Retirement Administration Service Center Annual Report

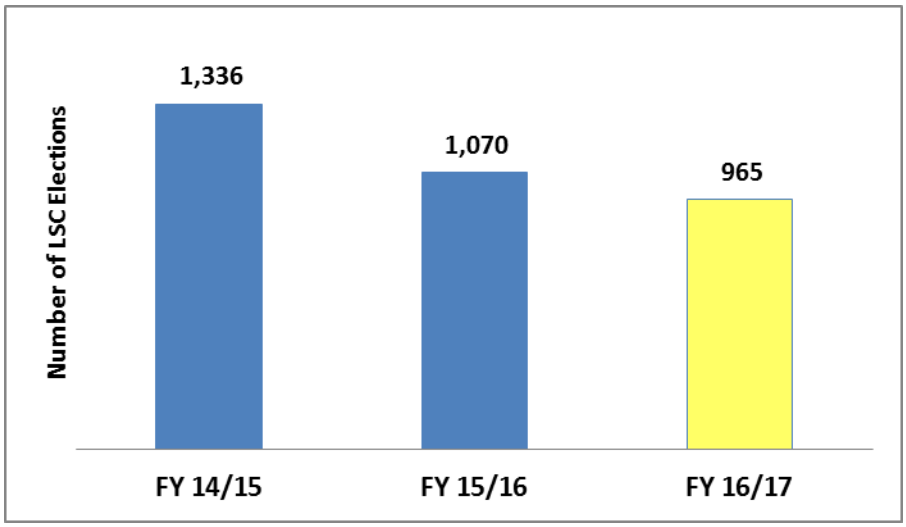
UCRP – Lump Sum Cashout Annual Report

Each year, the UCRS Advisory Board is presented with a report on the Lump Sum Cashout (LSC) payments. The LSC is available to UCRP members who separate from service and are eligible for retirement and to former spouses who want a lump sum payment as a result of a qualified domestic relations order (QDRO). The LSC amount for members is actuarially equivalent to the member's expected lifetime basic retirement income including assumed cost-of-living adjustments. For former spouses, the LSC amount is the actuarial present value of their community property interest in UCRP and is available if the member is eligible to retire.

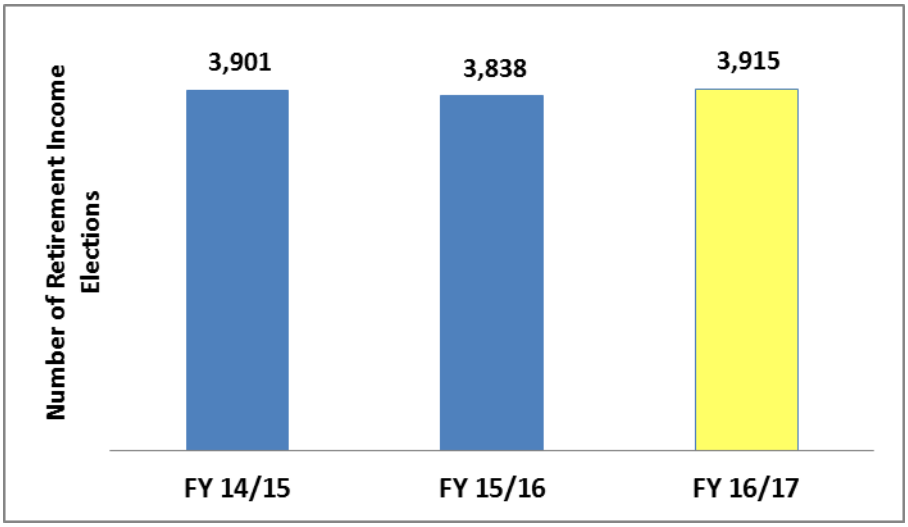
Page 5 is an overview of UCRP LSC and retirement income election and payment activity since fiscal year (FY) 2007/08. A comparison of the data for FY 2016/17 with FY 2015/16 and FY 2014/15 shows the following:

The number of member LSC elections decreased by 9.8% from FY 2015/16.

