



SENIOR VICE PRESIDENT —
BUSINESS AND FINANCE
Human Resources & Benefits

OFFICE OF THE PRESIDENT
300 Lakeside Drive
Oakland, California 94612-3550

June 8, 2005

Mr. Joe Lindsay
California Nurses Association
2000 Franklin Street
Suite 300
Oakland, CA 94612

Dear Joe:

Re: Letter of Commitment Regarding Retirement

Consistent with on-going efforts, the University has begun a comprehensive process to review all its retirement programs to determine the most efficient, effective and sustainable programs. Given the time-consuming nature of such a comprehensive review, the University provides its assurances that no additional employee contributions to UCRP will be required from this bargaining unit prior to the beginning of FY2007-2008. Further, the University also provides its assurances that no changes to the structure of the current UCRP defined benefit program for newly hired employees, including nurses, would occur prior to the beginning of the 2007-2008 fiscal year.

I would like to take this opportunity to describe the UC process in this matter. In the past two years, the University has carefully studied the defined contribution plans (the 403(b), Defined Contribution and 457(b) Deferred Compensation Plans) and will be moving effective July 1, 2005 to a new master record-keeper platform. Among other things, this change will allow the University to offer significant service improvements to the participants in those plans. Similarly, the University has begun a comprehensive review of the UC Retirement Plan (UCRP), the defined benefit component of the University's retirement program. This review is endeavoring to ensure that the future UC retirement program continues to best address the University's on-going recruitment and retention needs. The review will also consider the financial impact on the University and its employees of the current program and how best to structure a total program that will meet the future recruitment and retention needs and continue to be financially and technologically sustainable into the future. The portion of the review assessing any possible changes to the current defined benefit plan benefit structure is focused on the benefits for new hires, and it is not contemplated that changes would be made to the UCRP benefit structure for current employees. As the University has previously indicated, it is expected that there will be a need to re-start employee and UC contributions, including the re-direct to UCRP of the amounts currently being contributed by UCRP members to the UC Defined Contribution Plan, within the

next several years. This means that the review will need to also address the timing and level of contributions that will need to be implemented. This broad review of the University's retirement program will include consultation with a wide array of representatives from the University community, including the unions that represent UC employees.

I hope this addresses your questions about the retirement program matters the University is considering.

Sincerely,



Gayle Cieszkiewicz
Chief Negotiator, University of California

cc: Associate Vice President Boyette
Executive Director Pripas
Chief Human Resources Officers
Labor Relations Managers