UNIVERSITY OF CALIFORNIA

Retirement Savings Program

Vendor Relations Management Report

Q1 2014

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

Fidelity Confidential Information

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Retirement Savings Program
Q1 2014 Highlights

Quarterly Performance Rating: Portal – Accuracy of Output and Maintenance/Link Accuracy "not met"

Quarterly Highlights

Overall

- $19.28 billion in assets
- 292,059 unique participants with a balance
- For 403(b) Plan: average participation rates 49.4% and deferral rate 10.3%

Master Record Keeping

- Implemented On-Line Statements program. Immediate savings of $35,000 - $40,000 per quarter.
- Completed the Annual Operations Recordkeeping Review. Addressed any deficiencies and proposed various operational improvements.

Communications & Education

- Retirement Review announcement sent on 2/19 to approximately 106,000 participants (pg. 18)
    - 37% open rate
    - 1,731 new enrollees with average contribution 9.6%
    - 3,621 participants increased contributions by 4.3%
    - 59.9% are on track to have 80% at age 65
- Redesigned communications to optimize mobile viewing and drive positive action.
- Launched 2014 4-step strategy (pgs. 17 – 22)

Retirement Savings Program
Financial Education Performance

Financial Education Program Performance Guarantees

	Trend Indicator	Q1 2014	Q4 2013	Q3 2013	Q2 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

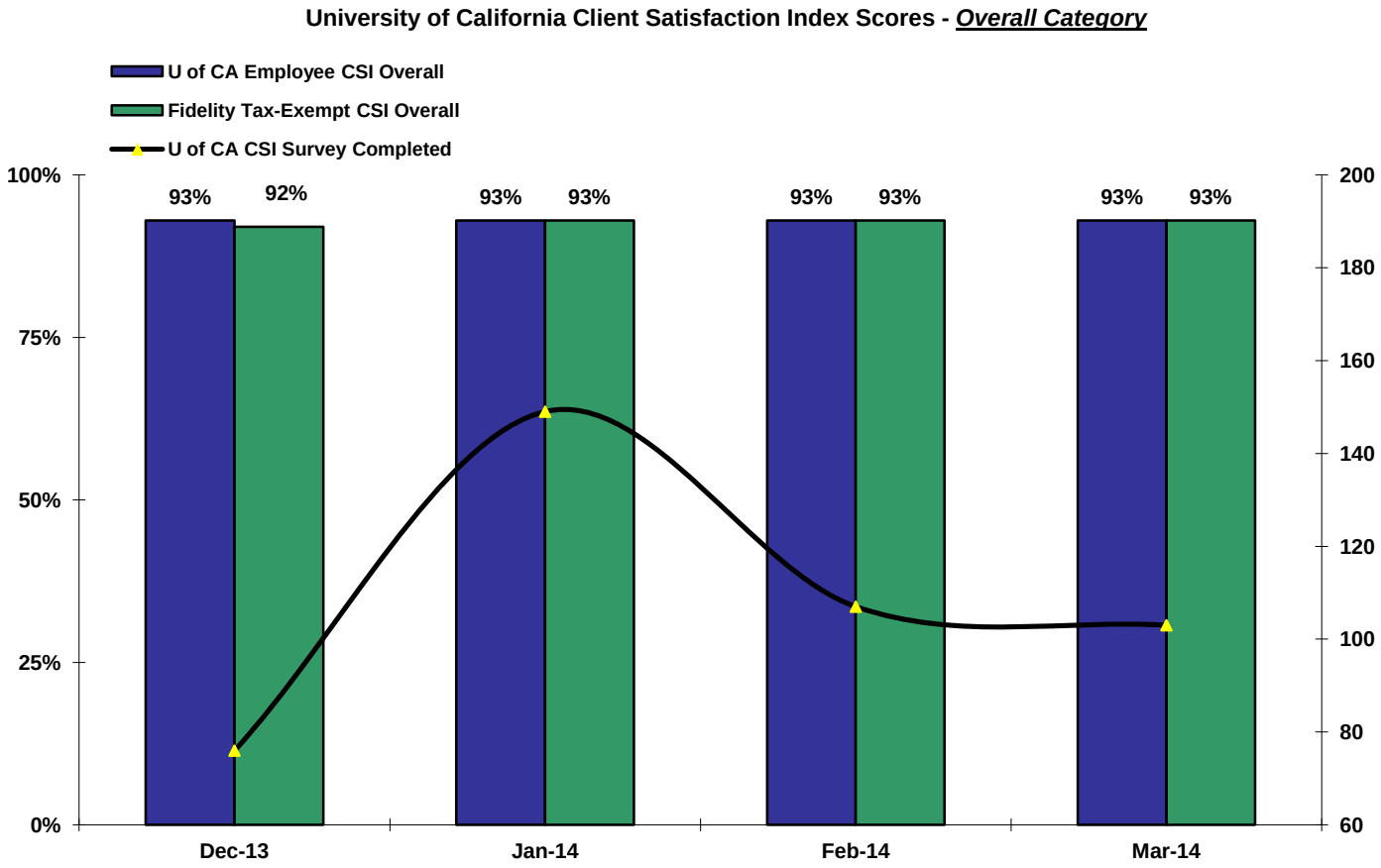
= Stable

● Needs Improvement

UC Employee Satisfaction
Fidelity Participant Services

Customer Satisfaction Index Scores
University of California Plan Participants
December 2013 – March 2014

