UCRS Advisory Board

Meeting of June 24, 2011

AGENDA ITEM F

UCRP - Additional Contributions Towards the Annual Required Contribution

At their meeting in March 2011, The Regents provided the President with additional flexibility to perform asset transfers to UCRP to pay the unfunded portion of UCRP's Normal Cost as well as the interest on UCRP's unfunded liability, characterized as the modified annual required contribution or "modified ARC" payment. The added flexibility would allow the President to transfer proceeds to UCRP garnered through one or a combination of the following options:

1. Transfers from the Short-Term Investment Pool (STIP)
2. Proceeds garnered through the sale of debt as part of a general taxable borrowing, or
3. Restructuring existing debt to allow previously budgeted revenues to be used for partial payment of the modified ARC

Following the March Regents meeting, the President has authorized that appropriate measures be undertaken to transfer approximately $2.1 billion to UCRP over two fiscal years. Chief Financial Officer Taylor and Associate Director Anguiano will provide an overview of the steps to accomplish the transfer of assets during the 2010-2011 and 2011-2012 fiscal years. As noted at the Board's meeting in February 2011, the additional funding will not only reduce UCRP's unfunded liability and improve its funded status, it may help to reduce the amount of long-term UCRP employer contributions and eliminate the need to report underfunding on the University's annual balance sheet, as required by Governmental Accounting Standard Board provisions.

Attached for the Board's reference are the Power Point slides that will be presented by Chief Financial Officer Taylor and Associate Director Anguiano as well as the March Regents item (F12) which provided the President with the additional funding flexibility.

Attachments