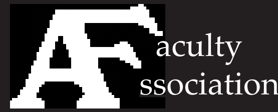

UCSB Faculty Association newsletter

A Membership Organization of Faculty at the University of California, Santa Barbara

November 2009 P.O. Box 13930, Santa Barbara, CA 93107

Why It's Important To Join FA

BY SARAH CLINE

When I was a new assistant professor, I became a member of the Faculty Association. After 25 years, I can't remember exactly when I signed up for payroll deduction for my dues, but joining the FA was another way to perform in campus service.

Now as the new Chair of the UCSB Faculty Association, I am especially concerned how we faculty can respond to the current crisis and how the Association can be even more effective.

Since the summer we have entered the land of "post employment" benefits, faculty furloughs and pay cuts, and an assault on co-governance at University of California, I believe that faculty should be as engaged as possible.

How we respond now, the level of faculty participation in the process, and the direction we urge the university will play an important role in the outcomes.

I believe that the UCSB Faculty Association can be an important advocate for faculty, particularly if our membership increases significantly and members become active participants in shaping discussion and action. Many faculty have participated in ad hoc discussions and lobbying to affect campus and university policies, but I believe that such efforts can be even more powerful if they are channeled

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Sarah Cline is a professor of History at UCSB and Chair of the UCSB Faculty Association.

Honey, I Shrunk the Pension Fund

But Steep Decline in Solvency Is No Laughing Matter; UCLA FA Asks Regents to Jump Start Regent, Faculty Contributions

Ed. Note: This is the third in a series of UCLA Faculty Association newsletters on the UC Retirement Plan (UCRP). Previous parts, which defined retirement terms and Regental responsibility, may be accessed at the UCLA FA website: http://www.uclafaculty.org/FASite/Newsletters.html.. This part appeared in the November UCLA FA newsletter and is reprinted by permission.

In this article, we would like to update faculty on the current status of UCRP as of Sept. 30, 2009.

To do that, we will rely on the market value of the assets. Market numbers are what they are; they have not been smoothed or averaged or manipulated in any way.

Averaging over a period of time, like five years, smoothes out the effect of the ups and downs typical of market returns, which, in turn, ensures less volatility in setting the level of contributions over time.

However, smoothing also masks the value of the market numbers.

In the case of UCRP, whose funding ratio has been declining for ten years, averaging the market numbers over a period of five years makes the financial condition of the fund appear better than it is.

Averaged numbers show that UCRP had a 95% funding ratio as of Sept. 30, 2009, whereas market numbers for the same period reveal that the funding ratio has fallen to 78%.

If the market continues to perform poorly over the next several years, then the actuarial numbers will drop and come closer to the market numbers.

The actuaries use an annual return of 7.5% on the UCRP portfolio of assets in all of their calculations.

Over the long term, this has been a reasonable assumption, and the UCLA FA is not objecting to this number. But we want you to be aware that the annualized 10-year return on investments for UCRP on Sept. 30, 2009 was 3.9%. Not including the 2008-09 year losses, the annualized 10-year return was 5.66% as of June 30, 2008.

Averaging numbers puts the estimate of the unfunded liability at $2.441 billion on Sept. 30, 2009, but the market numbers show a $10.190 billion unfunded liability.

UCRP is not facing a small decline in assets that will soon be evened out by higher returns over the next few years.

In 2008-09, the plan experienced a -18.81% return on investment that propelled it into a significant deficit funding position that will take years to correct.

So the first big step is to see the market numbers and understand what they show about the financial condition of UCRP on Sept. 30, 2009.

The FA is not suggesting that contributions be set using these

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UCSB FA Board Calls General Meeting Dec. 1

The UCSB Faculty Association Board has scheduled a general meeting for Tuesday, Dec. 1 at 4 p.m. in the McCune Conference Room (6020 HSSB).

Purpose of the meeting is to gauge faculty sentiment regarding possible steps to take in response to UC's budget crisis, according to FA Chair Sarah Cline.

One proposal is to initiate the process for a collective bargaining vote at UCSB.

For this reason, Cline urged all interested faculty to attend, whether they are members of the UCSB FA or not.

Pension Fund's Bottom Line

Q Is UCRP in financial trouble today?

A Yes. Liabilities exceed assets by $10.190 billion. This shortfall is called the unfunded liability.

Q Why has this crisis emerged so suddenly?

