



Pension Factsheet

- UC wants to divert our 2% paycheck contributions from our DCP retirement accounts to the UC pension fund.
- UC wants to take additional money from our paychecks up to 11% for the pension fund.
- You will NOT receive a pension if you work at UC less than 5 yrs. Pension contributions will be returned only if you leave UC in less than 5 yrs. Contributions will be deducted from your paycheck each month until you leave.
- Your pension contributions will NOT increase the amount of pension money you will receive. Your pension benefit is defined ONLY by your 3 highest annual salaries, how long you work, and your age at retirement. The amount of money in the UC pension fund does NOT determine the amount of your pension check.
- Pension fund contributions have not been necessary since 1990 because there is so much money in the fund.
- UC consultants say the fund has enough money to cover 100% of its **actuarial liability**. This means if there are no contributions and the fund earns only investment income, all currently eligible (vested) UC employees would receive their pensions whenever they retire. There would be enough for the youngest currently eligible employee to retire at his (her) **future highest salary** in 40+ yrs. Enough to pay for his (her) pension until he (she) and all of their beneficiaries (spouse, etc.) die.
- This “what if” liability is unlikely unless UC decides that newly hired employees are not allowed to participate in the pension (eligible for a 403b only). Because salaries are low, UC would be unable to attract new employees without the pension.
- Actuarial liability describes a situation that is unlikely to occur. Therefore, 100% liability funding is not a realistic view of the pension.

Why Contribute?

- ❖ UC pension fund assets currently total about **\$40 billion**. Annual retiree expenses currently total **\$1.4 billion**. Pension investments have fluctuated, but the average annual return for the past 20 yrs has exceeded UC's target of 7.5%. Even without contributions, the pension fund is a LONG way from being depleted, if it ever happens.
- ❖ Former UC Regents Chairman Gerald Parsky, in the most powerful position at the University, pressured the Board of Regents to hire Wilshire & Associates to manage all UC pension fund investments in 2000. Parsky also led the Regents to mandate pension fund assets equal to 100% of the actuarial liability.
- ❖ After being hired by Parsky and the UC Regents, Wilshire & Associates made a large donation to the 2000 election campaign for President George W. Bush. Parsky, a major player in the financial investment industry, was the Bush campaign chairman in California.
- ❖ The financial investment industry, in which Parsky is a prominent figure, has reaped BILLIONS in management fees from the UC pension. Investment returns have DECREASED and management fees INCREASED.
- ❖ **There is a clear financial & political conflict of interest in how OUR pension fund is being managed.**
- ❖ The Regents have weakened OUR pension fund. As a result, WE might need to contribute part of our paychecks to ensure sufficient funds.
- ❖ We need a **VOTE** in deciding whether pension contributions are needed and how OUR pension funds are invested. Many other public pensions include employees as **voting members** of their executive boards. UPTe and other UC unions are working with the State legislature for the right to manage OUR retirement funds and OUR futures.