

Notes on UC Faculty Welfare Meeting and UCRS Advisory Board Meeting

Hess Notes – February 2, 2009

As your representative to the UC Faculty Welfare Committee (UCFW) and the UCRS Advisory Board, I am sharing some issues of interest to emeriti discussed at a recent meetings, a conference call of the UCRS Advisory Board, and other information provided by the UC Office of the President.

Outsourcing UCRP Administration

As you have seen in previous “notes”, two vendors had been selected for site visits last fall to outsource components of Human Resources and Benefits (HR/B). We have been told that additional information had been provided by the vendors and HR/B and is being studied by the Office of the President. As of the January 16th meeting of the UCFW, no decision has been made

Constitutional Amendment to modify the UCRS Advisory Board

The amendment to establish a new Board of Trustees to govern UC’s post-employment benefits, including retiree health benefits, never came to a vote in the California Assembly. As a result, AFSCME is pursuing an initiative to place the amendment on the June 2010 ballot. The proposed initiative was submitted by AFSCME to the Office of the California Attorney General on November 10th. The CA Secretary of State has authorized AFSCME to begin seeking signatures to qualify the initiative. Approximately 69,435 signatures are required based upon 8% of the votes in the last election and must be collected by June 8, 2009.

2010 Contribution Restart Proposed

The UC Regents will consider a plan to restart employee and employer contributions to the UC Retirement Plan in April 2010 at their February meeting. If approved the plan calls for a 2% employee contribution and a 4% university contribution. Initially there would be no impact on the net take home pay of employees because the mandatory payments to the defined contribution (DC) plan would be redirected to the UCRP. If approved, the contributions would start nine months later than had been anticipated because of a shortfall in state funding for the employer contributions. The University had requested state funding in the amount of \$228 million but the governor’s January budget proposal included only \$20 million for employer contributions to the fund in 2009-10.

Minimum Required Distributions Suspended for 2009

The Worker, Retiree, and Employer Recovery Act of 2008 signed into law on December 23, 2008 contains a provision for a one-year suspension of the IRS regulation governing Minimum Required Distributions (MRD’s) from retirement plans such as UC’s 403(b), 457(b), and DC Plans. All UC participants in the plans who are 70 ½ or older in 2009 will receive an announcement from Human Resources and Benefits in early February. Information is also on the AtYourService web site. There are about 300 MRD participants who have signed up for automatic MRD payouts in January and/or February. They will receive a letter stating that they have a choice of keeping the money or rolling it back into the plan.