



# 401 (k) Savings Plan

## Summary Description



2021

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# Welcome to the Utah Retirement Systems 401(k) Plan

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The Utah Retirement Systems (URS) 401(k) Plan is a qualified tax-deferred plan governed by Section 401(k) of the Internal Revenue Code, and authorized under Title 49 of the Utah Code.

This *Summary Plan Description* is intended to provide a brief description of the current provisions of the URS 401(k) Plan and is not intended to serve as a complete or final description of this Plan. For additional information about this Plan and investment options, please visit [www.urs.org](http://www.urs.org) or call the URS Savings Plans Department at 801-366-7720 or 800-688-401k.

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**P**lanning and saving for retirement isn't always easy, but it is important to do so you can achieve your financial goals.

The 401(k) Plan's primary purpose is to provide income for your retirement. This 401(k) Plan can also be a valuable tool for tax planning, as well as an additional source of income for your family if you were to die or become disabled before retirement.

## Eligibility and Participation in the Plan

You may be eligible to participate in this Plan if you are an employee of a participating Utah public employer. Examples of participating employers include: 1) the State of Utah, 2) most cities, 3) most counties, 4) school districts, and 5) many special service districts throughout Utah. You may enroll at any time, as permitted by your employer. You may stop your personal contributions at any time.

### Tier 2 Eligibility

The Tier 2 Contributory Retirement System (under Title 49 of the Utah Code) has certain mandatory employer contributions that must be made to the URS 401(k) plan (see *Tier 2 Employer Required Contributions*). The Tier 2 system only applies to those employees initially hired on or after July 1, 2011. Generally, if you were hired or worked with a URS participating employer any time before that date, you are not a part of the Tier 2 system. If you were initially hired after July 1, 2011, and you are not sure if you are part of the Tier 2 system, the Tier 2 eligibility requirements can be found in the *Tier 2 Retirement System Highlights* brochures at **[www.urs.org](http://www.urs.org)**.

## Contributions

There are typically four types of contributions that may be made into your 401(k) account:

- 1) employer non-elective contributions,
- 2) employer matching contributions,
- 3) employee personal contributions, and
- 4) Tier 2 employer required contributions.

## **Employer Non-Elective or Employer Matching Contributions**

Utah Title 49 and your employer determine the amount of any contributions made by your employer into your account. This can be a fixed dollar amount, a percent of your wages, or it can be based on your personal contributions (known as matching contributions). Employer contributions are made as a benefit to you and do not reduce your wages, nor are these contributions subject to state, federal, or FICA taxation in the period contributed to your account. Except as discussed under *Tier 2 Employer Required Contributions*, employer non-elective and matching contributions are immediately and fully vested to you.

## **Employee Personal Contributions**

You may choose to have a portion of your wages deducted from your paycheck (subject to employer participation) and deposited into your 401(k) account. These deposits are known as personal contributions. Your personal contributions are deducted from your paycheck before state and federal income taxes are assessed, resulting in your ability to save more money and pay less income tax during the year. However, contribution amounts are generally subject to FICA and Medicare taxation in the period earned (if these taxes would otherwise apply). The contributions you make are immediately and fully vested to you.

## **Tier 2 Employer Required Contributions**

The Tier 2 Contributory Retirement Systems allow eligible members to participate in either the Tier 2 Hybrid Retirement System or the Tier 2 Defined Contribution Plan. Depending on which plan you choose, your employer may make required contributions into the 401(k) Plan. The amount of the contribution will depend on the system you choose (see the *Tier 2 Retirement System Highlights* brochures for more information regarding the contribution percentages). Tier 2 employer required contributions are subject to a four-year vesting period (see *Vesting* on the next page for details).

## Automatic Enrollment

Employers participating in the automatic enrollment program automatically withhold employee personal contributions for newly hired employees. Employees can opt out of this automatic contribution if they choose. Automatic enrollment is an easy and convenient way to begin contributing to your savings plan.

