Meeting of June 21, 2019

**AGENDA ITEM B**

UCRP – Preliminary Results of Experience Study

As previewed at the November 30, 2018 meeting by the Plan's Consulting Actuary, Segal Consulting (Segal), a UCRP Experience Study (Study) has been conducted. The Study compared UCRP's current actuarial assumptions to the actual experience from July 1, 2014 through June 30, 2018. The comparisons helped Segal determine if adjustments to UCRP's assumptions were warranted in order to calculate the best estimates of future liabilities.

Specifically, UCRP's actual, as compared to expected, experience was analyzed with respect to:

- mortality, retirement, withdrawal and disability rates;
- merit, longevity and promotional salary increases, adjusted for estimated wage inflation;
- other valuation assumptions, including the percentage of UCRP members with eligible survivors, sick leave conversion, future rates of benefit accrual, Lump Sum Cashout (LSC) elections, and deferred vested retirement ages; and
- whether significant patterns or trends existed which indicated that a change should be made to the Plan's actuarial valuation assumptions.

The Study also determined whether UCRP's current economic assumptions, including the assumed rate of return, were still appropriate.

Consulting Actuary John Monroe will be providing an overview of the results and potential recommendations that will be presented to the Regents for approval in July, along with their estimated financial impact on the Plan's funded status and costs. Any recommended assumption changes approved by the Regents will be effective for the July 1, 2019 actuarial valuation and changes to annuity option factors and LSC factors will be effective for retirements and LSC elections on July 1, 2020 and later. In addition, any changes recommended for UCRP that also apply to the UC-PERS Plus 5 Plan will also be recommended for that plan.

Note that Segal's methodology used in developing the recommendations, as well as the recommendations themselves, underwent an audit from an independent actuarial consulting firm, with no significant findings identified.

Attachment