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ENDORSED
FILED
ALAMEDA COUNTY

JAN 24 2011

CLERK OF THE SUPERIOR COURT
By S. IYAMU
Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ALAMEDA

JOE REQUA, WENDELL G. MOEN, JAY DAVIS AND DONNA VENTURA,

Petitioners,

v.

REGENTS OF UNIVERSITY OF CALIFORNIA, and DOES, 1 through 99, inclusive,

Respondents.
_______________________________________/

No. R. 10530492

FIRST AMENDED PETITION FOR WRIT OF MANDATE

BY FAX

INTRODUCTION

1. This case is brought by former employees of the Regents of the University of California ("Regents" or "University") who worked at the Lawrence Livermore National Laboratory ("Livermore Lab"). For many years, the University managed the Livermore Lab, which is widely considered one of the nation's premier defense research laboratories. While Petitioners worked there, they were University employees, and the Regents treated them as University employees for all purposes.

2. In the 1960s, the Regents authorized University-provided medical benefits for University employees and retirees, and they have provided these benefits since. In 2008, however, the Regents singled out retirees from the Livermore Lab and shifted responsibility for providing their retiree medical benefits to a newly created private consortium (that includes the Regents), known as Lawrence Livermore National Security ("LLNS"). In so doing, the Regents violated of the Contract Clause of the California Constitution by impairing Petitioners' contract right to receive the same University-provided retiree medical benefits as other University retirees.

3. Since the Regents stopped providing retirees who worked at the Livermore Lab with the same medical benefits as other University retirees and shifted responsibility for providing these benefits to LLNS, Petitioners have been significantly disadvantaged. The benefits provided by LLNS have been inferior to those Petitioners received from the University. Petitioners ask the Court to restore their vested, contractual right to receive University-provided health benefits and to make them whole for losses suffered.

PARTIES

JOE REQUA

4. After Petitioner Joe Requa graduated from the University of California, Berkeley in 1961 with a degree in Engineering, he was hired by the University to work at the Lawrence Berkeley Lab.

5. When Requa began work in 1961, the University did not have its own retirement system. Instead, University employees were members of the Public Employees' Retirement System (PERS). Like other University employees, Requa was a member of PERS.

6. During the 1961-62 and 1962-63 academic years, Requa continued to work at the Lawrence Berkeley Laboratory and attended graduate school at UC Berkeley. In 1963, he withdrew his retirement funds from PERS and moved to Illinois to continue his education. In mid-1965, Requa returned to California and began working at the Lawrence Livermore Lab. By that time, the University had established its own retirement system, known as the University of California Retirement System (UCRS), and Requa became a member. UCRS later became known as the University of California Retirement Plan (UCRP). Throughout his career at the Livermore Lab, Requa was a University employee and was always treated like one. Among other things, his paycheck came from the University, and he was covered by the University's Staff Personnel Policies and Procedures.

7. On or about October 30, 1999, Requa retired from the Livermore Lab as a University employee. Since then, Requa's retirement checks have been (and still are) issued by UCRP. In fact, the Regents never treated Requa or other retirees who worked at Livermore Lab any differently than other University retirees until on or about January 1, 2008, when the Regents terminated coverage retiree health coverage under the University's plan and transferred responsibility for providing these benefits to LLNS. In so doing, the Regents terminated the vested, contractual rights of Requa and other retirees who had worked at Livermore Lab to receive the same University-provided health coverage as other University retirees.

8. After Requa retired, the University provided him with medical benefits through Kaiser, which LLNS is using as his current provider. Requa is informed and believes that, although LLNS assumed responsibility for managing the Livermore Lab on or about October 1, 2007, the Regents continued to provide him and other retirees who had worked at Livermore Lab with medical benefits through the University until on or about January 1, 2008. Requa is further informed and believes that, throughout 2008, the coverage LLNS

provided was the same or similar to the coverage that the Regents provided to other University retirees. However, on or about January 1, 2009, LLNS increased Requa's monthly premium and his co-payments for medical visits and prescriptions. During the same period, the Regents did not increase the monthly premium and co-payments for University retirees from facilities other than the Livermore Lab. Requa estimates that for 2009, he paid about $1,000 more for retiree medical benefits than he would have paid under the University-provided plan. He estimates that, in 2010, he paid about $2,000 more.

WENDELL G. MOEN

9. Wendell G. Moen began working at the Livermore Lab in 1963. He retired in June 2000 with no breaks in University service. Throughout his career at the Livermore Lab, Moen was a University employee, was always treated like a University employee, and was told by his superiors that he was a University employee. Among other things, the University issued his paycheck, and he was covered by the University's Staff Personnel Policies and Procedures.

10. When Moen began working at the Livermore Lab, he became a member of the University of California Retirement System (UCRS), later known as UCRP.

11. After he retired, Moen's retirement checks came from UCRP, and the Regents treated him like any other University retiree. In fact, Moen was not treated differently than other University retirees until on or about January 1, 2008, when the Regents shifted responsibility for providing his medical benefits to LLNS, a private consortium. Moen is informed and believes that, although LLNS assumed responsibility for managing the Lab on or about October 1, 2007, the Regents did not shift the responsibility for providing Moen's retiree medical benefits to LLNS until on or about January 1, 2008. When the Regents shifted responsibility for Moen's medical benefits to LLNS, they breached his vested right to receive the same University-provided health benefits as other University retirees.

12. After LLNS assumed responsibility for managing the Livermore Lab, University retirees from the Lab (including Moen himself) were asked to select a health care provider.

Moen selected Anthem Blue Cross, and LLNS still uses Anthem Blue Cross to provide Moen's retiree medical benefits.

JAY DAVIS

13. Jay Davis began working at the Livermore Lab in June 1971 and retired on June 29, 2002, with no breaks in University service. Throughout his career at the Livermore Lab, he was a University employee. He was told by his superiors that he was a University employee and was always treated like one. Among other things, the University issued his paycheck, and he was covered by the University Staff Personnel Policies and Procedures.

14. When Davis began working at the Livermore Lab, he became a member of the University of California Retirement System (UCRS), later known as UCRP.

15. Since Davis retired in June 2002, his retirement checks have been issued by UCRP. The Regents treated him like any other University retiree until on or about January 1, 2008, when the Regents stopped providing him with medical benefits through the University.

16. Davis is informed and believes that, although LLNS assumed responsibility for managing the Livermore Lab on or about October 1, 2007, the Regents continued to provide the same medical benefits to him (and other retirees who had worked at the Livermore Lab) as to other University retirees until on or about January 1, 2008. He is further informed and believes that, during 2008, the coverage LLNS provided was the same or similar to the coverage the Regents provided to other University retirees. However, on or about January 1, 2009, LLNS increased Davis' monthly premium and his co-payments for medical visits and prescriptions. The Regents did not impose this increase on retirees from other University facilities. Davis estimates that for 2009, he paid about $1,000 more for retiree medical benefits than he would have paid under the University-provided plan. He estimates that, in 2010, he paid about $2,000 more.

17. By shifting responsibility for providing Davis' retiree medical benefits to a private consortium, LLNS, the Regents terminated Davis' vested right to receive the same University-provided health coverage as other University retirees.

18. LLNS currently uses Kaiser to provide Davis' retiree medical benefits.

DONNA VENTURA

19. Donna Ventura began working at the Livermore Lab in January 1974 and retired on June 30, 2006, with no breaks in University service. Throughout her time at the Livermore Lab, Ventura was a University employee. She was told by her superiors that she was a University employee, and they always treated her like one. Among other things, the University issued her paycheck, and she was covered by its Staff Personnel Policies and Procedures.

20. When Ventura began work at the Livermore Lab, she became a member of the University of California Retirement System (UCRS), later known as UCRP.

21. Ventura is informed and believes that, although LLNS assumed responsibility for managing the Livermore Lab on or about October 1, 2007, the Regents continued to provide medical benefits to her and other retirees who had worked at the Livermore Lab until on or about January 1, 2008. She is further informed and believes that during 2008, the coverage provided by LLNS was the same or similar to the coverage the Regents provided to other University retirees. However, on or about January 1, 2009, LLNS increased Ventura's monthly premium and her co-payments for medical visits and prescriptions, an increase that the Regents did not impose on retirees from other University facilities. Ventura estimates that for 2009, she paid about $1,000 more for retiree medical benefits than she would have paid under the University-provided plan. She estimates that, in 2010, she also paid about $1,000 more.

22. Since Ventura retired in June 2006, her retirement checks have always been issued by UCRP. In fact, she was never treated differently than any other University retiree until on or about January 1, 2008, when the Regents stopped providing her with retiree medical benefits through the University.

23. By shifting responsibility for providing retiree medical benefits to a private consortium, LLNS, the Regents abrogated Ventura's vested right to receive the same University-provided health coverage as other University retirees.

24. LLNS now uses Kaiser to provide Ventura's retiree medical benefits.

THE REGENTS

25. The Regents of the University of California is a public corporation organized and operating under the laws of the State of California, pursuant to Article IX, section 9, of the California Constitution.

26. The Regents are an arm of the state with "full powers of organization and government." The Regents are self-governing, with general rule-making and policy-making powers, including quasi-legislative powers, whose policies of internal regulation may enjoy a status equivalent to state statutes. The Regents are authorized to enter into contracts with employees and third parties.

DOE RESPONDENTS

27. Petitioners do not know the names and capacities of Doe Respondents 1-99, but will amend the petition and add this information when they do. Petitioners are informed and believe that each Doe Respondent was responsible in some manner for the acts complained of.

FACTS

28. The Livermore Lab opened in 1952 as a branch of the University of California Radiation Laboratory. From 1952 until 2007, the Regents operated the Livermore Lab under a contract with the U.S. Department of Energy ("DOE") or predecessor agencies of the federal government.

29. During this time, Petitioners (and most employees who worked at the Livermore Lab) were regular employees of the University, who worked under the same terms and conditions, and who were entitled to the same benefits, as other University employees.

30. While the Regents managed the Livermore Lab, they treated University employees who worked there in the same manner as they treated other University employees. Like other University employees, the Livermore Lab employees received their paychecks from the University; were subject to the same terms and conditions of work and covered by the same personnel policies as other University employees; and they participated in the same retirement system as other University employees.

31. Until late 2007 or early 2008, the Regents also treated retirees who had worked at the Livermore Lab in the same manner as other University retirees.

32. During the 1960s, the Regents first authorized medical benefits for University employees, including those working at the Livermore Lab. At the same time or shortly thereafter, the Regents also authorized medical benefits for University retirees, including the retirees who had worked at the Livermore Lab. The Regents' actions in authorizing and providing the retiree medical benefit were taken in accordance with policies and procedures used by the Regents in the ordinary course of their business and in the proper exercise of their powers.

33. Between the 1960s and 2007, the Regents provided the same medical benefits to active and retired employees who had worked at the Livermore Lab as they provided to other active and retired University employees.

34. When the Regents authorized retiree medical benefits in the 1960s, no policy or provision of state law, and no provision of the Regents' own policies, prohibited or limited their authority to do so. To the contrary, statutes and laws enacted by the state legislature and local governments and agencies confirm that it was government policy to provide medical benefits to public employees and retirees.

35. The policy adopted by the Regents made no distinction between employees and retirees at the Livermore Lab and those at other University facilities.

36. Petitioners are informed and believe and so allege that, in authorizing retiree medical benefits in the 1960s, the Regents did not include any provision that reserved the right to later terminate or eliminate this benefit. Nor did the Regents include a provision authorizing modification of retiree medical benefits in a manner that was not consistent with the legal authority of public agencies to modify vested retirement benefits under California law, or reserve a right to transfer responsibility for providing a vested benefit to another entity (like LLNS). The Regents did not include any provision reserving the right to exclude Petitioners (or other employees working at the Livermore Lab or any other University

facility) from coverage under University-sponsored group health plan coverage or treat them differently than other University employees or retirees.

37. Petitioners are informed and believe and so allege that it was not until the 1990s that Regents began to insert language asserting a right to modify or eliminate retiree medical benefits, and not until 2007 that the Regents claimed a right to terminate University-sponsored group health plan coverage for University employees who had retired after working at the Livermore Lab.

38. From the 1960s through 2007, the Regents, by and through their publications and statements made by authorized agents and representatives, represented to University employees and retirees, including Petitioners, that so long as they met eligibility requirements, they would receive University-provided medical benefits during employment and throughout retirement.

39. In May 1979, the Regents published a booklet entitled *UCRS – University of California Retirement System – The Retirement Plan – For Members Who Do Not Have Social Security*. A section entitled "Health Insurance During Retirement" provides:

> You may continue your University-sponsored group health plan coverage for you and your family after you retire. In most cases the premiums will be the same as *when you were employed, and you will continue to receive The Regents' health plan contribution. The balance of the* premium will be deducted from your monthly Retirement Income. (Emphasis added.)

A true and correct copy of the cover and page 6 of this booklet is attached as Exhibit 1 and incorporated by reference. All exhibits referenced below and attached are true and correct copies of the relevant pages of the document referenced and are incorporated by reference.

40. The Regents made the same representation in another booklet published at the same time (May 1979), entitled *University of California Retirement System – UCRS and Social Security*. Exhibit 2.

41. Petitioners are informed and believe and so allege that, since authorizing retiree medical benefits in the 1960s, the Regents have paid most of the cost (and often the entire cost) of premiums for University retirees, including Petitioners.

42. Although the booklet (Exhibit 1) states that the "complete provisions of UCRS are set forth in the Standing Order of The Regents relating to the University of California Retirement System," and that if there are any differences, "the Standing Order shall govern," Petitioners are informed and believe and so allege that there is nothing in the Standing Orders (or state law or other University policy) limiting the Regents' commitment to provide "University-sponsored group health plan coverage for you and your family after you retire."

43. In June 1980, the Lawrence Livermore Laboratory (as it was then named) published and distributed to employees a comprehensive *Benefits Information Packet* that summarized their "Health Insurance Benefits" and described what they would receive while employed or on leave, and during retirement. Under the heading "What Happens to Benefits During Retirement," it provides that: "Coverage can be continued as long as monthly income received from retirement system is large enough to cover employee contribution. Employer contribution continues during retirement." Exhibit 3.

44. In February 1984, the Regents published a booklet entitled *UCRS – University of California Retirement System – Your retirement plan coordinated with Social Security 1984*. Exhibit 4. The section entitled "Continuing Health & Dental Plans, and Medicare," provides:

> <u>UC Health & Dental Plans</u>
>
> If the conditions shown in the box [eligibility requirements] are met, UC-sponsored health and dental plan coverage can be continued for yourself and enrolled family members when UCRS monthly benefits are paid. The University's monthly contribution for your plan premiums also continues, in the same amount as for active employees, if the conditions [i.e., eligibility requirements] are met. Premium costs that you or your spouse might have to pay are deducted from the UCRS benefit check.

45. The same statement appears in a booklet entitled *UCRS – University of California Retirement System – Your retirement plan (Members not covered by Social Security)* also published in 1979, under "Continuing Health & Dental Plans." Exhibit 5.