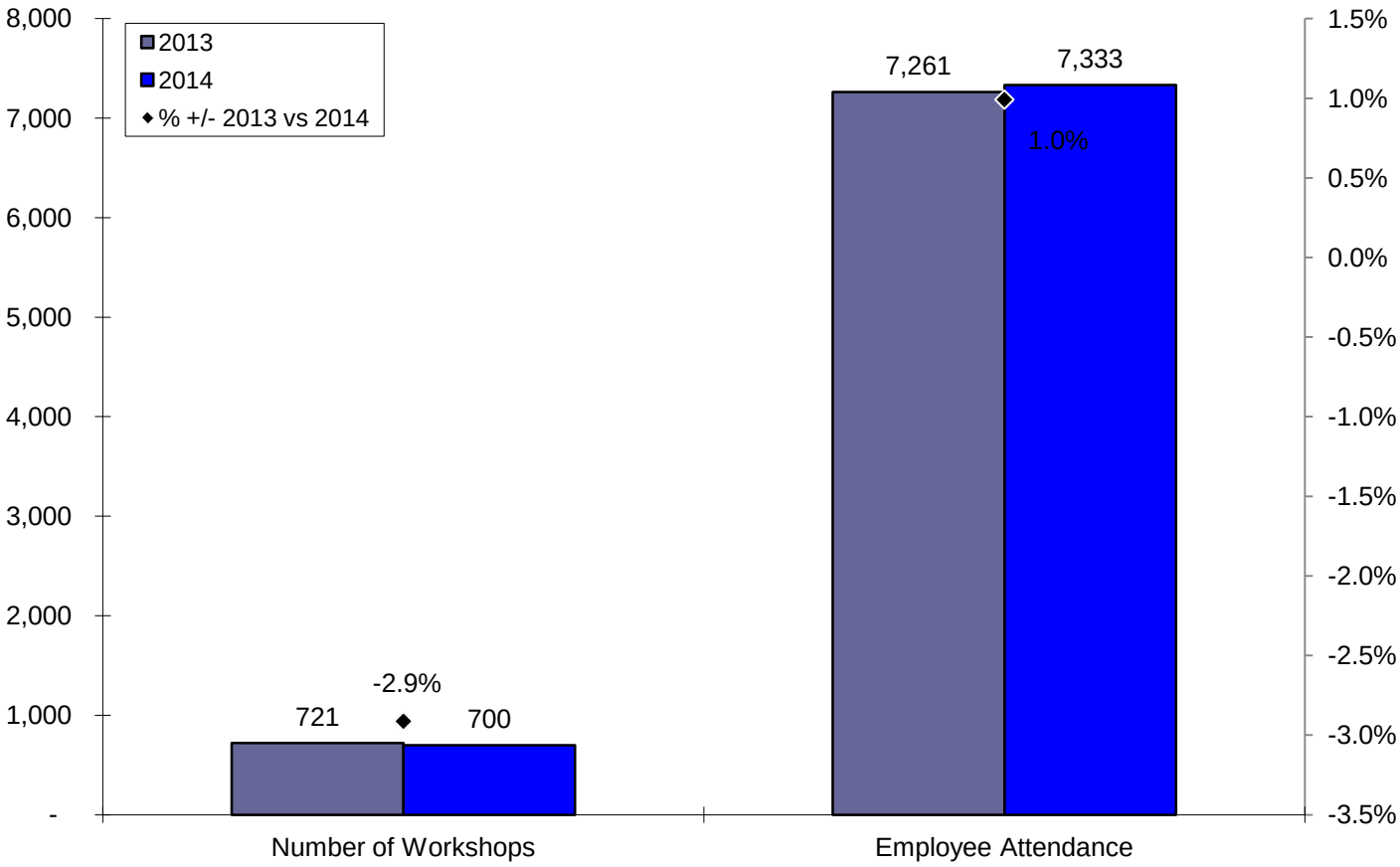
(voluntary survey completed after speaking with a Fidelity Retirement Services Specialist)



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 March 2014



	Overall Workshop Rating "Excellent" or "Very Good"	Overall Presenter Rating "Excellent" or "Very Good"	# of Surveys
January 2014	99%	98%	114
February 2014	98%	99%	103
March 2014	100%	100%	234
		total	451

Retirement Savings Program
Fidelity's Administrative Performance

	Performance Standard	Q1 Result	Q1 '14	Q4 '13	Q3 '13
Average Speed to Answer	30	met	22	41	64
Call Abandonment Rate	3%	met	1	3	4
VRS Availability	99%	met	100.00%	100.00%	100.00%
NetBenefits Availability	99%	met	99.98%	100.00%	100.00%
PSW Availability	99%	met	99.95%	99.97%	99.09%
One-and-Done Rate	90%	met	96.94%	98.54%	98.10%
Case Management	95% in 5 bus. days	met	95.41%	99.03%	97.77%
	99% in 10 bus. days	met	99.46%	100.00%	99.88%
Contribution Reconciliation	same day	met	100.00%	100.00%	100.00%
Transaction Processing	99%	met	99.98%	99.98%	99.98%
Quarterly Online Statements	99% Availability	met	yes	yes	yes
Quarterly / Annual Paper 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 Financial Education 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	95%	met	98.96%	98.98%	97.69%
Overall Plan Sponsor Satisfaction	Annual based on sliding UC schedule	pending	Assessment expected February 2015		
Quarterly / Annual Plan Reporting	100% w/in 10 days	met	yes		
Quarterly VRM Report	Q1 - Q3 w/in 45 Bus Days of quarter end	met	yes		
	Q4 w/in 60 Bus Days of quarter end				
Portal - Data Accuracy	100%	met	yes	yes	yes
Portal - Accuracy of Output	100%	not met	no	yes	yes
Portal - Access	98%	met	yes	yes	yes
Portal - Maintenance / Link accuracy	100%	not met	no	yes	yes

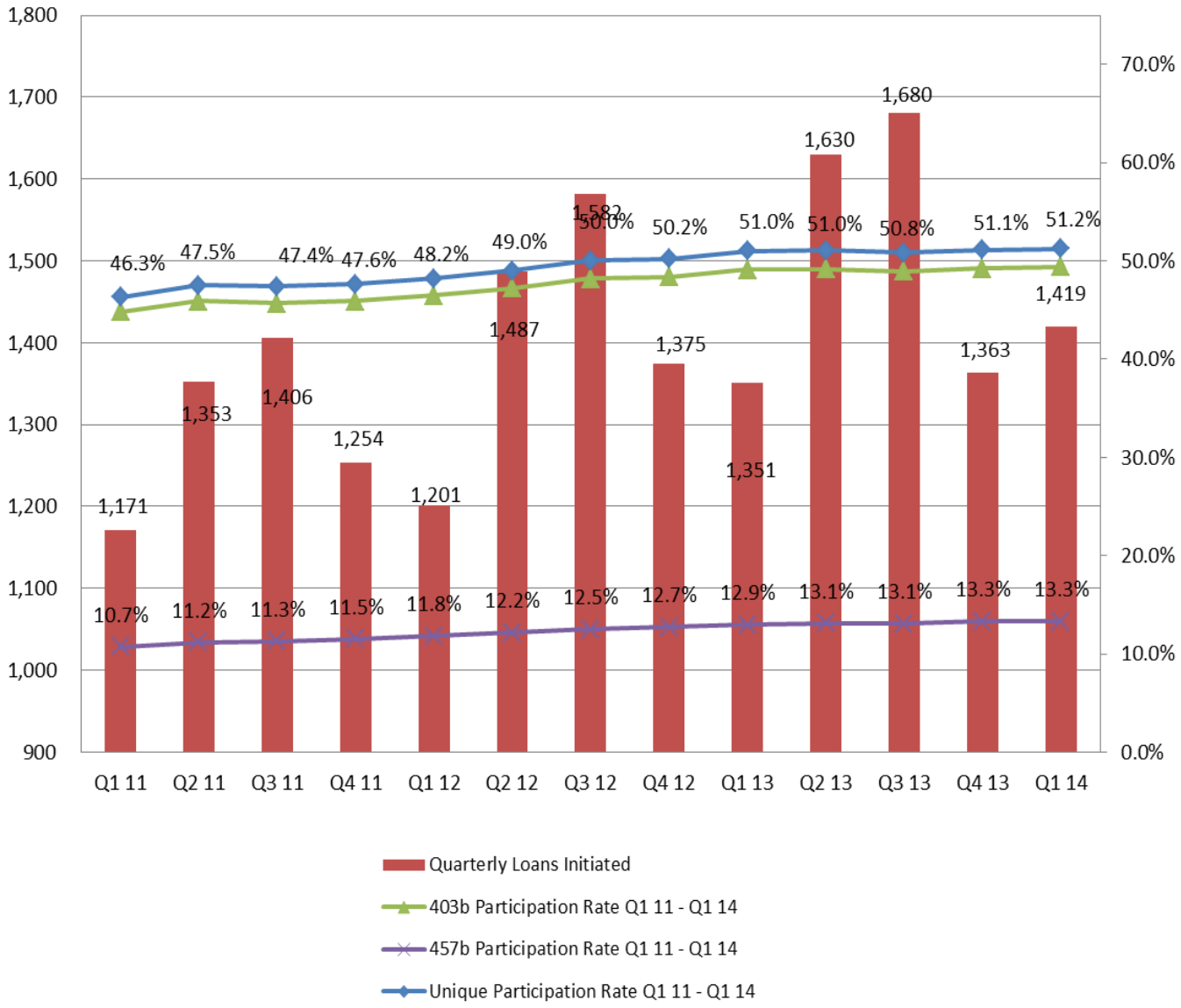
Retirement Savings Program
Key Statistics

