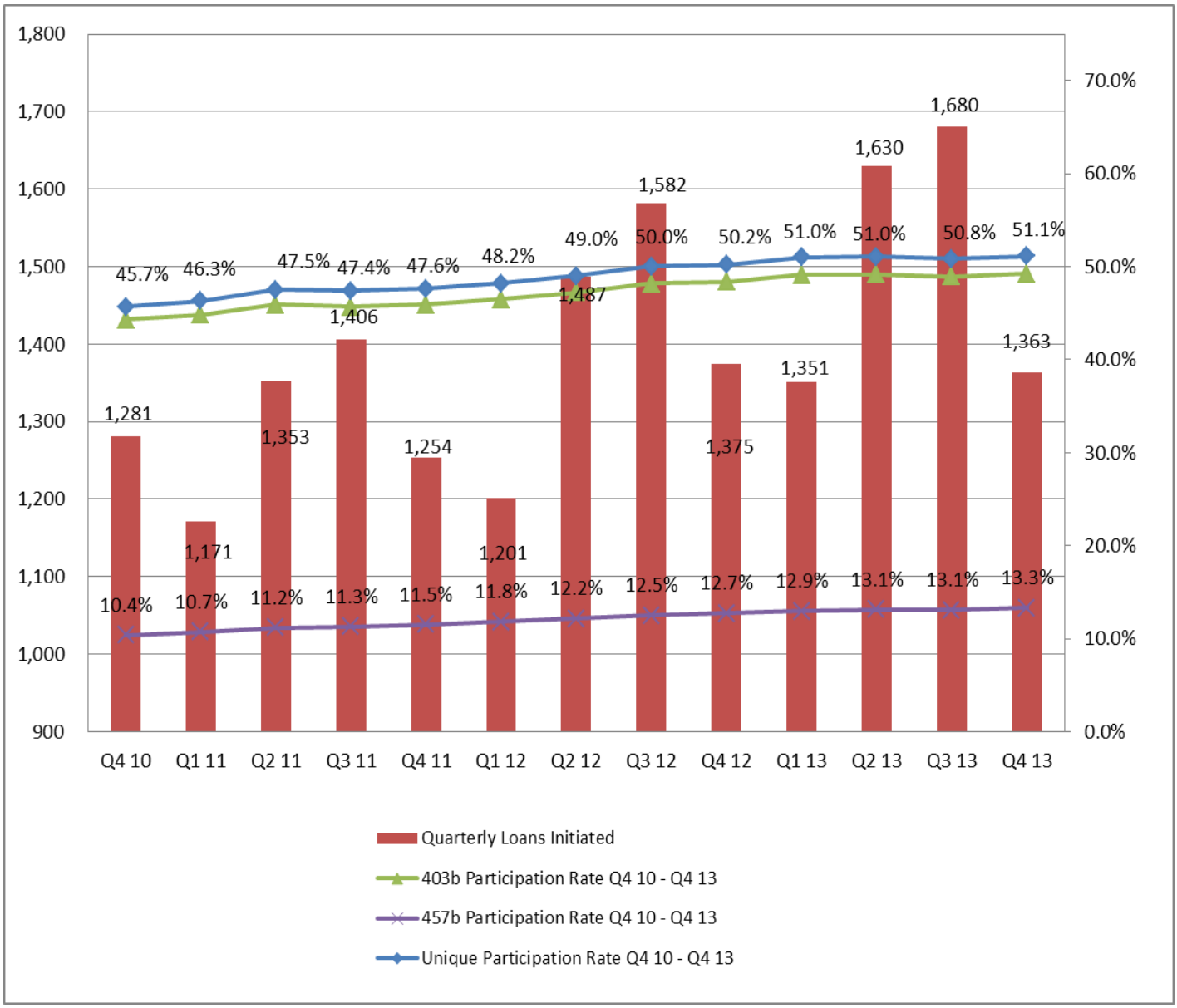
# Retirement Savings Program
# Key Statistics

| | | UC RSP 12/31/2013 | % Change vs 9/30/2013 | % Change vs 12/31/2012 |
|---|---|---|---|---|
| Total Assets UC Funds | | $14.94B | 2% | 18% |
| Total Assets Fidelity Funds | | $3.39B | 10% | -22% |
| Total Assets Other | | $681M | 7% | 457% |
| Total Plan Assets | | $19.01B | 4% | 11% |
| Net Cash Flow | | (125M) | *-- | *-- |
| **Career Participants** | | | | |
| **Plan Participation Rate | 403b | 49.2% | 0.6% | 2% |
| | 457b | 13.3% | 1.5% | 4% |
| **Average Deferral Rate | 403b | 10.3% / $818 | (1%) / (.5%) | (3%) / 2% |
| | 457b | 10.1% / $1,254 | (1%) / (3%) | (4%) / (4%) |
| **Median Partcipant Balance | 403b | $32,843 | 3% | 8% |
| | 457b | $23,832 | 2% | 4% |
| **Average Partcipant Balance | 403b | $95,511 | 5% | 12% |
| | 457b | $61,535 | 5% | 15% |