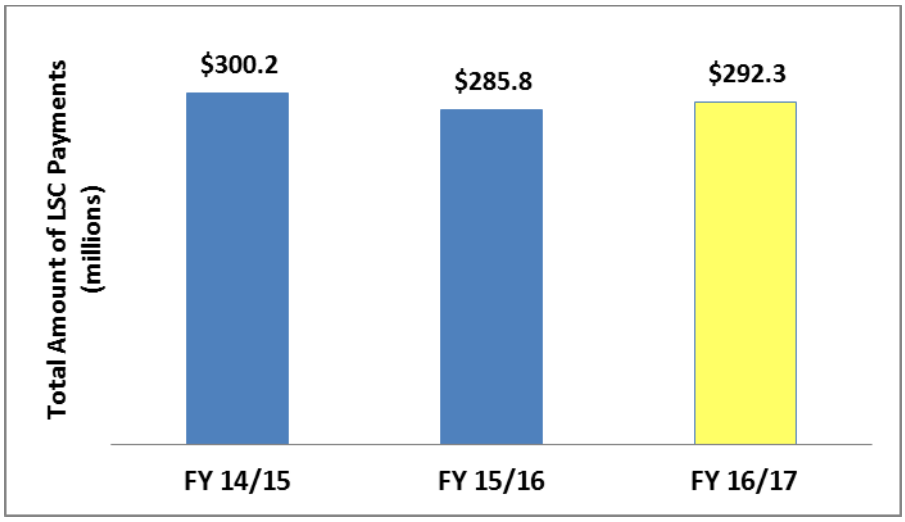
LSC Take Rate by year: 25.5% 21.8% 19.8%