		UC RSP 3/1/2014	% Change vs 12/31/2013	% Change vs 3/31/2013
Total Assets UC Funds		$15.04B	1%	14%
Total Assets Fidelity Funds		$3.53B	4%	-20%
Total Assets Other		$706M	4%	355%
Total Plan Assets		$19.28B	1%	8%
Net Cash Flow		(15M)	*--	*--
Career Participants				
**Plan Participation Rate	403b	49.4%	0.3%	1%
	457b	13.3%	0.3%	3%
**Average Deferral Rate	403b	10.3% / $809	0% / (1%)	(1%) / 1%
	457b	9.9% / $1,249	(2%) / (0.4%)	0 / (1%)
**Median Partcipant Balance	403b	$32,734	(0.3%)	5%
	457b	$24,568	3%	3%
**Average Partcipant Balance	403b	$95,835	0.3%	8%
	457b	$63,010	2%	12%

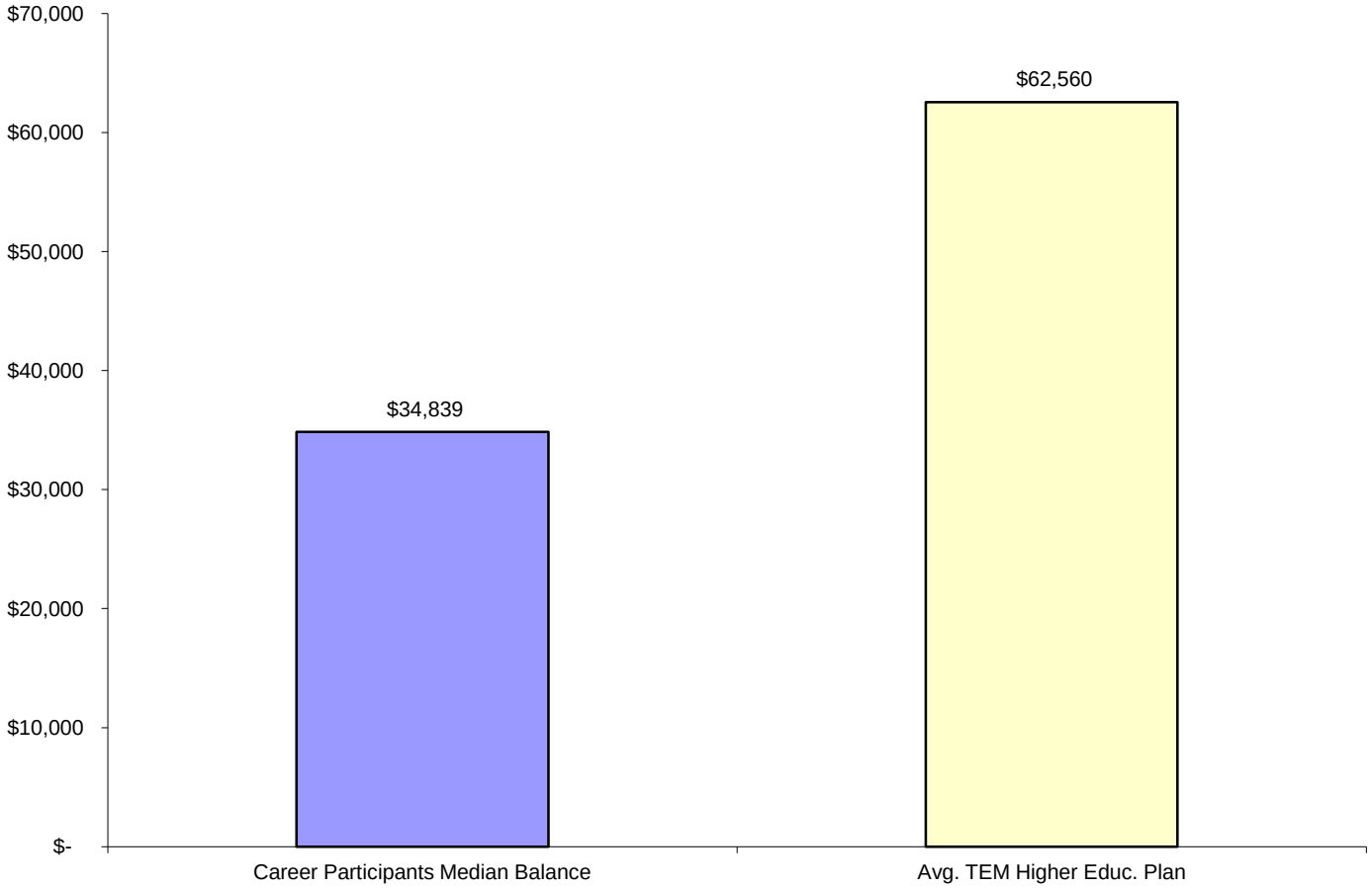
***Net Cash Flow for Quarter Ending 3/31/14 was (15M) in which case % Change becomes irrelevant.**

