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FA FAQs: UCRP PENSION AND SOCIAL SECURITY

Many faculty have questions about the UCRP pension and Social Security, but both subjects are so complex and intertwined, and so many individual circumstances confuse an already complex, foggy field, that almost no one at UC is willing to answer general questions. Information is only provided on a case by case basis. Just recently faculty received two individualized projections of their retirement income at age 60. The first one failed to include the DCP amounts, but the second once included UCRP, 403b, 457, and DCP amounts. Armed with those numbers and with the information included here, faculty will be in a good position to have a clearer understanding of their retirement income. The following FAQs, first on the UCRP pension and then on Social Security benefits, are offered in the spirit of providing partial answers to complex questions, but more importantly, partial answers that might get faculty asking better questions about their own particular circumstances either to campus HR or Social Security reps.

The Faculty Association illustrates some of the answers using a UC scenario:

A UC faculty member whose highest average plan compensation (HAPC) was \$125,000, retires at 66.

Table 1 shows the faculty member coordinated with Social Security. The UC retirement calculator is helpful: <http://atyourservice.ucop.edu/applications/ucrcalc/estimator.html>.

Table 2 shows the same UC faculty member, but not coordinated with Social Security.

Table 3 shows the Social Security benefits someone coordinated with Social Security might expect. The Social Security calculator is helpful: www.ssa.gov/planners/calculators.htm.

Table 4 shows the Social Security benefits someone not coordinated with Soc Sec at UC might expect if he or she is entitled to benefits outside of UC.

Continued on the next page

FA Protests Low UCRP Returns

The UCLA FA wrote the Chairman of the UC Regents about the low UCRP returns for 3 years.

Dear Chairman Parsky,
 The Faculty Association at UCLA would like to express our growing concern about the poor investment performance of UCRP during the last three years. The June 30 fiscal year data show a steady decline in returns from 14.34% in June 04, to 10.30% in June 05, to the single digit level of 7.10% in June 06. This decline is in stark contrast to the performance of the other two large public pension funds, CalPERS and CalSTRS. In June 2006, CalSTRS had a return of 13.20% or 6.10% higher than UCRP for the same period, while CalPERS had a return of 12.3% or 5.2% higher than UCRP. During the earlier decade between 1990 and 2000, with few exceptions, UCRP had higher returns on its total investment portfolio than did these other public pension funds, but it now appears as if the opposite is true: UCRP now trails the pack.

The high returns of CalSTRS and CalPERS are largely due to investments in international equities and real estate. For example, for fiscal year 03-04, CalSTRS posted a 30.68% return on international equities and 13.2% in real estate. By fiscal 05-06, international equities returned 27% and real estate soared to 35.73%. In 2004, then UC Treasurer Russ set in motion an increase in UC's holdings of international equities and a significant change in UC investment strategy from internally managed funds to externally managed funds (index funds). Yet in 05-06, the UCRP return on investment curve is still

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Are you a member of the Faculty Association?

Is "member" written on your mailing label? If not, this issue of the FA newsletter is being mailed to you courtesy of your colleagues. Please join your colleagues and support the UCLA Faculty Association.

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FAQs ON THE UCRP PENSION

Postretirement Survivor Continuance

Q I am entitled to a UCRP pension of \$7,713 a month. Do I have to pay for a Survivor Continuance benefit for someone else out of my pension?

A No. The UC member does not pay for the Survivor Continuance; nothing is deducted from the UCRP pension to pay for this benefit, which is built into the UCRP calculation. For those coordinated with Social Security, the Survivor Continuance is 25% of the Basic Retirement Income (BRI). Table 1, line 9 shows that if the BRI is \$7,713, then the Survivor Continuance is 25% or \$1,928. The UCRP member does not choose the eligible survivor to receive this amount. The Survivor Continuance is paid to an eligible surviving family member upon the death of the retired UC member. For as long as a family member is eligible (spouse, domestic partner, dependent or disabled child, parent, etc), s/he will receive the survivor cont. of \$1,928.