A Because the Market Value of Assets (MVA) fell 18.81% during 2008-09. Also, the UC Regents have been drawing down the funding surplus in UCRP for years to pay for such programs as VERIPs and CAP payments. Furthermore, neither employees nor employers have contributed to UCRP for a period of 20 years.

Q How does a retirement plan typically manage a single year loss of that magnitude?

A Contributions are increased. A portion of any unfunded liability is added to the contributions each year to bring the Plan back to full funding over a set period of years.

In addition, the investment return on the shortfall must be factored into the size of the contribution. For example, the UC Funding Policy requires that the unfunded actuarial liability be amortized over 15 years.

Given the assumed 7.5% annual return on assets, $1.15 billion needs to be added to the contributions each year for 15 years to amortize an unfunded liability of $10.190 billion.

Q How will the Regents set the level of the contributions?

A The UCRP Funding policy calls for contributions to be set at the level of the Normal Cost plus any unfunded liability. The Normal Cost is an actuarial estimate of the cost to fund the benefits provided by the retirement system for the current year. The Normal Cost is expressed as a percentage of the payroll covered by retirement benefits—called the Covered Compensation or CC.

The Normal Cost is not a smoothed or averaged number, but a complex actuarial figure based on estimates of mortality rates, demographics, salary increases, separation rates, the number of survivors, etc. and has been remarkably constant over the last 20 years. The Normal Cost is 17% of CC (17% of $7.87 billion) or $1.34 billion for 2009-10.

A retirement plan that has a 100% funding ratio still needs contributions in the amount of the Normal Cost so that the assets will equal the liabilities at the end of the plan year after the benefits have been paid out and assets have earned the predicted rate of return. A funding ratio of less than 100% signals the need for even higher contributions than the Normal Cost in order to bring assets back up to the level of all accrued liabilities.

Q When will contributions start?

A The Regents approved contributions to start on April 15, 2010.

Q What is the total contribution needed by UCRP when contributions start April 15, 2010?

A Using an average of the market value of assets over the last five years, UCRP needs 20.5% of CC or $1.6 billion. This figure assumes a 7.5% return, includes the Normal Cost, and amortizes the smoothed, unfunded liability ($2.441 billion) at $277 M per year over 15 years.

But the market numbers call for a much higher contribution: 31.7% of CC or $2.49 billion. This figure also assumes a 7.5% return, includes the Normal Cost of 17%, but amortizes the market value unfunded liability ($10.190 billion) at $1.15 billion per year over 15 years.

The FA does not suggest that anyone use the market numbers to calculate the actual contribution to UCRP, but the market numbers show that UCRP needs 17% per year to cover the Normal Cost, and 14.7% to amortize the unfunded liability of $10.190 billion over 15 years.

Q How will the contribution be divided between employer and employee?

A The FA urges that the employee contribution be capped at 5% and the employer contribution be allowed to adjust according to funding needs. Historically, the ratio has been close to 5:1. With a reduction in state funding, the Regents recently proposed that contributions begin with a 4% employer contribution and a 2% employee contribution.

Without any state funding, the Regents provided for at least a 1:1 contribution ratio in the UCRP funding policy passed in September 2008. This ratio, if ever implemented, would constitute an adverse change of enormous proportion for the faculty and all employees.

A 5% employee contribution and an adjustable employer contribution bring UCRP policies in line with those of other state-supported enterprises, like CSU, that receive state support for the employer contribution.

Q What would the UC Regents have to contribute per year for state-supported employees if the contribution were set at the level called for by the smoothed market numbers?

A The portion of CC for state-supported employees is about $2.75 billion; therefore, the UC Regents would have to contribute 15.5% (20.5%-5% employee contribution) of CC ($2.75 B) or $427 million dollars per year.

Q What would the UC Regents have to contribute per year for state-supported employees if the contribution were set at the level called for by the market numbers?

A $735 million per year or 26.7% (31.7%-5%) of CC.

Q How could UC pay even the contribution of $427 million arrived at by smoothing the market numbers when the budget for 2009-10 was cut by over $800 million, faculty and other employees have been furloughed, and the outlook for next year remains grim?

A Without state contributions, it is not at all clear how the UC Regents would pay for the yearly contribution of $427 million. We have assumed in our calculations that UC employees provide 5% of the contribution. This is similar to the contribution rate for other state employees, which would

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"This ratio, if ever implemented, would constitute an adverse change of enormous proportion for the faculty and all employees."

