

UC'S INVESTMENTS ARE WELL GOVERNED

The UC investment fund's safety, security and solid performance, combined with the Regents' high ethical standards, all point to a system that is remarkably well governed. But there is always room for improvement. The Regents' Committee on Investments and the appointed Chief Investment Officer continually seek additional input from faculty, staff, paid and unpaid outside investment advisers, and campus foundation representatives. This outreach extends to represented employees, who like non-represented staff are eligible to serve on the UC Retirement System advisory board. Among the efforts currently underway is an assessment of the governance structures of other public pension funds across the nation, including the level of employee representation and the functional roles of employee participation.

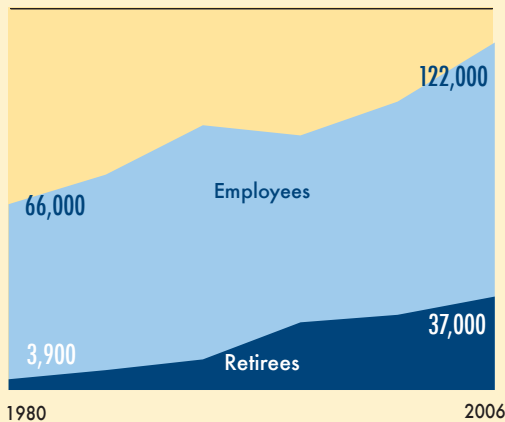
UCRP MUST REMAIN STRONG FOR A FUTURE GENERATION

UC faces a unique challenge. For many years, the annual costs for current and new employees have been funded out of surpluses from past years. While this has provided substantial savings to UC and its employees, ultimately past surpluses and investment returns alone cannot sustain the long term funding of the retirement plan. Therefore, future contributions, both from the state and from UC and its employees, will be necessary to maintain a sound pension fund for future generations of employees.

UCRP'S GROWING OBLIGATIONS

MORE EMPLOYEES, MORE RETIREES

Since 1980, the number of UCRP active members has almost doubled and there are almost 10 times as many UC retirees now.



SOURCE: UCRP Annual Reports.

(Retiree counts do not include survivors or those receiving disability benefits.)

RETIREMENT INCOME CALCULATOR

How much will your retirement check be?

The UCRP Benefit Estimator can give you an idea of what your retirement benefits might look like when you retire. <http://atyourservice.ucop.edu/applications/ucrpcalc/estimator.html>

TOTAL COMPENSATION CALCULATOR

The value of a UC job goes beyond one's salary. UC employees enjoy a full range of other benefits, services and programs. Calculate the approximate value of your total UC compensation: http://atyourservice.ucop.edu/applications/total_comp/index.php

EXTRA BENEFITS

Unlike most other public or private funds, the University of California Retirement Plan provides other benefits in addition to lifetime monthly retirement income, or a lump-sum cashout, including:

- disability benefits
- survivor income
- death benefits for members

For more updates on the UC Retirement Plan – www.universityofcalifornia.edu/news/ucrpfuture

facts

What you should know about the *University of California Retirement Plan*
A GOOD DEAL FOR UC FACULTY AND STAFF



retiree

plan

What you should know about the *University of California Retirement Plan*

Contrary to recent media and other reports, the University of California Retirement Plan (UCRP) remains healthy, well-performing and poised to meet UC faculty and staff retirement needs for years to come. Here are the facts:

- *UC retirement investments are performing well.*
- *UC investments are safe.*
- *UC pension fund remains well funded.*
- *UC investments are well governed.*
- *UC is committed to ethical management of investments.*

DID YOU KNOW?

UCRP assets total nearly \$48 billion – a 39% increase over the past 5 years.

UCRP's investment performance for the fiscal year to date is 19.7%.

UCRP's funded ratio of assets to obligations is 104% – better than CalPERS and CalSTRS at 87%.

UC RETIREMENT INVESTMENTS ARE

PERFORMING WELL UCRP is in good financial health. Its performance for the fiscal year to date is 19.7% (5/31/07 unaudited). Recent quarter-end performance is better than the returns of UC's peers among 150 pension, foundation, and endowment plans with over \$1 billion in holdings. It reflects steady improvement in performance as the Board of Regents refines its investment allocations between stocks, bonds, real estate and other asset classes.

UC'S RETIREMENT PLAN REMAINS

WELL FUNDED A pension plan that is 100% funded can meet all its future obligations. As of the last actuarial report, the UC retirement plan's funded ratio was 104%, compared to other California funds that today are only 87% funded and to others in the nation that are even lower. This remarkable achievement has meant that, unlike at most other public and private institutions, neither UC nor its employees nor the State of California has been required to contribute toward the cost of the pension benefits for 17 years. This has meant significant annual savings for UC employees and the state.

UC IS COMMITTED TO ETHICAL MANAGEMENT OF INVESTMENTS

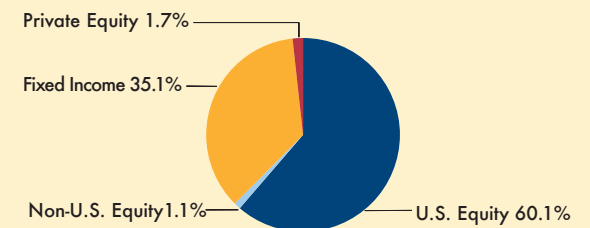
As part of their ongoing investment policy reforms, the Regents have established ethical guidelines to govern conflicts of interest. The Regents themselves must identify all financial interests on the annual Statement of Economic Interest form. Other disclosure requirements govern members of the Investment Advisory Board, even though members are unpaid, have no decision-making power and advise only on general allocation strategies, not on individual investments or the selection of external fund managers. For instance, members are required to abstain from participating in discussions that might financially impact them or their family. In response to concerns, the Regents are exploring whether to impose more stringent requirements to govern its investment advisors.

UC INVESTMENTS ARE SAFE The Board of Regents will not take inappropriate investment risks in hopes of huge returns. This prudence and concern about the safety of retirement benefits is what led the Regents, who are ultimately responsible for the health and performance of UC investments, to unanimously adopt in 2000 new UCRP investment policies and guidelines. The wisdom of this strategy has been borne out as other investment funds have suffered, at considerable potential loss of security to employees. Indeed, if UC had continued to pursue its former investment strategy, assets today would be approximately \$2.7 billion lower. The reforms enacted by the Regents are clearly benefiting all UC employees and retirees.

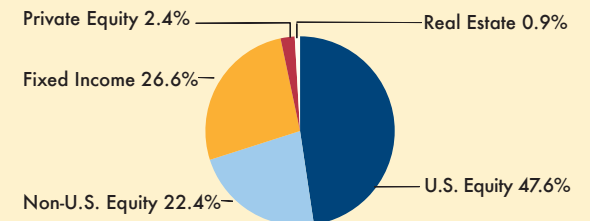
CHANGES IN ASSET ALLOCATION

MORE DIVERSIFICATION, LESS RISK

Before Regents Policy Changes (6/30/99)



Current Asset Mix (3/31/07)



*Not shown are cash and short-term, liquid investments that are used to pay operating expenses [2% in 1999 and 0.1% in 2007 figures]. As part of the Regents' policy reforms, the duration of bonds was lowered from 13 years to approximately 7 years.