Q Why is the Survivor Continuance so much higher for the eligible family member when the UC member was not coordinated with Social Security?

A The Survivor Continuance is calculated differently for the UC member not coordinated with Social Security. In Table 2, line 8, you can see that the Survivor Continuance is 50% of the BRI rather than 25% for the UC member coordinated with Social Security. This difference has the greatest effect on the surviving spouse or eligible family member who is not selected as the Contingent Annuitant (CA). The 50% calculation ensures a larger survival benefit for the eligible spouse not selected as the CA because this spouse may likely not receive additional spousal Social Security benefits. Since UC did not have to pay Social Security taxes for the UC member, UC provides a larger Survivor Continuance benefit for the eligible family member.

Contingent Annuitants (CA)

Q Do I have to choose a Contingent Annuitant?

A No. You choose a Contingent Annuitant only if you want to reduce your monthly UCRP pension in exchange for a survivor benefit for someone else when you are deceased.

Q Does the Contingent Annuitant (CA) also get the Survivor Continuance?

A Not necessarily or only when the UCRP member chooses the eligible survivor (in most cases the spouse) as the CA. The UCRP member may select anyone he or she wants to receive a CA survivor benefit for the rest of that person's life. If the spouse

is the eligible family member to receive the Survivor Continuance, and the spouse is chosen as the Contingent Annuitant, then the total survivor benefit is the sum of the Survivor Continuance and the level of CA option selected (I, line 15). If the CA is someone else, then one person will receive the Survivor Continuance (I, 13) for as long as s/he is eligible and another person the CA benefit (I, 14).

Q How do I decide what Contingent Annuitant Option to choose?

A It depends on how much you want to reduce your monthly UCRP pension to ensure a survivor benefit for someone for life. The amount the CA receives is also dependent on the age and life expectancy of the person selected. In general, the more the UCRP monthly pension is reduced, the higher the survivor benefit. Choices among options might take into consideration states of health and expected lifespans of both the UC member and the CA as well as other assets and resources.

The most expensive CA Option is A. It costs \$1,192/mo (I, 16) to provide a benefit of \$4,593/mo (Table I, line 14). If the CA is the eligible survivor, then the total survivor benefit is \$6,521, which is considered a 100% benefit in that the survivor receives the same amount (100%) that the UC member received while retired. In Table 1, line 12, the monthly benefit, and line 15, the total monthly survivor benefit, are the same. Option B reduces the monthly UCRP retirement benefit less than for Option A but yields a lower survivor benefit later. Option B is considered a 66 2/3% benefit because the CA gets about 66 2/3% of the BRI. In this case, the monthly UCRP benefit is reduced from \$7,713 (line 8) to \$6,856 (I,17), but the CA receives \$5,214 as a total survivor benefit (I, 20). Option C reduces the monthly benefit from \$7,713 (I, 8) to \$7,047 (I, 22) for a survivor benefit in the amount of \$4,488 (I, 25). This option is considered a 50% benefit because the survivor receives about 50% of the BRI.

For those coordinated with Social Security, Option D requires that the UC member select the spouse as the CA. Option D reduces the monthly UCRP benefit the least (\$7,273) for the level of the benefit provided (\$3,637), but the CA is not eligible for a separate Survivor Continuance (\$1,928). Option D includes the Survivor Continuance. The tradeoff is between a higher monthly retirement income and a lower survival benefit. Option D might be desirable if the UC member decided that the life expectancy of the spouse was less than his/her own, but uncertainty would argue for leaving some survivor benefit.

Q Which Contingent Annuitant (CA) option is the best return for the money?

A Option D. Table 1, line 31 shows that the BRI is reduced by \$440 to \$7,273 to ensure an income of \$3,637 to the person selected to be the CA.

But it is important to notice that with this option D, in which the spouse must be the CA, s/he is not entitled to the Survivor Continuance. In the example cited above, s/he would be entitled to \$3,637 a month, but not entitled to an additional \$1,928 in Survivor Continuance. Thus, although Option D is the highest return for the monthly cost, the total survivor benefit is the lowest of the other CA survivor benefit Options.

