

# UC President Napolitano's Retirement Package will Further Enrich Executives & Administrators at the Expense of UC's Frontline Workers

## UC President Napolitano Sneaks DC Opt-Out Proposal into UC's New Retirement Package

- ▶ President Napolitano snuck a DC Opt-Out for UC employees into UC's new retirement package. UC staff will now have the ability to choose a risky, stand-alone Wall Street 401(k) benefit instead of participating in UC's defined benefit plan.

## Napolitano's DC Opt-Out is Cash Give Away for Executives to the Detriment of DB Plan

- ▶ The stand-alone 401(k) Opt-Out incentivizes executives who are not planning on making a career at UC to select a DC rather than a DB plan—ensuring executives get even richer.
- ▶ For a UC executive making \$265,000, UC would contribute \$7,400 MORE per year for their benefit in a DC plan rather than a DB plan.
- ▶ If this same executive were to leave UC after 4 years, he/she would walk away with an additional \$85,000 compared to the 2013 Tier benefit—money that would otherwise stay in the DB plan to reduce the pension plan's unfunded liability.

## Creation of DC Opt-Out Sets Dangerous Precedent for CA Public Employees

- ▶ Offering UC staff the ability to Opt-Out of DB plan into risky stand-alone Wall Street 401(k)-style plan sets a dangerous precedent with ramifications for all California public employees.
- ▶ Napolitano's pension package incentivizes staff to leave the pension plan, and impoverishes the DB pension plan—playing right into the hands of Chuck Reed and Carl DeMaio.

## Napolitano's Proposal Was Not Vetted by UC Task Force & Could Actually Increase Pension Plan's Costs

- ▶ UC Task Force members raised concerns over the potential cost of providing a DC Opt- Out benefit on UC's pension plan, citing a "potential for significant variability in [UC's] estimates."
- ▶ Napolitano's final retirement package—never vetted by the Task Force—compound these concerns since the new tier incentivizes executives to take the 401(k) benefit rather than the DB benefit.

## Say 'NO' to Using Taxpayer Prop 2 Funds to Further Enrich UC Executives & Administrators

- ▶ The State of California Legislature should only approve additional Prop 2 funding for 2016-17 if the University of California eliminates its stand-alone 401(k) Opt Out benefit for UC staff.

