



Council of University of California
Emeriti Associations (CUCEA)

Council of University of California
Retirees Associations (CUCRA)

November 9, 2006

CHAIRMAN OF THE REGENTS GERALD PARSKY:
PRESIDENT ROBERT C. DYNES:
UNIVERSITYWIDE ACADEMIC SENATE CHAIR JOHN OAKLEY:
UCRS ADVISORY COUNCIL CHAIR DAVID MCGRAW:

On behalf of many emeriti and retirees of the University, we wish to express our strong support for the Advisory Council of the University of California Retirement System, the Academic Senate, and The Regents for adopting positions which would maintain UCRP at the “fully funded” level.

Careful stewardship of the UCRP in its early years – a period when most of us contributed throughout our UC careers -- allowed a “contribution holiday”, which began in 1990, and has been in effect for over 16 years. As time has passed, the surplus has saved both employees and UC alike the cost of contributions as benefits have continued to accrue. The surplus has also allowed UC to adopt supplemental “CAP” awards (or bonuses) when operating budgets were very tight or even cut, to offer three Voluntary Early Incentive Retirement Programs (VERIP), and to decrease the fully vested retirement age from 63 to 60.

Ultimately, UC has avoided what many other retirement systems in the U.S. could not: unfunded liabilities, even without employee contributions. Although we recognize that contributions will be paid by active employees and will benefit annuitants through the prospects of *ad hoc* COLAs, the broader interests of the University and of current employees will be well served by the recommended policy. We are benefiting from a superb pension plan. The University’s Defined Benefits plan is the envy of other institutions and significantly aids in the recruitment and retention of faculty and staff.

Maintaining a financially strong retirement plan will require the resumption of contributions, likely beginning in July 2007. Not starting these contributions as early as possible will place an extraordinary burden on all active employees, even with the University picking up a substantial percentage of the contribution, and will have a very damaging effect on competitive salaries. Raising the contributions in small increments over time, and hopefully raising salaries to cover these increases, are actions the leadership of our two associations strongly support.

Louise E. Taylor, Chair
CUCEA

Richard W. Jensen, Chair
CUCRA

cc: Regent Judith Hopkinson: Chair, Compensation Committee
Executive Vice President Bruce Darling
Associate Vice President Judy Boyette