## Vesting

Tier 2 employer required contributions and their related earnings are vested after four years of accrued service credit. Which means you must work four years in order for the funds to become yours. If you separate from service prior to completing the four-year vesting period and subsequently enter employment with a URS participating employer within 10 years of your previous termination date, you will have all Tier 2 employer required contributions, and related earnings or losses, reinstated upon completion of the vesting period. If you are not re-employed within 10 years of your prior termination date, the funds will be forfeited.

## Future Investment Allocation

Deposits are invested according to the investment elections you have submitted to our office. If no investment instructions are provided to URS, contributions are placed into the Target Date Fund that corresponds to your birthdate (see Page 9).

Nonvested Tier 2 employer required contributions are placed in the Tier 2 Nonvested Fund asset allocation. Once you become vested, Tier 2 employer required contributions will be deposited according to your allocation for future deposits.

## Contribution Limits

Because contributions to your account reduce the taxes you pay currently, the IRS has set limits on the amount you and your employer can contribute each year. The following shows the maximum contribution amount from your pay allowed for 2021:

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Tax Year	Contribution Limit
2021 .....	\$19,500

This limit may increase in future years based on cost-of-living adjustments. Your employer's contributions, combined with your personal contributions, cannot exceed the lesser of \$58,000, for 2021, or the equivalent of 100% of your gross wages for the year.

*Any excess contributions, and earnings attributed to them, must be returned to you no later than the tax filing deadline after the close of the year to which they relate. You are responsible for any taxes owed on these excess contributions.*

**Example #1:** Joe is 30 years old and has an annual salary of \$40,000. He receives a 1.5% contribution into his 401(k) from his employer (\$600). In 2021, Joe's personal contribution into his 401(k) account is limited to \$19,500. If he chooses to defer his maximum allowed amount, Joe's total deposits to his plan in 2021 would be \$20,100.

**Example #2:** Fred is 18 years old and works part time for a school district. His annual salary is \$10,000. He receives a 1.5% contribution (\$150) from his employer into his 401(k). Fred's personal contribution into his 401(k) account is limited to 100% of his salary. Because his employer is contributing to his account, his maximum contribution would be \$9,850 ( $\$10,000 - \$150 = \$9,850$ ).

*Note:* Please keep in mind these examples are hypothetical. There are other factors that may limit contributions, such as mandatory deductions taken from pay for taxes, insurance, etc.

### Catch-Up Contributions

If you are eligible to make personal contributions into the 401(k) Plan and will attain or exceed age 50 before the close of the year, you may be eligible to make catch-up contributions in addition to the limits discussed above. This catch-up provision allows you to go beyond the regular limits by \$6,500, bringing the total contribution limit for 2021 to \$26,000 (\$19,500 regular + \$6,500 catch-up).

**Example:** Alice is 55 years old and has an annual salary of \$55,000. She receives a 1.5% annual contribution into her 401(k) from her employer (\$825). Alice's personal contribution into her 401(k) account in 2021 is limited to the regular contribution limit of \$19,500, plus the catch-up contribution of \$6,500, for a total of \$26,000. Adding her employer's contribution, total deposits to her account for the year could be \$26,825.

## Rollovers and Transfers into the 401(k) Plan

Another way funds can be added to your 401(k) account is through rollovers and transfers from other eligible retirement plans. Only untaxed funds are eligible to roll into the plan. (Some IRAs and 401(k)s may have after-tax funds.) Rollovers from other plans are not subject to the maximum contribution limits. Therefore, there is no limit to the amount that can be rolled or transferred into the plan. For funds to be eligible for rollover into your 401(k) Plan, they must be:

1. Untaxed funds from an eligible retirement plan. These plans may include any of the following: 401(k), 457(b), traditional IRA, and 403(b); **AND** one of the following two options:
- 2a. A direct rollover or plan-to-plan transfer. This means the check is made payable to Utah Retirement Systems; **OR**
- 2b. A distribution received by and made payable to you from another eligible plan, which you have deposited into your URS account within 60 days of the date you received the check.
3. Rollovers and transfers may require a qualifying event in order to complete. If you are 59½, retired and/or separated from the employer the rollover funds were invested with, you may have satisfied the criteria of a qualifying event.