Option D is not available to those who are not coordinated with Social Security.

Q Which Contingent Annuitant choice results in the highest monthly retirement income?

A Option D results in the highest monthly retirement income, even higher than a single person who does not choose a CA because the federal and state taxes are higher for a single person than for a married couple. See Table 1, lines 40 and 42 to see that the single UC member receives \$5,486 a month after federal and state taxes, but the UC member who chooses Option CA D receives \$5,706. Notice that these figures are close and that the taxes given here are only an estimate.

If one takes Social Security benefits into consideration, the couple, both earning Social Security, and choosing the Contingent Annuitant Option D also yields the highest monthly income, which is shown in Table 3, lines 42-45. Of course, these results depend on the amount of Social Security the UC spouse is entitled to.

Survivor benefits paint a different picture. When the UC member dies, the survivor generally receives the highest monthly income with CA Option A, as shown in lines 43-45 in Table 1.

Q Is the Contingent Annuitant benefit calculated the same for those UC members with Social Security as those without? A Contingent Annuitant in these circumstances would not likely receive any spousal Social Security benefits.

A It depends on whether the CA is also eligible for the Survivor Continuance. If s/he is, then the calculation is the same (Table 2, lines 10-15) except the percentages differ. If no one is eligible for the Survivor Continuance, then the CA benefits are calculated on the full BRI, not the Option portion (50%). For example, in Table 2, lines 16-21, the calculations show what happens when no one is eligible to receive the Survivor Continuance. The CA benefit is then \$6,201 as shown in line 20 with a reduction factor of .79368. If there is no one eligible for the Survivor Continuance, then the B and C

Options are calculated in the same way as A only the reduction factors differ.

Taxes

Q How can I take federal and state taxes into consideration when estimating the amount of my UCRP pension?

A The taxes can be estimated for different levels of income according to marital status and progressive taxation principles. For example, for married filing jointly, you would figure your tax as 10% of the first \$15,000, then add 15% of any income between \$15,100 and \$61,300; then add 25% of any amount between \$61,300 and \$123,700; 28% for income between the ranges of \$123,700 and \$188,450; 33% for income between \$188,450 and \$336,550; and for the lucky ones, 35% for anything above \$336,550. You would need to follow the California tax pyramid to figure California state taxes.

It is important to see the bite that combined federal and California taxes take out of the UCRP monthly pension. For example, in Table 1, the single UCRP pension drops from \$7,713 (line 8) before taxes to \$5,486 after tax (line 41). A couple having chosen CA Option A, earns \$6,521 before taxes (line 12) and about \$5,203 afterward (line 42).

Lump Sum Cashout

Q I don't understand the lump sum cashout option. In particular, how is it figured?

A The lump sum cashout is calculated based on the Basic Retirement Income (BRI) and actuarial tables. The factors are based on the birthday of the UC member and the expected life span. In the example shown in Table 1, line 46, the factor for the 66th birthday is 135.14. The factors go down each year that the faculty member waits to retire as the expected life span decreases. The lump sum cashout figure is a reverse calculation of an annuity, i.e., it is the amount one would have to pay to buy the monthly annuity provided by UCRP. In the example shown, someone would have to pay about \$1,042,334 to receive a monthly annuity of \$7,713.

If one were to take the lump sum cashout, invest it, and receive 8% annual returns, the monthly income, less federal and state taxes, would be about \$5,636 (Table 1, line 48). This amount is just about the same as the after tax UCRP annuity of \$5,486 (line 41). Investment return risk might mean that one does not always receive 8% annual returns and perhaps receives closer to 4% annual return which would bring down the monthly after tax return to \$2,885 (line 47). The UCRP monthly pension does not have investment volatility. For greater accuracy, inflation would also have to be factored in.

To see the lump sum cashout age factors, go to www.ucla.edu; search for “ucrp”; then click “Lump Sum Cashout.”

