UCRS Advisory Board

Meeting of February 4, 2016

AGENDA ITEM A

UCRS – Discussion of 2016 Retirement Options Task Force Report and Recommendations

On December 16, 2015, the 2016 Retirement Options Task Force (Task Force) submitted its report to the President for her review. The report was subsequently posted on UCnet for public review and comment on January 15, 2016. At the request of the UCRS Advisory Board (Board) Chair and Vice Chair, this interim meeting has been convened to discuss the Task Force recommendations and to provide additional comments and input for the President. The Board previously discussed the Task Force process and their considerations at their October 19, 2016 and November 16, 2016 meetings.

As a cap on pensionable pay for newly hired employees was part of the 2015 budget agreement with the Governor in return for $436 million towards UCRP's unfunded actuarial accrued liability (UAAL), the Task Force has recommended options consistent with this parameter. The new UCRP tier (i.e., the 2016 Tier) will replicate the provisions of the 2013 Tier with the exception of a new cap on UCRP pensionable-pay that mirrors the cap on pensionable under the Public Employee's Pension and Reform Act of 2013 (PEPRA). The PEPRA-related cap on pensionable pay would only apply to eligible employees initially hired on or after July 1, 2016 who elect to participate in UCRP.

The Task Force has recommended that new defined contribution plan benefits be included with the options available to new and rehired eligible employees. Option A includes a supplemental defined contribution plan for employees who choose the 2016 Tier and are impacted by the PEPRA-related cap on their pensionable pay. Option B includes the choice of an alternative, stand-alone defined contribution plan in lieu of the 2016 Tier. Both defined contribution plans would be funded by University and employee contributions, with a portion of the University's contributions for each option specifically dedicated towards paying down UCRP's UAAL.

It should be noted that neither the Task Force recommendations nor the eventual recommendations submitted to the Regents (if any) will impact the benefits of current retirees or active UCRP members. Additionally, any 2016 retirement options for future employees ultimately approved by the Regents would be subject to the collective bargaining process for represented employees.

A synopsis of the Task Force's recommendations can be viewed on UCnet at the following link:

http://ucnet.universityofcalifornia.edu/news/2016/01/task-force-submits-recommendations-on-new-retirement-benefits-for-future-uc-employees-final-decisions-expected-from-uc-regents-in-march-following-input-from-uc-community.html

A copy of the full Task Force report can be viewed from the following link:

http://ucnet.universityofcalifornia.edu/compensation-and-benefits/2016-retirement-benefits/rotf-report.pdf