## PLSO Rollovers

At retirement you may be able to request a partial lump-sum option (PLSO) rollover to your 401(k) account. A PLSO permanently reduces your monthly URS pension benefit and is taxable income to you if you receive it directly. You may however, roll this PLSO amount directly into your 401(k) account and thereby keep the money tax-deferred until you withdraw it at a later date.

### ***Important Notes About Rollovers***

If you choose to roll over your PLSO or other eligible plans into the 401(k), it is important to note the rollover funds will become subject to the rules of the 401(k) Plan. Any subsequent withdrawals may have an additional tax penalty based on your age at the time of withdrawal (see Taxes, Page 18).

Individuals without a vested benefit who are terminated (but not retired) from all URS participating employers are not eligible for rollover or transfer into the 401(k) Plan.

## Investment Options

To help build a diversified investment portfolio that's right for you, the 401(k) Plan provides 20 core funds (eight individual investment options and 12 Target Date Funds), and a self-directed brokerage account.

### **Individual Investment Options**

Designing your own portfolio can be done by using the eight URS individual investment options. Each investment option represents different investment objectives, styles, or risk/return characteristics. The funds are managed by professional money managers and are invested according to their individual objectives and style groups. These funds are:

- Income Fund
- Bond Fund
- Balanced Fund
- Large Cap Stock Value Fund
- Large Cap Stock Index Fund
- Large Cap Stock Growth Fund
- International Fund
- Small Cap Stock Fund

## Target Date Funds

URS Target Date Funds provide a diversified retirement portfolio through a single investment option. These funds gradually adjust throughout your career and into retirement. The investment mix — which includes stocks, bonds, and real assets — gradually and automatically shifts toward more conservative investments as you age and enter retirement.

Consider the Target Date Fund with the date closest to when you will start withdrawing funds for retirement. For example: if you're a younger employee and you plan to leave the workforce and begin withdrawals around the year 2055, consider the Target Date 2055 Fund. If you're further along in your career and will begin utilizing your account close to the year 2025, consider the Target Date 2025 Fund.

Fact Sheets and current information regarding rates of return, fees, and asset allocations can be found at [www.urs.org](http://www.urs.org).

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### Target Date Funds Asset Allocation

Asset Classes	2065	2060	2055
URS Large Cap Stock Index	42%	42%	42%
URS International	35%	35%	35%
URS Small Cap Stock	11%	11%	11%
Private Real Estate	6%	6%	6%
URS Income	-	-	-
URS Bond	4%	4%	4%
International Bonds	2%	2%	2%
Global Inflation-Linked Bonds	-	-	-

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### Default Investment Option

If you do not select an investment option your funds will be placed in the Target Date Fund that corresponds to your date of birth, as shown in the chart below.

#### Target Date Funds

Fund	Date of Birthday From	Date of Birthday To
Target Date 2065	July 1, 1998	
Target Date 2060	July 1, 1993	June 30, 1998
Target Date 2055	July 1, 1988	June 30, 1993
Target Date 2050	July 1, 1983	June 30, 1988
Target Date 2045	July 1, 1978	June 30, 1983
Target Date 2040	July 1, 1973	June 30, 1978
Target Date 2035	July 1, 1968	June 30, 1973
Target Date 2030	July 1, 1963	June 30, 1968
Target Date 2025	July 1, 1958	June 30, 1963
Target Date 2020	July 1, 1953	June 30, 1958
Target Date 2015	July 1, 1948	June 30, 1953
Target Retired		June 30, 1948

#### Target Date Funds

2050	2045	2040	2035	2030	2025	2020	2015	Retired
42%	41%	38%	35%	33%	29%	26%	24%	20%
35%	35%	32%	27%	20%	14%	9%	6%	6%
11%	10%	9%	7%	6%	4%	2%	1%	1%
6%	6%	8%	10%	10%	10%	7%	5%	4%
-	-	-	-	1%	7%	9%	11%	11%
4%	5%	8%	13%	17%	20%	26%	29%	31%
2%	3%	5%	8%	10%	11%	13%	14%	16%
-	-	-	-	3%	5%	8%	10%	11%

## Self-Directed Brokerage Account

### ***URS offers the Schwab Personal Choice Retirement Account® (PCRA) — a self-directed brokerage account available through URS Savings Plans***

If you're an experienced investor and looking for specific investments, the PCRA is a brokerage account with Charles Schwab & Co. that offers access to thousands of different types of investments. This option is generally not advised for new accounts as it has minimum account balance requirements and additional risks.