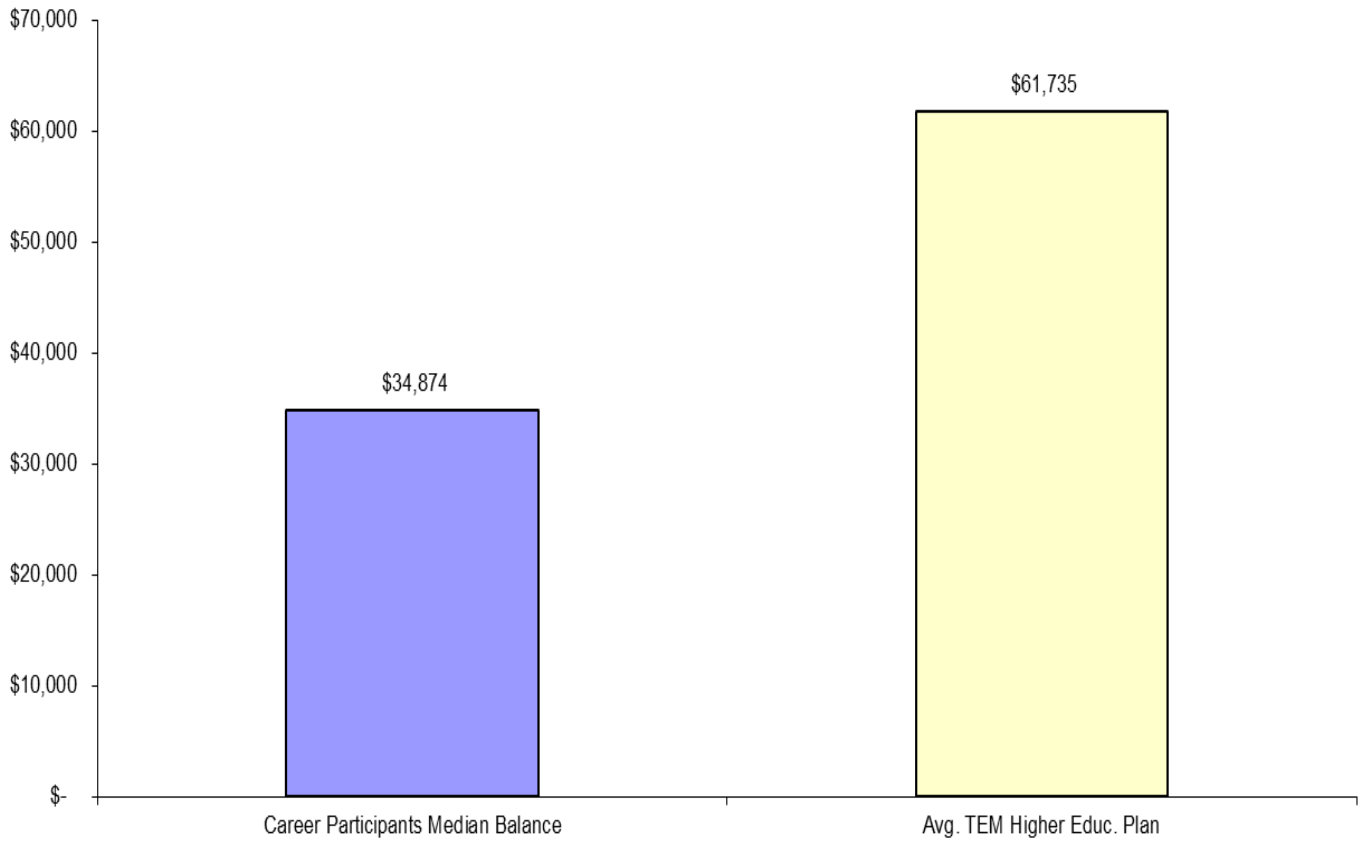
***Net Cash Flow for Quarter Ending 12/31/13 was (125M) in which case % Change becomes irrelevant.**