46. In March 1988, the Regents published and distributed a booklet entitled *Lawrence Livermore National Laboratory – Benefits*. On the first page, under "Your Benefits – The Other Part of Your Compensation," it provides:

> Up-to-date, quality benefit plans make up a large part of your compensation at the Laboratory... [¶] Benefits are like your other paycheck – because the Laboratory pays all or most of the costs for many. And that amount is over and above your salary.
>
> Exhibit 6, p. 1.

47. The Regents go on to explain the purpose of the benefit program:

> The Laboratory's benefits program is designed to help protect you and your family against events that can interrupt income or drain finances today. And they help you to prepare for tomorrow's financial security.
>
> Exhibit 6, p. 1.

48. A section entitled "Helping you retire securely" provides:

> When you retire you can keep your health, dental and legal plan coverages; the Laboratory's contributions to the health and dental plans continue, provided you retire within four months of separating from the Laboratory...
>
> Exhibit 6, p. 4.

49. It is also noted in the booklet that benefits are "governed entirely by the terms of retirement plan provisions, University of California Group Insurance Regulations and group health/insurance plan contracts, and applicable state and federal laws," and that "Those terms apply if information in this booklet is not the same." Exhibit 6, p. 1. Petitioners are informed and believe and so allege that there is no contrary provision(s) in any of the referenced materials (or other University policy) and that the above statements from the booklet accurately stated the Regents' policy.

50. In May 1990, the Regents published *The Retiree Handbook,* which contains assurances similar to those in earlier publications. For example, a section entitled "Insurance," poses the question: "How does retirement affect my insurance plans?" The *Handbook* provides the following response:

> <u>Medical and Dental</u>: Whether a member of PERS or UCRP, your University group medical and dental plans may be continued when you retire, *provided that you are enrolled at the time of retirement.* A deduction for the premium you pay (if any) should appear on your retirement check stub. The names of your plans should also be listed on the itemized deduction section even if the monthly premiums are paid in full by the University. If you and/or your spouse obtain Medicare coverage, conversion of your medical insurance may be made to a Medicare supplemental plan, which reduces your cost.
>
> Exhibit 7, p. 18; emp. in orig.

51. In addition, a retiree's right to "continue your University-sponsored group health plan coverage" was subject to certain conditions:

- The employee had to be vested in the University's retirement system, which required five years of service. See Exhibit 6, *Lawrence Livermore National Laboratory – Benefits*, p. 4. ("You are vested in UCRS after you obtain the equivalent of five full years of contributing service.")

- The employee had to elect to receive monthly retirement payments rather than taking a lump-sum distribution. See Exhibit 8, *University of California Retirement Handbook*, p. 14. ("You waive all rights to continue annuitant medical, dental, and legal benefits if you elect a lump sum cashout...")

- The employee had to be enrolled in the medical benefit plan at retirement. See Exhibit 7, *The Retiree Handbook*, p. 18. ("Whether a member of PERS or UCRP, your University group medical and dental plans may be continued when you retire. *provided that you are enrolled at the time of retirement."*)

- The retiree had to retire within four months of separation from the University. See Exhibit 6, *Lawrence Livermore National Laboratory – Benefits*, p. 4. ("When you retire you can keep your health, dental and legal plan coverages; the Laboratory's contributions to the health and dental plans continue, *provided you retire within four months of separating from the Laboratory*.")

52. Petitioners are informed and believe and so allege that, at all relevant times, the Regents' policy of providing retiree medical benefits was consistent with their benefit books, publications and representations, as described above.

53. At all relevant times, Petitioners met the eligibility requirements for University-sponsored group health plan coverage.

54. In the mid to late 1990s, the Regents, for the first time, began inserting language in benefits books and publications that claimed that retiree medical benefits were not vested and could be modified or eliminated at any time. For example, the *University of California*

Retirement Handbook, published in August 1998 provides: "Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, subject to the state of California's annual budget appropriation." Exhibit 8, p. 14.

55. However, elsewhere in the same *Retirement Handbook*, the Regents continued to assure employees that they would receive retiree medical benefits after they retired. For example, the section "Eligibility to Continue Medical and Dental Coverage," provides:

> If you elect UCRP monthly retirement income, you may be eligible to continue your UC medical and/or dental coverage if:
>
> - You were enrolled when you left UC employment;
> - You elect to continue coverage at the time of retirement;
> - Your coverage is continuous until the date your benefit begins;
> - Your monthly retirement income begins within 120 days of your separation from employment;
> - You meet the UC service credit requirements shown below, based on the date you became a retirement plan member; and
> - Your monthly benefit must be large enough to cover any net deduction.
>
> Exhibit 8, p. 14.

56. On the last page of the *Retirement Handbook*, in small, virtually unreadable print (approximately eight-point), appears the following:

> By authority of The Regents, University of California Employee Benefits Plan Administration ... administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by The Regents... What is written here does not constitute a guarantee of plan coverage or benefits-particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, annuitants, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums and employer contributions at any time. Health and welfare benefits are subject to legislative appropriation and are not accrued or vested benefit entitlements..."
>
> Exhibit 8, last page (unnumbered) (font is as it appeared in the *Handbook*).

57. In or about December 2000, the Regents published a *University of California Retirement Plan Election Handbook*, which contains assurances similar to those that appeared in earlier benefit books and publications. Under the heading, "UC-sponsored Health and Welfare Coverage," it provides: "Your retirement profile lists your continuation options if you elect monthly retirement income or if you elect a lump sum cashout. Generally, if you are eligible to continue coverage and you elect monthly retirement income, you may continue the same coverage..." Exhibit 9, p. 11. The last page, however, contains the same language that appears in the *Retirement Handbook* – also in the same small print.

58. Petitioners are informed and believe and so allege that until 1998 the Regents never claimed a right to alter or terminate benefits or inserted language in any benefits book, publication or handbook that could reasonably be construed as a reservation of the right to alter or terminate their promise of continued "University-sponsored group health plan coverage for you and your family after you retire."

59. When the Regents first contended in benefit books that retiree medical coverage was not an "accrued or vested benefit entitlement" and was "subject to change or termination ... at the time of contract renewal or at any other time by the University or other governing authorities," Petitioners had already spent all or virtually all of their working lives at Livermore Lab and their right to retiree health benefits had already vested.

60. In a July 2010 review of the University's benefits programs, the President's Task Force on Post-Employment Benefits recognized how it had been using its benefits programs as a valuable tool in recruiting and retaining employees:

> The University of California has long provided valuable Post-Employment Benefits, principally a Defined Benefit (DB) pension plan (University of California Retirement Plan or UCRP) *and Retiree Health program*. *These benefits have been critically important for recruiting and retaining outstanding faculty and staff – a key component in the University's excellence*. In particular, UCRP provides incentives for long careers at the University and promotes recruitment of talented young people to develop a career with the University. The PERB Task Force participants are unanimous in advocating the preservation of UCRP as a Defined Benefit plan but realize the necessity of providing a DB plan that is sustainable and can be maintained within the confines of the University's operating budget.

> See Exhibit 10, *Final Report of the President's Task Force on Post-Employment Benefits*, (July 2010), p. 9; emp. added.

61. As the Task Force acknowledged (and as Petitioners allege), the Regents authorized retiree medical benefits as a means of recruiting and retaining high quality employees. Since University pay was less than private sector levels, the promise of retiree health benefits offered a significant incentive to remain at the University:

> The University's Post-Employment Benefits (PERB) are a cornerstone of the University community and serve as a common bond across all levels of its workforce. *For many years, PERB programs have provided a key competitive advantage as the University sought to recruit and retain the highest quality faculty and staff – often times compensating for the lack of competitive salaries*.
>
> Exhibit 10, *Report, Executive Summary*, July 2010, p. 6; emp. added.
>
> * * *
>
> The University's Retiree Health benefits have been more than competitive because they were provided at very low cost to University retirees. *Most of our competitors provide similar benefits and health plan choices for their retirees but, of these, many provide "access-only" coverage, meaning that the retiree must pay 100% of the premium for medical coverage*. Other competitors pay part of the premium cost, but substantially less than what the University contributes for premiums and almost none of them follow the University practice of contributing towards all or part of the Medicare Part B premiums.
>
> Exhibit 10, p. 12; emp. added.

62. As the Regents explained in *LLNL Benefits*, published in 1988, "The Laboratory's benefit program is designed to help protect you and your family ... [and] help prepare for tomorrow's financial security." Exhibit 6, *LLNL Benefits*, p. 1. And, more specifically, "When you retire you can keep your health, dental and legal plan coverages..." *Id*. p. 4.

63. Petitioners remained at the Livermore Lab based, in significant part, because they would receive University-sponsored group health plan coverage when they retired.

64. Petitioners are informed and believe and so allege that, since the 1960s, when the Regents authorized retiree medical benefits, they have provided these benefits, without interruption or significant modification, and they have paid all or a substantial part of the premiums, for *all* eligible University retirees — until 2007, when they terminated University-provided health care for retirees who had worked at the Livermore Lab.

65. Petitioners have sought (and are seeking) the Regents' resolutions and other documents by which they authorized retiree medical benefits, beginning in the 1960s and continuing through the present. To date, the Regents have not provided these documents.

66. In 2007, DOE did not renew its contract with the Regents to manage the Livermore Lab. Instead, DOE contracted with Lawrence Livermore National Security ("LLNS"), a newly-created private consortium formed by the University, Bechtel National, Babcock and Wilcox and other entities.

67. As noted, on or about January 1, 2008, the Regents stopped providing medical benefits through the University to the retirees who had worked at the Livermore Lab and shifted this responsibility to LLNS. At or about this time, the Regents assured retirees who had worked at the Livermore Lab that they would continue to receive "substantially equivalent" medical benefits from LLNS.

68. Contrary to the Regent's assurances, Petitioners and other University retirees who worked at the Livermore Lab have not received "substantially equivalent" medical benefits.

69. On or about August 11, 2008, after learning of the planned changes to his medical benefits, Requa advised University Acting General Counsel Jeffrey Blair that he believed the Regents had acted unlawfully by terminating University-provided medical benefits and shifting this responsibility to LLNS. In a series of phone calls Blair promised to provide Requa with a response, but he never did.

70. Requa, however, did receive a response from *counsel for LLNS*, by e-mail dated September 16, 2008. In it, LLNS contended that "medical costs for Laboratory retirees have always been paid for by operating costs of the Laboratory" and that "coverage could change or be terminated at any time." LLNS then said that it had been "determined by the [DOE] that Laboratory employees who retired from UC would no longer be included in the UC retiree pool for coverage purposes," and that in the future benefits "may not be equivalent to those offered by the University."

71. The benefits that LLNS has provided to University employees who worked at the Livermore Lab have not been "substantially equivalent" to those provided to other University retirees. Rather, the benefits have been inferior.

72. Since contracting with DOE to manage the Livermore Lab, LLNS has asked DOE to relieve it from having to provide retirees from Livermore Lab with health benefits "substantially equivalent" to what they previously received from the University, and to require only that LLNS has to provide benefits that meet "industry standard." DOE agreed.

73. The Regents were without authority to single out Petitioners and the other University retirees who happened to work at the Livermore Lab and terminate University-sponsored group health plan coverage for them and them only.

74. As University retirees who have suffered and will continue to suffer harm as a result of the actions described above, Petitioners are beneficially interested in this proceeding.

FIRST CAUSE OF ACTION

(Impairment of Implied Contract)

75. Petitioners incorporate the above allegations as if set forth in full.

76. By their conduct, representations, and authorization of retiree medical benefits, the Regents *offered* Petitioners "continued University-sponsored group health plan coverage" when they retired, so long as they met the eligibility requirements.

77. Petitioners *accepted* the Regents' offer by working at the Livermore Lab and providing UC with years of service until retirement.

78. When Petitioners accepted this offer it created a binding contractual obligation on the Regents' part to provide the promised retiree health benefits.

79. Petitioners accepted work and remained at Livermore Lab based, in significant part, on the understanding that the Regents would provide them with the promised medical benefits throughout retirement.

80. The Regents accepted Petitioners' services, well aware that Petitioners reasonably expected to receive these retiree benefits.

81. While Petitioners were employed at the Livermore Lab, the Regents stressed in benefit books and elsewhere that, "benefit plans make up a large part of your compensation at the Laboratory" and are "like any other paycheck." Exhibit 6, *LLNL Benefits*, p. 1.

82. As the Regents explained in benefit books distributed to employees, the "benefit plans" allow Petitioners to keep "your health, dental and legal plan coverages [when you retire]," with the *"Laboratory's* contributions to the health and dental plans continu[ing]..." *Id*. p. 4.

83. Petitioners' right to University-sponsored group health plan coverage vested when the Regents authorized it (if they were then employed) or they accepted employment (if they were hired later).

84. Once vested, the Regents were not free to terminate Petitioners' coverage under the University-sponsored group health plan without impairing their contractual rights under the contract clause of the California Constitution.

85. From the 1960s until 2007, the Regents honored their contractual obligations by providing Petitioners (and other University retirees) with continued University-sponsored group health plan coverage.

86. Although the Regents began to insert language in benefit booklets in the mid to late 1990s asserting, for the first time, that "Health and welfare benefits are not accrued or vested benefit entitlements," and are "subject to change or termination at the time of contract renewal or any other time," Exhibit 8, this assertion could not divest Petitioners of their vested right to retiree medical benefits.

87. In addition, the Regents provided no consideration for their unilateral termination of Petitioners' vested rights to retiree medical benefits.

88. Nor did the Regents provide adequate notice of this claim of authority, as the language upon which they apparently rely is buried in small, virtually unreadable print in the back of the benefit booklets. Elsewhere in these booklets, the Regents assured University employees—in a normal, readable font—that they would continue to receive University-sponsored group health plan coverage when they retired.

89. Though vested, Petitioners' benefits may be modified in accord with changing conditions – but only if the modification is reasonable, that is, if it is materially related to the theory of a pension plan and its successful operation. In addition, any changes in a vested pension plan or retiree benefit which disadvantage participants should be accompanied by comparable new advantages.

90. The Regents termination of Petitioners' vested right to receive the same University-provided medical benefits as other University retirees was not a reasonable modification. The Regents did not *modify* Petitioners' rights, they *eliminated* them.

91. The Regents' termination of Petitioners' vested rights to University-sponsored group retiree health plan coverage, impaired Petitioners' contractual rights in violation of Article I, § 9 of the California Constitution.

92. In terminating coverage to Petitioners under the University-provided retiree medical benefit plan, the Regents singled them out and treated them less favorably than all other University retirees.

93. The Regents have moved Petitioners to a plan which has significant disadvantages and no comparable new advantages, when compared with the University-provided retiree medical benefit plan.

94. Among other disadvantages, Petitioners have been removed from the risk pool comprised of other UC employees and retirees, and put in a smaller pool that is aging and becoming more infirm. Since Petitioners can no longer spread risk over the University's much larger pool, the cost of their coverage will increase more rapidly compared to other University retirees, and their bargaining power with health care providers will diminish.

95. None of these changes in Petitioners' retiree benefits is a materially related to the theory of a pension system and its successful operation.