SOCIAL SECURITY & THE UCRP PENSION

Working While Receiving Social Security Benefits

Q My Social Security Statement says that I would get \$1,461 a month if I retired at 62 and \$2,015 if I retire at my full retirement age of 66. If I start taking Social Security at 62 while working at UCLA, what would be the level of my benefits and would they increase to \$2,015 when I retire at 66?

A You would not be entitled to any Social Security benefits at 62 if you continue working and do not retire. If you start taking Social Security at 62 and continue working, you will be subject to the “annual earnings limit,” which is \$12,960 in 2007. If you earn more than \$12,960, then your Social Security benefit would be reduced by \$1 for each \$2 you earn above \$12,960. If you earn \$125,000, you will not receive any Social Security Benefits as illustrated in Table 3, lines 10-13.

If you retired at age 62 and were on recall and earned \$15,000 for the year, you would be entitled to a reduced Social Security benefit. In Table 3, lines 14-16 a recall scenario is illustrated which results in a Social Security benefit of \$1,376 per month at age 62.

When you reach your full retirement age of 66, then there is no longer any reduction for exceeding the annual earnings limit if you continue working. Thus, in the example above, at 66, the faculty member would receive \$1,461 in Social Security benefits while earning \$15,000 in recall or \$125,000 or more in wages.

Once you decide to take your Social Security benefits, then you fix your benefit at that level. It is a permanent reduction and is not refigured at a later date, for example when you reach full retirement benefits at 66. If you continue to work but do not take your Social Security benefits, then the level of those benefits rises with your age until you reach 70, the maximum level. If you are working past 70 and entitled to Social Security, you should enroll for your benefits because they will never get larger, and there is no reason why you wouldn't collect them.

Two People Receiving Social Security Benefits

Q. My wife and I both worked under Social Security. Her Social Security Statement says she can get \$1,000 a month at full retirement age and mine says I would get \$1,461. Do we each get our own amount? Someone told me we could only get my amount, plus one-half of that amount for my wife.

A. You would each get your own benefits because your wife's benefit is greater than 50% of yours. “The Dual Entitlement Rule” says that a spouse is entitled to 50% of his/her spouse's Social Security Benefit. That means a couple is entitled to at least 150% of the higher earning spouse's benefit, a situation that occurs most often in single earner households. The “dual entitlement rule” also prevents spouses who qualify for their own Social Security retirement benefits from receiving both their own benefits and a spousal benefit equal to 50% of the highest earning spouse's Social Security benefit. An exception is made if the lower-earning spouse's benefits are less than 50 percent of the higher-earning spouse's benefits. In that case, the lower-earning spouse would also qualify for a spousal benefit equal to the difference between his or her retirement benefits and 50 percent of the higher-earning spouse's benefits. Since your wife's own benefit (\$1,000) is more than one-half of your benefit (\$730), you will each get your own benefit. If your wife's benefit were less than half of yours, she would receive her amount plus enough on your record to bring it up to the \$730 amount.

Q My wife and I both worked under Social Security. Her Social Security Statement shows that she is entitled to \$1,000 in benefits, and mine shows me entitled to \$2,015. How much can my spouse receive in Social Security Benefits when I am gone?

A \$2,015. In general, a surviving spouse can receive 100% of the higher paid worker's Social Security Benefit, but cannot receive both that amount and another benefit that s/he might be entitled to independently.

For example, Table 3, where the UC worker was coordinated with Social Security, line 28 shows that the UC worker with a spouse will earn a combined total of \$3,023 (total of \$2,015 for the UC worker and 50% of that amount or \$1,008 for the spouse). But the surviving spouse will receive only the higher amount (\$2,015), and not the additional \$1,008.

Q. My wife stopped working at the end of last year at age 52. She doesn't expect to

work again before I start my SocSec benefits when I turn 62. Will she still get the same benefit amt shown for age 62 on the SocSec Statement recently sent to me?

