



HUMAN RESOURCES AND BENEFITS

P.O. BOX 24570
OAKLAND, CALIFORNIA 94623-1570

March 8, 2006

Re: March Regents Action Item Regarding UC Retirement Plan

Dear UC Colleague:

UC Regents, during their upcoming meeting March 15–16, will be considering action to authorize the reinstatement of contributions to the UC Retirement Plan (UCRP or Plan). We want you to be aware of this Regents item because of its importance to all UC employees.

As you have probably read in the newspapers, retirement systems across the country are under considerable financial strain, and pension funds are having to pay out more in retirement benefits than they are taking in. Ideally, a retirement plan should maintain 100% of its funding.

The University of California has been fortunate in two respects. First, prudent management and good market performance have made the UCRP so well-funded that UC employees have not had to pay into the Plan since the early 1990s; this has not been the case for most other pension plans. Second, The Regents have over time taken steps to ensure the stability of the UCRP and are now considering the reinstatement of contributions. This action is meant to help keep the Plan safe and secure for future UC retirees.

Although The Regents will not address a specific strategy to reinstate contributions at the March meeting, it is expected that they will discuss the need to gradually implement contributions beginning July 2007, subject to funding and completion of the state budget process. It is expected that both the University and its employees will share in the responsibility of funding the Plan. The intent is to ease the transition for employees as much as possible.

The University has been actively consulting with the various employee constituent groups, receiving feedback and advice for the best way to reinstate contributions. In addition, an advisory group to the President will evaluate the many different strategies for the reinstatement of contributions and a more detailed formal recommendation will be presented to The Regents during a future meeting.

The University is maintaining a Web site that contains background information along with frequently asked questions about the future of the UCRP. The site will be updated as decisions are made, so you are encouraged to return to the site periodically and stay informed with up-to-date information. To visit the site, go to www.universityofcalifornia.edu/news/ucrpfuture/welcome.html.

UCRP members will receive ample notice as the timing and level of UCRP contributions are determined. For represented employees, reinstatement of contributions to the UCRP is subject to collective bargaining.

The continued success of the University depends on the quality of its people, and providing for your retirement remains a top priority for us.

Sincerely,

Judith W. Boyette
Associate Vice President
Human Resources and Benefits