**** Data taken from quarterly UC report (Active participants in 403b and 457b plans).**

# Retirement Savings Program
# New 403(b) Loan to Participation Rate Analysis

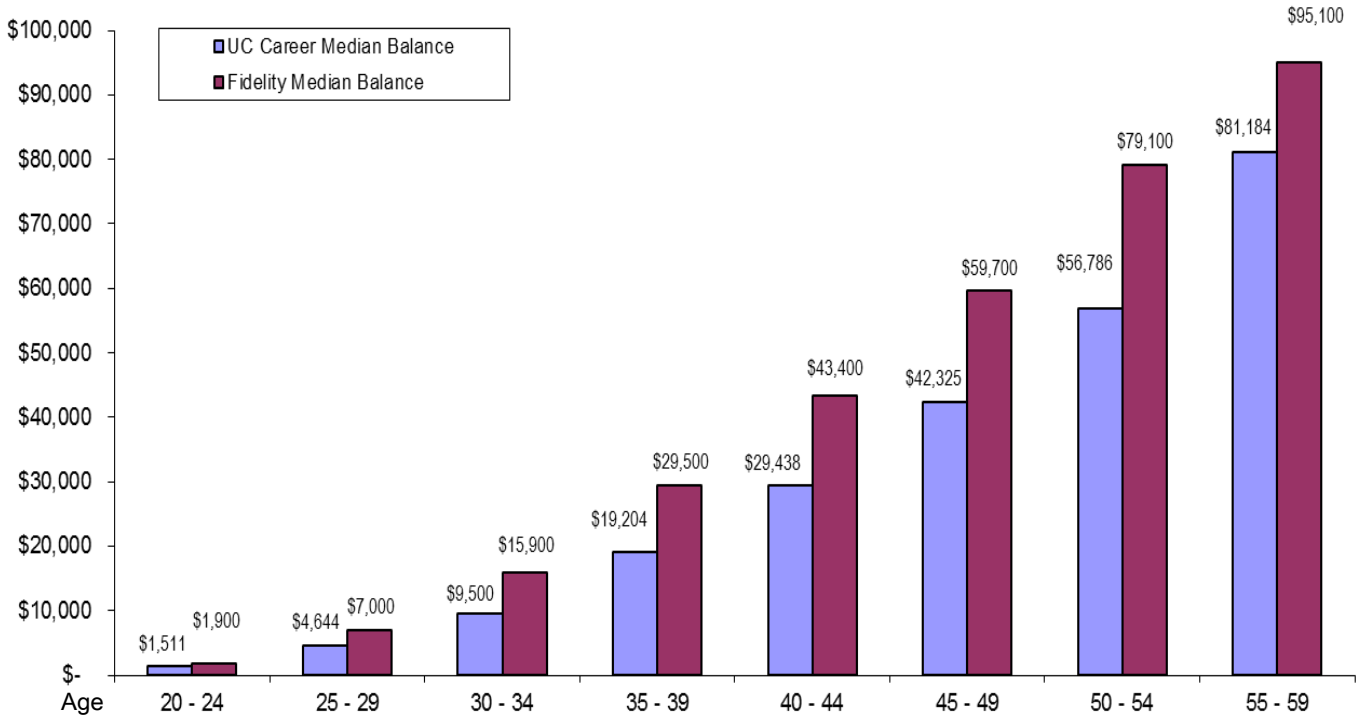


# Retirement Savings Program
# UC Median Balance vs.
# Average Tax Exempt Market Participant Balance




Data taken from quarterly UC report (Total balance of 403b and 457b plans)

# Retirement Savings Program
# Active Participants Median Balance by Age




Data taken from quarterly UC report (Total balance of 403b and 457b plans)

# Retirement Savings Program
# Retirement Readiness Scores

| Systemwide Retirement Readiness Scores | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | 20 - 24 | 25 - 29 | 30 - 34 | 35 - 39 | 40 - 45 | 46 - 49 | 50 - 54 | 55 - 59 | 60 - 64 | 65+ | System |
| RR Score of 80% | 97.8% | 94.7% | 81.4% | 64.1% | 56.7% | 51.7% | 48.6% | 46.0% | 36.5% | 50.8% | 59.6% |