You can invest in:

- More than 8,500 mutual funds from over 630 well-known fund families.
- Any stock listed on the major U.S. exchanges, including over-the-counter stocks, and foreign securities.
- Bonds and other fixed income investments.
- Money market and brokered CDs.
- Exchange traded funds (ETFs).

For additional information regarding PCRA enrollment, requirements, and costs, please see the Personal Choice Retirement Account (PCRA) brochure and the Charles Schwab Pricing Guide for Retirement Plan and Health Savings Accounts at [www.urs.org](http://www.urs.org) located in the Publications section or contact the Savings Plans Department for a copy.

## Transfer Policies

You may instruct our office how to invest your future deposits of vested funds, and you may also direct us to change where your vested balances are invested.

### ***Core Fund Transfer Policy:***

You are allowed to submit one transfer request (whether electronically, by fax, mail, or hand delivered) for your vested account balances every seven (7) days. This applies separately to each plan in which you participate — the 401(k), 457(b), Roth IRA, and Traditional IRA each constitutes a separate plan. In addition, if you transfer any or all of your current vested account between core investment

options more often than once every 30 days you will be charged a 2% fee on amounts transferred. Each transfer, after being processed, starts a new 30-day period. The fees generated by this policy are used to reduce the administrative expenses for all plan participants.

Changes to the investment allocation of future deposits and changes to future contribution amounts are allowed as often as daily.

***PCRA Transfer Policy:***

Transfers to or from a PCRA are allowed once every seven (7) calendar days. Nonvested funds are not eligible for transfer.

***Additional Information Regarding Transfers:***

Investment instructions received by our office before the close of the New York Stock Exchange (NYSE), generally 2 p.m. Mountain Time, are transferred using that evening's closing market values. Change requests received after the close of the NYSE are transferred using the next business day's closing market values. On days of unusually heavy transfer activity, computer system failure or other unforeseen circumstances, URS reserves the right to process transfers using the next available business day's closing market values.

**Core Fund Dividends and Interest**

When a URS core fund receives a dividend or interest income, the additional amount received is automatically reinvested. The reinvestment results in a higher price per share on the applicable fund. Dividend or interest income paid within a URS Target Date Fund will result in a price per share increase for the applicable Target Date Fund.

**Managing Your Account**

You can manage your account and obtain other general information 24 hours a day at [www.urs.org](http://www.urs.org). Click "LOGIN" at the top-right to access your myURS account. To create an account, you'll need your URS account number — a "W" followed by eight digits. If you have questions, call us at 801-366-7700 or 800-365-8772.

***myURS allows you to:***

- Enroll in a plan or plans
- Access your current account balance
- Change your beneficiary(ies)
- Change your contribution amount
- Alter how your vested future deposits will be invested
- Transfer your current vested balances between investment options
- View a detailed history of your transactions (limited to the last seven years)
- Obtain general information and forms
- View rates of return and other investment information
- Change your method of receiving confirmations
- Update your address
- Obtain savings plans quarterly statements, pension annual statements, and tax forms.
- Submit forms, documents, and questions through the secure Message Center.

**Fund Information and Calculators**

Each quarter a statement of your account, together with the funds' rates of return and other general information, is provided for you via mail and/or online. Additional detailed fund information and daily unit values are available on our website, at our offices, or by calling the URS Savings Plans Department. An interactive calculator (Savings Plans Future Values Calculator) is also available on our website to help you determine the amount of savings necessary for you to achieve your long-term financial goals.

## Withdrawing Funds from Your Account

In exchange for the tax advantages of the 401(k) Plan, and because it is meant as a savings vehicle for retirement, the IRS allows withdrawals from your vested account only under certain circumstances, such as:

- 1– Retirement or separation from service
- 2– Disability
- 3– Financial hardship (as defined by the IRS)
- 4– Attainment of age 59½
- 5– Death
- 6– Domestic relations orders
- 7– Qualified reservist distribution
- 8– Qualified birth or adoption

Note: A withdrawal of less than the complete balance shall be withdrawn pro rata from each applicable investment option. Funds within the PCRA must be transferred to the core options for withdrawal from the plan.

