



OFFICE OF THE PRESIDENT

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November 12, 2003

**CHANCELLORS  
ACADEMIC COUNCIL CHAIR PITTS**

Dear Colleagues:

In October 2001, a Task Force was convened to evaluate the competitiveness of UC health sciences faculty retirement benefits and to make a report of recommendations to senior management. The goal was to provide some measure of retirement coverage on all earnings of health sciences faculty, since under current policy the UCRP Defined Benefit Plan retirement program applies only to base salary. The Task Force considered a variety of factors and issued a report of its findings and recommendations. Earlier this year, we asked for feedback on several options recommended by the Task Force to enhance health sciences faculty retirement benefits. We received responses from the campuses, the Academic Council, and from the health sciences schools. We have reviewed and considered these responses and are now forwarding a formal proposal for your consideration.

Unfortunately, the state of the budget and funding status of the retirement plan in general are very different now than when the Task Force first convened. Options that appeared possible in the recent past are no longer viable. Consequently, at this time it is possible only to offer two choices. One choice is to maintain the current Defined Benefit Plan for covered compensation and to add a Defined Contribution Plan benefit on all additional salary above the covered compensation. The other choice is to make no change at all at this time. At some future time when the budget and the California economy are stronger, other alternatives might again be considered.

The attached proposal describes a Defined Contribution Plan benefit program that would apply a mandatory contribution rate of 7% on salary above covered compensation for health sciences faculty. This contribution rate was recommended by the Task Force and endorsed by the Academic Council. However, based on feedback we received from the health sciences schools and faculty, it would be helpful to have your input on an appropriate contribution rate for the proposed DC Plan. Some have expressed concern that at the present time a 7% required contribution rate is too high; others feel it should be higher. It is important to note that this DC Plan contribution will be paid by the same salary sources that fund earnings beyond covered compensation.

This is a formal review of the proposed policy. Please provide campus comment on whether the proposal should be implemented or whether no change should be made at this time to health sciences faculty retirement benefits. Employees and employee organizations should be afforded the opportunity to review and comment on the proposal which may be found on the Web at: <http://www.ucop.edu/acadadv/acadpers/taskforce.html>. The same web site also has relevant background information, including the full Task Force report and other reports and information used in developing the proposal.

Please forward your comments and questions on this proposal to Executive Director Michelle French by February 14, 2004. If you have additional questions about UCRP or the Defined Contribution Plan, please contact Robert Semple at: *Robert.Semple@ucop.edu* or (510) 987-0598. If you have any questions about Health Sciences Compensation Plan policy, please contact Jill Slocum at: *Jill.Slocum@ucop.edu* or (510) 987-9482.

Sincerely,

Joseph P. Mullinix  
Senior Vice President  
Business and Finance

C. Judson King  
Provost and Senior Vice President  
Academic Affairs

Attachment

cc: Members, President's Cabinet  
Associate Vice President Boyette  
Assistant Vice President Switkes  
Executive Director Cieszkiewicz  
Executive Director French  
Executive Director Neff  
Special Assistant Gardner  
Coordinator Slocum  
Principal Analyst Semple