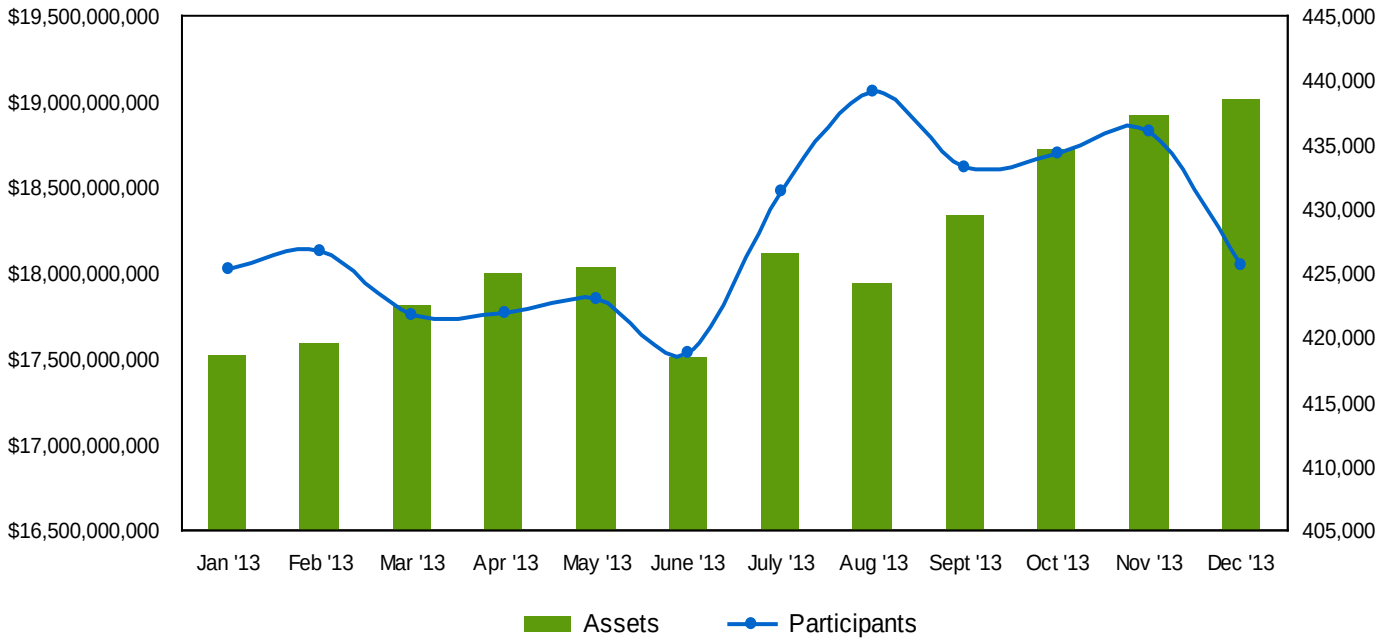
| Systemwide Retirement Readiness Scores | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Campus | 20 - 24 | 25 - 29 | 30 - 34 | 35 - 39 | 40 - 45 | 46 - 49 | 50 - 54 | 55 - 59 | 60 - 64 | 65+ | All Ages |
| < $47,000 | 98.2% | 95.8% | 80.0% | 57.1% | 42.4% | 31.2% | 28.1% | 24.4% | 18.9% | 23.4% | 56.7% |
| $47,001 - $93,000 | 94.2% | 90.7% | 80.8% | 61.7% | 56.7% | 54.6% | 51.4% | 49.0% | 35.5% | 38.7% | 58.5% |
| $93,001 - $140,000 | | 86.8% | 78.0% | 69.1% | 67.6% | 65.7% | 62.2% | 55.8% | 49.2% | 64.3% | 63.1% |
| > $140,000 | | 100.0% | 84.3% | 70.9% | 68.1% | 66.5% | 66.9% | 61.5% | 59.1% | 73.9% | 66.3% |
| *All Wages* | 97.7% | 94.1% | 80.3% | 61.9% | 56.4% | 52.5% | 50.0% | 47.5% | 40.2% | 55.7% | 59.5% |

| Medical Center | 20 - 24 | 25 - 29 | 30 - 34 | 35 - 39 | 40 - 45 | 46 - 49 | 50 - 54 | 55 - 59 | 60 - 64 | 65+ | All Ages |
|---|---|---|---|---|---|---|---|---|---|---|---|
| < $47,000 | 98.8% | 95.8% | 76.2% | 53.8% | 40.1% | 31.5% | 24.8% | 22.7% | 14.6% | 13.2% | 52.9% |
| $47,001 - $93,000 | 95.3% | 95.5% | 83.0% | 66.0% | 53.7% | 47.0% | 42.4% | 37.2% | 22.9% | 21.5% | 58.7% |
| $93,001 - $140,000 | 100.0% | 93.0% | 88.6% | 76.7% | 68.0% | 59.5% | 55.2% | 51.4% | 32.8% | 42.0% | 64.6% |
| > $140,000 | | 97.0% | 93.0% | 81.1% | 72.8% | 71.4% | 65.3% | 61.8% | 50.0% | 63.4% | 67.4% |
| *All Wages* | 97.8% | 95.3% | 82.7% | 67.3% | 56.7% | 49.8% | 45.2% | 42.8% | 29.2% | 35.0% | 59.7% |

| Other | 20 - 24 | 25 - 29 | 30 - 34 | 35 - 39 | 40 - 45 | 46 - 49 | 50 - 54 | 55 - 59 | 60 - 64 | 65+ | All Ages |
|---|---|---|---|---|---|---|---|---|---|---|---|
| < $47,000 | 100.0% | 100.0% | 88.0% | 59.1% | 44.8% | 52.6% | 38.5% | 17.6% | 17.6% | 25.0% | 59.9% |
| $47,001 - $93,000 | 100.0% | 98.0% | 85.6% | 62.5% | 53.8% | 54.7% | 51.5% | 45.6% | 27.4% | 34.4% | 58.4% |
| $93,001 - $140,000 | | 90.9% | 74.2% | 60.7% | 66.4% | 60.6% | 62.4% | 47.8% | 40.5% | 46.2% | 59.2% |
| > $140,000 | | | 77.8% | 70.7% | 73.7% | 67.7% | 62.6% | 62.8% | 49.5% | 65.3% | 64.0% |
| *All Wages* | 100.0% | 97.9% | 82.4% | 62.3% | 62.1% | 59.6% | 57.7% | 50.6% | 37.7% | 46.3% | 59.8% |

