

Two Agreements between UC and DOE/NNSA

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Elements of the Transaction

➤ Asset Transfer Agreement

- Amount to be transferred from UCRP to the LLNS defined benefit pension plan
- UCRP retains assets equal to 100% of Retained LLNL Segment liabilities
- UCRP retains additional \$140 million as a Contribution Reserve Amount

➤ Funding Obligation Agreement

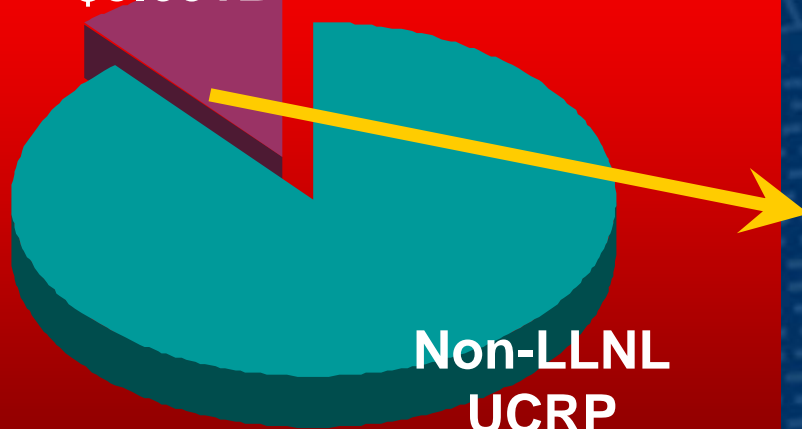
- DOE/NNSA agrees to make payment for any funding shortfalls in the Retained LLNL Segment in UCRP
- Contains methodology for calculating the payments for any funding shortfalls in the Retained LLNL Segment

Asset Transfer Agreement

October 1 Addendum Report
Total LLNL Contract Assets = "A"

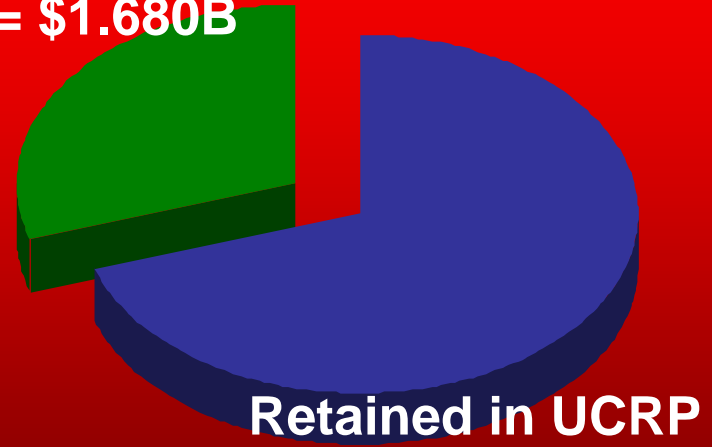
Liability for Retained LLNL
Segment Members = "B"

**Total LLNL
Segment
Assets = "A"
\$5.601B**



**Non-LLNL
UCRP
\$43.173B**

**Transferred to
LLNS Plan =
"A - B" - \$140M
= \$1.680B**



**Retained in UCRP
"B" \$3.780B +
\$140M = \$3.920B**

Funding Obligation Agreement

- **Retained LLNL Segment stays in UCRP, as long as DOE/NNSA satisfies its obligations**
- **DOE/NNSA must approve changes to UCRP for Retained LLNL Segment that would:**
 - **Grant ad hoc inflation-based increases**
 - **Affect only Retained LLNL Segment**
 - **Raise costs beyond that of UCRP generally**
 - **Use actuarial assumptions or asset allocation different from those used for the rest of UCRP**

Funding Obligation Agreement

- DOE/NNSA agrees to reimburse UC for any funding shortfalls
- Method for getting to 100% funding
 - Contribution Reserve Amount (CRA) will be used to satisfy funding obligation in any year in which it is available; DOE may choose to replenish CRA
 - If CRA is not available, any shortfall is funded in seven level, annual payments
 - Similar to new pension funding rules for corporate plans
 - Additional payment required if assets not sufficient to cover three years of projected benefit payments

Funding Obligation Agreement

- Regents retain fiduciary authority to manage UCRP, including Retained LLNL Segment
- Notice of changes provided to DOE/NNSA
- Regents oversee administration and management of UCRP
 - Includes all actions to track the costs and expenses allocable to the Retained LLNL Segment
 - Annual addendum reports continued
- DOE/NNSA entitled to any surplus in Retained LLNL Segment after all benefits have been paid

Retirement Savings Program

- Defined Contribution Plan
- Tax-Deferred 403(b) Plan
- 457(b) Deferred Compensation Plan
- You may leave your money in the plans
 - Ability to move money among funds
 - Roll over money INTO the plans
 - Low fees
- Fidelity continues to be the master record keeper and contact for these plans

Questions