### Retirement or Separation from Service

You are eligible for withdrawal of your vested funds if you separate from service (end all employment) or retire from all URS participating employers. If you are rehired or will be rehired by the same or different URS participating employer, including any pre-arrangements for employment, you are not considered separated from service by federal code and are not eligible to withdraw your funds. An individual on leave of absence or a school employee at the end of a contract year is not considered to have separated from service.

Withdrawals due to separation from service (last day of employment) are subject to a mandatory 30-day waiting period to verify termination before the funds are distributed. The 30-day waiting period does not apply if you terminate due to retirement with URS or if you are over age 59½.

### Disability

To be eligible for a distribution due to disability you must be approved for long-term disability through either your disability insurance carrier or through Social Security. Documentation is required to demonstrate your disability status. Tier 2 employer required contributions are not eligible for disability withdrawals for those under a benefit protection contract.

## Financial Hardship

A hardship withdrawal is allowed for active participants, only if you have an immediate and heavy financial need and all other reasonably available resources and remedies have been exhausted. The distribution cannot exceed the amount necessary to satisfy the financial need plus applicable taxes and penalties. Hardship withdrawals may come only from employee personal contributions and not from employer contributions and earnings. Hardship withdrawals are available only from amounts you have in the URS core funds (PCRA funds must be transferred to the URS core funds to be eligible for hardship withdrawal).

The following situations generally satisfy the requirement for an immediate and heavy financial need:

1. Medical expenses of member, their spouse, dependents, or primary beneficiary that are not covered by insurance.
2. Payment of tuition, related educational fees, and room and board expenses for the next 12 months of post-secondary education for the member, their spouse, children, dependents, or primary beneficiary.
3. Costs directly related to the purchase of a principal residence (excluding mortgage payments or refinancing).
4. Payment necessary to prevent eviction from the principal residence, or foreclosure on the mortgage on that residence.
5. Payments for funeral or burial expenses for the participant's deceased parent, spouse, child, dependent or primary beneficiary.
6. Expenses to repair damage to the participant's principal residence that would qualify for a casualty loss deduction under Section 165 of the Internal Revenue Code (determined without regard to whether the loss exceeds 10% of adjusted gross income).



## **Attainment of Age 59½**

You are eligible for withdrawal of your vested funds once you have reached age 59½, regardless of your employment status.

## **Death**

In the event of your death, any remaining funds are payable to the beneficiaries you have designated in the 401(k) Plan. These funds are payable first to your primary beneficiary(ies) or, if they are deceased, to your contingent beneficiary(ies).

If you have not named beneficiaries, or if your beneficiaries do not survive you, the funds are paid to your spouse. If your spouse does not survive you, the funds are paid in accordance with Utah Code Section 49-11-609 and the Plan Document. URS follows the order of precedence established under the Utah Probate Code for determining allocation of funds to heirs. For questions, please contact the URS Savings Plans Department.

## **Spouse as Beneficiary**

URS Savings Plans accepts information regarding your spouse (the person you are legally married to) as correct, and will not do an independent verification of your marital status. Providing incorrect information regarding your marital status may lead to tax consequences that are solely your responsibility. For additional information regarding the definition of marriage for federal tax purposes see U.S. Department of the Treasury Revenue Ruling 2013-17.

A divorce or annulment revokes the designation of a former spouse as a beneficiary. In order to redesignate a former spouse, the designation must be submitted after the date of divorce.

## **Tier 2 Defined Contribution Plan Active Employee Death Benefit**

If you are an active member of the Tier 2 Defined Contribution Plan and are employed by the State or a URS participating employer at the time of your death, your beneficiary(ies) will receive a death benefit payment representing 75% of your highest retirement eligible salary (in addition to your vested 401(k) balance). If you have less than 12 months' service, the benefit is prorated. The minimum benefit is \$1,000.

*Note:* The death benefit payment is not payable if the covered member commits suicide before group coverage has been in force for two years.