*Retirement Readiness Score shows the percentage of your estimated annual pay you could replace at age 65

# Retirement Savings Program
# Plan Assets Under Management at Fidelity

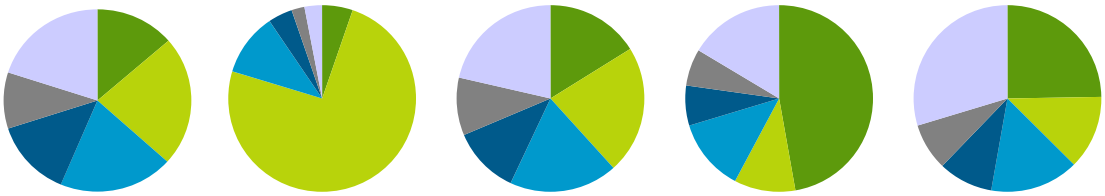



| As of 12/31/2013 | 403b | DCP | 457b | Total |
|---|---|---|---|---|
| Total Participants | 124,681 | 273,403 | 27,607 | 425,691 |
| Active Participants | 77,506 | 168,831 | 21,001 | 267,338 |
| Inactive Participants | 47,175 | 104,572 | 6,606 | 158,353 |
| Total Plan Assets | $13,381,362,590 | $4,013,711,613 | $1,619,921,037 | $19,014,995,240 |

**Total Unique Participants with a balance as of 12/31/2013– 293,780**

# Retirement Savings Program
# Single-Investment Option Holders

Information as of 12/31/2013



| How many participants hold: | 403b | DCP | 457b | Industry peers | Same-size peers |
|---|---|---|---|---|---|
| 1 Fund (Lifecycle Fund) | 13.5% | 5.2% | 16.1% | 47.1% | 24.6% |
| 1 Fund (Non-Lifecycle Fund) | 23.2% | 74.6% | 22.3% | 10.6% | 12.9% |
| 2 Funds | 19.6% | 10.8% | 18.5% | 12.6% | 15.1% |
| 3 Funds | 13.6% | 4.1% | 11.6% | 6.9% | 9.5% |
| 4 Funds | 10.0% | 2.2% | 10.0% | 6.5% | 8.0% |
| 5 or more Funds | 20.1% | 3.1% | 21.4% | 16.3% | 29.8% |
| Average # of Funds Held | 3.1 funds | 1.4 funds | 3.2 funds | 1.8 funds | 3.3 funds |

| | | Participants holding this fund | | | |
|---|---|---|---|---|---|
| **Funds held as a single investment** | **Asset class** | 403b | DCP | 457b | **Total** |
| UC SAVINGS FUND | Money Market or Short-Term | 14,263 | 186,694 | 1,993 | 202,950 |
| UC EQUITY FUND | Domestic Equity | 5,956 | 6,733 | 932 | 13,621 |
| UC BALANCED GROWTH | Balanced/Hybrid | 3,391 | 2,288 | 919 | 6,598 |
| UC ICC FUND | Managed Income or Stable Value | 1,015 | 960 | 309 | 2,284 |
| UC BOND FUND | Bond | 725 | 703 | 251 | 1,679 |
| Plus 59 other funds | - | 3,150 | 5,820 | 1,513 | 10,483 |
| Lifecycle Funds | - | 16,882 | 14,180 | 4,454 | 35,516 |
| BrokerageLink | - | 453 | 689 | 243 | 1,385 |
| | | 45,835 | 218,067 | 10,614 | 274,516 |

For plans that offer Fidelity BrokerageLink, it will appear as a fund (rather than a product offering) for purposes of providing plan data.

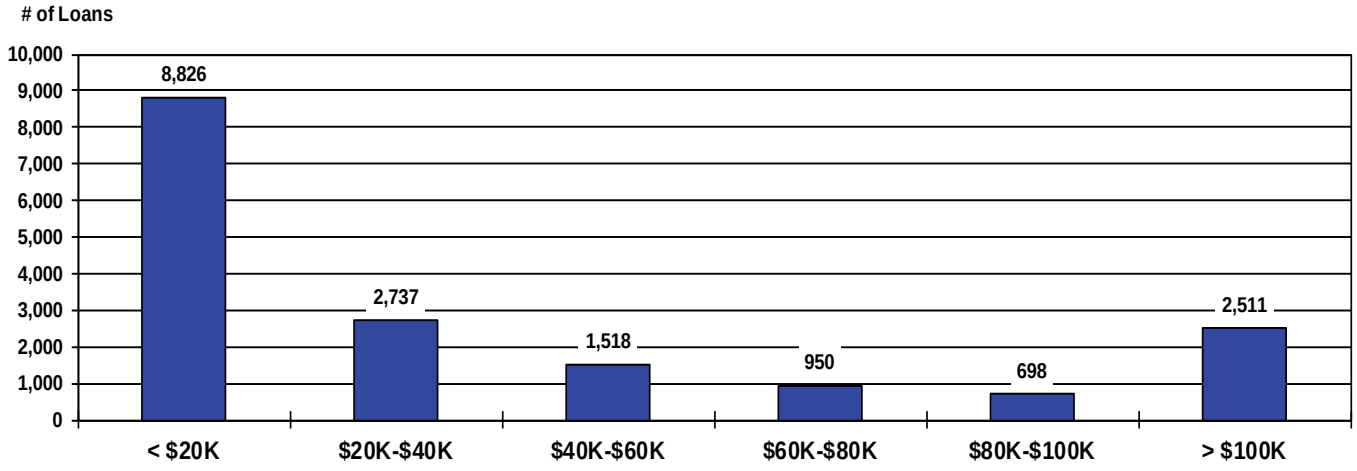
# Retirement Savings Program
# Cash Flow Summary

