2014 through 2018 UCRP Actuarial Experience Study

- UCRP actuarial experience studies are performed every three to five years
  - Last one was performed in 2015 and included experience from July 1, 2010 through June 30, 2014
  - Next study covers the period from July 1, 2014 through June 30, 2018
- What is an experience study?
  - It is a review of all the actuarial assumptions (both demographic and economic assumptions)
    - Demographic assumptions include rates of retirement, disability incidence, mortality, termination
    - Economic assumptions include price inflation, “real” wage inflation, promotional and merit salary increases, investment return
    - Other assumptions such as administrative expenses
  - For most assumptions, compare actual experience to that expected
    - Rates of retirement, disability incidence, mortality, salary increases
  - Changes in actuarial assumptions are recommended
    - Based on our professional judgment and experience in these matters
    - Following applicable actuarial standards of practice (ASOP)
    - Assumptions are ultimately adopted by the Regents
  - Adopted assumptions will be used in estimating future costs and projecting the funded status of the plan effective with the July 1, 2019 actuarial valuation
    - Desirable to estimate as closely as possible the actual cost of the plan over the long-term
    - Requires using realistic actuarial assumptions
    - Actuarial assumptions do not determine the “actual cost” of the plan – actual cost is solely determined by the benefits and administrative expenses paid out, offset by investment income received

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