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

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

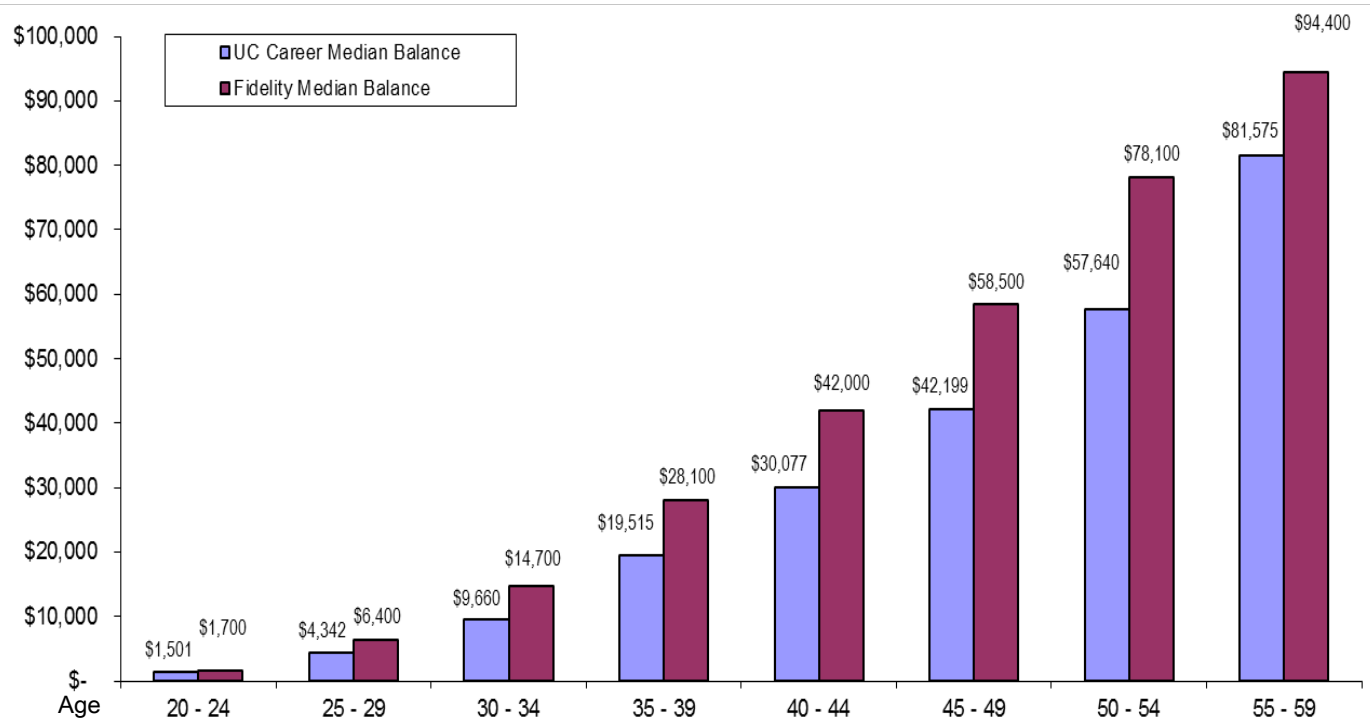


Retirement Savings Program
UC Median Balance vs.
Average Tax Exempt Market Participant Balance



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 - 44	45 - 49	50 - 54	55 - 59	60 - 64	65+	System
RR Score of 80%	97.8%	94.7%	81.9%	64.8%	57.8%	52.4%	49.0%	46.2%	36.6%	51.0%	59.9%

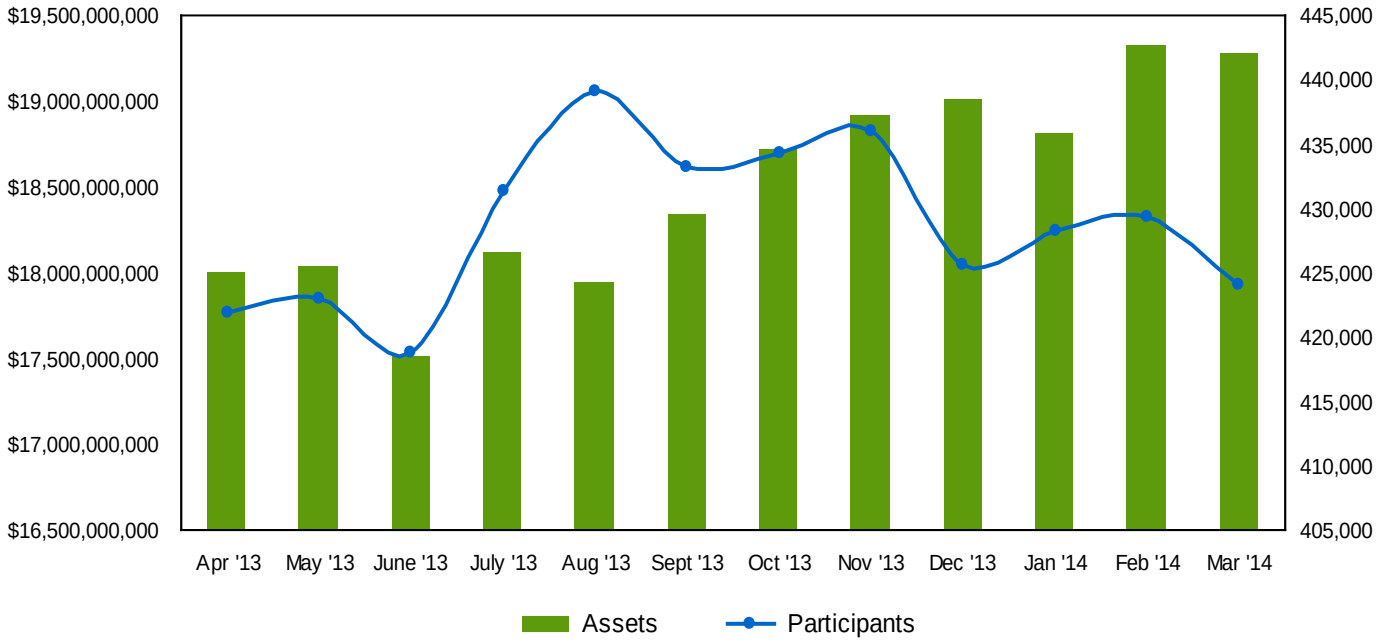
Systemwide Retirement Readiness Scores											
Campus	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 - 59	60 - 64	65+	All Ages
< $47,000	98.2%	95.8%	80.3%	58.0%	43.2%	32.4%	28.8%	24.7%	19.0%	23.8%	56.8%
$47,001 - $93,000	94.2%	90.8%	81.2%	62.3%	57.6%	55.3%	51.8%	49.4%	35.3%	38.9%	58.9%
$93,001 - $140,000		86.8%	79.0%	69.7%	68.8%	65.2%	62.6%	56.0%	49.4%	64.1%	63.3%
> $140,000		100.0%	84.3%	71.7%	70.0%	67.1%	67.3%	61.5%	59.3%	73.9%	66.6%
All Wages	97.7%	94.1%	80.7%	62.7%	57.2%	53.2%	50.5%	47.8%	40.3%	55.8%	59.8%