96. By shifting the responsibility for providing medical benefits for Livermore Lab retirees to LLNS, the Regents impaired contractual obligations they owe to Petitioners (to provide them with the same medical benefits as other University retirees) under the California Constitution, Article I, § 9.

97. This Court may issue a writ "to any ... corporation, board or person to compel the performance of an act which the law specially enjoins ... or to compel the admission of a party to the use and enjoyment of a right ... to which the party is entitled, and from which the party is unlawfully precluded by such inferior ... corporation, board, or person." Cal. Code of Civ. Proc. § 1085(a).

98. Here, the Regents deprived Petitioners of the use and enjoyment of their vested right to the same University-provided medical benefits as other University retirees. Petitioners are entitled to issuance of a peremptory writ of mandate to restore them to the use and enjoyment of these rights.

99. Petitioners have no plain, speedy and adequate remedy in the ordinary course of law.

100. As a result of the Regents' impairment of contractual obligations, Petitioners are entitled to a peremptory writ of mandate.

SECOND CAUSE OF ACTION

(Impairment of Express Contract)

101. Petitioners incorporate by reference the above allegations as if set forth in full.

102. As alleged, the Regents authorized a policy that provided Petitioners (and other employees) with a vested right to University-sponsored group health plan coverage for themselves and families while they worked and after they retired.

103. The Regents notified employees and prospective employees of this policy in their statements and representations in benefit books and publications, as described above. Petitioners accepted employment and/or continued to work for the Regents under terms specified by the Regents, including the promise of University-sponsored group health plan coverage at work and in retirement. By accepting work under these terms, Petitioners entered into an express contract under which the Regents were obligated to provide them with the promised benefit during retirement.

104. Petitioners' right to continue their University-sponsored group health plan during retirement vested long before the Regents began inserting language in benefit books claiming

a right to alter or terminate this benefit. For that reason, the later assertion of a reservation of rights could not, as a matter of law, abrogate the Regents' already binding obligation to provide retiree health benefits to Petitioners.

105. By terminating Petitioners' right to continue University-sponsored group health plan coverage and transferring responsibility for providing this benefit to LLNS, the Regents impaired their contractual obligations to Petitioners under the California Constitution, Article I, § 9.

106. As a result of the Regents' impairment of their contractual obligations, Petitioners are entitled to a peremptory writ of mandate.

THIRD CAUSE OF ACTION

(Promissory Estoppel)

107. Petitioners incorporate the above allegations as if set forth in full.

108. As noted, between the 1960s, when the Regents authorized retiree medical benefits, and 2007, when the Regents terminated Petitioners' University provided retiree health benefits, the Regents clearly and unambiguously promised, through benefits books, publications, representations, communications and other conduct, and through their policy and practice of providing retiree health benefits through the University over the course of nearly 50 years, that Petitioners would continue to receive University-sponsored group health plan coverage throughout retirement.

109. Retiree health benefits are uniquely important to Petitioners' well-being in retirement.

110. For many years, the Regents encouraged Petitioners to rely on their promise of University-provided retiree health benefits, as shown by the following;

- **May 1979:** The Regents assure Petitioners (and other employees) that, "You may continue your University-sponsored group health plan coverage for you and your family after you retire." (Exhibits 1 & 2)
- **June 1980:** The Regents assure Petitioners (and other employees) that health care coverage "can be continued [after retirement] as long as monthly income received from retirement system is large enough to cover employee contribution" and that the Regents' contribution "continues during retirement." (Exhibit 3)

- **February 1984:** The Regents tell Petitioners that "UC-sponsored health and dental plan coverage can be continued for yourself and enrolled family members when UCRS monthly benefits are paid" and the "University's monthly contribution for your plan premiums also continues, in the same amount as for active employees..." (Exhibits 4 & 5)

- **March 1988**: The Regents tell Livermore Lab employees that "Up-to-date, quality benefit plans make up a large part of your compensation at the Laboratory," noting that, "Benefits are like your other paycheck – because the Laboratory pays all or most of the costs for many," and "that amount is over and above your salary." Also, the Regents assured Petitioners: "When you retire you can keep your health, dental and legal plan coverages; the Laboratory's contributions to the health and dental plans continue, provided you retire within four months of separating from the Laboratory..." (Exhibit 6, p. 4)

- **May 1990**: The Regents' *Retiree Handbook* tells employees, including Petitioners, that "Whether a member of PERS or UCRP, your University group medical and dental plans may be continued when you retire, *provided that you are enrolled at the time of retirement*..." (Exhibit 7; emp. in orig)

111. For almost 50 years, the Regents have treated University employees and retirees who worked at the Livermore Lab in the same way as all other University employees and retirees. During this time, the Regents knew that University employees working at the Livermore Lab would and did rely on the fact that the Regents had authorized and were providing retirees from the Lab with the same medical benefits as other University retirees. The Regents knew (or should have known) that Petitioners reasonably believed that they would continue to receive the same University-sponsored group health plan coverage as other University retirees.

112. Petitioners had already spent all or most of their working lives at the Livermore Lab before the Regents began inserting language in benefit books claiming that health benefits "are not accrued or vested benefit entitlements," and "subject to change or termination at the time of contract renewal or at any other time." Exhibit 8.

113. The Regents knew that retiree medical benefits were not always available from private sector employers, and they used the promise of retiree medical benefits to recruit and retain employees at Livermore Lab.

114. The Regents knew or should have known that Petitioners would rely on their representations regarding the availability of retiree health coverage in accepting and remaining at work at UC.

115. The Regents failed to adequately inform Petitioners of the purported change in policy, and, at a minimum, they had a duty to clearly and unequivocally notify Petitioners of a change of this magnitude.

116. The Regents' assertion of a right to change these benefits was buried in small, virtually unreadable print on the last page of the benefit booklets, where it was not likely that Petitioners would read or even see it.

117. Petitioners are informed and believe that the Regents did this because they feared that Petitioners and other employees would leave the Livermore Lab and/or insist on assurances that the Regents would continue to honor their commitment.

118. For these reasons, the Regents are estopped from denying their obligation to continue University-sponsored group health plan coverage for Petitioners.

119. The doctrine of estoppel may not be invoked against a governmental body where it would defeat the effective operation of a policy adopted to protect the public.

120. Application of promissory estoppel here would not defeat the effective operation of any policy meant to protect the public. To the contrary, it is the policy in the State of California to liberally construe pension provisions relating to public employees to promote their beneficent purpose, and to protect the reasonable expectations of those whose reliance has been induced.

121. As a result of the foregoing, Petitioners are entitled to a peremptory writ of mandate.

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FOURTH CAUSE OF ACTION

(Equitable Estoppel)

122. Petitioners incorporate the above allegations as if set forth in full.

123. Even if the Regents believed that they were under no obligation to continue University-sponsored group health plan coverage here, they never communicated that belief to Petitioners.

124. To the contrary, the Regents clearly communicated to Petitioners (and other University employees) that they could continue University-sponsored group health plan coverage during retirement.

125. The Regents were well aware that Petitioners would and did take them at their word and accepted their representations that they could continue their University-sponsored group health plan coverage after retirement.

126. Petitioners are informed and believe and so allege that it was not until the mid to late 1990s that the Regents began inserting language in benefit books claiming that retiree health and other welfare benefits "are not accrued or vested benefit entitlements," Exhibit 8, or that "the benefits of all employees, annuitants, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time..." Exhibit 9.

127. Notwithstanding any belief that the Regents might have privately held, they intended Petitioners to rely on their statements and publications that promised retiree health coverage through the University in order to encourage them to remain University employees at the Livermore Lab.

128. Petitioners reasonably relied on the Regents' representations to their detriment, and the Regents could or should have foreseen their reliance, as alleged above.

129. The Regents failed to adequately inform Petitioners of the purported change in policy, as alleged above.

130. Based on the facts and circumstances alleged herein, the Regents are estopped from denying their obligations to continue University-sponsored group health plan coverage to Petitioners during retirement.

131. Application of the doctrine of estoppel in this case would not defeat the operation of any important public policy.

132. Based on the foregoing, Petitioners are entitled to a peremptory writ of mandate.

FIFTH CAUSE OF ACTION

(Declaratory Relief)

133. Petitioners incorporate the above allegations as if set forth in full.

134. As alleged, a dispute presently exists regarding whether the Regents have impaired their contractual obligations to provide Petitioners with the University-provided retiree medical benefits, and whether the Regents are estopped to deny these obligations based on promissory and/or equitable estoppel.

135. Petitioners are entitled to a declaration of their rights and to appropriate declaratory and injunctive relief.

PRAYER FOR RELIEF

Petitioners pray that, after an appropriate hearing, this Court issue the following relief:

1. A Peremptory Writ of Mandate, directing the Regents to restore Petitioners' use and enjoyment of their right to continue their University-sponsored group health plan coverage for themselves and their families, with the same eligibility requirements, and on the same terms and conditions as apply to other University retirees who elected to continue their group health plan coverage when they retired;

2. Direct the Regents to provide restitution and/or damages to Petitioners, with interest at the legal rate, and to make Petitioners whole for any losses suffered as a result of the impairment of their contractual rights;

3. Declare that the Regents were without authority to terminate Petitioners' vested right to continue University-sponsored group health plan coverage on the same basis as other University retirees; and are without authority or transfer responsibility for providing retiree medical benefits to LLNS;

4. Award reasonable attorney's fees;

5. Direct Respondents to reimburse Petitioners for the costs of this action;

6. Issue such other and further relief as is deemed appropriate by the Court.

DATE: ________ CARTER CARTER FRIES & GRUNSCHLAG

____

DOV M. GRUNSCHLAG

Date: 1/24/11 STEMBER FEINSTEIN DOYLE & PAYNE, LLC

____

JOHN STEMBER
WILLIAM T. PAYNE

Date: ________ SINCLAIR LAW OFFICE

____

ANDREW THOMAS SINCLAIR,

6. Issue such other and further relief as is deemed appropriate by the Court.

DATE: Jan-24 2011

CARTER CARTER FRIES & GRUNSCHLAG

Dov M. Grunschlag

DOV M. GRUNSCHLAG

Date: ________

STEMBER, FEINSTEIN, DOYLE & PAYNE, LLC

____

JOHN STEMBER

Date: ________

SINCLAIR LAW OFFICE

____

ANDREW THOMAS SINCLAIR

VERIFICATION OF JOE REQUA

I say and declare:

1. My name is Joe Requa. I am one of the Petitioners in this action. I am a resident of the County of Alameda, State of California.

2. I have read the above Amended Petition for Writ of Mandate. The facts alleged in the petition are true and correct to the best of my knowledge and belief, except the facts relating to the employment of the other petitioners.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this verification was signed by me on January 24, 2011, at LIVERMORE, California.

JOE REQUA

VERIFICATION OF JAY DAVIS

I say and declare:

1. My name is Jay Davis. I am one of the Petitioners in this action. I am a resident of the County of Alameda, State of California.

2. I have read the above Amended Petition for Writ of Mandate. The facts alleged in the petition are true and correct to the best of my knowledge and belief, except the facts relating to the employment of the other petitioners.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this verification was signed by me on January 24, 2011, at Livermore, California.

JAY DAVIS

VERIFICATION OF DONNA VENTURA

I say and declare:

1. My name is Donna Ventura. I am one of the Petitioners in this action. I am a resident of Contra Costa County, State of California.

2. I have read the above Amended Petition for Writ of Mandate. The facts alleged in the petition are true and correct to the best of my knowledge and belief, except the facts relating to the employment of the other petitioners.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this verification was signed by me on January 24 2011, at Brentwood California.

Donna Ventura
DONNA VENTURA

PROOF OF SERVICE

Requa, et al., v. Regents of University of California, et al.
(No. RG 10530492)

I say and declare:

1. My name is Andrew Thomas Sinclair. I am a member of the State Bar of California. My business address is 300 Frank H. Ogawa Plaza, Suite 160, Oakland, California.

2. On January 24, 2011, I served the attached **First Amended Petition for Writ of Mandate** on the person(s) described below by electronic mail, pursuant to agreement of the parties, with one copy served by United States Mail, with postage prepaid, and addressed as follows:

Dorothy S. Liu
Sarah D. Mott
Hanson Bridgett LLP
425 Market St., 26th Floor
San Francisco, CA 94105
dliu@hansonbridgett.com

Allison Woodall
University of California
Office of General Counsel
1111 Franklin St.
Oakland, CA 94607
allison.woodall@ucop.edu

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed by me on January 24, 2011, at Oakland, California.

/s/
ANDREW THOMAS SINCLAIR

EXHIBITS TO AMENDED PETITION FOR WRIT OF MANDATE

Exh	Date	Description
1	May 1979	*UCRS – University of California Retirement System – The Retirement Plan – For Members Who Do Not Have Social Security*
2	May 1979	*University of California Retirement System – UCRS and Social Security*
3	Jun 1980	*Lawrence Livermore Laboratory – Benefits Information Packet*
4	1984	*UCRS – University of California Retirement System – Your retirement plan coordinated with Social Security 1984*
5	1984	*UCRS – University of California Retirement System – Your retirement plan (Members not covered by Social Security)*
6	Mar 1988	*Lawrence Livermore National Laboratory – Benefits*
7	May 1990	*The Retiree Handbook*
8	Aug 1998	*University of California Retirement Handbook*
9	Dec 2000	*University of California Retirement Plan Election Handbook*
10	Jul 2010	*Final Report of the President's Task Force on Post-Employment Benefits*

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UCRS

UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM

THE UNIVERSITY OF CALIFORNIA · 1868 · LET THERE BE LIGHT

THE RETIREMENT PLAN

FOR MEMBERS WHO DO NOT HAVE SOCIAL SECURITY COVERAGE

May, 1979

Exhibit 1

GUARANTEED RETURN OF CONTRIBUTIONS

Full return of your member contributions with interest is guaranteed. If the total payments of Retirement Income to you and your Co-Annuitant, and 50% of payments of Disability Income (if any), are less than your member contributions with interest, the difference is paid to your Beneficiary in a lump-sum after your death.

TAX INFORMATION

A portion of your regular Retirement Income, based on your required contributions, will be tax-free during retirement since you will have already paid Federal and State income taxes on such contributions. The balance of your regular Retirement Income will be subject to taxation.

When you retire, UCRS will provide factual information to enable you to determine the taxability of your Retirement Income. If technical assistance is needed, you should contact the Internal Revenue Service, or your tax consultant.

After retirement you may elect to have amounts withheld from your Retirement Income for Federal income tax purposes, and after January 1, 1972, for California personal income tax purposes.

APPLICATION FOR RETIREMENT INCOME

Your department will notify you in advance of your mandatory retirement date. You may obtain an application for Retirement Income at the staff personnel office. Individual retirement counseling may be arranged with your Benefits Representative; benefit estimates are provided upon request.

EFFECTIVE DATE OF ELECTIONS AND DESIGNATIONS

Once you receive the first payment of Retirement Income, you may **not** change the method of payment selected, nor the Co-Annuitant, if you have named one. However, Beneficiary designations for payment of death benefits may be changed after retirement.