A. She will probably receive a lower benefit. When Social Security averaged out her 35 highest years of earnings to estimate her benefits on the Social Security Statement, they assumed your wife would continue to work up to age 62, making the same earnings she made last year. If, instead, she has \$0 earnings each year over the next 10 years, her average earnings will be less and so will her benefit. She can use the Social Security [Benefit Calculators \(www.ssa.gov/planners/calculators.htm\)](http://www.ssa.gov/planners/calculators.htm) to see how this will affect her monthly benefit amount.

Taxes & Social Security Benefits

Q. If I work after I start receiving Social Security retirement benefits, will I still need to pay Social Security and Medicare taxes on my earnings?

A. Yes. Any time you work in a job that is covered by Soc Sec--even if you are already receiving Social Security benefits--you and your employer must pay the Soc Security and Medicare taxes on your earnings. The same is true if you are self-employed.

Q Are my Social Security Benefits taxed at both the Federal and California state level?

A Social Security Benefits are taxed only at the federal level. In Table 3, lines 33-36 one can see the magnitude of the federal tax on Social Security benefits.

Social Security Benefits for those not coordinated with SocSec while at UC

Q Why are some employees at UC not covered by Social Security?

A They opted out of Social Security coverage in the late seventies. When Congress passed the Social Security Act in 1935, it excluded federal, state, and local government employees from mandatory coverage. The exclusion for state and local public employees was based on constitutional concerns about whether the federal government could impose taxes on state governments. In the early 1950s, Congress passed a law that allowed state and local government employees to be covered if they voluntarily chose coverage in a referendum.

In the late 1970s there was a referendum at UC in which some faculty chose to coordinate with Social Security and some did not. This was a non revocable choice. At this time, the Faculty Association hired an expert in Social Security and contracted him to

produce a booklet which would be distributed to all faculty to help them make the decision whether to coordinate with Social Security or not.

Q. Will my retirement pension from my job at UC reduce the amount of my Social Security benefit for work outside of UC?

A If your pension is from work where you also paid Social Security taxes, it will not affect your Social Security benefit. However, pensions based on work that is not covered by Social Security (for example, the federal civil service and some state, local, or foreign government systems, and, in this case, UC) probably will reduce the amount of your Social Security benefit. See the next questions.

Q What happens when a faculty member not coordinated with Social Security at UC earns Social Security credits outside UC, either before, during, or after coming to UC?

A Faculty not coordinated with Social Security at UC may be eligible for Social Security (1) if they have enough other work covered by Social Security to qualify or (2) through a spouse's work. But in such cases, their Social Security benefits are reduced because of their UC pensions. The reduction in benefits for other work is called the "windfall elimination provision" and the spousal benefit reduction is called the "government pension offset." These benefit reductions are required by federal law and UC has no authority to change them. They are designed to keep the Social Security system from paying people benefits that are higher than their financial circumstances warrant because most of their earnings are outside the Social Security system. Therefore these benefit reductions do not appear on any Social Security Statements and would only be taken into consideration when final benefit calculations are performed. In general, since UCRP pensions are relatively high, the overall effects of the WEP and the GPO are relatively small.

Q What would be the reduction of a monthly Social Security benefit earned outside of UC employment for a worker who received a UCRP pension?

A A maximum of \$328/mo or \$3,936 per year. In 1983, Congress passed the Windfall Elimination Provision (WEP), which modifies the benefit formula for those with government pensions from non-covered employment. Instead of replacing 90% of the first \$ 656 of the person's normal wages, the windfall provision replaces only 40% of the first \$656, thus reducing the overall benefit. The maximum reduction is \$328 per month or \$3,936 per year, but the reduction seldom reaches the maximum because of the number of years of earnings covered by SocSec.

To qualify for the WEP reduction, one has to have had “substantial earnings” for some period less than 30 years. In Table 4, lines 2-4, demonstrates the levels considered by the government to be “substantial.” If one earns “substantial earnings” covered by Social Security for over 30 years, the WEP is not applicable. Lines 9-12 demonstrate the WEP on a UC faculty member not coordinated with Social Security whose monthly UCRP pension is \$7,813 and who earned substantial earnings covered by Social Security for 25 years and retires at 66 entitled to \$1,136 of Social Security benefits per month. Using the SocSec calculator, the Soc Sec benefits are reduced by \$136/mo or \$1,632 per year.