## **Tier 2 Defined Contribution Plan Accelerated Death Benefit**

This provision allows you to take an advance payment of 75% of your active employee death benefit coverage, if you have a terminal illness and a life expectancy less than 18 months.

## **Domestic Relations Order (DRO)**

Pursuant to Utah Code Section 49-11-612, URS may divide an account with a former spouse or other family members if instructed by a valid domestic relations order, signed by a judge and court certified.

## **Qualified Reservist Distribution**

If you have been called to active duty for more than 179 days, you are eligible to withdraw personal contributions from your 401(k) account without the 10% early withdrawal tax. The distribution must be made no earlier than the date of the order or call to active duty and no later than the close of the active duty period. Also, upon your return from active duty, you may redeposit any funds you withdrew, to an IRA, for up to two years from the end of active service. These amounts would be above and beyond the current contribution limits. You must be ordered or called to duty after September 11, 2001. Documentation of your service is required to demonstrate your qualified reservist status.

## Qualified Birth or Adoption

You may be able to take an in-service withdrawal of up to \$5,000 for expenses related to the birth or adoption of a child. The withdrawal is subject to income tax but not the 10% early withdrawal penalty tax. To qualify, the withdrawal must be made within a one-year period beginning on the date your child is born or the legal adoption is finalized. The \$5,000 aggregate limit applies to all retirement plans maintained by your employer. A qualified birth or adoption withdrawal may be repaid to a qualifying retirement plan as a rollover contribution.

## Required Minimum Distribution (RMD)

Once you reach age 72\*, and are no longer employed by an employer participating with URS, the IRS requires you to begin taking **at least** the required minimum distribution (RMD) from your vested account each year. This minimum amount is determined by taking your vested account balance on the last day of the previous year and dividing it by the uniform lifetime factor or joint life expectancy factor provided by U.S. Treasury tables.

**Example:** Suppose you turn age 72\* on July 1, 2021. We would determine your account balance on December 31, 2020 (\$16,000 in this example), and divide that by the figure shown in the U.S. Treasury tables. In this case, the figure is 25.6, calculating out to an RMD of \$625 ( $\$16,000 / 25.6 = \$625$ ).

Your first RMD (the year you turn 72\*) may be deferred until as late as April 1 of the next year. If you choose to defer the first payment, you will have to take two payments during the next calendar year in order to satisfy the RMD for the next year as well.

**Example:** Using the information in the previous example, you choose to defer your payment until April 1, 2022. You must take at least \$625, to satisfy the 2021 RMD, but you also need to take an additional payment to satisfy the 2022 RMD.

*\*Age 70 1/2 if you were born before July 1, 1949.*

The distribution to satisfy the RMD can be taken any time during the calendar year it is due and can be taken in any form (monthly, annually, as a single amount, etc.). URS offers a withdrawal option wherein your RMD is automatically calculated and distributed to you each year.

## **Involuntary Distributions of Inactive Accounts**

Inactive accounts of participants with combined vested savings plans balances below \$1,000 are automatically closed and the funds are distributed to the account owners. Inactive accounts are defined as accounts that have had no contribution or withdrawal activity for a period of at least 12 months and the participant is no longer employed with a URS participating employer.

## **Plan-to-Plan Transfers (while still employed)**

Vested account balances in the 401(k) Plan may be transferred on a plan-to-plan basis to another qualified plan (401(k) or 401(a)) if one of the following conditions are met:

(a) You are not eligible to participate in the URS Systems or 401(k) Plan; or

(b) You are completing a service purchase for a governmental defined benefit plan.

## **Taxes**

Distributions made from the 401(k) Plan are generally taxable. When you receive a partial balance or total balance withdrawal of \$200 or more, the IRS requires 20% of the amount withdrawn be withheld for federal income taxes. The 20% withholding requirement does not apply if you choose to receive periodic payments over a span of 10 years or more, or if the periodic payments are calculated based on your life expectancy. The 10-year or life expectancy calculations are based on a 6.95% rate of return and the U.S. Treasury's life expectancy tables. For these periodic distributions, a *Request for Income Tax Withholding* form may be submitted to our office indicating your tax withholding request. If no *Request for Income Tax*

*Withholding* form is received, federal withholding is based on an assumption of “married with three exemptions.” Utah state taxes are withheld based on information provided on the *Request for Income Tax Withholding* form, regardless of the type of payment.

