UCRS Advisory Board

Meeting of June 24, 2011

AGENDA ITEM I

Status of Feasibility Study Regarding Defined Contribution Plan Option for Newly Hired Clinical Enterprise Policy-Covered Staff

At the request of clinical enterprise leadership, the President's Post-Employment Benefits Task Force recommended a study of the feasibility of offering a defined contribution plan (DC plan) option (in addition to a defined benefit (UCRP) option) for new hires in the clinical enterprise. The review will be for policy-covered positions. There are reports of recruitment issues in that some potential new hires do not plan on working at UC for the five-year period required to vest in UCRP and may find a DC plan option more attractive. Since market studies show a DC plan to be the norm for the clinical enterprise comparator groups, a review will be undertaken to determine if offering a DC plan option will assist the clinical enterprise in recruiting, and potentially retaining, talent.

The total employer cost would be the same with any new hire choice, as the clinical enterprise will need to recognize their appropriate share of the existing unfunded UCRP liability and will be charged a payroll assessment for the amount to be amortized each year. The ability of the clinical enterprise to fund a market-competitive DC plan, in addition to paying for their share of the UCRP unfunded liability, will be part of the analysis.

Project Scope

The DC plan feasibility study will consist of the following major components:

- documenting the recruitment issues of the clinical enterprise for specific workforce segments
- developing a best-practice and a market competitive DC plan design
- consideration of potential implementation and communication issues

The UC team working on this project will consist of human resources staff from UCOP and the clinical enterprise. A group has been interviewing consulting firms to assist UC in the process.

Background Information

Attached are documents that provide background information regarding a new hire DC plan option:

- Attachment 1 ─ Considerations for a New UC Retirement Savings Program Benefit
- Attachment 2 ─ UC Retirement Savings Program Plan ─ Contribution Limits

- Attachment 3 ─ Medical Center Retirement Cost Estimates

The UCRS Advisory Board will be provided with periodic updates as the review is undertaken.

Attachments