HEALTH INSURANCE DURING RETIREMENT

You may continue your University-sponsored group health plan coverage for you and your family after you retire. In most cases the premiums will be the same as when you were employed, and you will continue to receive The Regents' health plan contribution. The balance of the premium will be deducted from your monthly Retirement Income.

OTHER INSURANCE PROGRAMS

Your group life insurance and short term disability insurance terminate when you retire. If you elect early retirement, your group life insurance

UCRS

UNIVERSITY OF CALIFORNIA
RETIREMENT SYSTEM

UCRS AND SOCIAL SECURITY

May, 1979

Exhibit 2

TAX INFORMATION

A portion of your UCRS retirement income, based on your required contributions, will be tax free during retirement, since you will have already paid federal and state income taxes on these contributions. The balance will be subject to taxation. When you retire, UCRS will provide information to assist you in determining what portion of your retirement income is subject to taxation. If technical or legal assistance is needed, you should contact the Internal Revenue Service or your tax consultant. After retirement, you may elect to have amounts withheld from your retirement income for income tax purposes.

Any benefits that you receive from Social Security are wholly tax free.

APPLICATION FOR RETIREMENT INCOME

Your department will notify you in advance of your mandatory retirement date. You may obtain an application for retirement income at the personnel office, and individual retirement counseling may be arranged with your Benefits Representative. You should apply three months before you plan to retire.

In order to have Social Security retirement benefits begin, you must file an application at a Social Security Administration office. Normally you should apply three months in advance of your retirement date.

CHANGE OF ELECTIONS AND DESIGNATIONS

Once you receive your first UCRS retirement payment, you may not change your Retirement Income Option or co-annuitant, if you have elected one. However, you may change your beneficiary designation after retirement if you wish.

HEALTH INSURANCE DURING RETIREMENT

You may continue your University-sponsored group health plan coverage for you and your eligible dependents after you retire. You will continue to receive The Regents' health plan contribution; the balance of the premium will be deducted from your monthly retirement income.

MEDICARE

UCRS members with Social Security are eligible for Medicare Part A (hospitalization) and Part B (physician's coverage) at age 65, or if disabled for 24 consecutive months. Part A is free if you are eligible to receive Social Security benefits. Part B requires the payment of a monthly premium.

OTHER INSURANCE PROGRAMS

Your group life insurance and short-term disability insurance terminate when you retire. Your group life insurance may be converted to an individual policy, but short-term disability may not be converted.

LAWRENCE LIVERMORE LABORATORY

BENEFITS INFORMATION PACKET

JUNE 13, 1980

Exhibit 3

BENEFITS AT A GLANCE

	ELIGIBILITY REQUIREMENTS FOR EMPLOYEES	ELIGIBILITY REQUIREMENTS FOR DEPENDENTS
HEALTH INSURANCE	Employees appointed to work full time for at least 3 months or at least 50% time for a minimum of 1 year.	Employee's spouse and all unmarried children up to age 23 (see note A).
LIFE INSURANCE (EMPLOYER-PAID)	$5,000 benefit for employees who belong to a retirement system to which the University contributes. PERS members receive a similar benefit through PERS.	Dependents not eligible.
LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)	Employees appointed to work full time for at least 3 months or at least 50% time for a minimum of 1 year. Annuitants not eligible. (For disability benefits, must have been insured 1 year and be under age 60.)	See "Dependent Life Insurance" section. Dependents not eligible for disability benefit.
DEPENDENT LIFE INSURANCE	Employees who are insured under the employee-paid life insurance plan (see above).	Employee's spouse and all unmarried children from birth to age 21 (23 is full time students).
NONINDUSTRIAL DISABILITY INSURANCE PLAN A	Employees who are regular members of a retirement system to which the University contributes.	Dependents are not eligible.
SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A	Employees who are regular members of a retirement system to which the University contributes. Must be enrolled in NDI Plan A	Dependents are not eligible.
NONINDUSTRIAL DISABILITY INSURANCE PLAN B	Employees who are regular members of a retirement system to which the University contributes.	Dependents are not eligible.
ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY	Any University employee who receives a monthly salary or hourly wage from which regular deductions can be taken (no fixed time appointment for eligibility). May apply for disability benefits after being totally and permanently disabled for 1 year from date of accident.	Employee's spouse under age 70 and all unmarried, wholly dependent children over 30 days and under 19 years (to age 23 if full time students). Disability – not eligible.
AUTO INSURANCE	Employees appointed to work full time for at least 3 months or at least 50% time for a minimum of 1 year, provided they meet the carrier's underwriting criteria.	All licensed drivers in employee's household provided they meet the carrier's underwriting criteria.
RETIREMENT PLANS	Employees appointed to work at least 50% time for at least 1 year. (Variable-time employees become eligible after 12 continuous months working at least 50% time.) All eligible employees hired after April 1, 1976 are members of UCRS with Social Security.	Not eligible.
UCRS SUPPLEMENTAL & TAX-DEFERRED ANNUITY PROGRAMS	Employees who are contributing members of UCRS.	Not applicable.
VOLUNTARY GROUP ACCIDENT FOR ANNUITANTS	Retirement employees (must usually be under age 70).	Retired employee's spouse (must usually be under age 70).

ENROLLMENT REQUIREMENTS	
1. During PIE. 2. After PIE but before employee's first OEP, using Statement of Health (subject to carrier approval). 3. During OEP.	HEALTH INSURANCE
Automatic	LIFE INSURANCE (EMPLOYER-PAID)
1. During PIE. 2. After PIE using Statement of Health (subject to carrier approval). 3. During OEP.	LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)
1. During PIE. 2. If no eligible dependents, may enroll during PIE for first eligible dependent. 3. During OEP. (Not necessary to enroll additional dependents)	DEPENDENT LIFE INSURANCE
1. Automatic 2. Transfer from NDI-Plan B to NDI-Plan A during open enrollment only.	NONINDUSTRIAL DISABILITY INSURANCE PLAN A
1. During PIE. 2. After PIE using Statement of Health (subject to carrier approval). 3. Transfers from Plan B to Plan A may enroll in STD during OEP.	SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A
1. During PIE. 2. Transfer from NDI-Plan A to NDI Plan B at any time.	NONINDUSTRIAL DISABILITY INSURANCE PLAN B
May enroll at any time. Amounts of $200,000 subject to carrier approval.	ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY
May enroll at any time.	AUTO INSURANCE
Automatic upon employment; automatic for variable time employees after meeting eligibility rules.	RETIREMENT PLANS
May enroll at any time, subject to payroll deadlines.	UCRS SUPPLEMENTAL & TAX-DEFERRED UITY PROGRAMS
Persons already enrolled in AD&D plan may select coverage amount not exceeding AD&D policy. Persons not enrolled in AD&D may select these coverage amounts only: $10,000, $25,000, $50,000, and $100,000.	LUNTARY GROUP ACCIDENT FOR ANNUITANTS

EFFECTIVE DATES OF COVERAGE

HEALTH INSURANCE	During PIE, employee has 2 options: 1. date the Lab Benefits Section office receives enrollment form (if during first calendar month of employment), or 2. first day of following month. If Statement of Health used, first day of month following date of carrier approval. If enrolling during OEP, and OEP held in November, following January 1.
LIFE INSURANCE (EMPLOYER-PAID)	Eligible employees — First day of employment.
LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)	During PIE, date the Benefits Section receives enrollment form. If Statement of Health used, first of month following or coinciding with date of approval. If during OEP, and OEP held in November, following January 1. (See note B.)
DEPENDENT LIFE INSURANCE	During PIE, date Laboratory Benefits Section office receives enrollment form. If during OEP, and if OEP held in November, following January 1. (See note C.)
NONINDUSTRIAL DISABILITY INSURANCE PLAN A	First day in pay status.
SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A	During PIE, employee has 2 options: 1. date the Lab Benefits Section office receives enrollment form (if during first calendar month of employment), or 2. first day of following month. If Statement of Health used, first day of month following date of approval. (See note B.)
NONINDUSTRIAL DISABILITY INSURANCE PLAN B	Date enrollment form is received in Laboratory Benefits Section. If Statement of Health used, first of month following date of approval.
ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY	Employee has 2 options: 1. date the Lab Benefits Section office receives enrollment form, or 2. first day of following month.
AUTO INSURANCE	Employee may choose effective date, subject to carrier approval.
RETIREMENT PLANS	First day of employment, or for variable time employees, first month after meeting eligibility rules.
UCRS SUPPLEMENTAL & TAX-DEFERRED ANNUITY PROGRAMS	Date of first pay period following enrollment.
VOLUNTARY GROUP ACCIDENT FOR ANNUITANTS	Date the carrier receives enrollment form.

HOW TO INCREASE/DECREASE COVERAGE FOR GROUP INSURANCE PLANS	WHEN A FULL MONTH'S PREMIUM FOR PARTIAL MONTH'S COVERAGE IS REQUIRED	
May change health plans during open enrollment.	Yes, except for new family members enrolled during dependents' PIE.	HEALTH INSURANCE
May not change coverage amount.	Not applicable — no employee premium.	LIFE INSURANCE (EMPLOYER-PAID)
May reduce amount at any time; may increase amount at any time using Statement of Health. Coverage automatically reduced by 10% for every year after age 60; premiums do not decrease.	No	LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)
Not applicable.	No	DEPENDENT LIFE INSURANCE
May supplement coverage by enrolling in the Short Term Disability plan (See "STD" section).	Not applicable — employer paid.	NONINDUSTRIAL DISABILITY INSURANCE PLAN A
May increase waiting period at any time. May decrease waiting period at any time using Statement of Health (subject to carrier approval).	Yes	SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A
Not applicable.	Not applicable — employer paid.	NONINDUSTRIAL DISABILITY INSURANCE PLAN B
May reduce or increase amount at any time. Amounts of $200,000 subject to carrier approval.	Yes	ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY
Increase or decrease may be arranged through carrier.	No	AUTO INSURANCE
Not applicable.	Not applicable.	RETIREMENT PLANS
See Benefits Section for changes in participation.	Not applicable.	UCRS SUPPLEMENTAL & TAX-DEFERRED NNUITY PROGRAMS
Coverage is adjusted according to age at annual renewal date.	No	OLUNTARY GROUP ACCIDENT FOR ANNUITANTS

HOW TO CONVERT OR RENEW GROUP INSURANCE COVERAGE

HEALTH INSURANCE	At separation (other than retirement), within 31 days from the last day of coverage, employee may convert to individual plan offered by same carrier, without Statement of Health. No conversion at retirement — deductions taken from retirement annuity. See "Termination."
LIFE INSURANCE (EMPLOYER-PAID)	UCRS members may convert to individual plan offered by same carrier, without Statement of Health.
LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)	May convert all or part of coverage amount without Statement of Health within 31 days of termination. Coverage amount lost due to age may be converted before March 1 of each year.
DEPENDENT LIFE INSURANCE	At termination, retirement, or death of employee, spouse may convert current amount to individual plan offered by same carrier, without Statement of Health.
NONINDUSTRIAL DISABILITY INSURANCE PLAN A	No conversion privilege.
SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A	No conversion provisions.
NONINDUSTRIAL DISABILITY INSURANCE PLAN B	No conversion provisions.
ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY	No guaranteed conversion provisions.
AUTO INSURANCE	At separation, may convert to direct payment to carrier; renewal of policy guaranteed until end of policy year.
RETIREMENT PLANS	Not applicable.
UCRS SUPPLEMENTAL & TAX-DEFERRED ANNUITY PROGRAM	See Benefits Section.
VOLUNTARY GROUP ACCIDENT FOR ANNUITANTS	No conversion provisions. Policy must be renewed annually through carrier.

WHAT HAPPENS TO BENEFITS DURING LEAVE WITHOUT PAY

Coverage may be continued up to 2 years if arrangements are made to pay total premium directly to Benefits Section. (If on leave for more than 2 months, Kaiser and Rockridge members should transfer to another plan if they will be out of service area.) For leaves of 1 month or less, coverage automatically continued if last paycheck covers premium deduction.	**HEALTH INSURANCE**
In the first 4 full months of an approved leave without pay, coverage continues. (Call Benefits Counselor for information on PERS-sponsored benefit.)	**LIFE INSURANCE (EMPLOYER-PAID)**
Coverage may be continued up to 2 years if arrangements are made to pay premiums directly to Personnel or Accounting office. For leaves of 1 month or less, coverage automatically continued if last paycheck covers premium deduction.	**LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)**
Coverage may be continued up to 2 years if arrangements are made to pay premiums directly to Personnel or Accounting office, and if regular life insurance is also continued. For leaves of 1 month or less, coverage automatically continued if last paycheck covers premium deduction.	**DEPENDENT LIFE INSURANCE**
Coverage ends last day in pay status.	**NONINDUSTRIAL DISABILITY INSURANCE PLAN A**
Contact your Benefits Counselor for details when an employee goes on leave.	**SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A**
Coverage ends on last day employee in pay status.	**NONINDUSTRIAL DISABILITY INSURANCE PLAN B**
Coverage may be continued up to 2 years if arrangements are made to pay premiums directly to Benefits Section. For leaves of 1 month or less, coverage automatically continued if last paycheck covers premium deduction.	**ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY**
Coverage may be continued by making arrangements with carrier for the direct payment of premiums provided employee remains in area. Coverage may be transferred or suspended if employee will be out of area.	**AUTO INSURANCE**
Employee may continue to accrue service credit by paying employee contributions. To restore service credit in UCRS, decision to repay must be made within 3 years. Repayment must be completed within 5 years. PERS payments must be made before retirement date. Interest is charged for payments made after date they would be deducted from salary.	**RETIREMENT PLANS**
Contributions cannot be made during leave without pay, but may be resumed after return.	**UCRS SUPPLEMENTAL & TAX-DEFERRED NUITY PROGRAMS**
Not applicable.	**LUNTARY GROUP ACCIDENT FOR ANNUITANTS**

WHAT HAPPENS TO BENEFITS DURING SABBATICAL LEAVE

HEALTH INSURANCE	Coverage automatically continued if sabbatical pay covers premium deductions; employer contribution continues (Kaiser and Rockridge members should transfer to another plan if they will be out of service area.)
LIFE INSURANCE (EMPLOYER-PAID)	Coverage continues automatically if employee remains in pay status.
LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)	Coverage automatically continued if sabbatical pay covers premium deduction.
DEPENDENT LIFE INSURANCE	Coverage automatically continued if sabbatical pay covers premium deduction.
NONINDUSTRIAL DISABILITY INSURANCE PLAN A	Coverage continues automatically if employee remains in pay status.
SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A	Coverage automatically continued if sabbatical pay covers premium deduction.
NONINDUSTRIAL DISABILITY INSURANCE PLAN B	If in pay status, coverage will continue automatically.
ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY	Coverage automatically continued if sabbatical pay covers premium deduction.
AUTO INSURANCE	Coverage automatically continued if sabbatical pay covers premium deduction, provided employee remains in area. Coverage may be transferred or suspended if employee will be out of area.
RETIREMENT PLANS	Service credit continues to be earned according to percentage of salary received. Full service credit can be restored by making payment of both employee and Regents' contributions for the difference between regular and sabbatical pay. Decision to make UCRS payments must be made within 3 years of return and completed within 5 years after decision; PERS payments must be made before retirement date.
UCRS SUPPLEMENTAL & TAX-DEFERRED ANNUITY PROGRAM	Contributions continue unless voluntarily cancelled. If sabbatical pay is less than full salary and maximum amount is being contributed to tax-deferred program, contribution rate must be reduced.
VOLUNTARY GROUP ACCIDENT FOR ANNUITANTS	Not applicable.