Q I receive a UCRP pension but was not coordinated with Social Security. My wife is entitled to \$2,116 a month in Social Security benefits based on her own work. Am I entitled to 50% of that amount?

A Probably not. The Government Pension Offset (GPO) affects the Social Security spousal benefits for workers who held jobs that were not covered by Social Security, but whose spouse was entitled to Social Security. Normally, a spouse is entitled to up to 50% of the higher earning spouse’s Social Security benefit. However, the GPO reduces Social Security spousal benefits by two-thirds of the government pension the spouse receives for work not covered by Social Security. Even if a spouse takes his/her government pension in a lump sum, Social Security will nevertheless calculate a monthly benefit amount and use it to offset his/her Social Security spousal benefit. If the government pension is high enough, it can offset the entire Social Security benefit.

A UC faculty member not coordinated with Social Security could be affected by GPO. Table 4, line 20-23, illustrates someone who is not entitled to any Social Security benefit, but has a spouse entitled to \$2,116/mo in SocSec benefits. Normally the UC worker would be entitled to 50% of that amount in spousal benefits or \$1,058. But the GPO limits spousal benefits by 2/3 the amount of the UCRP pension. In this case, 2/3 of the UC pension is \$5,209. Since \$5,209 is larger than the spousal benefit of \$1,058, line 22 shows that the UC faculty member would not be entitled to any spousal benefit. With a max SocSec benefit in 2007 of \$2,116, it is safe to say that most UC workers would not be entitled to spousal SocSec benefits because of the GPO.

If the UC worker were entitled to his/her own Social Security benefits from employment outside UC, the GPO would not affect those benefits. In Table 4, line 29, the couple would receive \$2,116 in one spouse’s benefits and \$1,000 in the other spouse’s benefits, totaling \$3,116. In this case, each person receives his/her own benefits, and no one is entitled to any

spousal benefits. Note that although the GPO would not affect the UC member’s separate entitlement to \$1,000 a month in SocSec benefits, the WEP would.

In the UC faculty example, his/her Social Security statement would not reflect the wages earned that were not covered by Social Security, so the Social Security Statement might suggest a higher entitlement than exists once the WEP and GPO are taken into consideration.

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FA Letter to Parsky, Continued from page 1

headed downhill. Out of the 46 externally managed funds at UC, holding about \$17B in funds for UCRP and GEP, UC’s endowment funds, only 18 of them (39%) exceeded their assigned benchmarks, which leaves the majority or 28 (61%) falling below their benchmarks in performance. The question is: Why in the lightning-fast world of finance and investment has UC become the follower and not the leader?

Falling investment returns on a fund as large as UCRP (\$41,970 million in June 2006) are important for another reason: the proposed resumption of contributions to UCRP. If UCRP had attained the investment return of CalPERS (12.3%) for fiscal 2005-6, UCRP would have \$2,182 million more in its coffers than it does now. The normal cost of UCRP for a year is \$1,310 million, and the surplus in UCRP is \$1,670 million. The reason we face resumption of contributions to UCRP is thus only due to poor performance of the fund. Had UCRP performed in a manner comparable to CalPERS we would not need consider resumption of contributions to UCRP.

The declining curve of UCRP returns, especially compared to the stellar performance of the other two California public pension funds, raises serious questions for the faculty who have seen inadequate salary increases to offset increasing cost of benefits and the effects of inflation. Faculty received a 2% salary increase in October 2006 but paid higher health care costs beginning January 2007. If they have to begin contributions to UCRP, it will be a de facto compensation decrease of thousands of dollars. The yearly level of the cost to them can be seen by what they now contribute to their DCP plan. In turn, UC will have to allocate system-wide funding for the employer part of this resumption of contributions. Both the University and the faculty have a vested interest in discovering why the returns of UCRP continue to decline.