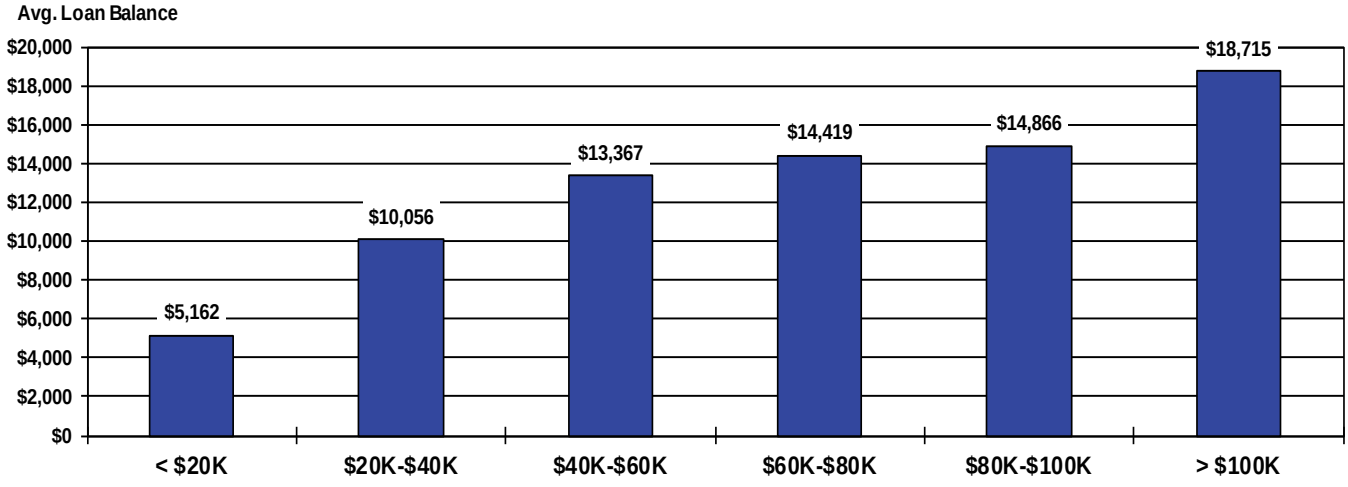
| Cash Inflow | Quarter ending: 12/2013 | Quarter ending: 09/2013 |
|---|---|---|
| Contributions | | |
| 403b: | $117,204,005 | $120,707,610 |
| 457b: | $ 38,913,280 | $ 43,360,079 |
| DCP: | $ 23,978,055 | $ 37,720,041 |
| Rollover/Transfer In: | $ 53,671,003 | $111,492,330 |
| Total | $233,766,343 | $313,280,060 |
| Loan Repayments | $ 14,675,909 | $ 15,102,530 |
| Interest on Loans | $ 1,706,123 | $ 1,661,634 |
| Balance Forward | $ 8,567 | $ 9,577 |
| ***Total Cash Inflow*** | $250,156,942 | $330,053,801 |

| Cash Outflow | Quarter ending: 12/2013 | Quarter ending: 09/2013 |
|---|---|---|
| Loan Withdrawals | ($ 15,642,364) | ($ 21,234,372) |
| Withdrawals | | |
| Full Payout: | ($208,010,214) | ($239,626,290) |
| MRD: | ($ 72,379,022) | ($ 10,623,326) |
| Age 59.5: | ($ 36,007,445) | ($ 37,002,520) |
| Partial Distribution: | ($ 30,269,073) | ($ 39,842,345) |
| Partial After Tax/Rollover Payout: | ($ 4,197,393) | ($ 4,243,708) |
| Systematic Withdrawal Payments: | ($ 3,802,837) | ($ 3,502,105) |
| De Minimis Distribution: | ($ 2,955,597) | ($ 5,009,539) |
| Hardship-Sponsor Directed: | ($ 1,058,072) | ($ 1,229,875) |
| Age 70.5 In-Service Distribution: | ($ 922,066) | ($ 405,249) |
| Transfer of Assets: | ($ 81,770) | ($ 154,620) |
| Unforeseen Emergency: | ($ 36,129) | ($ 59,156) |
| Total | ($359,719,618) | ($341,698,733) |
| Transaction-based Fees | ($ 200,412) | ($ 195,395) |
| ***Total Cash Outflow*** | ($375,562,394) | ($363,128,500) |
| ***Net Cash Flow*** | ($125,405,452) | ($ 33,074,699) |