Medical Center	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 - 59	60 - 64	65+	All Ages
< $47,000	98.8%	95.8%	76.9%	54.4%	41.3%	32.6%	25.2%	22.8%	14.9%	13.4%	53.0%
$47,001 - $93,000	95.2%	95.6%	83.3%	66.9%	54.9%	48.1%	42.5%	37.4%	22.9%	21.6%	59.1%
$93,001 - $140,000	100.0%	93.9%	89.7%	77.4%	69.2%	60.0%	55.3%	51.6%	32.6%	41.3%	64.9%
> $140,000		97.0%	92.6%	79.8%	75.1%	70.8%	65.5%	62.0%	50.3%	63.0%	67.4%
All Wages	97.7%	95.4%	83.3%	68.0%	58.1%	50.5%	45.4%	43.1%	29.3%	35.0%	60.0%

Other	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 - 59	60 - 64	65+	All Ages
< $47,000	100.0%	100.0%	88.5%	63.6%	50.0%	47.8%	38.5%	17.6%	12.5%	28.6%	60.9%
$47,001 - $93,000	100.0%	97.9%	85.2%	62.8%	53.4%	54.1%	51.8%	46.0%	26.1%	35.5%	58.2%
$93,001 - $140,000		90.9%	74.7%	63.0%	68.7%	61.5%	63.2%	47.8%	41.3%	46.2%	60.2%
> $140,000			77.8%	68.3%	78.1%	66.1%	63.3%	62.6%	49.5%	68.0%	64.3%
All Wages	100.0%	97.9%	82.4%	63.4%	63.9%	59.2%	58.2%	50.7%	37.4%	48.1%	60.2%

*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

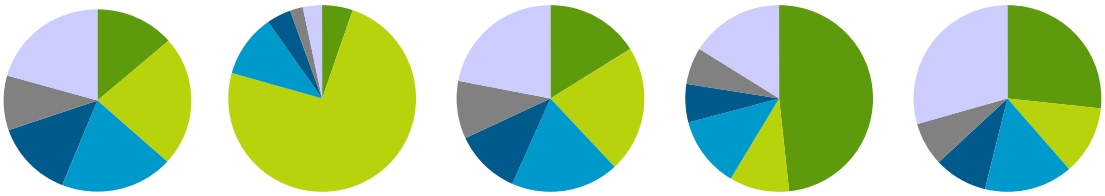


As of 03/31/2014	403b	DCP	457b	Total
Total Participants	125,069	270,939	27,995	424,003
Active Participants	78,327	167,843	21,394	267,564
Inactive Participants	46,742	103,096	6,601	156,439
Total Plan Assets	$13,562,821,115	$4,034,279,001	$1,687,088,680	$19,284,188,796

Total Unique Participants with a balance as of 03/31/2014 - 292,059

Retirement Savings Program
Single-Investment Option Holders

Information as of 03/31/2014



How many participants hold:	403b	DCP	457b	Industry peers	Same-size peers
1 Fund (Lifecycle Fund)	13.7%	5.3%	16.0%	48.2%	26.6%
1 Fund (Non-Lifecycle Fund)	22.9%	74.3%	22.0%	10.3%	12.1%
2 Funds	19.4%	10.8%	18.5%	12.3%	15.3%
3 Funds	13.5%	4.1%	11.6%	6.7%	9.0%
4 Funds	9.9%	2.3%	10.1%	6.3%	7.7%
5 or more Funds	20.4%	3.2%	21.8%	16.1%	29.3%
Average # of Funds Held	3.1 funds	1.4 funds	3.2 funds	1.8 funds	3.2 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	14,050	183,719	1,959	199,728
UC EQUITY FUND	Domestic Equity	5,886	6,685	936	13,507
UC BALANCED GROWTH	Balanced/Hybrid	3,377	2,304	928	6,609
UC ICC FUND	Managed Income or Stable Value	973	929	303	2,205
UC BOND FUND	Bond	694	666	240	1,600
Plus 59 other funds	-	3,221	6,210	1,563	10,994
Lifecycle Funds	-	17,180	14,401	4,493	36,074
BrokerageLink	-	501	705	240	1,446
		45,882	215,619	10,662	272,163

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

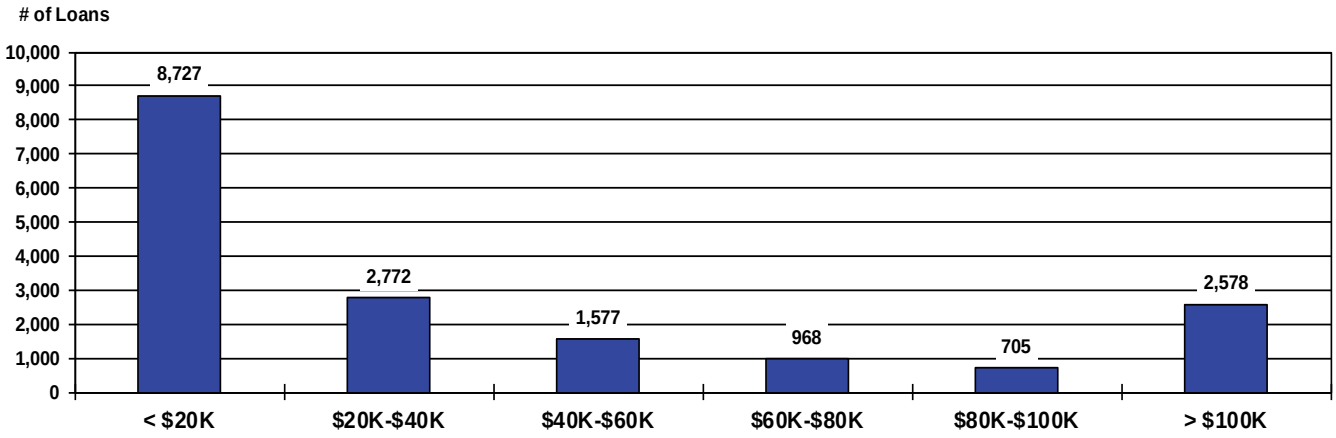
Cash Inflow	Quarter ending: 3/2014	Quarter ending: 12/2013
Contributions		
403b:	$ 143,129,420	$ 117,204,005
457b:	$ 51,796,541	$ 38,913,280
DCP:	$ 22,597,082	$ 23,978,055
Rollover/Transfer In:	$ 47,525,960	$ 53,671,003
Total	$ 265,049,003	$ 233,766,343
Loan Repayments	$ 16,354,094	$ 14,675,909
Interest on Loans	$ 1,861,408	$ 1,706,123
Balance Forward	$ 4,744	$ 8,567
Total Cash Inflow	$ 283,269,249	$ 250,156,942

