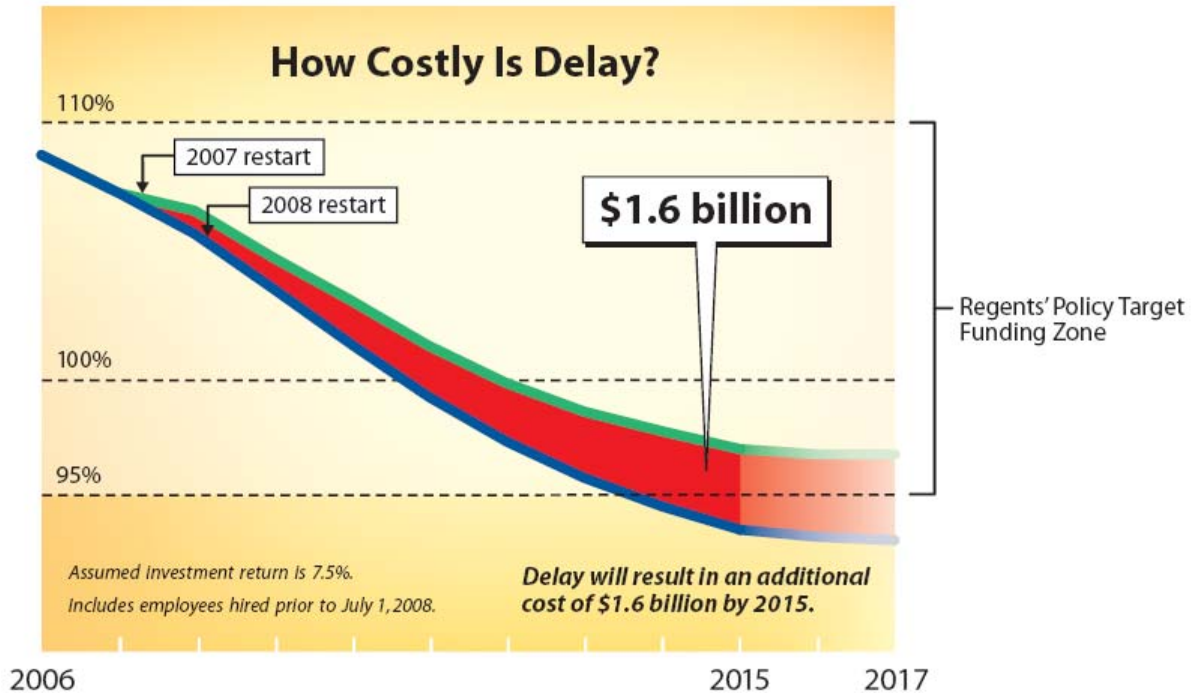


WHY RESTARTING UCRP CONTRIBUTIONS EARLY HELPS EVERYONE



- Since UCRP members stopped making contributions in the early 1990s, the plan’s funded status has steadily declined. By all reasonable estimates, UCRP is expected to become under-funded (below 95%) in the future.
- Unpredictable variables, such as financial growth rates in our economy, make it impossible to pinpoint precisely when UCRP will become under-funded -- but the longer we wait to restart contributions, the bigger the financial hole UC and employees will need to pay their way out of which means higher contributions from **both** employees and the university.
- As the chart above indicates, delaying the restart of UCRP contributions just **one additional year** is estimated to cost employees and UC **over \$1.5 billion** dollars.
- Gradually phasing in contributions early means initial contributions can start low, which lessens the impact of restarting contributions on everyone.
- In light of these facts, the Regents have decided to restart contributions, beginning as early as July 1, 2007 (subject to the availability of funding, completion of the budget process, and the collective bargaining process regarding UCRP contributions for represented employees).
- Initial employee contributions are intended to be only the amount employees are now putting into the Defined Contribution Plan -- **only about 2% of pay** for most employees -- which means that **employees will see no loss in take-home pay** from the initial restart of contributions since this amount currently being deducted will simply be put into the UCRP instead of the DCP.
- When it comes to restarting contributions, starting early at lower levels benefits everyone.