# Retirement Savings Program
# Loans by Participant Account Balance

Loans by Participant Account Balance
as of 12/31/2013




| Total Participants in balance category: | 45,783 Participants | 17,479 Participants | 10,766 Participants | 7,626 Participants | 5,667 Participants | 37,360 Participants |
|---|---|---|---|---|---|---|

| | Total Loans | Original Amount | Outstanding Loans | Outstanding Balance | Loans Defaulted | Default Amount |
|---|---|---|---|---|---|---|
| 3 Month Change | -24 | $693,103 | -21 | $704,692 | 133 | $1,903,180 |
| 6 Month Change | 255 | $4,769,767 | 252 | $4,728,436 | 173 | $2,088,325 |
| 9 Month Change | 305 | $4,872,042 | 277 | $3,102,069 | 280 | $2,328,832 |
| 12 Month Change | -12 | -$719,966 | -12 | -$815,863 | 126 | $870,555 |

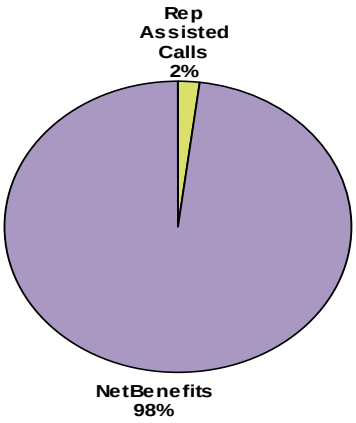
Quarterly changes are not cumulative, and use Q4 '12 as a baseline