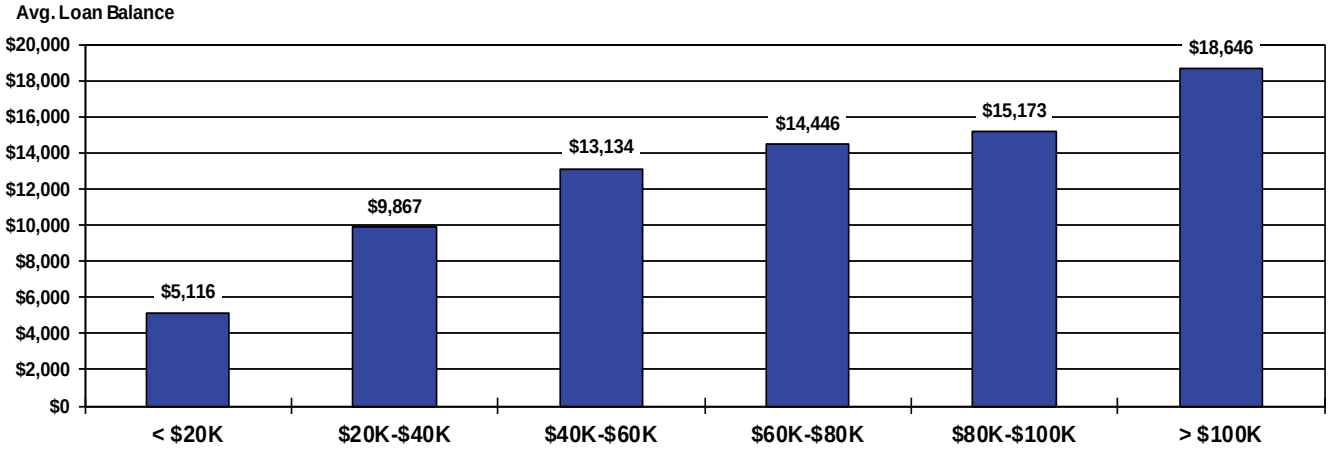
Cash Outflow	Quarter ending: 3/2014	Quarter ending: 12/2013
Loan Withdrawals	$ (18,020,051)	$ (15,642,364)
Withdrawals		
Full Payout:	$ (175,019,135)	$ (208,010,214)
Age 59.5:	$ (40,301,925)	$ (36,007,445)
Partial Distribution:	$ (37,140,966)	$ (30,269,073)
MRD:	$ (16,239,676)	$ (72,379,022)
Systematic Withdrawal Payments:	$ (4,043,627)	$ (3,802,837)
Partial After Tax/Rollover Payout:	$ (3,166,160)	$ (4,197,393)
De Minimis Distribution:	$ (2,052,841)	$ (2,955,597)
Age 70.5 In-Service Distribution:	$ (993,312)	$ (922,066)
Hardship-Sponsor Directed:	$ (932,983)	$ (1,058,072)
Transfer of Assets:	$ (141,673)	$ (81,770)
Unforeseen Emergency:	$ (83,948)	$ (36,129)
Total	$ (280,116,246)	$ (359,719,618)
Transaction-based Fees	$ (194,629)	$ (200,412)
Total Cash Outflow	$ (298,330,926)	$ (375,562,394)
Net Cash Flow	$ (15,061,677)	$ (125,405,452)

Retirement Savings Program
Loans by Participant Account Balance

Loans by Participant Account Balance

as of 3/31/2014





Total Participants in balance category:	45,681 Participants	17,565 Participants	10,808 Participants	7,665 Participants	5,658 Participants	37,691 Participants

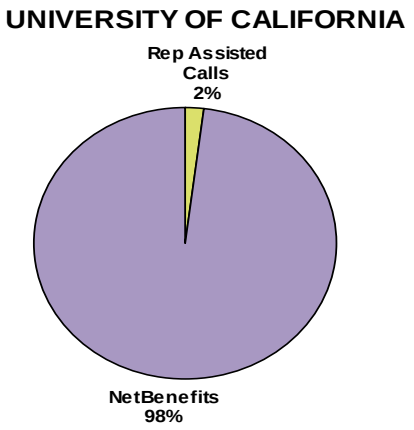
	Total Loans	Original Amount	Outstanding Loans	Outstanding Balance	Loans Defaulted	Default Amount
3 Month Change	56	$2,377,687	56	$2,425,978	119	$1,857,089
6 Month Change						
9 Month Change						
12 Month Change						

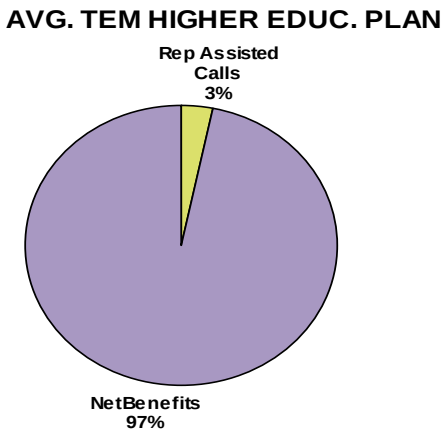
Quarterly changes are not cumulative, and use Q4 '13 as a baseline

Retirement Savings Program Account Access Comparison and Participant Access Volumes