The number of member Retirement Income elections increased by 2.0% over FY 15/16

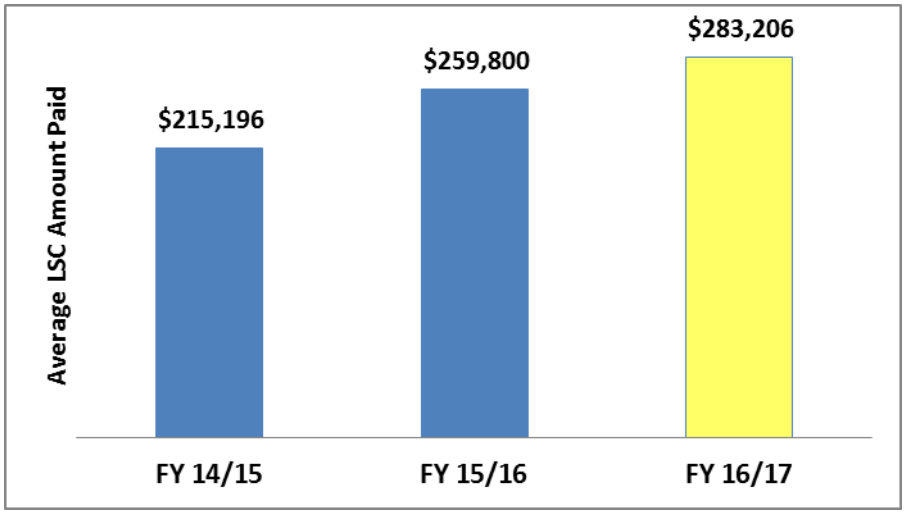


The total amount of LSC payments increased by 2.3% over FY 15/16

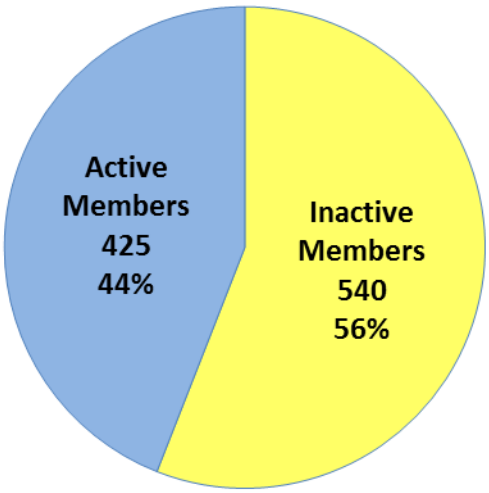


As of 11/21/17

The average LSC amount paid increased by 9.0% over FY 15/16

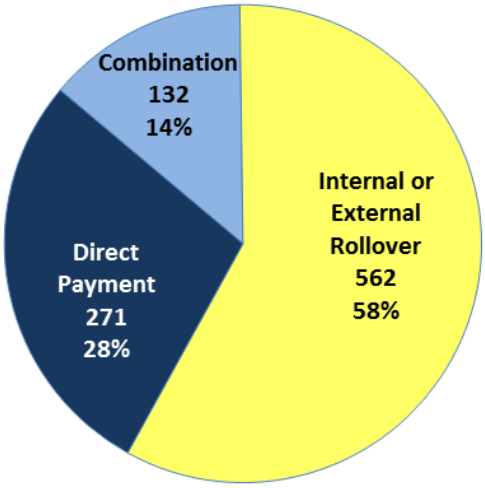


Distribution of FY 2016/17 LSC Elections by Active vs. Inactive Members



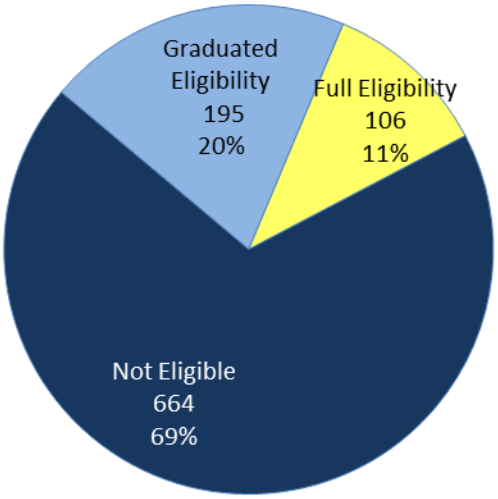
Of the 965 LSCs elected by members during FY 2016/17, 425 (44%) were elected by active members and 540 (56%) were elected by inactive members.

Disbursement Elections of FY 2016/17 LSC Payments



Members have the option of having an LSC paid to them directly, rolled over to another employer's plan or to an Individual Retirement Account (IRA) (external rollover), or having the pretax portion rolled over to the UC DC Plan, 403(b) Plan or 457(b) Plan (internal rollover). They also may choose a combination of a direct payment and either an internal or external rollover. Of the 965 members who received LSC payments during FY 2016/17, 562 (58%) chose either an internal or external rollover, 271 (28%) chose to receive direct payment, and 132 (14%) chose a combination of direct payment and rollover.

Eligibility for Retiree Medical and Dental Coverage if No LSC FY 2016/17



Members who are eligible to continue medical and dental coverage when they retire forfeit this eligibility if they elect to receive an LSC payment instead of retirement income. Of the 965 members who received an LSC payment during FY 2016/17, 664 (69%) would not have been eligible to continue medical and dental coverage if they had elected retirement income instead of an LSC payment. Of those otherwise eligible, 106 members (11%) had full eligibility and would have received the maximum UC contribution and 195 members (20%) had graduated eligibility and would have received 50% - 95% of the maximum UC contribution based on their total service credit.

10-Year UCRP Lump Sum Cashout/Retirement Income Overview										
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Lump Sum Cashout (LSC) Elections										
Number of LSC - Members	960	710	792	841	736	957	949	1336	1,070	965
Number of LSC - QDROS	66	49	40	47	53	71	52	59	30	59
Total LSC	1026	759	832	888	789	1,028	1,001	1,395	1,100	1,024
LSC Payments ($000's) [1]	$309,780	$155,761	$188,804	$200,907	$187,799	$239,309	$253,807	$300,198	$285,780	$292,269
Average LSC ($000's)	$278	$197	$217	$226	$238	$233	$254	$215	$260	$283
Retirement Income Elections										
Number of Members	3,328	2,459	2,931	2,838	3,196	3,489	3,706	3,901	3,838	3,915
Number of QDROs	23	11	8	16	13	27	24	48	31	42
Total Retirement Income Elections	3,351	2,470	2,939	2,854	3,209	3,516	3,730	3,949	3,869	3,957
Member LSC Take Rate (%)	22.4%	22.4%	21.3%	22.9%	18.7%	21.5%	20.4%	25.5%	21.8%	19.8%
(# Member LSC / # Member Retirement Income Elections + # Member LSC)										
QDRO LSC Take Rate (%)	74.2%	81.7%	83.3%	74.6%	80.3%	72.4%	68.4%	55.1%	49.2%	58.4%
(# QDRO LSC / # QDRO Retirement Income Elections + # QDRO LSC)										
Total LSC Take Rate (%)	23.4%	23.5%	22.1%	23.7%	19.7%	22.6%	21.2%	26.1%	22.1%	20.6%
(Total # LSC / Total # Retirement Income Elections + Total # LSC)										

Note: Eligibility of the Member to retire is a requirement to elect the LSC; therefore, the take rate percentage for the LSC is measured utilizing retirement figures.

[1] The dollar amount for LSCs represents payments made during the fiscal year.