"So far, the Regents have been delaying the start of all contributions because the State has refused to budget the contribution amount for state-supported employees."

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place the onus on the State to provide the employer share of the UCRP contribution.

Q. Could the Regents delay payment for a few years or at least lower the payment until the budget crisis is over?

A Delay is costly because liabilities increase without any offsetting contributions. At UC, delay is particularly costly because of the reimbursement policy that was followed before contributions stopped in 1990 and presumably will hold when contributions resume.

The Regents make the employer contribution for all employees covered by UCRP with the expectation that the State, the federal government, the UC Medical Centers, and all other independent enterprises will reimburse them for UCRP contributions in proportion to their portion of the total CC.

The State provides roughly 35% of CC ($2.75 billion) and the other agencies about 65% of CC ($5.12 billion) for a total retirement-covered payroll of $7.87 billion.

So far, the Regents have been delaying the start of all contributions because the State has refused to budget the contribution amount for state-supported employees.

While the Regents wait to recover 1/3 of the cost of retirement contributions from the State, they lose 2/3 of the total contribution they could be recovering from the other agencies that provide 65% of the CC but with no hopes to recover these lost contributions in the future.

Delay is costly whether amortizing the averaged or market value of the unfunded liability.

If we take the contribution figure of 20.5% of CC, which does not recognize the market unfunded liability immediately, then delay in waiting for the State to budget $427 million per year costs UC $794 million per year in other reimbursements.

If we take the figure of 31.7% of CC, which recognizes the market unfunded liability immediately, then delay in waiting for the State to budget $735 million costs the Regents $1.36 billion in reimbursements from the federal government, the UC Medical Centers, and other independent enterprises.

During a holding pattern, not only do the employers not contribute, neither do the employees, which further increases the unfunded liabilities.

Q What about the hardship of extracting even 15.5% (20.5%-5% employee contribution) of the contract & grant payroll when that cost was not factored into earlier research proposals extending 3 or 4 years into the future? (For new grants, the amount of the employer contribution will be figured in, but not for the older ones.)

A That will be a hardship for a few years as the longer contract and grant periods wind down, but newer contracts and grants will have to account for the retirement contribution for those employees covered by outside funds. The UC Regents may have to forego some percentage of the reimbursements from contracts and grants in some situations. However, since the granting agencies are getting more research for the same amount of money on earlier grants than on ones including the retirement contribution, the administration could enter into negotiations with granting agencies on the grounds that the earlier grants should be augmented to cover UCRP contributions since the granting agency is otherwise getting a free-ride.

Q Could the UC Medical Centers afford to take 15.5% of their covered payroll to pay for the retirement benefits of their employees and stay in the black?

A That question points to the urgency of the present situation: fragile funding for all UC enterprises, instruction, medical centers, contracts and grants. It will not be easy for any of the employers and employees at UC to pay for the cost of retirement in the current budget crisis, with budget cutbacks and furloughs, but it must be done.

The market numbers point to the need for much higher contributions than the total of 20.5% --closer to $31.7%. Unless the Regents act quickly and decisively to resume contributions and bring them to the level needed, the alternative is an unfunded retirement liability that could grow according to the wonders of compounding and very quickly cripple the academic mission of the University and the academic hopes of its faculty.

"It will not be easy for any of the employers and employees at UC to pay for the cost of retirement in the current budget crisis, with budget cutbacks and furloughs, but it must be done."

Q If the UCRP crisis was caused by a drop in assets, won't the market come back up and fix the problem?

A No. Anyone who thinks the stock market will bail out UCRP is most certainly engaged in "faith-based budgeting." If UCRP needs $10.190 billion to return to full funding, the assets would have to increase more than 28.5%.

In addition, through the course of a year, the fund would need to take in the Normal Cost (17%) or roughly $1.34 billion, pay out about $1.67 billion and earn 7.5% on the assets just to stay even. These amounts far exceed what UCRP assets alone could be expected to earn.

The UCRP investment returns for the third quarter 2009 were 12.2%, down slightly from the second quarter returns of 13.38%. Although the recent trend is positive, the 5-year annualized return is 3.68%.

Q With an unfunded liability of $10.190 billion, and needed contributions of at least 20.5%, possibly approaching 31.7%, are my retirement benefits safe?

A Yes. The UC Regents are legally obligated to pay all the benefits promised.