The Faculty Association at UCLA would like to know what steps are being taken by the University to reverse the declining trend in the returns of the UCRP fund and what benchmarks are in place so that action can be taken if necessary to adjust that plan and ensure a competitive return on investments.

***Sincerely,
The Faculty Association at UCLA Executive Board***

RESTARTING UCRP CONTRIBUTIONS

PROS AND CONS

For the 2007-8 Budget Year, the State did not fund UC Employer Contributions to UCRP

Currently, the status of contributions to UCRP is in limbo. The Regents had adopted a plan to begin contributions by July 1, 2007, but this decision was dependent upon State funding, adequate employer and employee contributions, and collective bargaining. Although the state held to the Compact by increasing UC's base budget by 4%, the Compact also provides that the State fund UC retirement. Given that currently the UC retirement system is slightly over 100% funded and that the State has serious fiscal problems, the Governor and the Department of Finance did not commit to UC to begin funding retirement contributions for 2007-8. In order to fund the retirement plan, UC needs about \$330 million from the State.

UC Wants UCRP Contributions to Begin as Soon as Possible.

UC is concerned that 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 UC waits to restart contributions, the bigger the financial hole UC and employees will need to pay their way out of. Delaying the restart of UCRP contributions just one additional year will cost UC employees and UC over \$1.5 billion dollars over a period of 7 years. Gradually phasing in contributions early means initial contributions are low—in fact only 2% of pay which is the amount that is currently going into DCP accounts.

UC Regents Express Worry over State's Failure to Fund UC Retirement

At the Jan. 2007 meeting of the UC Regents, Regent Hopkinson stated that the University has a fiduciary responsibility to fund the pension plan. A delay of one year in restarting pension contributions results in an increase cost of \$1.9 billion over ten years. Regent Blum reiterated the importance of funding the pension plan, asserting that UC cannot wait another year. He believes there must be a strong effort for UC to return to Sacramento to obtain funding for the pension plan and to make UC a priority in the State budget. If the State will not provide the funding, at minimum UC should receive a note that could be borrowed against to ensure that the pension plan is funded. Regent Lansing added that if the cost of funding the pension plan becomes too great, UC's hospitals will be in jeopardy.

The Academic Council and UCFW Endorse Resumption of UCRP Contributions

The Academic Senate has endorsed the urgency of funding the UC Retirement System pension plan as part of their endorsement of The Regents' declared budget priorities. For UCRP contributions, they say that the current model is not sustainable and that it is becoming increasingly necessary to go to a combined employer-employee contribution.

Many Retirees Support Restarting UCRP Contributions

They feel resumption of UCRP contributions is important for the security of the UCRP Defined Benefit Plan for everyone, current annuitants and future annuitants. Although such contributions will not affect current annuitants, it will not be long before there are many more annuitants worried about the future security of UCRP.

Many UC Unions, including the AFT, and Other Groups Oppose Resuming UCRP Contributions

UC AFT opposes contributions to UCRP based on projected return of UCRP assets. The AFT forecasts a relatively high rate of return for UCRP assets. They estimate robust returns of 10-11%, while UC's estimates fall in the more conservative 7.5% range. At a time when the state inadequately funds UC, contributing to UCRP translates directly into a cut in compensation in the amount of the contribution. Higher paid employees may be better able to cope with such a cut than lower paid employees.

What are the Numbers?

Although the Academic Council presented documents to the Regents suggesting exactly how much the UCRP requires for security in the future, they agreed that UC needs a clearer way to calculate their financial needs in general so that others, particularly legislators in Sacramento, can understand how the numbers were derived and what they mean. The Academic Senate agreed to provide to the Regents a detailed set of projections of the full costs associated with achieving the Regents' priorities for UC.

