UCRS Advisory Board

Meeting of June 24, 2011

AGENDA ITEM D

UCRP - Appendix E

At the request of Chair Oakley, the attached documents were gathered from the period the UCRS Advisory Board reviewed restoration benefits (1998-2000). Chair Oakley will lead a discussion of these documents and asked that the following statement from him be included:

"In my view, these documents provide support for both sides. The 1999 documents show this board recommending the "concept and philosophy" of both restoration plans in January, but only (and specifically) on a prospective basis. Our Board refused to endorse providing benefits retroactively to retirees. In February the Regents formally "approved the concept and philosophy" of both restoration plans, delegating implementation to the President, but also noting that IRS approval was first required for the Appendix E restoration of benefits otherwise limited by IRC § 401(a)(17). No such IRS approval was required for the "Section 415(m)" plan that restored benefits otherwise limited by IRC § 415(b), presumably because authorization for such a restoration plan was already statutorily provided by IRC § 415(m). Therefore the latter plan was funded immediately and began distributions as of January 1, 2000. But Appendix E had to hang fire pending IRS administrative approval. And therein lies the rub. In reporting this situation to the Board incident to its June 28, 1999, agenda, UCOP flatly declares: "At the time this [IRS approval] occurs, restoration benefits [under Appendix E] will be provided prospectively from January 1, 2000." But that's the President speaking, not The Regents, which had approved such a deal only in concept, philosophically, and contingent on IRS approval. So it is the devil's own mess. These ambiguities could usefully be aired and discussed in open session."

Attachment