Q Should I consider taking a lump sum cash-out just to make sure I get all of my benefits?

A Everyone must weigh the pros and cons very carefully. The FA cannot give investment advice. We understand that UC has an iron-clad legal obligation to provide funding for UCRP. Anyone who takes a lump sum cash-out gives up the right to retiree health benefits,

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“the alternative is an unfunded retirement liability that could . . . very quickly cripple the academic mission of the University and the academic hopes of its faculty.”

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continued payment of benefits to a contingent annuitant like a spouse or domestic partner, and perhaps most importantly, takes on the obligation to invest the proceeds and accept the market risk.

In actuality, it helps UCRP if employees take out their benefits as a lump sum because it reduces liabilities by more than assets. See the Senate Report “Market Turmoil and the UCRP Lump Sum Cashout, January 20, 2009”: http://www.universityofcalifornia.edu/senate/reports/Lump%20Sum%20Cashouts%2022JAN09%20Final.pdf

Q Will the Furlough/Salary Reduction Plan approved by the Regents in July 2009 affect the level of contributions?

A The Furlough/Salary Reduction Plan will have no effect on the calculation of member benefits or on the level of the contribution, but it will reduce the dollar amount of contributions coming into UCRP when they resume on April 15, 2010 because contribution percentages will be based on actual pay.

For example, UCRP will receive about $10 million less in funding between April 15 and Aug. 31, 2010 if contributions are set at 4% for employer and 2% for employee because of the furlough plan.

Q Who should be concerned about the increasing unfunded liability?

A Everyone. The Regents, who have a fixed legal obligation to retirees, may be compelled to allocate a higher and higher percentage of the university's operating funds to pay retiree benefits. This would reduce the funds they could allocate for teaching, research, salary improvements and the university's physical infrastructure.

Some have estimated that if UC does not reverse the trend of allowing unfunded liabilities to increase, the employer share of the retirement contributions could go up beyond 50% of covered compensation.

Q Why is the grim state of the retirement system, paradoxically, of greater interest to younger and mid-range faculty than senior faculty?

A Because the longer the UCRP system goes underfunded and contributions are less than necessary to restore full funding, the unfunded liability increases according to the wonders of compounding. In this situation, the level of contributions that will be required in the future will climb higher and higher and the process of eliminating those who retire from making contributions says that the younger faculty will have to pick up the bill.

Q What is the best approach to begin contributions?

A In Feb. 2009, the Regents approved restarting contributions effective April 15, 2010, subject to collective bargaining, as applicable. The University would contribute 4% and employees 2%. The employee contribution would increase by 1% per year until it reached 5%, and the employer contribution would increase by 2% a year until it met the contribution level required by the UCRP funding policy. Following this plan, total contributions would add up to 6% for 2010-11, 9% for 2011-12, 12% for 2012-13, and 15% for 2013-14.

Even after five years, contributions would still not equal the Normal Cost nor come close to the 20.5% required to restore full funding. The unfunded liabilities would have risen higher and higher and the funding ratio fallen lower and lower.

On June 3, 2009, the Academic Council asked President Yudof to follow the UCRP funding policy approved by the Regents in Sept. 2008, which calls for contributions of about 20.7% of CC by July 1, 2011.

By looking at the market numbers and what they reveal about the magnitude of the unfunded liabilities, roughly 29% of the Market Value of UCRP Assets on Sept. 30, 2009, the FA urges the Regents to

(1) start contributions on April 15, 2010 at the level of 4% for the employer and 2% for employee,

(2) increase contributions on July 1, 2010 to the level of the Normal Cost, 17%,

(3) set contributions on July 1, 2011 to equal the Full Cost according to the UCRP funding policy, including the Normal Cost and an amount to amortize any unfunded liability over 15 years or roughly about 20.5%.

CONCLUSIONS

Faculty must insist that the Regents be both prudent and smart.

In a nutshell, prudence means restarting contributions at a significant level, at least the level of the Normal Cost by July 1, 2010.

Smart means ensuring that the federal government, UC Medical Centers, and all other independent enterprises that support UC employees, reimburse the Regents for their share of the retirement costs.