WHAT HAPPENS TO BENEFITS DURING LAYOFF

Coverage can be continued up to 4 months; full payment (employer contribution is not continued) must be paid to Benefits Section office. Policy may be converted after termination of direct payment.	**HEALTH INSURANCE**
Coverage continues during the first full 4 months of a temporary layoff. Premiums are waived. Call Benefits Counselor for information on PERS-sponsored benefit.	**LIFE INSURANCE (EMPLOYER-PAID)**
Coverage can be continued up to 4 months; payment must be made to Benefits Section. Policy may be converted after termination.	**LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)**
Coverage can be continued up to 4 months; payment must be made to Benefits Section. Policy may be converted after termination.	**DEPENDENT LIFE INSURANCE**
Coverage ends last day in pay status.	**NONINDUSTRIAL DISABILITY INSURANCE PLAN A**
Coverage ends on last day worked. Contact Benefits Counselor.	**SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A**
Coverage ends on last day in pay status.	**NONINDUSTRIAL DISABILITY INSURANCE PLAN B**
Coverage can be continued up to 4 months; payment must be made to Benefits Section. Policy may be converted, subject to carrier approval.	**ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY**
Coverage can be continued to end of contract year by making payment directly to carrier.	**AUTO INSURANCE**
Can have accumulation refunded (use UCRS Form 1635 or PERS Form 167; submit to Benefits Section with Form 1616. Can leave accumulations on deposit (if at least 5 years service credit or $2,000 on deposit) and draw pension anytime between ages 55 and 72. UCRS waives service requirement if person becomes PERS member within 180 days. Preceding does not apply to temporary layoff.	**RETIREMENT PLANS**
Can have refund or leave on deposit (if at least $2,000).	**UCRS SUPPLEMENTAL & TAX-DEFERRED NUITY PROGRAMS**
Not applicable.	**DLUNTARY GROUP ACCIDENT FOR ANNUITANTS**

WHAT HAPPENS TO BENEFITS DURING TERMINATION

HEALTH INSURANCE	Coverage ends on last day of month for which premium was paid. May be converted within 31 days after coverage ends.
LIFE INSURANCE (EMPLOYER-PAID)	Coverage ends on last day of last month employee is on pay status, or on the last day of the 4th full calendar month of an approved leave without pay or temporary layoff. Call Benefits Counselor for details on PERS benefit.
LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)	Coverage ends on last day of month for which premium was paid. May be converted within 31 days after coverage ends.
DEPENDENT LIFE INSURANCE	Coverage ends on last day of month for which premium was paid. May be converted within 31 days after coverage ends.
NONINDUSTRIAL DISABILITY INSURANCE PLAN A	Coverage terminates on last day of employment.
SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A	Coverage ends on last day worked.
NONINDUSTRIAL DISABILITY INSURANCE PLAN B	Coverage terminates on last day of employment or last day of last month employee ceases as active member of retirement system.
ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY	Coverage ends on last day of month for which premium was paid. May apply for individual policy through carrier.
AUTO INSURANCE	Coverage can be continued to end of contract year by apying premium directly to carrier.
RETIREMENT PLANS	Can have accumulations refunded (use UCRS Form 1635 or PERS Form 167; submit to Benefits Section office with separation form.) Can leave accumulations on deposit (if at least 5 years service credit) and draw pension anytime between ages 55 and 72. UCRS waives service requirement if person becomes PERS member within 180 days.
UCRS SUPPLEMENTAL & TAX-DEFERRED ANNUITY PROGRAM	Can have refund or leave on deposit (if at least $2,000).
VOLUNTARY GROUP ACCIDENT FOR ANNUITANTS	Not applicable.

WHAT HAPPENS TO BENEFITS DURING RETIREMENT

Coverage can be continued as long as monthly income received from retirement system is large enough to cover employee contribution. Employer contribution continues during retirement.	HEALTH INSURANCE
Cannot be continued into retirement. Coverage ends on last day of last month of pay status. May be converted within 31 days after coverage ends.	LIFE INSURANCE (EMPLOYER-PAID)
Cannot be continued into retirement. Coverage ends on last day of month for which premium was paid. May be converted within 31 days after coverage ends.	LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)
Cannot be continued into retirement. Coverage ends on last day of month for which premium was paid. May be converted within 31 days after coverage ends.	DEPENDENT LIFE INSURANCE
Cannot be continued into retirement. Coverage terminates on last day in pay status or on July 1 coinciding with or next following attainment of age 67.	NONINDUSTRIAL DISABILITY INSURANCE PLAN A
Cannot be continued into retirement. Coverage ends on July 1 after age 67, or on retirement date, whichever comes first.	SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A
Cannot be continued into retirement. Coverage terminates last day actively at work prior to retirement or on July 1 following attainment of age 67.	NONINDUSTRIAL DISABILITY INSURANCE PLAN B
Cannot be continued into retirement. Coverage ends on last day of month for which premium was paid. May apply for voluntary group accident insurance for annuitants.	ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY
Coverage can be continued to end of contract year by making arrangements to pay premium directly to carrier.	AUTO INSURANCE
Monthly income is payable if age 55 or older with 5 years of service credit (or age 62 in UCRS regardless of service credit).	RETIREMENT PLANS
Annuities are paid according to the plan/option the member has chosen.	UCRS SUPPLEMENTAL & TAX-DEFERRED NUITY PROGRAMS
Eligible for this program only after retirement.	OLUNTARY GROUP ACCIDENT FOR ANNUITANTS

WHAT HAPPENS TO BENEFITS DURING DISABILITY

HEALTH INSURANCE	Coverage continues as long as employee is receiving sick leave or vacation pay large enough to cover premiums. If leave without pay is approved, coverage can be extended (see "Leave Without Pay"). Upon return to work, the Benefits Section should be notified to reactivate deductions.
LIFE INSURANCE (EMPLOYER-PAID)	Coverage continues as long as employee is receiving sick leave or vacation pay, or on the last day of the 4th full calendar month of an approved leave without pay. Call Benefits Counselor for details on PERS benefit.
LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)	Coverage continues al long as employee is receiving sick leave or vacation pay large enough to cover premiums. If leave without pay is approved, coverage can be extended (see "Leave Without Pay"). Upon return to work, Accounting or Personnel office should be notified to reactivate deductions. Disability income may be payable; premiums should continue to be paid for at least 6 months to assure right to convert insurance if disability application is denied. Contact Benefits Counselor to apply for benefits.
DEPENDENT LIFE INSURANCE	Coverage continues as long as employee is receiving sick leave or vacation pay large enough to cover premiums. If leave without pay is approved, coverage can be extended (see "Leave Without Pay"). Upon return to work, Benefits Counselor should be nofitied to reactivate deductions.
NONINDUSTRIAL DISABILITY INSURANCE PLAN A	Provides 50% of salary up to $125 per week for 26 weeks. Benefits payable after 7-day waiting period (waived if hospitalized); exhaustion of sick leave (up to 90 days); or when salary stops, whichever is latest.
SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A	Benefits payable after sick leave (up to 90 calendar days) is exhausted, and waiting period has been met. Premiums waived while benefits are being paid. Deduction automatically reactivated at return to work (but payroll stub should be checked to make sure).
NONINDUSTRIAL DISABILITY INSURANCE PLAN B	Provides 70% of salary up to $2,000 per month for 52 weeks. Benefits begin after 365-day waiting period; exhaustion of sick leave; or when salary stops, whichever is latest.
ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY	Coverage continues as long as employee is receiving sick leave or vacation pay large enough to cover premiums. If leave without pay is approved, coverage can be extended (see "Leave Without Pay"). Upon return to work, Benefits Counselor should be notified to reactivate deductions. Benefits may be payable after disability of 1 year; contact Benefits Counselor to apply.
AUTO INSURANCE	Coverage continues as long as employee is receiving sick leave or vacation pay large enough to cover premiums. If leave without pay is approved, coverage can be extended (see "Leave Without Pay").
RETIREMENT PLANS	May qualify for disability if expected to be disabled at least 1 year. Must have 2 years UCRS service credit or 5 years PERS service credit. See Benefits Counselor to apply. If not qualified for disability income, may retire (if at least age 55 UCRS or age 50 PERS) with 5 years service credit, or age 62 in UCRS regardless of service credit. May have accumulations refunded (see "Termination"). If not eligible for disability or retirement income, may leave funds in retirement system and begin drawing pension any time between ages 55 and 72 (with 5 years service credit).
UCRS SUPPLEMENTAL & TAX-DEFERRED ANNUITY PROGRAM	Not applicable.
VOLUNTARY GROUP ACCIDENT FOR ANNUITANTS	Not applicable.

DEFINITIONS/NOTES

NOTE A: Includes natural and adopted children (even if residing with former spouse) and children for whom employee is legal guardian. Also included are unmarried children incapable of self-support because of mental or physical infirmity. Children other than own may also qualify — employee must complete Appendix A (see Glossary).	**HEALTH INSURANCE**
	LIFE INSURANCE (EMPLOYER-PAID)
Note B: Employee who is absent for health reasons on day the insurance would become effective will not be covered until the day he/she returns to work.	**LIFE INSURANCE WITH DISABILITY (EMPLOYER-PAID)**
NOTE C: Dependents confined to hospital on day the insurance would become effective will not be covered until release from hospital.	**DEPENDENT LIFE INSURANCE**
	NONINDUSTRIAL DISABILITY INSURANCE PLAN A
DEFINITIONS: PIE — Period of Initial Eligibility OEP — Open Enrollment Period	**SHORT TERM DISABILITY SUPPLEMENT TO NDI PLAN A**
*LWOP Leave Without Pay. Upon return to work, the employer should complete the proper enrollment forms to reactivate insurance deductions.	**NONINDUSTRIAL DISABILITY INSURANCE PLAN B**
	ACCIDENTAL DEATH & DISMEMBERMENT WITH DISABILITY
	AUTO INSURANCE
	RETIREMENT PLANS
	UCRS SUPPLEMENTAL & TAX-DEFERRED ANNUITY PROGRAMS
	VOLUNTARY GROUP ACCIDENT FOR ANNUITANTS

UC RS

UNIVERSITY OF CALIFORNIA
RETIREMENT SYSTEM

Your retirement plan coordinated
with Social Security

1984

Exhibit 4

GENERAL BENEFITS INFORMATION

ANNUAL COST-OF-LIVING INCREASES

UCRS

All monthly benefits described in Parts 4 and 5 (disability, retirement, and survivor income) are automatically increased at the rate of 2% each year that the Consumer Price Index increases by at least 2%.

Annual increases are effective each July 1 (August benefit checks). Benefits are not decreased if the Consumer Price Index goes down.

Those receiving monthly benefits are eligible for the first cost-of-living increase on the *July 1st after benefits have been paid for at least one year.* If you start receiving retirement income, for example, on May 1, 1984, you are eligible for your first cost-of-living increase on July 1, 1985.

From time to time, the state of California provides funds for additional cost-of-living increases for both state and University retirement plan benefits. When such increases are granted, they are in addition to the regular UCRS increases.

Social Security

Benefits are increased each year based on annual increases in the cost of living. Increases are usually effective in June (July benefit checks). Benefits are not decreased if the cost of living goes down.

INCOME TAX ON BENEFITS

UCRS

All benefits are subject to federal and state income taxes. The amount of monthly benefits based on University contributions to UCRS and your contributions under the Tax-Savings Plan (page 6) is taxed. Generally, your contributions made before July, 1983 are not subject to tax. When benefits are to be paid, UCRS sends general information on the taxes that will apply. If survivor income before retirement (page 17) or retirement income (page 20) is to be paid, tax information is sent approximately three months after benefits start.

You should read federal and state income tax publications for full details before you receive benefits, and may also want to consult a professional tax advisor or attorney for personal assistance. The University does not provide personal tax advice to employees. *IRS Publication 522* contains federal tax information on disability benefits, and *IRS Publication 575* contains information on other retirement plan benefits.

Contact the nearest Internal Revenue Service (IRS) office for federal tax publications, and your state tax board for information on state taxes.

Social Security

Beginning in 1984, you will have to pay federal income taxes on approximately 50% of your Social Security benefits if your income is more than a base amount set by Congress. "Income" means your adjusted gross and non-taxable interest income, and half of your Social Security benefits. Base amounts are: $25,000 for a single person; $32,000 for married couples filing joint returns, and zero for couples filing separately. For more information, check with your Social Security Administration office.

CONTINUING HEALTH & DENTAL PLANS, AND MEDICARE

CONTINUING HEALTH AND DENTAL PLANS

In this situation:	This condition must be met to continue Health or Dental plan coverage & UC contribution:
Before Retirement:	
You receive UCRS DISABILITY INCOME (Page 14)	Coverage must have been *continuous to the time UCRS benefits started.* For details on health & dental plan coverage during periods of disability, ask your department or Benefits office for the "Disability Benefits Checklist."
Spouse receives UCRS SURVIVOR INCOME (Page 17)	Generally, UCRS benefits must start *within four months of the date of your death.* UCRS will send information to your spouse.
During Retirement:	
You receive UCRS RETIREMENT INCOME (Page 20)	UCRS benefits must start *within four months after your employment ends.* To continue health or dental plan coverage, send in the continuation form (available in your department or Benefits office), when you send in your UCRS retirement application form (page 22).
Spouse receives UCRS SURVIVOR INCOME (Page 23)	Your spouse will receive information from UCRS. Coverage in effect on the date of your death can continue.

UC Health & Dental Plans

If the conditions shown in the box are met, UC-sponsored health and dental plan coverage can be continued for yourself and enrolled family members when UCRS monthly benefits are paid. The University's monthly contribution for your plan premiums also continues, in the same amount as for active employees, if the conditions are met. Premium costs that you or your spouse might have to pay are deducted from the UCRS benefit check.

Generally, any family members covered by your UC plan when benefits start, or on the date of your death, may have continued health or dental plan coverage. This is true only as long as they remain eligible under the separate health and dental plan regulations.

Medicare Benefits

Medicare benefits are available after you have received Social Security disability benefits (page 16) for two years, or at age 65, whether you have retired or are still working.

Contact your local Social Security office three months before your 65th birthday for information and assistance in joining Medicare.

Medicare Part A (hospitalization) is free if you are eligible to receive Social Security benefits. There is a monthly premium for Medicare Part B (doctor's coverage). If you are covered by Medicare A and B, you can transfer your University health plan to a Medicare supplement plan, usually with a reduced premium. Contact your Benefits office for information on how to transfer to a supplement plan.

RECIPROCITY

UCRS and the Public Employees' Retirement System (PERS) have made special arrangements, called *reciprocity,* to ensure continuation of your benefits if you transfer between the systems under certain circumstances.* You have reciprocity only if you meet the requirements and request it when you transfer from one system to the other.