Account Access Comparison

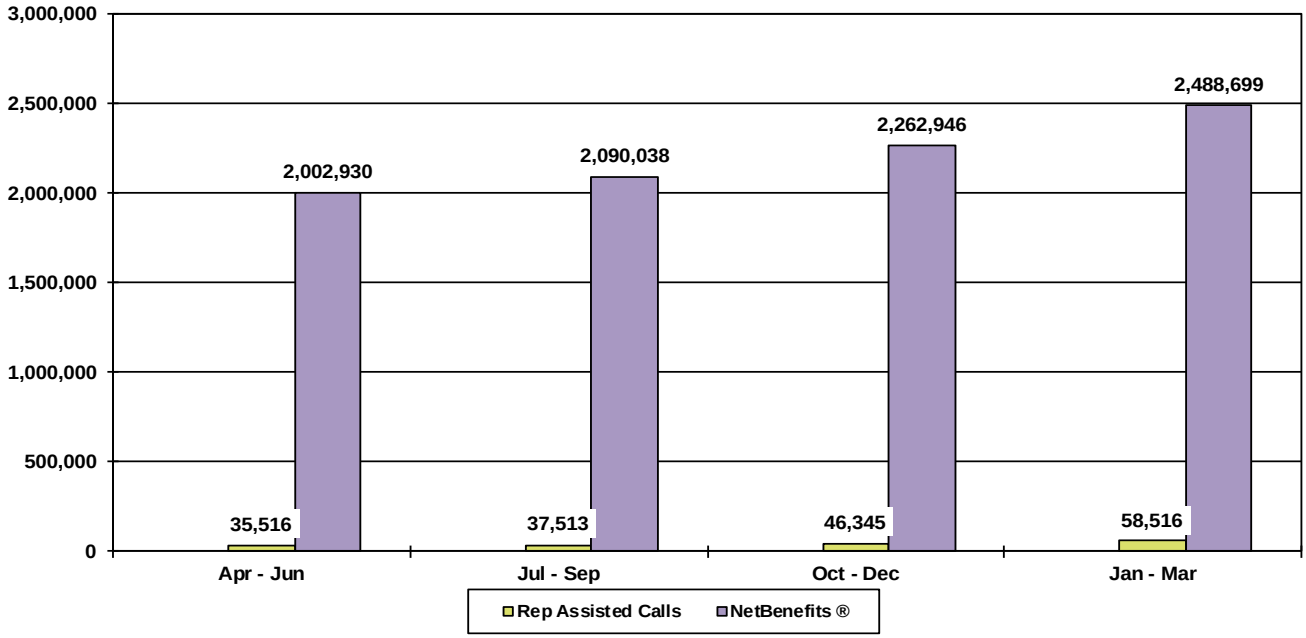
4/1/2013 - 3/31/2014





Participant Access Volumes

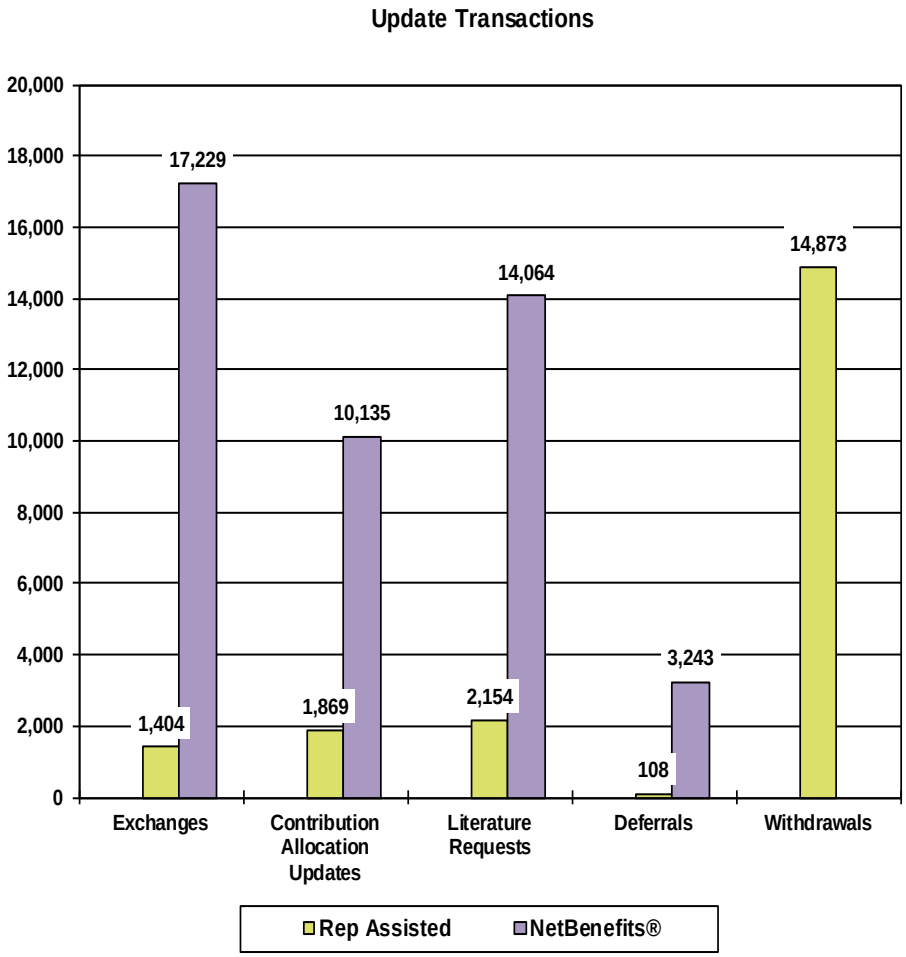
4/1/2013 - 3/31/2014

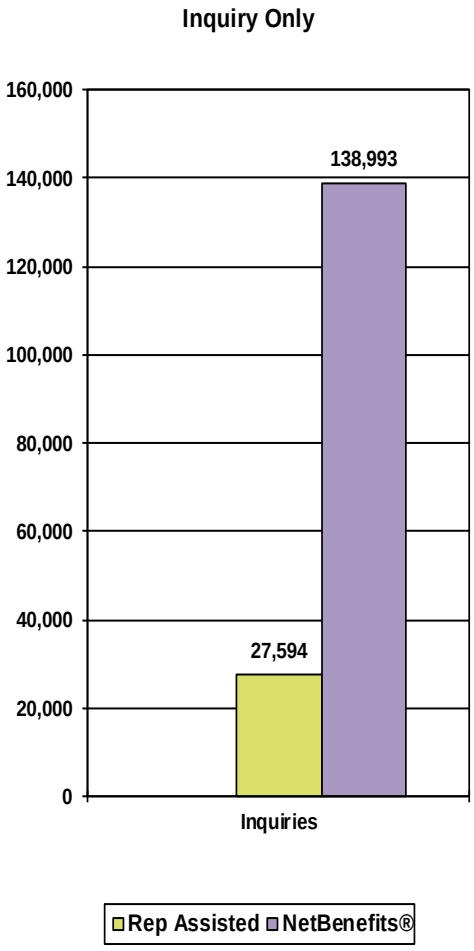


Retirement Savings Program
Participant Account Activity by Type

Participant Account Activity by Type

4/1/2013 - 3/31/2014





Focus Areas for 2014

Step 1

Continue to emphasize the readiness score with participants

- On the portal, bring RR scores closer to the surface
- Incorporate RR scores into communications, where appropriate

Step 2

Bring UCRP and UCRSP together for members who are getting ready to retire

- Coordinate with RASC to incorporate one-on-one guidance into the retirement process
- Enhance portal content for retiring employees
- Refresh applicable content for kits, portal, etc.
- Host pre-retiree events

Step 3

Focus on participation among early and mid-career employees

- Launch Easy Enroll

Step 4

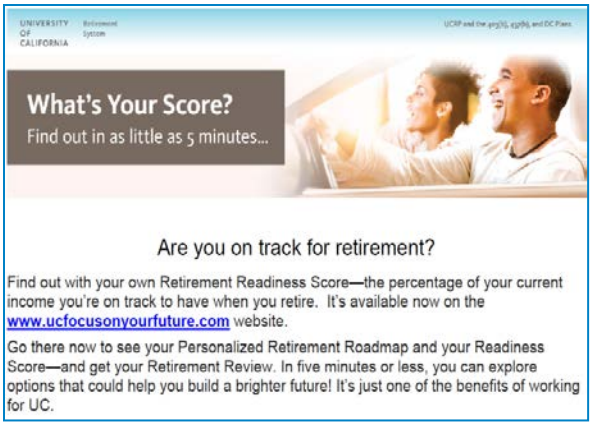
Expand needs-based communication

- Focus on life stages in campaigns
- Provide action steps by life stage on the portal

Step 1: Continue to emphasize the readiness score with participants

Retirement Review

- **Email with postcard back-up**
- **Sent to 106,675 active/eligible participants with a UCRP benefit**
- **Drives participants to the portal**
- **Call to Action:**
  - ► **Check your Retirement Readiness Score**
  - ► **Model your option in the Roadmap**