If worse comes to worst and the State refuses to reimburse the Regents for the UCRP contribution on behalf of state-supported employees, then the UC Regents must either take a big chunk of the operating budget to fund UCRP, issue an IOU or issue a pension bond of some sort. In any case, the amount owed, borrowed or raised will draw from non-state agencies more than double that amount. These additional reimbursements as well as the employee contributions will all increase

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Join the UCSB Faculty Association

The Faculty Association at UCSB is a voluntary, dues-supported organization of UCSB Academic Senate Members, founded in 1979. The purpose of the FA is to influence the decisions of the University administration and the State Legislature that affect faculty salaries, benefits, and working conditions broadly defined. The FA at UCSB supports the Academic Senate in all academic matters and works closely with the Senate on welfare issues. Because it has no State funding, the FA at UCSB can and does engage in lobbying and other nonpartisan political activities on behalf of faculty. Membership in the FA at UCSB is open to all faculty eligible for membership in the UCSB Academic Senate. If you wish to become a member, please complete the application below.

Application for Membership

I wish to join the Faculty Association at UC Santa Barbarta. I agree to pay the following dues (check one) by payroll deduction (in which case, please sign and submit the form below) or by personal check.

$5.00 per month for Assistant Professors
$7.50 per month for Associate Professors
$10.00 per month for Professors

Lecturers with security of employment, please designate the dues that most nearly approximate your salary range.

Faculty Association dues are tax deductible: either on Schedule A of your income tax to the extent that they and other profession-related and income-producing expenses exceed 2 per cent of your adjusted gross income; or in some instances on Schedule C without the 2 per cent limitation. Please check with your tax consultant.)

EMPLOYEE ORGANIZATION MEMBERSHIP PAYROLL DEDUCTION AUTHORIZATION
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PLEASE PRINT OR TYPE

CAMPUS	LOC	EMPLOYEE I.D.	DATE

ACTION ON THIS FORM TO BECOME EFFECTIVE THE PAY PERIOD BEGINNING: DATE

LAST NAME, FIRST, MIDDLE INITIAL

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ORGANIZATION NAME (INCLUDE LOCAL NAME AND NUMBER)

MONTHLY DEDUCTION	ENROLL	CANCEL	CURRENT AMOUNT
DUES			
INITIATION FEES			
GENERAL ASSESSMENT			
TOTAL			

I authorize The Regents of the University of California to withhold monthly or cease withholding from my earnings as an employee, membership dues, initiation fees and general assessments as indicated above.
I understand and agree to the arrangement whereby one total monthly deduction will be made by the University based upon the current rate of dues, initiation fees and general assessments. I ALSO UNDERSTAND THAT CHANGES IN THE RATE OF DUES, INITIATION FEES AND GENERAL ASSESSMENTS MAY BE MADE AFTER NOTICE TO THAT EFFECT IS GIVEN TO THE UNIVERSITY BY THE ORGANIZATION TO WHICH SUCH AUTHORIZED DEDUCTIONS ARE ASSIGNED AND I HEREBY EXPRESSLY AGREE THAT PURSUANT TO SUCH NOTICE THE UNIVERSITY MAY WITHHOLD FROM MY EARNINGS AMOUNTS EITHER GREATER THAN OR LESS THAN THOSE SHOWN ABOVE WITHOUT OBLIGATION TO INFORM ME BEFORE DOING SO OR TO SEEK ADDITIONAL AUTHORIZATION FROM ME FOR SUCH WITHHOLDINGS.
The University will remit the amount deducted to the official designated by the organization.
This authorization shall remain in effect until revoked by me - allowing up to 30 days time to change the payroll records in order to make effective this assignment or revocation thereof - or until another employee organization becomes my exclusive representative.
It is understood that this authorization shall become void in the event the employee organization's eligibility for payroll deduction terminates for any reason. Upon termination of my employment with the University, this authorization will no longer be in effect.
This authorization does not include dues, initiation fees and general assessments to cover any time prior to the payroll period in which the initial deduction is made.
Payroll deductions, including those legally required and those authorized by an employee are assigned priorities. In the event there are insufficient earnings to cover all required and authorized deductions, it is understood that deductions will be taken in the order assigned by the University and no adjustment will be made in a subsequent pay period for membership dues, initiation fees and general assessments.

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RETENTION: 1 YEAR AFTER INACTIVE - ACCOUNTING OFFICE

Cline: UCSB Needs a Faculty Association

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through formal structures, such as the Faculty Association and the Academic Senate. In the current crisis, having the faculty's voice even louder and stronger is crucial.