Requirements

Whether you transfer from PERS to UCRS, or vice versa—

- Your membership in the new system must start within six months after membership in the old system ends,**
- You must have been a *non-University* member of PERS (employed by a state or other public agency that provided PERS coverage) if transfer is to UCRS, or you must become a PERS member through non-University employment if transfer is to PERS,
- You must leave your retirement contributions and credited interest on deposit in the old system--you cannot withdraw them if you choose reciprocity,
- You must request reciprocity (ask the Benefits office for forms).

***UCRS has similar, limited arrangements for UC Medical Center employees (Davis, Irvine, San Diego) who transferred to UCRS from one of the following systems and elected reciprocity when the University acquired the medical center—Sacramento County Employees' Retirement Association, Orange County Employees' Retirement System, and San Diego County Employees' Retirement System.**

*****Three months* if transfer was from PERS to UCRS before 1/21/77, or from UCRS to PERS before 1/1/76.**

Reciprocity Benefits

- Your present system includes the service credit you earned in the former system as part of the minimum service credit required for monthly disability, survivor, or retirement income, and vice versa.
- If you retire from both UCRS and PERS on the same effective date, both systems use your highest average salary rate (page 21) under either system to calculate your retirement income. Except for this provision, benefits from each system are calculated and paid separately.

More details related to reciprocity and UCRS disability income are on page 16; retirement reciprocity information is on page 22.

If you transfer from UCRS to PERS and have reciprocity, there is a special provision in case you take a PERS disability retirement. When you retire from PERS for disability, you can also receive regular retirement income from UCRS even if not yet eligible (page 20). If you choose UCRS retirement income before you are eligible, however, the UCRS benefit is subject to limitations.

If You Have Been a PERS Member at the University:

The reciprocity provisions explained here do not apply to you; they apply only in cases of non-University PERS membership.

However, if you left your PERS contributions on deposit in PERS when you transferred to UCRS, a special PERS provision applies if you retire from both systems on the same date: PERS will use your UCRS highest average salary rate (page 21), if it is more than the PERS salary rate, to calculate your separate PERS benefit.

PERS service credit earned at the University is included as part of the minimum service credit required for UCRS retirement eligibility (page 20). However, service credit earned in one system at the University cannot be used to meet service credit requirements for disability or survivor income from the other system.

UCRS BENEFIT ASSIGNMENT

Normally, UCRS benefits that may be payable to you, your survivors, or your beneficiary cannot be attached by creditors, nor can persons receiving benefits assign payments to creditors or other individuals. UCRS benefits are intended solely for the security and welfare of those who receive them.

There are some legal exceptions. For example, the Internal Revenue Service may attach UCRS benefits to collect unpaid taxes, and a court may order attachment of benefits for child or spousal support. UCRS complies with the legal requirements in these special cases.

UC RS

UNIVERSITY OF CALIFORNIA
RETIREMENT SYSTEM

Your retirement plan
(Members not covered by Social Security)
1984

Exhibit 5

Part 3

GENERAL BENEFITS INFORMATION

ANNUAL COST-OF-LIVING INCREASES

All monthly benefits described in Parts 4 and 5 (disability, retirement, and survivor income) are automatically increased at the rate of 2% each year that the Consumer Price Index increases by at least 2%.

Annual increases are effective each July 1 (August benefit checks). Benefits are not decreased if the Consumer Price Index goes down.

Those receiving monthly benefits are eligible for the first cost-of-living increase on the *July 1st after benefits have been paid for at least one year.* If you start receiving retirement income, for example, on May 1, 1984, you are eligible for your first cost-of-living increase on July 1, 1985.

From time to time, the state of California provides funds for additional cost-of-living increases for both state and University retirement plan benefits. When such increases are granted, they are in addition to the regular UCRS increases.

CONTINUING HEALTH AND DENTAL PLANS

In this situation:	This condition must be met to continue UC Health or Dental Plan coverage, & UC contribution:
Before Retirement:	
You receive *UCRS DISABILITY INCOME* (Page 14)	Coverage must have been *continuous to the time UCRS benefits started.* For details on health & dental plan coverage during periods of disability, ask your department or Benefits office for the "Disability Benefits Checklist."
Your spouse receives *UCRS FAMILY SURVIVOR INCOME* (Page 16)	Generally, UCRS benefits must start *within four months of the date of your death.* UCRS will send information to your spouse.
During Retirement:	
You receive *UCRS RETIREMENT INCOME* (Page 20)	UCRS benefits must start *within four months after your employment ends.* To continue health or dental plan coverage, send in the continuation form (available in your department or Benefits office) when you send in your UCRS retirement application form (page 21).
Your spouse receives *CONTINUED SURVIVOR INCOME* (Page 22)	Your spouse will receive information from UCRS. Coverage in effect on the date of your death can continue.

INCOME TAX ON BENEFITS

All benefits are subject to federal and state income taxes. The amount of monthly benefits based on University contributions to UCRS and your contributions under the Tax-Savings Plan (page 6) is taxed. Generally, your contributions made before July, 1983 are not subject to tax.

Effective with monthly benefits payable for January, 1983 (February benefits checks), and later, UCRS is required to withhold federal income taxes from your monthly checks *unless you elect not to have withholding.* UCRS will send you information about tax withholding and an election form that you can fill out and return if you don't want taxes withheld.

When benefits are to be paid, UCRS sends general information on the taxes that will apply, whether or not you have withholding. If family survivor income (page 16) or retirement income (page 20) is to be paid, tax information is sent approximately three months after benefits start.

You should read federal and state income tax publications for full details before you receive benefits, and may also want to consult a professional tax advisor or attorney for personal assistance. The University does not provide personal tax advice to employees.

Contact the nearest Internal Revenue Service (IRS) office for federal tax publications, and your state tax board for information on state taxes.

IRS Publication 522 contains federal tax information on disability benefits, and *IRS Publication 575* contains information on other retirement plan benefits.

CONTINUING HEALTH & DENTAL PLANS

If the conditions shown in the box are met, UC-sponsored health and dental plan coverage can be continued for yourself and enrolled family members when UCRS monthly benefits are paid. The University's monthly contribution for your plan premiums also continues, in the same amount as for active employees, if the conditions are met. Premium costs that you or your spouse might have to pay are deducted from the UCRS benefit check.

Generally, any family members covered by your UC plan when benefits start, or on the date of your death, may have continued health or dental plan coverage. This is true only as long as they remain eligible under the separate health and dental plan regulations.

RECIPROCITY

UCRS and the Public Employees' Retirement System (PERS) have made special arrangements, called *reciprocity*, to ensure continuation of your benefits if you transfer between the systems under certain circumstances.* You have reciprocity only if you meet the requirements and request it when you transfer from one system to the other.

Requirements

Whether you transfer from PERS to UCRS, or vice versa—

- Your membership in the new system must start within six months after membership in the old system ends,**
- You must have been a *non-University* member of PERS (employed by a state or other public agency that provided PERS coverage) if transfer is to UCRS, or you must become a PERS member through non-University employment if transfer is to PERS,
- You must leave your retirement contributions and credited interest on deposit in the old system—you cannot withdraw them if you choose reciprocity,
- You must request reciprocity (ask the Benefits office for forms).

Reciprocity Benefits

- Your present system includes the service credit you earned in the former system as part of the minimum service credit required for monthly disability, survivor, or retirement income, and vice versa.
- If you retire from both UCRS and PERS on the same effective date, both systems use your highest average salary rate (page 20) under either system to calculate your retirement income. Except for this provision, benefits from each system are calculated and paid separately.

More details related to reciprocity and UCRS disability income are on page 16; retirement reciprocity information is on page 21.

If you transfer from UCRS to PERS and have reciprocity, there is a special provision in case you take a PERS disability retirement. When you retire from PERS for disability, you can also receive regular retirement income from UCRS even if not yet eligible (page 20). If you choose UCRS retirement income before you are eligible, however, the UCRS benefit is subject to limitations.

***UCRS has similar, limited arrangements for UC Medical Center employees (Davis, Irvine, San Diego) who transferred to UCRS from one of the following systems and elected reciprocity when the University acquired the medical center—Sacramento County Employees' Retirement Association, Orange County Employees' Retirement System, and San Diego County Employees' Retirement System.**

*******Three months*** if transfer was from PERS to UCRS before 1/21/77, or from UCRS to PERS before 1/1/76.**

If You Have Been a PERS Member at the University:

The reciprocity provisions explained here do not apply to you; they apply only in cases of non-University PERS membership.

However, if you left your PERS contributions on deposit in PERS when you transferred to UCRS, a special PERS provision applies if you retire from both systems on the same date: PERS will use your UCRS highest average salary rate (page 20), if it is more than the PERS salary rate, to calculate your separate PERS benefit.

Combined retirement benefits from UCRS and PERS cannot be greater than 80% of highest average salary rate; if they are greater, the UCRS benefit is reduced to meet the combined 80% limit.

PERS service credit earned at the University is included as part of the minimum service credit required for UCRS retirement eligibility (page 20). However, service credit earned in one system at the University cannot be used to meet service credit requirements for disability or survivor income from the other system.

LAWRENCE
LIVERMORE
NATIONAL
LABORATORY

Benefits

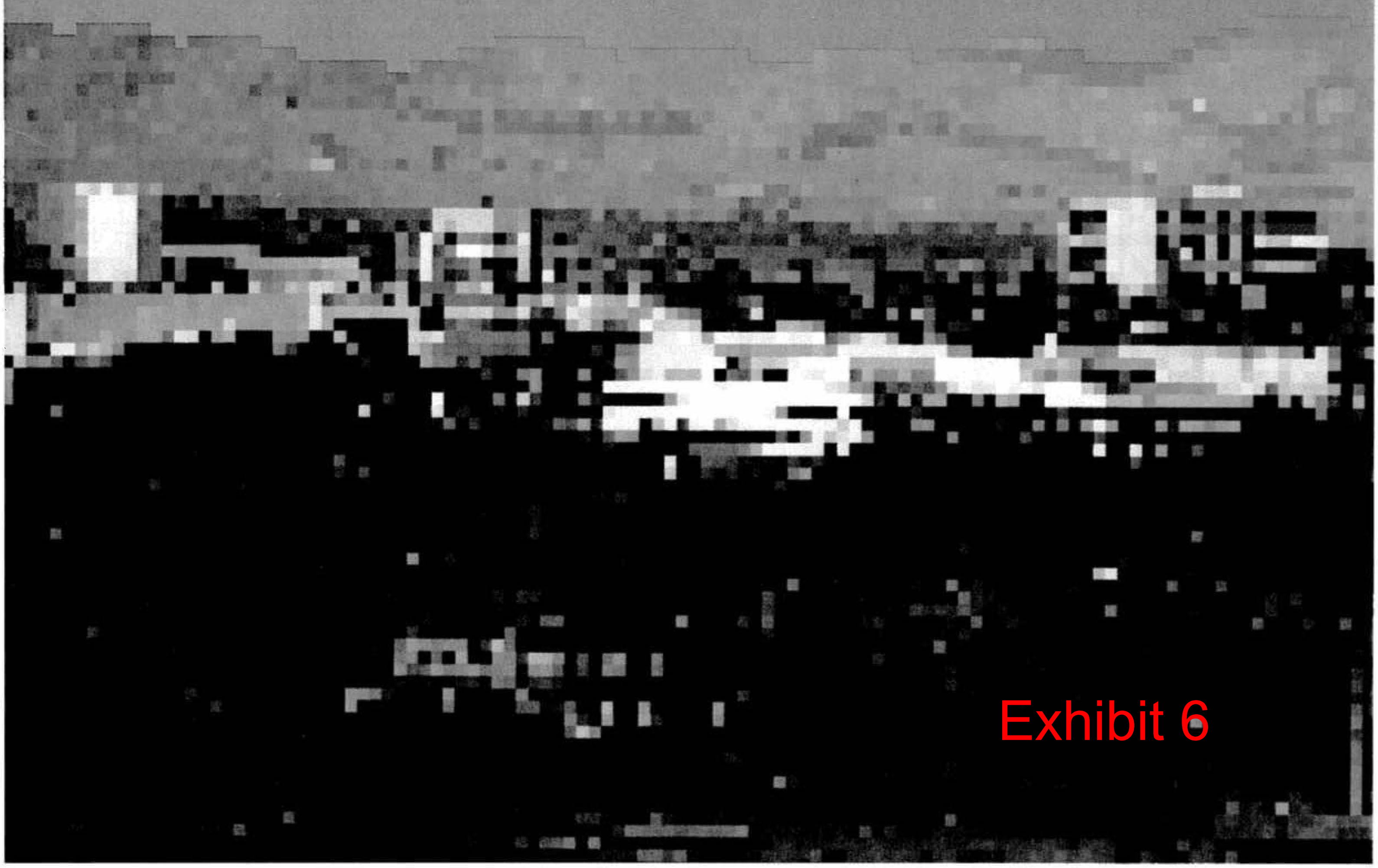

Exhibit 6

Your Benefits — The Other Part of Your Compensation

Up-to-date, quality benefit plans make up a large part of your compensation at the Laboratory. Your benefits go along with competitive salary, advancement, and personnel programs that reward excellence and achievement.

Benefits are like your other paycheck — because the Laboratory pays all or most of the costs for many. And that amount is over and above your salary.

The value of benefits is different for each of us. It depends on salary rates and the benefits each of us has selected. In assessing the value of your benefits, you shouldn't simply look at how much you might collect from them. You can also measure the value of your benefits as the costs the Laboratory pays for them.

The Laboratory's benefits program is designed to help protect you and your family against events that can interrupt income or drain finances today. And they help you to prepare for tomorrow's financial security.

The best way to get full protection from your benefits is to plan your own program — one that is well tailored to your needs, and your family's. You'll find it easy to plan and prepare because:

- You have choices — many plans with different coverage, cost and benefit plan options to choose from.
- Plan rules and options are flexible to help meet your changing needs and resources.
- Special planning programs are available through the Laboratory's Benefits Office.
- Annually the Laboratory holds an Open Enrollment period to provide you the opportunity to make changes or enroll in certain benefit plans.

This booklet provides an introduction to Laboratory benefits. It gives a general overview of your personal and family benefit plans. You shouldn't consider it a promise or guarantee of plan coverage or benefits. You have to meet eligibility rules for coverage and qualification rules to receive benefits. (The chart on page 3 indicates who is eligible for the benefits offered, discusses plan coverage, and shows whether there is a limited or unlimited enrollment period.)

The benefit plans discussed in this booklet are governed entirely by the terms of retirement plan provisions, University of California Group Insurance Regulations and group health/insurance plan contracts, and applicable state and federal laws. Those terms apply if information in this booklet is not the same. The Laboratory Benefits Office can give you the name of the person to contact to review any UC provisions or contracts.

Individual assistance is available from the Laboratory's Benefits Office. Details on features of health, dental, and vision care programs available to you are contained in three booklets—*Summary of LLNL Health Plans*, *Summary of LLNL Dental Plans* and *Summary of LLNL's Optical Services Plan*. Information on costs is contained in the *Benefits Workbook*.