Application to JOIN THE UCLA FACULTY ASSOCIATION

**2006-07 FA at UCLA
Executive Board Members**

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Steve Cederbaum, psychia
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BENEFITS
SALARIES
**WORKING
CONDITIONS**
UC POLICIES
LOBBYING

The Faculty Association at UCLA is a voluntary, dues-supported organization of UCLA Academic Senate members, founded about 30 years ago, with an Executive Board, Bylaws, a dues structure, and a Research Director.

Purposes: The purpose of the FA is to influence the decisions of the University administration and the state legislature that affect faculty salaries, benefits, and working conditions broadly defined

Relation to the Academic Senate: The FA at UCLA supports the Senate in all academic matters. Because it has no state funding the FA at UCLA can and does engage in lobbying and other nonpartisan political activities on behalf of faculty.

Membership: The FA at UCLA membership is open to all faculty eligible for membership in the UCLA Academic Senate.

I wish to join the Faculty Association at UCLA. I agree to pay the following dues (choose one) by payroll deduction and to sign Form U669 below or by personal check. FA dues are tax deductible: either on Schedule A of your income tax to the extent that they and other profession-related and income-producing expenses exceed 2% of your adjusted gross income; or in some instances on Schedule C without the 2% limitation. Please check with your tax consultant.) AAUP members may claim a 20% reduction in FA dues.

- \$8.75 per/mo. for Assistant Professors and Acting Professors of Law
- \$13.50 per/mo. for Associate Professors
- \$18.00 per mo. for Professors
- Lecturers with security of employment, please designate the dues that most nearly approximates your salary range
- \$40.00 per year for Emeriti (by check only)
- Recalled Faculty: 50% of the dues for their rank (for example, per year \$42.00 for Assistant Professors; \$63 for Associates; and \$84 for professors (payable by check only)
- 50% discount for Second Member of a Family

Mail Completed Forms to:
FA at UCLA, P.O. Box 33336
Granada Hills, CA 91394

Or Drop in Campus Mail to:
Prof. Ed Condren, UCLA FA Membership Chair
149 Humanities Bldg. 153005, UCLA

Employee Organization Membership Payroll Deduction Authorization UPAY 669 (10/80)

Last Name _____ First Name _____ Middle Initial _____ Dept. Employed at UC _____
Title at UC _____ Organization name: Faculty Association at UCLA Campus UCLA
Employee ID _____ Date _____ Action on this Form to Become Effective on Pay Period Beginning _____
Email Address _____ Monthly Deduction: Dues _____ Initiation Fees 0 General Assessment 0

I authorize the Regents of the University of California to withhold monthly or cease withholding from my earnings as an employee, membership dues, initiation fees, and general assessment as indicated above. I understand and agree to the arrangement whereby one total monthly deduction will be made by the University based upon the current rate of dues, initiation fees, and general assessments.

I also understand that changes in the rate of dues, initiation fees and general assessments may be made after notice to that effect is given to the University by the organization to which such authorized deductions are assigned and hereby expressly agree that pursuant to such notice the University may withhold from my earnings amounts either greater than or less than those shown above without obligation to inform me before doing so or to seek additional authorization from me for such withholdings. The University will remit the amount deducted to the official designated by the organization. This authorization shall remain in effect until revoked by me allowing up to 30 days time to change the payroll records in order to make effective this assignment or revocation thereof or until another employee organization becomes my exclusive representative.

It is understood that this authorization shall become void in the event the employee organization's eligibility for payroll deduction terminates for any reason. Upon termination of my employment with the University, this authorization will no longer be in effect. This authorization does not include dues, initiation fees and general assessments to cover any time prior to the payroll period in which the initial deduction is made. Payroll deductions including those legally required and those authorized by an employee are assigned priorities. In the event there are insufficient earnings to cover all required and authorized deductions, it is understood that deductions will be taken in the order assigned by the University and no adjustment will be made in a subsequent pay period for membership dues, initiation fees and general assessments.

Employee Signature _____ **Date** _____
For University Use Only Tran Code _____ Employee ID No _____ Date _____ Element No. _____ Bal CD _____ Amount _____

