AGENDA ITEM L

UCRP – Experience Study

In accordance with actuarial best practice and UCRP (Plan) requirements, the Plan's Consulting Actuary conducts an Experience Study to compare the expected experience under the Plan to the actual experience and makes recommendations to adjust Plan assumptions as necessary to be able to best estimate future liabilities. The Experience Study covers the period from July 1, 2006 through June 30, 2010

Specifically the following is typically analyzed:

- The Plan's actual as compared to expected experience with respect to mortality, retirement, withdrawal and disability rates;
- The Plan's actual as compared to expected experience with respect to merit and promotional salary increases, adjusted for inflation;
- The Plan's actual as compared to expected experience with respect to 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 age;
- Whether the Plan's actual experience as compared to the expected experience reflects a significant pattern or trend which would indicate that a change should be made to the Plan's actuarial valuation assumptions; and
- Whether the current economic assumptions (including price inflation, wage inflation, and investment return) are still appropriate.

The Plan's Consulting Actuary, The Segal Company (Segal), will provide an overview of the Study that will be presented to The Regents at their July meeting. Highlights include a recommendation to maintain the current long-term investment return assumption of 7.5% per annum and an assumption change recommendation reflecting improved mortality for UCRP members.

The recommended assumption change with the most significant impact on Plan costs and liabilities would be the change in mortality rates, as the Plan experience shows that UCRP members (males in particular) are living longer than expected. This is also true for the general population and is reflected in a new standard mortality table that is being recommended. This new mortality table also incorporates a margin for future improvements in mortality consistent with current Actuarial Standards of Practice.

The recommended assumption changes, if approved, will be effective for the July 1, 2011 actuarial valuation and changes to annuity option factors and LSC factors will be effective for retirements and LSC elections beginning on July 1, 2012 and later. A copy of the full UCRP Experience Study and action item will be available in July on the Regents' website.