You'll automatically receive a detailed booklet for any voluntary health or insurance plan you may enroll in (including a certificate of coverage), and you may ask to read a copy before enrolling.

Helping you retire securely

Your Laboratory retirement plan pays you monthly income for the rest of your life when you retire. So does Social Security if you're covered. Voluntary retirement programs are available to help you build a source of additional retirement income and special planning programs are offered to help you prepare for your retirement.

UCRS is coordinated with Social Security for all members hired on and after April 1, 1976. Individuals who chose not to coordinate their retirement with Social Security while previously employed by the Laboratory or University cannot coordinate when rehired.

UCRS and Social Security both provide similar monthly retirement, long-term disability, and family survivor benefits. These benefits are increased annually to help keep up with the cost of living.

Retirement age: You can retire from the Laboratory as early as age 55, if qualified. You are vested in UCRS after you obtain the equivalent of five full years of contributing service.

Social Security benefits can start as early as age 62 in a reduced amount. Full benefits can start at age 65.

Those who qualify may apply for gradual retirement under the Laboratory's phased retirement program. The program is not a guaranteed benefit — it is a personnel program requiring administrative approval.

Retirement income: UCRS retirement income is paid to you each month for the rest of your life during retirement. A part of your benefit is continued to your qualified spouse or family survivors when you die.

Your UCRS benefit is a percentage of your highest three-year average salary rate (up to a maximum of 80 percent), based on your age at retirement and years of service credited to UCRS. This basic amount is reduced at age 65 to account for your age 65 Social Security benefit.

Your separate Social Security retirement benefit is based on your age at retirement and all wages on which you've paid Social Security taxes. Monthly benefits are paid for the rest of your life, and benefits are also paid to eligible family members when you die.

If you had previous service credit with UCRS or the Public Employees Retirement System (PERS), contact the Laboratory's Benefits Office regarding reciprocal agreements. You should notify Benefits during your first month as a Laboratory employee since time limits apply to these agreements.

When you retire you can keep your health, dental and legal plan coverages; the Laboratory's contributions to the health and dental plans continue, provided you retire within four months of separating from the Laboratory. Medicare benefits are available when you're age 65 if you qualify — even if you're still working.

Survivor benefits: Your retirement plans may provide monthly income to family survivors who are eligible.

UCRS (University of California Retirement System) members have survivor benefit coverage after two years at the Laboratory. The benefit is a percentage of your salary. Your own retirement plan contributions are refunded to your beneficiary when survivor benefits aren't payable. Your retirement plan pays an additional cash benefit to your beneficiary ($1,500 plus an amount equal to one month's salary if you were actively employed).

Social Security pays up to a $255 cash benefit to your spouse or eligible family members if you were covered, and can pay them survivor benefits if they are eligible.

Retirement contributions: You contribute separately to UCRS and Social Security each month. The Laboratory also makes employer contributions to UCRS and Social Security on behalf of all members.

Your contributions to UCRS are automatically taken from gross pay before taxes. Interest is credited to your contributions once each year.

Your and the Laboratory's contributions help pay for UCRS benefits but do not determine their amount. Monthly UCRS benefits are determined by set formulas that use such factors as your age, years of service, and salary.

Voluntary retirement plans: If you are in a retirement system at the Laboratory, you can join one or a combination of voluntary programs that can help you prepare for your retirement. The programs offer you these special advantages:

- *Additional Retirement Security.* You set aside some of your Laboratory salary each month to build funds for extra income when you retire. You can choose from several benefit options when you retire, including payments for a specific period or lifetime payments. If you desire, you may roll over your tax deferred funds into another tax-deferred arrangement. Your benefits are in addition to retirement income from your basic plan and Social Security.
- *Tax deferral.* You can contribute an annual maximum of your annual salary. Taxes aren't due until your program funds are paid back. (Explanatory worksheets are available from the Laboratory's Benefits Office.)
- *Flexibility.* Program rules and benefit options are flexible so you can manage your funds to meet changing needs and financial objectives.

Withdrawals before age 59 1/2 will be subject to a 10-percent penalty, except in cases of death, disability, or severe financial hardship.

If you leave the University, you may roll the entire amount over into an IRA without penalty.

Career employees are eligible for all of these programs. Temporary employees can sign up only for the IRAs and U.S. Savings Bonds.

The options available to you include:

- the *Savings Fund* (your money is invested mainly in long-term certificates of deposit);
- a *Bond Fund* (your contributions are invested in bonds);
- an *Equity Fund* (investments are in common stocks);
- a *Guaranteed Insurance Contract Fund* (investments are in insurance company contracts);
- a *Money Market Fund* (investments are in money market instruments);
- *Fidelity Investments Mutual Fund* (a family of funds with each fund having specific investment objectives);
- the *Calvert Fund* (this is a social investment fund). Investments are not made with companies that do business, or have holdings, in South Africa, or are involved in nuclear power, gambling, tobacco or liquor.

These programs are insured by the UC Treasurers Office. You may also borrow a portion of your funds through a loan program.

For more information on these options, contact the Laboratory's Benefits Office.

- *Individual Retirement Accounts* (IRAs). The IRA program is administered by two IRA vendors—IDS/American Express and Wells Fargo Bank. Each vendor offers a variety of investment programs, service, and varying charges and fees. New tax regulations place restrictions on IRA eligibility.

Members of a Laboratory-sponsored retirement plan may contribute $2,000 a year on a tax-deferred basis to an IRA if the adjusted gross income for that year is $25,000 or less ($40,000 or less if you are married and filing jointly). The amount you may contribute decreases as your income rises. If your adjusted gross income is more than $35,000 ($50,000 if you are married and filing jointly), you may not make tax-deferred contributions.

- *Savings Bonds* are available in four denominations—from $100 to $1,000. The cost for each bond is one-half its value.

UCAR-10138 Revision 2

May 1990

the Retiree Handbook

Published by the
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Lawrence Livermore National Laboratory

Exhibit 7

Insurance

General Coverage

How does retirement affect my insurance plans?

Medical and Dental: Whether a member of PERS or UCRP, your University group medical and dental plans may be continued when you retire, *provided that you are enrolled at the time of retirement.* A deduction for the premium you pay (if any) should appear on your retirement check stub. The names of your plans should also be listed on the itemized deduction section even if the monthly premiums are paid in full by the University. If you and/or your spouse obtain Medicare coverage, conversion of your medical insurance may be made to a Medicare supplemental plan, which reduces your cost.

November is the usual annual open-enrollment period. During this month, you may transfer to another University medical or dental plan if you wish or add eligible dependents. The new coverage would become effective on the following January 1. If you or your dependents are hospitalized on the effective date, the new coverage would become effective upon release from the hospital.

If you plan to marry, you should enroll your future spouse before your wedding day so that he or she will begin coverage immediately. However, you may enroll your new spouse any time from the date of your marriage to the last day of the month following the month of marriage. If you don't enroll your spouse during this period, you must wait until the next November enrollment period to do so. The Annuitant Insurance Operations Office can provide the enrollment form.

Health Maintenance Organization (HMO) members (for example, Kaiser Hospital) who are leaving the service area for three months or longer may change to another University group plan *within 30 days*. Contact the Annuitant Insurance Operations Office.

Optical Plan: If you are enrolled in the Vision Service Plan at the time of retirement, you cannot extend this insurance like your medical and dental plans except under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). This act requires employers to provide continued health coverage at group rates for a specified period of time to employees and family members who lose group coverage. The cost of the continued coverage is paid by the employee or family members. You and

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University of California

Retirement Handbook

Exhibit 8

Eligibility to Continue Medical and Dental Coverage

If you elect UCRP monthly retirement income, you may be eligible to continue your UC medical and/ or dental coverage if:

- You were enrolled when you left UC employment;
- You elect to continue coverage at the time of retirement;
- Your coverage is continuous until the date your benefit begins;
- Your monthly retirement income begins within 120 days of your separation from employment;
- You meet the UC service credit requirements shown below, based on the date you became a retirement plan member; and
- Your monthly benefit must be large enough to cover any net deduction.

Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, subject to the state of California's annual budget appropriation.

Only UC service credit counts toward eligibility for medical and dental benefits. (Service credit from a reciprocal system as a non-UC employee only affects retirement plan benefits.)

You waive all rights to continue annuitant medical, dental, and legal benefits if you elect a lump sum cashout (see "If Coverage Ends" on page 16).

Service Credit Requirements—Eligibility to Continue and Amount of UC Contribution

If you were hired in a career position before January 1, 1990, and you have not had a break in service of more than 120 days, you will receive 100% of UC's maximum contribution toward the plan premium. You are eligible if:

- You retire before age 55 and have at least 10 years of UC service credit[1] (five years for Safety and UC-PERS members).
- You retire at age 55 or later and you have at least 5 years of UC service credit.

If you were hired in a career position on or after January 1, 1990, or were rehired after that date following a break in service of more than 120 days, you will receive a percentage of UC's maximum contribution. The percentage corresponds to your years of UC service credit as shown below:

Graduated Eligibility

Years of Member's UC Service Credit	Percentage of UC Contribution
0–4	Not eligible
5–9	If age plus years of service credit equal at least 75, then 50%; otherwise not eligible.
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20	100%

If you are not eligible to continue medical and dental coverage as a retiree, see "If Coverage Ends" on page 16.

[1] Service credit may include service credit for sick leave or, service credit bought back for leave, furlough, temporary layoff, sabbatical, extended sick leave, TRIP, TRIT, or for a period for which you received a refund. See "Service Credit Buyback" in the Retirement Plan Summary Plan Description.

Eligible Family Members—Medical and Dental Plans

Note: These eligibility requirements are not the same as those for UCRP survivor benefits.

Family Member	Eligibility	Must be
Legal spouse	Eligible	—
Adult dependent relative	Age 18 or older	• incapable under California law of a valid marriage to you because of a family relationship[1] • living with you • claimed as your tax dependent[2] • not eligible for Medicare Part A
Same-sex domestic partner	Age 18 or older	• person of same sex • able to enter into a contract • unmarried (neither one of you is legally married) • living with you for the past six months with intent to continue indefinitely • your sole same-sex domestic partner in a relationship of mutual support, caring, and commitment • sharing joint responsibility with you for common welfare • financially interdependent
Natural or adopted child	To age 23	• unmarried
Stepchild	To age 23	• unmarried • living with you • supported by you or your spouse (50%+) • claimed as a tax dependent by you or your spouse[2]
Same-sex domestic partner's child[3]	To age 23	• unmarried • your same-sex domestic partner's natural or adopted child • living with you • supported by you or your same-sex domestic partner (50%+) • claimed as a tax dependent by you or your same-sex domestic partner[2]
Legal ward enrolled before 1/1/95	To age 18	• unmarried • continuously covered
Legal ward enrolled 1/1/95 or after	To age 18	• unmarried • living with you • supported by you (50%+) • claimed as your tax dependent[2]
Other child enrolled before 9/1/94	To age 23	• unmarried • living with you • supported by you (50%+) • claimed as your tax dependent[2] • continuously covered
Disabled child (does not apply to legal ward)	Age 23 or older	• unmarried • living with you (not required if child is your natural or adopted child) • supported by you (50%+) • claimed as your tax dependent[2] • approved by carrier before age 23 and periodically thereafter • continuously covered
Grandchild or step-grandchild	To age 23	• unmarried • living with you • supported by you or your spouse (50%+) • claimed as a tax dependent by you or your spouse[2]
Same-sex domestic partner's grandchild[3]	To age 23	• unmarried • living with you • supported by you or your same-sex domestic partner (50%+) • claimed as a tax dependent by you or your same-sex domestic partner[2]

1 Those incapable of a valid marriage because of a family relationship include: parents and children; ancestors and descendants of every degree (this means grandparents and grandchildren, great-grandparents and great-grandchildren, etc.); brothers and sisters; half-brothers and half-sisters; uncles and aunts; and nieces and nephews.

2 As proof of dependency for income tax purposes, income tax records must be submitted annually, upon request.

3 Same-sex domestic partner must be eligible for UC-sponsored health coverage.

By authority of The Regents, University of California Employee Benefits Plan Administration, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by The Regents. Source documents are available for inspection upon request to University of California Employee Benefits Plan Administration (1-800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits—particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, annuitants, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums and employer contributions at any time. Health and welfare benefits are subject to legislative appropriation and are not accrued or vested benefit entitlements. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. Contact your Human Resources Office for more information.

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) provides for continued coverage for a certain period of time at applicable monthly COBRA rates if you, your spouse, or your dependents lose group medical, dental, or vision coverage because you terminate employment (for reasons other than gross misconduct); your work hours are reduced below the eligible status for these benefits; you die, divorce, or are legally separated; or a child ceases to be an eligible dependent. Note: The continuation period is calculated from the earliest of these qualifying events and runs concurrently with any other UC options for continued coverage. See your Benefits Representative for more information.

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Inquiries regarding the University's affirmative action and equal opportunity policies may be directed to Trevor Chandler—Academic Affairs at 510-987-9499 (for academic employee-related matters) or to Mattie L. Williams—Business and Finance at 510-987-0865 (for staff employee-related matters).

Website address: www.ucop.edu/bencom

UC HR/BENEFITS

University of California
Human Resources and Benefits
300 Lakeside Drive, 5th Floor
Oakland, CA 94612-3557

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University of California Retirement Plan

Election Handbook

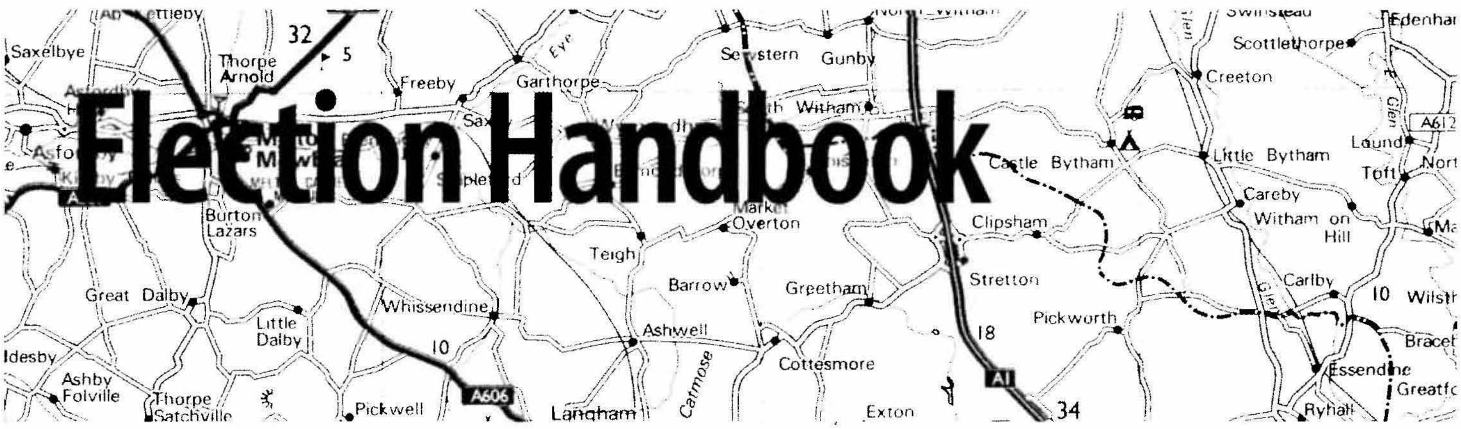

Exhibit 9

Section 4: UC-sponsored Health and Welfare Coverage

Section 4 of your retirement profile shows your current enrollments and coverage levels in UC-sponsored health and welfare plans (if any), including a list of any family members enrolled in the UC medical, dental and legal plans. If you are electing monthly retirement income and plan to continue your UC-sponsored medical, dental and/ or legal insurance coverage, please review your family member information carefully and report any discrepancies to your Benefits Representative.

