We won’t be divided!

UC’s pension numbers don’t add up

OUR UC UNION COALITION PRINCIPLES

◆ No second class workers
◆ We won’t work until the day we die
◆ Stop the race to the bottom
◆ Retirement security
◆ Employee voice in our post-employment benefits

These principles have been agreed on by UPTE-CWA, AFSCME and the California Nurses Association, which together form the UC Union Coalition and represent 44,000 workers at UC.

Did you know?
The average UPTE-represented worker hired after July 1, 2013 who retires between 55 and 60 would lose **ON AVERAGE $14,560 PER YEAR** of pension and retiree health care under UC’s proposed changes.

How would your pension shrink under UC’s proposal?
To find out, input your salary at <www.upte.org/pension-calc>

What will stop UC?
◆ The unity of 44,000 UC staff represented by UPTE-CWA, AFSCME and CNA, with coordinated union bargaining.
◆ Media campaign, member education and legislative support.
◆ Effective mobilizing actions, including a strike if necessary.

What can you do?
◆ Educate yourself and stay informed by coming to meetings, reading updates, etc.
◆ Become an **UPTE member**.
◆ Participate with co-workers in union actions.
◆ Contact your local about these and other ways to get involved: <www.upte.org/contacts>
Independent analysis shows that UC IS USING ACTUARIAL TRICKS to make the UCRP pension fund look worse on purpose. Why? Because UC wants BARGAINING CONCESSIONS that would force employees to pay more. Our pension plan can easily be fixed (saving $1 BILLION in the process) by using MORE REALISTIC financial assumptions.

AN UNBIASED VIEW
Working together, UPTE-CWA and two other unions representing UC employees hired a professional actuary to review the university’s methods and calculations for our pension fund, UCRP. The actuary’s full report can be found at UPTE’s website, <www.upte.org/pensionreport.pdf>.

The report clearly shows that UC has used overly conservative assumptions to claim that new contributions of 28.6% of payroll are needed to keep the fund healthy.

During what it called its 1991-2009 “contribution holiday,” UC saved billions by not providing its share of the funds to reach that theoretical goal. Employees, however, never got a real holiday, as we continued to have 2% of our pay deducted for retirement costs.

Now UC wants each employee to pay much more, essentially constituting a pay cut. On top of that, UC would split the plan into two tiers – a system that threatens the plan’s future stability and value. Those individuals forced on to the new tier would take a major cut to their benefits.

UC’s ASSUMPTIONS WRONG
The actuary’s report identified three faulty assumptions that UC used to overstate its pension costs on paper:

1. To bring UCRP back to a 100% funded level over the next 3 decades, UC wants to “front load” extra pension contributions costing $1 billion in the next 4 years (the yellow area of the graph at right). Using a more common practice for this calculation, the actuary estimates that the fund’s modest shortfall could be paid off on the same timeline without spiking contributions in the initial years.

2. UC underestimates its annual return on investments at 7.5%. A majority of the nation’s 128 largest pension funds use 8% or more, and UCRP has earned more than 9% over the last 20 years. If we assume just a 7.75% return over time – that’s only 0.25% higher than UC’s assumption – contributions would fall by about 4% of payroll.

3. UC makes the unrealistic assumption that all employees receive a 5% raise each year. More accurate estimates would reduce contributions by an additional 1% of payroll.

OUR GOAL: A SECURE, WELL-FUNDED PLAN
Both the professional actuary’s and UC’s calculations assume the plan’s funding goal is 100%. That’s what the UC regents have insisted on, even though public pension funds are considered responsibly-funded at 80%. (Funding the pension at 100% would only be required if UC plans to go out of business and immediately provide every employee with pension benefits.)

If the goal were set at 90% funding and UC stuck to it, the needed contributions could be set even lower.

The union’s actuarial report concludes that UC inflated the contributions needed to the fund “for no apparent purpose other than... to justify benefit reductions.”

Don’t buy it! We’ve worked hard for our retirement benefits — and by mobilizing with our co-workers and supporting our unions, we can protect them and keep them healthy.

WHAT YOU’D LOSE UNDER UC’s PENSION PROPOSAL

<table>
<thead>
<tr>
<th>PENSION</th>
<th>Hired before 7/1/13 (Tier 1)</th>
<th>Hired 7/1/13 or later (Tier 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee contribution as % of payroll</td>
<td>6.5%</td>
<td>7%</td>
</tr>
<tr>
<td>UC contribution as % of payroll</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Age eligible for retirement</td>
<td>50</td>
<td>55</td>
</tr>
<tr>
<td>Age to receive maximum pension benefit</td>
<td>60</td>
<td>65</td>
</tr>
<tr>
<td>Option to cash out pension (“lump sum”)</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>25% pension continuance for survivor</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Cost-of-living adjustment on pension between leaving UC &amp; retirement</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RETIREE HEALTH BENEFITS</th>
<th>Age + Service = 50+ (Current)</th>
<th>Age + Service &lt; 50 (New Tier)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age eligible for minimum UC contribution</td>
<td>50*</td>
<td>56**</td>
</tr>
<tr>
<td>% of maximum UC contribution paid at age of eligibility</td>
<td>50%</td>
<td>5%</td>
</tr>
<tr>
<td>Age for UC maximum contribution</td>
<td>50#</td>
<td>65††</td>
</tr>
<tr>
<td>Maximum % of premium UC pays‡‡</td>
<td>Eventually 70%</td>
<td>Eventually 70%</td>
</tr>
</tbody>
</table>

†Must have 5 yrs of service. †With 10 yrs of service (5-9 yrs if age + service = 75). †With 10 yrs of service. ††With 20 yrs of service. ‡‡UC now pays on average 80%.