We have budgetary crises before. In the early 1990s the UCOP cut faculty salaries and went further, by not funding faculty merit increases. The faculty pushed back and funding for merits was restored, but not without a fight. Our Faculty Association was founded in 1979 during another time of turmoil, when faculty learned that the Academic Senate could not advocate for the faculty on a whole range of issues.

As a dues-paying organization independent of the Academic Senate, we can undertake lobbying of elected officials, and can work in cooperation with the Santa Barbara Division of the Academic Senate and with other Faculty Associations in the UC system to advocate for the faculty.

Although the Executive Board of the Faculty Association over the years has done significant work, often behind the scenes, with the help of its membership and in its name, in these tumultuous times I would like to see the Association's general membership participate more directly to work on issues important to faculty.

I am committed to the UCSB Faculty Association being responsive to its members and the organization being more participatory and transparent.

As a start, I intend to hold a quarterly plenary meeting for the general membership, which can be a useful forum for discussion for faculty across campus and to act on behalf of faculty on a broad front.

I encourage you to attend the general meeting of the Faculty Association on December 1 @ 4 p.m. in the McCune Room (HSSB 6020).

If you are reading this Faculty Association Newsletter and are not a member, you are benefiting from the monthly dues of your colleagues who are members. Become a member! Be part of an organization seeking to shape the future of UC's faculty now.

Pension Q. & A.

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the asset base earning investment returns. UCRP will then have the two streams of income that it needs: investment returns and contributions.

If the Regents do not address these problems immediately, UCRP will soon require funding at a level that the University cannot sustain and fulfill its educational mission at the same time.

For more information on this problem, see the Report issued by the UC Task Force on Investment & Retirement (TFIR), 5/13/09:

http://www.universityofcalifornia.edu/senate/reports/mctoyudof.ucrpfunding.june09.pdf; the Post-Employment Benefits Task Force

See also the PEBTF presentation at UCLA on October 14, 2009:

http://www.chr.ucla.edu/chr/ portaldocs/ben/bendoc-post-emp-benefits.pdf

Many reports on UCRP and the UC Budget prepared by Charles Schwartz are at

http://socrates.berkeley.edu/~schwrtz/.

Pension Calculations: A Summary

The UCRP Valuation Numbers as of June 30, 2009

The Covered Compensation (CC) is $7.87 billion

The Normal Cost is 17% of CC is $1.339 billion

The Actuarial Accrued Liabilities (AAL) $45.161 billion

The UCRP Numbers as of September 30, 2009

The MVA = $35.734 billion

The AVA = $43.483 billion (the MVA averaged over 5 years)

The AAL= $45.924 billion (the AAL from 6/30/09 of $45.161 billion, plus ¼ of 7.5% return on assets, less the ¼ payout of benefits of roughly $1.67 billion, plus 1/4 the Normal Cost of $1.34 billion).

The Funding Ratio:

The MVA/AAL (35.734/45.924) funding ratio was 77.8%.

The AVA/AAL (43.483/45.924) funding ratio was 95%

The Unfunded Liability:

MVA - AAL was $10.190 billion ($35,734-$45.924)

AVA - AAL was $2.441 billion ($43.483-$45.924)

1. The payment needed to amortize the shortfall over 15 years with an assumed return on assets of 7.5% is 11.33% x the unfunded liability. For the averaged AVA (11.33% x $2.441) or $276.6 million per year.
2. The averaged unfunded liability requires 3.51% of CC (.2766/7.87) per year.
3. When the funding ratio is 100%, Employer and Employee Contributions as a percentage of CC should equal the Normal Cost, currently 17%.
4. The Normal Cost (17%) plus the extra % of CC to amortize the unfunded liability (3.51%) total 20.51% CC.
5. If the market unfunded liability were to be amortized over 15 years, then (11.33% x $10,190) $1.155 B would have to be added to the contribution each year for fifteen years.
6. As a percentage of CC (1.155/7.87), this amounts to 14.67%.
7. The Total Contribution Based on the Market Numbers:
   17.00% to cover the Normal Cost +
   14.67% to amortize the unfunded liability and the shortfall in invest return
   31.67% of $7.87 billion = $2.49 billion.
8. The Total Contribution Based on the Averaging the Market Numbers:
   17% to cover the Normal Cost +
   3.51% to amortize the unfunded liability and the shortfall in invest return
   20.51% of $7.87 billion = $1.614 billion.