Your retirement profile lists your continuation options if you elect monthly retirement income or if you elect a lump sum cashout. Generally, if you are eligible to continue coverage and you elect monthly retirement income, you may continue the same coverage. However, the cost may change if you are subject to graduated eligibility or you or an enrolled family member is also enrolled in Medicare (see below).

You must make your decision to continue (or cancel) UC-sponsored medical, dental and/or legal coverage at the time you elect monthly retirement income. Initially, coverage is limited to the medical and/or dental plans in which you are currently enrolled. However, you can change plans (and add eligible family members) during Open Enrollment, which is usually held each November. If you are in an HMO, you may be able to change plans if you move out of the HMO's service area. You may also be required to change plans if your portion of the monthly premium exceeds your monthly benefit. Your Benefits Representative can help you change your enrollment during your election interview.

If you elect a lump sum cashout, you waive all rights to continue annuitant medical, dental and legal benefits (see "If Coverage Ends" on page 11).

Graduated Eligibility and the UC Contribution

If you are eligible for UC medical and/or dental coverage as a retiree, your retirement profile shows the percentage of UC's contribution and your estimated costs for each plan. If you were hired in a career position before January 1, 1990, and you have not had a break in service of more than 120 days, you will receive 100% of UC's maximum contribution toward the plan premium. If you were hired in a career position on or after January 1, 1990, or were rehired after that date, you are subject to graduated eligibility, and a percentage of UC's maximum contribution will be applied to your gross premium. The percentage corresponds to your years of UC service credit (see the *Retirement Handbook* for details). Your cost for coverage is determined by subtracting the UC contribution from the gross premium.

UC reserves the right to determine new premiums and employer contributions at any time. Health and welfare benefits are subject to legislative appropriation and are not accrued or vested benefit entitlements.

Medicare

Medicare is our country's health insurance program for people age 65 or older, certain people with disabilities who are under age 65, and people of any age who have permanent kidney failure. There are two parts of Medicare. They are *hospital insurance* (also called Medicare Part A) and *medical insurance* (also called Medicare Part B). Medicare Part A is financed by payroll taxes, and, if you are eligible to receive it based on your own—or your spouse's—employment, you do not pay a premium. Medicare Part B is partly financed by monthly premiums paid by people who choose to enroll.

If you are enrolled in a UC-sponsored medical plan after retirement and you or any of your enrolled family members are eligible for Medicare Part A, UC requires that you (or the family member(s)) enroll in Medicare Parts A and B. It is very important that you enroll in Medicare Part B when you first become eligible (generally when you reach age 65, or, if you continue working past age 65, when you leave University employment). If you don't enroll at the appropriate time, the cost of your monthly Medicare Part B premium can increase significantly. For enrollment and eligibility information, call Social Security at 1-800-772-1213.

When you enroll in Medicare, you also must transfer your UC-sponsored medical coverage to a plan for Medicare enrollees. If you are enrolled in an HMO, you or your enrolled family members must enroll in the Medicare managed care program, if any, for that plan. If you do not comply with these requirements, UC will deduct a monthly offset fee (currently $110 per person) from your monthly retirement income. It is your responsibility to initiate these changes; enrollment is not automatic. Please call UC Retirement Services' Customer Service Center to make the transfer and avoid the offset.

Once you are enrolled in a UC-sponsored medical plan for Medicare enrollees, UC may reimburse some or all of your Medicare Part B premium depending on the cost of your plan. (The Medicare Part B reimbursement is part of the UC contribution toward medical premiums.) The UC contribution is subject to annual state legislative appropriation and may change or terminate at any time.

If Coverage Ends

If you or a family member loses eligibility for medical, dental and/or vision coverage, you may be able to continue coverage through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). You have 60 days from the date of the qualifying event (your last day of UC employment, for example), or the date you receive notice of your continuation rights (whichever is later) to enroll.

CalCOBRA: If you are age 60 or older on the date your employment ends, with at least five years of continuous UC employment immediately before separation, you (and/or your spouse) may be eligible to continue your UC-sponsored medical coverage for up to an additional five years after your 18-month COBRA period ends.

If you do not elect group medical coverage under COBRA, you may convert your coverage to an individual policy, if available. If you elect group medical coverage under COBRA, you can convert to an individual policy only at the end of the full COBRA continuation period, and only if you maintain your COBRA continuation coverage throughout this period. (Dental and vision coverage cannot be converted to individual policies.)

Although not required under COBRA, UC will extend continuation coverage to eligible enrolled adult dependent relatives, same-sex domestic partners, and/or same-sex domestic partner's children or grandchildren. They may be eligible to continue health coverage for a limited time, if applicable, when eligibility for group coverage is lost. For more information, see the *Continuation of Group Health Coverage* notice or contact your Benefits Representative.

Section 5: Estimating Your Net Benefits

Section 5 of your retirement profile shows two benefit estimates: a net estimate for monthly retirement income and a taxable/nontaxable breakdown for the lump sum cashout. *The information is based on available data and is not a guarantee of eligibility or benefit amounts.* When you make a benefit election, UC Retirement Services will send you a confirmation statement, which will list the data used in your actual benefit calculation.

Monthly Retirement Income

The net estimate for monthly retirement income is based on the assumptions listed, and includes the following elements:

Temporary Social Security Supplement

If you are a member with Social Security and you elect to receive monthly retirement income before age 65, UCRP will pay you a temporary supplement through the end of the month in

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) provides for continued coverage for a certain period of time at applicable monthly COBRA rates if you, your spouse, or your dependents lose group medical, dental, or vision coverage because you terminate employment (for reasons other than gross misconduct); your work hours are reduced below the eligible status for these benefits; you die, divorce, or are legally separated; or a child ceases to be an eligible dependent. Note: The continuation period is calculated from the earliest of these qualifying events and runs concurrently with any other UC options for continued coverage. See your Benefits Representative for more information.

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Director Mattie Williams and for faculty to Executive Director Sheila O'Rourke, both at this address: University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.

Website address: www.ucop.edu/bencom

UC HR/BENEFITS

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Final Report of the President's Task Force on Post-Employment Benefits

July 2010

Exhibit 10

Overview of Issues and Process

The University's Post-Employment Benefits (PEB) are a cornerstone of the University community and serve as a common bond across all levels of its workforce. For many years, PEB programs have provided a key competitive advantage as the University sought to recruit and retain the highest quality faculty and staff – often times compensating for the lack of competitive salaries. The University plans to continue these programs to maintain that advantage and meet its commitments to faculty, staff and retirees. Because PEB programs are critical to accomplishing the University's mission, they must provide excellent benefits after retirement at a cost the University can sustain in the future. To that end, in 2009, the President of the University commissioned a Task Force on Post-Employment Benefits to develop a comprehensive approach and related recommendations that assure long-term PEB program quality and viability.

A Steering Committee and three Work Teams were formed with broad University representation. Shared governance with the Academic Senate was an integral part of the process. Special meetings were held with the Academic Senate's committees on Planning and Budget and Faculty Welfare, as well as the Academic Senate Divisional Executive Committees. Throughout the Task Force work, there was extensive, participation by faculty representatives on the three Work Teams and on the Steering Committee. The Task Force process also included periodic briefings and meetings with a variety of stakeholder groups – unions, retirees, staff and administration.

Each Team was asked to focus on a specific area: pension, retiree health or finance, and make recommendations to the Steering Committee. In this report, the Steering Committee forwards a series of recommendations to the President of the University who will discuss the report and may make recommendations to The Regents based on the Task Force's work. As communicated to the Task Force members, the President will determine what to take to The Regents for consideration and approval. The President may alter or modify cost and/or design elements in his recommendations to The Regents.

Triggering Issues

The University of California has long provided valuable Post-Employment Benefits, principally a Defined Benefit[1] (DB) pension plan (University of California Retirement Plan or UCRP) and Retiree Health program. These benefits have been critically important for recruiting and retaining outstanding faculty and staff – a key component in the University's excellence. In particular, UCRP provides incentives for long careers at the University and promotes recruitment of talented young people to develop a career with the University. The PEB Task Force participants are unanimous in advocating the preservation of UCRP as a Defined Benefit plan but realize the necessity of providing a DB plan that is sustainable and can be maintained within the confines of the University's operating budget.

UCRP's advantages extend beyond recruitment. The value of PEB benefits that would be forfeited (the pension income for all future service and Retiree Health coverage) makes it economically unattractive for faculty and staff to leave the University in midcareer, thus helping UC retain faculty and staff who receive outside offers. The DB plan provides career faculty and staff with enough income security to afford to retire from service when the time is right for them.

While a Defined Contribution (DC)[2] plan may also provide senior faculty the means to retire when the time is right, it provides little incentive for retirement. Concerned that faculty were retiring too late, some competing academic institutions with DC plans have initiated supplemental buy-out plans to provide a retirement incentive for faculty. With a Defined Benefit plan such as UCRP, there is no need for supplemental buy-outs. Clark Kerr, in advocating the establishment of UCRP in 1961, recognized the valuable contribution to renewal of the University provided by the Defined Benefit approach. For faculty in particular, voluntary retirement of senior members allows for renewal by making space for talented young faculty and the cycle is repeated. This renewal has been one of the great strengths of the University of California. We hire talented young people, provide an opportunity for them to develop their skills, maintain a strong economic incentive for them to remain with the University for a full career; and then provide the security and incentive to retire when the time is right. Also, post-employment health benefits are an important element of retirement security available to long-term employees.

[1] A Defined Benefit plan (DB) guarantees a benefit based on a formula, usually based on some combination of age, years of service, and pre-retirement earnings. The amount of retirement income is not affected by market fluctuations. The employer bears the investment risk and benefits are funded by combined employer/member contributions and investment earnings.

[2] A Defined Contribution plan (DC): contributions are put into funds whose investments are directed by the member and are subject to market fluctuations. Participants bear the investment risk. Defined contribution plan benefits generally are more portable than other types of retirement plans.

Had the Regents' targeted funding level adopted in September 2008 been in place and funded since 1990, contributions would have been reduced, but never eliminated. If UC had fully implemented the 2008 targeted funding level, contributions of 11.6% of covered compensation[4] would have been required in 2009-10 fiscal year[5]. However, once the investment losses of 2008-09 and UCRP's very large unfunded liability are accounted for, substantially higher contributions are needed. It is critical that the University start to address UCRP's unfunded liability right away, as delay only makes the problem much worse. The problem can be addressed over 30 years, but the 30 years needs to start immediately.

One aspect of UC's Post-Employment Benefits impact on the workforce is its facilitation of early retirement. When Social Security was established, normal retirement age was 65. At its inception in 1961, UCRP provided its maximum "age factor" at age 63. An employee could retire before age 63, but the age factor[6] would be reduced, reducing the pension accordingly. Since July 1992, the maximum age factor has applied at age 60. Faculty retire on average at about 66, but staff retire on average at about 60. One consideration in Task Force discussions is that staff's tendency to retire early may be detrimental to the University. Many employees remain energetic, engaged, and effective beyond age 60. Any minor losses in productivity associated with the aging process are, in our view, more than offset by gains in experience and institutional knowledge. Early retirement, something the current UCRP design facilitates, increases the cost of Post-Employment Benefits. Pensions are paid over longer periods of time and the cost of funding the pensions is spread over fewer years of employment. Both factors raise the Normal Cost[7] of the plan.

When the University began providing active employee and retiree health care, health care costs were relatively low. The University has paid for retiree health care on a "pay-as-you-go basis". Each year, the current Retiree Health program costs are paid from an assessment on covered compensation paid by all funding sources. Virtually all large public and private employers in the United States who offer retiree health benefits take a "pay-as-you-go" approach. As health care costs have risen, the University's liability for Retiree Health has grown. These unfunded liability costs now represent a very

[4] For UCRP, covered compensation is base pay from the University for a regular appointment at the full-time rate. This includes pay for sabbaticals or other paid leave, as well as stipends. It does not include such things as overtime, summer session pay, uniform allowances or amounts over the established base pay rates or pay above the limits established in the Internal Revenue Code (IRC), except to the extent that the implementation of UCRP 401(a)(17) raises or eliminates those limits.

[5] The 11.6% does not take account of the investment losses in the 2008-09 Fiscal Year.

[6] Age factor: In the UCRP retirement benefit formula, the percent of pay for each year of credited service.

[7] Normal Cost is the cost of an additional year of service credit for all active UCRP members.

large problem for the University financial planning and budget areas. This problem is underscored by accounting rules adopted by the Government Accounting Standards Board (GASB) requirement that these liabilities be reflected on public entities' financial statements.

The University's Retiree Health benefits have been more than competitive because they were provided at very low cost to University retirees. Most of our competitors provide similar benefits and health plan choices for their retirees but, of these, many provide "access-only" coverage, meaning that the retiree must pay 100% of the premium for medical coverage. Other competitors pay part of the premium cost, but substantially less than what the University contributes for premiums and almost none of them follow the University practice of contributing towards all or part of the Medicare Part B premiums.

Early retirement also adds cost to the Retiree Health benefit. Individuals who retire while they are still able to provide effective service to the University (or to other employers that could pay their health care costs) create additional costs since health benefits have to be paid to both the early retirees and their replacements.

The Fiscal Problem

Not restarting contributions to UCRP over the last five or six years has exacerbated the UCRP funding problem. The unfunded liability of UCRP, on a market-value[8] basis, was $12.9 billion as of July 1, 2009; the plan was 71.4% funded using a market valuation. On an actuarial[9] basis, which recognizes losses over five years, the plan was 95% funded on July 1, 2009. An updated actuarial valuation is presented each November to the Board of Regents[10]. Because the 2009 actuarial funding ratio excludes 80% of the 2008-2009 losses, the funding ratio[11] will drop significantly as those losses are taken into account over the following four years.

[8] Market Value is the price at which a plan's assets could be traded at a particular point in time.

[9] Actuarial Value: a mathematical calculation of a pension plan's status using assets, liabilities, contributions and actuarial assumptions about future investment earnings, retirements, terminations and mortality.

[10] Actuarial Valuation for UCRP – 2009: http://www.universityofcalifornia.edu/regents/regmeet/nov09/f5.pdf and
Actuarial Valuation for UCRP – 2008: http://www.universityofcalifornia.edu/regents/regmeet/nov08/f10.pdf

[11] Funded ratio or status: A percentage based on plan assets divided by plan liabilities. It indicates relative financial stability.