Results

- **36.6% Email Open Rate**
- **1,731 (1.9%) employees enrolled with an average contribution rate of $1,075 / 9.6%**
- **3,621 (6.2%) participants increased contributions by an average of $391 / 4.3%**

Step 2: UC RASC / iPGC Partnership

Help bring retirement planning into focus for UC members

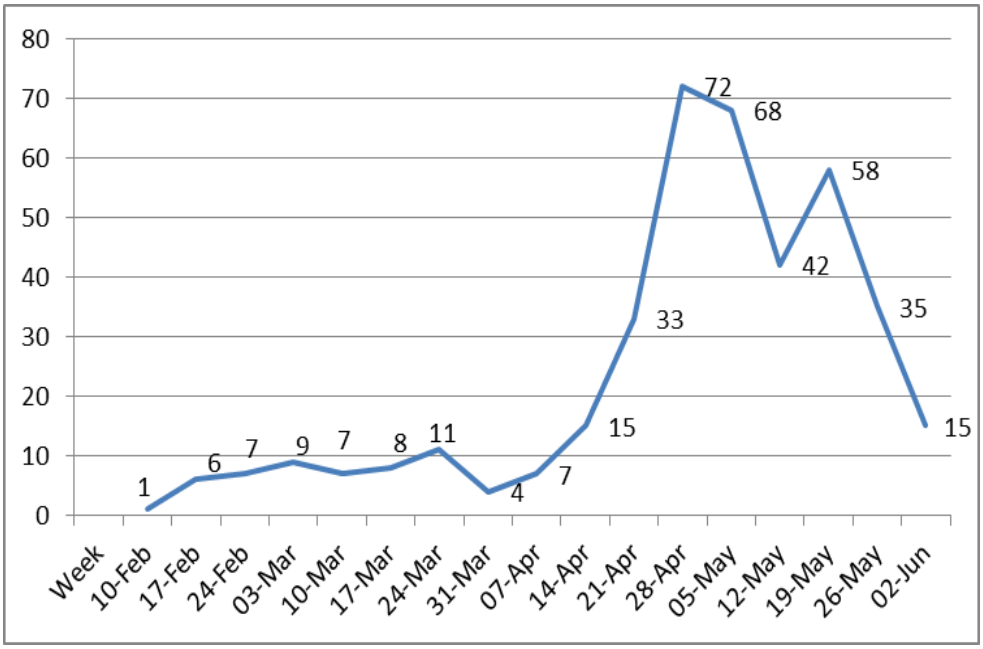
Promote
the portal resources and the
Retirement Readiness Score
www.ucfocusonyourfuture.com

Encourage
members to speak with a Fidelity Workplace Planning & Guidance Consultant to develop their retirement plan

Facilitate
the guidance consultation by setting up an outreach call from Fidelity

Fidelity Workplace Planning and Guidance Consultants
1-800-558-9182
http://getguidance.fidelity.com/universityofcalifornia

Retiring Individuals Seeking Additional Retirement Guidance



Results through June 2

- 398 individuals referred
- ~60% have met with an iPGC or PGC
- ~15% have completed an Income Plan
- General feedback has been positive with many wanting to talk further after they retire.

Step 3: Focus on Participation for Early & Mid- Career Employees

Making enrolling easier

Coming July 2014

Easy Enroll tool: An easier enrollment experience that encourages higher savings and participation in workplace retirement plans

[42% employees drop out of the enrollment process.[1]]

Convenient one-click process

- Quick access to enrollment in workplace savings plan with one-click process
- Smartphone app functionality makes enrollment fast and convenient

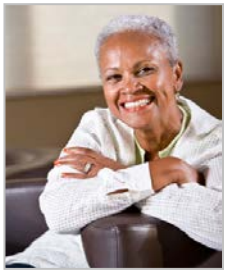
Customized for UC

- Uses came branding and color scheme as NetBenefits®
- Easy Enroll for the 403(b) Plan
- UC Pathway Funds as default investment by DOB
- Contribution Amounts: 3%, 5%, or 7%
- Custom buffer page at www.UCRSPenroll.com (or similar) to display acknowledgment statement

Screen shots are for illustrative purposes only and Fidelity Investments reserves the right to modify any portion of this concept
[1]Based on Fidelity participant data, 2012
iPhone is a trademark of Apple Inc

Step 4: Expand Needs-Based Communication

Drive readiness by getting the right information to the right people



Age 20-29 (12%)

- Learn how to manage your budget
- Get started saving

Age 30-40 (51%)

- Balance your priorities
- Have a formal retirement plan
- Match your investments to your investor type

Age 50-59 (26%)

- Have a retirement income plan
- Make catch-up contribution
- Learn about estate planning

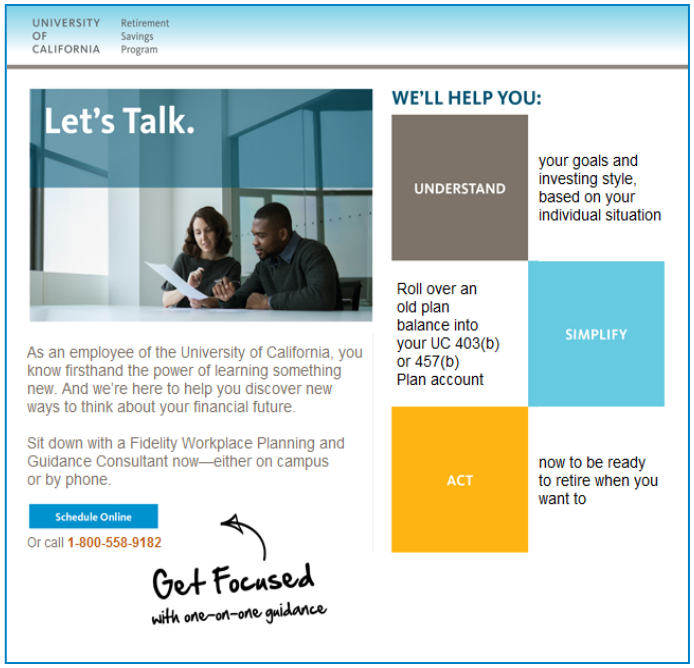
Age 60-69 (11%)

- Have a retirement income strategy
- Learn about estate planning
- Understand your risk tolerance

Step 4: Expand Needs-Based Communication

One-on-One Guidance Delivered

- **Email invitation to schedule a one-on-one**
- **Sent to 107,046 active/eligible participants over 2 days**
- **We can help you…**
  - ► **Understand your financial goals**
  - ► **Roll old retirement plans into the UC RSP**
- **Call to Action:**
  - ► **Schedule a one-on-one online or by phone**



Results so far…

- **31% email open rate**
- **1,121 (1.2%) employees enrolled with an average contribution rate of $1,341 / 15.2%**
- **2,265 (3.9%) participants increased contributions an average of $473 / 5.3%**
- **Generated an increase of 20-25% in onsite one-on-one guidance interactions**