# Retirement Savings Program Account Access Comparison and Participant Access Volumes

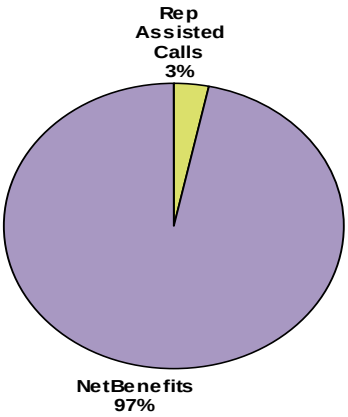
Account Access Comparison

1/1/2013 - 12/31/2013

**UNIVERSITY OF CALIFORNIA**

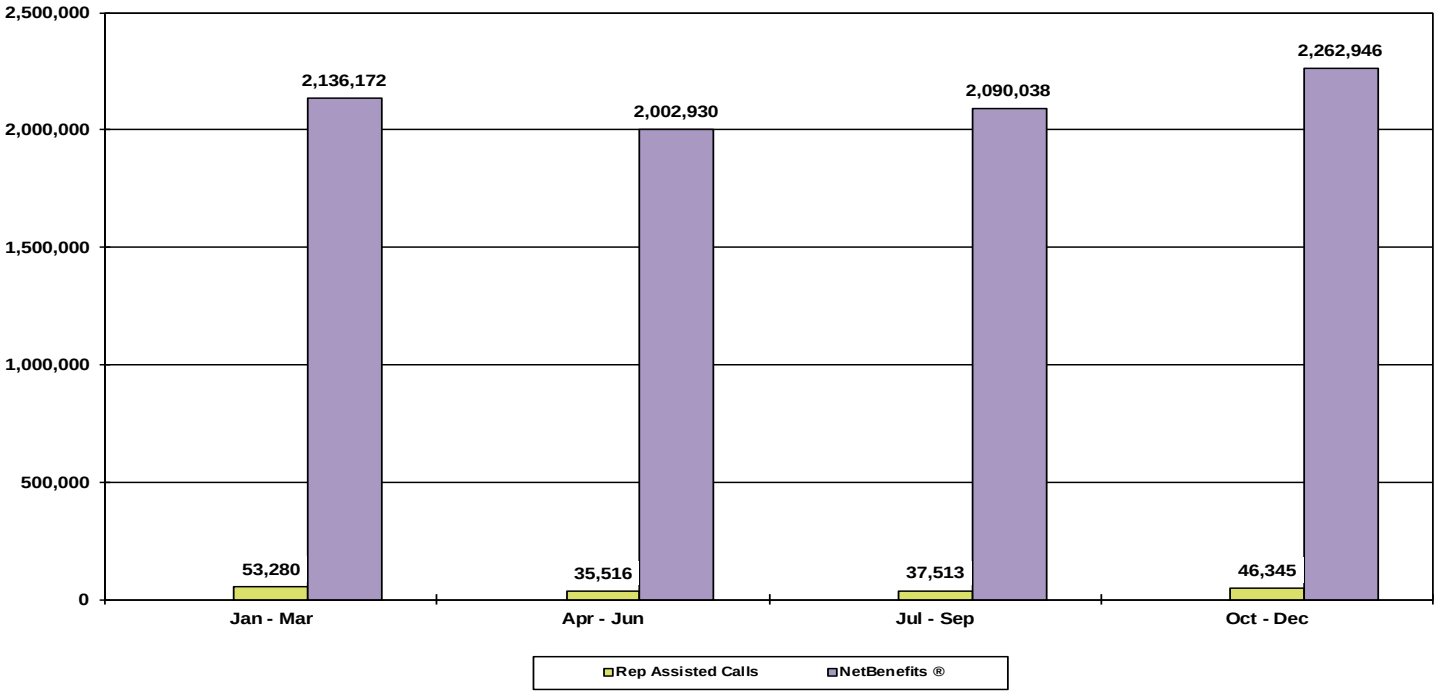
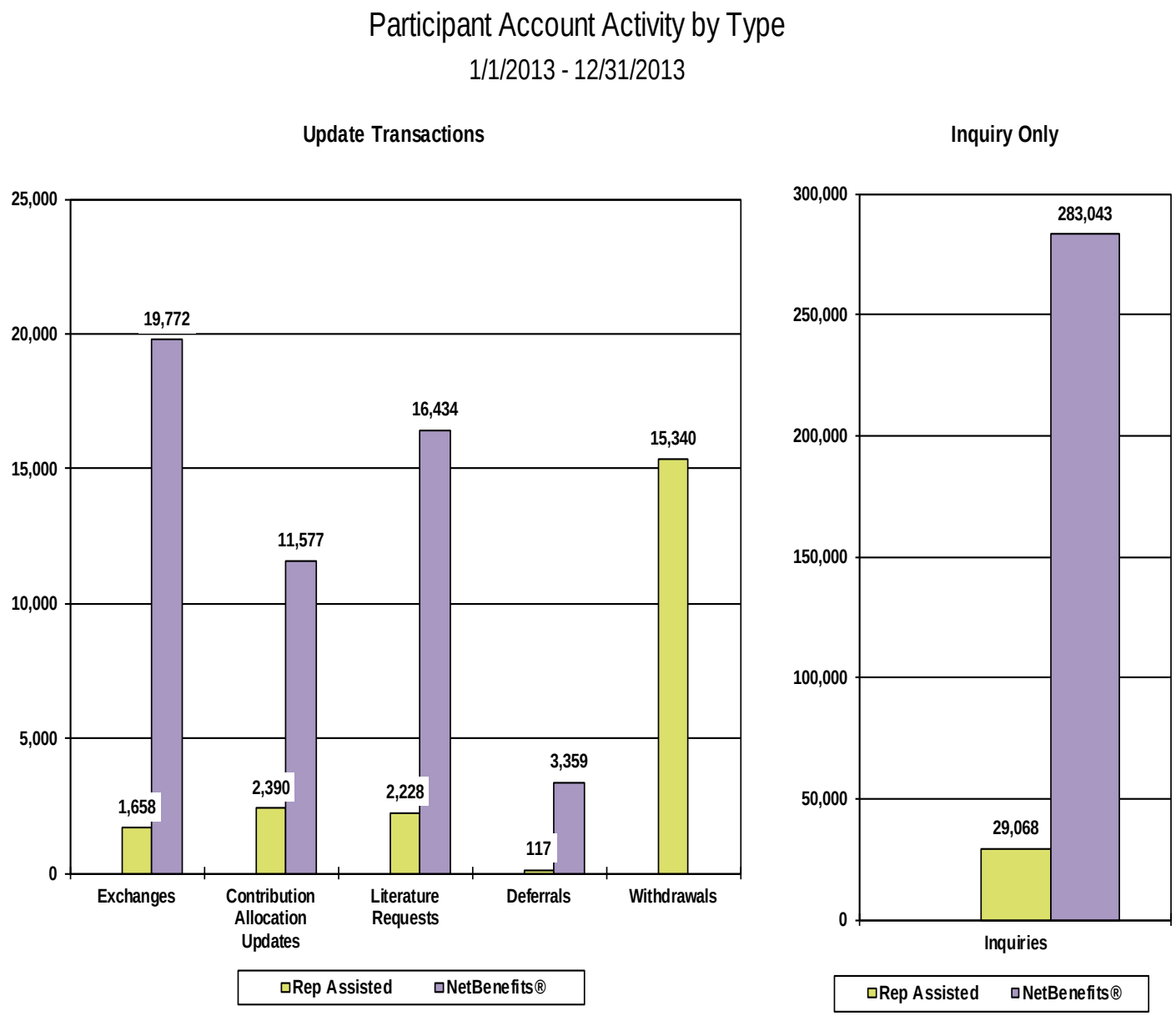



**AVG. TEM HIGHER EDUC. PLAN**




Participant Access Volumes

1/1/2013 - 12/31/2013



# Retirement Savings Program
# Participant Account Activity by Type