If you receive a distribution from your account prior to age 59½, you may be subject to the 10% early withdrawal penalty tax. This penalty is in addition to any federal or state income taxes you are required to pay. This penalty tax may not apply if you work into or beyond the year you reach age 55 (age 50 if you separate from service as a qualified public safety employee). Also, the penalty tax does not apply to death benefits, domestic relations accounts, persons on disability, or payments calculated over life expectancy.

There may be other exceptions to the taxes or penalties previously mentioned. For more information regarding taxation, please review the *Special Tax Notice* available on our website or in our offices, or IRS Publication 575 *Pension and Annuity Income*. URS does not provide legal or tax advice. (Consult a tax advisor.)

## 401(k) Loans to Participants

### Eligibility

In order to be eligible to take a loan from your 401(k) account, your employer must participate in the URS 401(k) Plan loan program and allow payroll deduction for payments. Also, you may have one outstanding loan at any time from your 401(k) account and you may only borrow money you have in the URS core funds (PCRA funds must be transferred to the core funds to be available for loan). In addition, vested and nonvested Tier 2 employer required contributions are restricted from being taken as a loan.

### Minimum Loan

The minimum loan available is \$1,000. This requires a vested balance in your account of at least \$2,000.

## Maximum Loan

The maximum loan that may be taken is the lesser of 50% of your vested account balance or \$50,000. The \$50,000 maximum amount is reduced by the highest loan balance during the past 12 months in any or all retirement savings plans associated with a URS participating employer (including 457(b) and 403(b) plans). Tier 2 employer required contributions are restricted from being taken as a loan. However, Tier 2 vested employer required contributions may be used to determine the amount you have available when computing the 50% limit.

## Loan Repayment

Loan payments may be amortized over five years or less. However, if the loan is used for the purchase of your primary residence, payments may be amortized for up to 10 years. (Mortgage payments and refinancing are not considered as a purchase.) An outstanding 401(k) loan balance becomes due upon separation from employment (*see next paragraph for an option for loan repayment*). If the loan balance is not paid within the cure period, the loan is considered in default and treated as a withdrawal. The cure period cannot continue beyond the last day of the calendar quarter following the calendar quarter in which the required installment payment was due.

## Automated Clearing House (ACH)

The Automated Clearing House (ACH) loan repayment program is offered to retirees and other URS members who have outstanding 401(k) or 457(b) plan loans and are not able to make payroll deductions through a participating URS employer. Participating in the ACH program does not supersede the terms of the original signed promissory note except the repayment amount may be recalculated to a monthly amount necessary to repay the loan in the length of time specified in the promissory note. The member must agree to allow monthly loan payments to be automatically debited by URS on the 15th of the month (or next closest bank business day) from the financial institution they have chosen.

## URS Check Policy

URS accepts personal checks and certified funds (i.e., cashier's checks or money orders) for additional loan prepayments. We are unable to accept cash. Full or partial loan prepayments of \$500 or more are accepted. Certified funds will post to your account within three to five business days. If you submit a personal check, payment is not posted to your account for a minimum of five (5) business days. Returned checks, due to insufficient funds, are not posted to an account and URS charges a \$20 returned check fee.

## Interest Rate on Loans

The interest rate is a fixed rate for the duration of the loan. The loan interest rate for new loans is determined at the beginning of each calendar quarter, based on the prime rate (as published in *The Wall Street Journal*) plus 1%. The interest on a 401(k) loan is generally not deductible for income tax purposes. (Consult a tax advisor.)

## Loan Fee

There is a \$60.00 nonrefundable fee deducted from your account when the loan is made.

## Taxes and Penalties

There are no taxes or penalties on a loan, unless the loan is in default and/or offset against the account.

## Application of Funds

When the loan is created the principal is transferred from the core investment funds beginning with employer contributions (except those required under Tier 2) in the most conservative fund, progressing to employee personal contributions in the most aggressive fund. Your loan payments to the plan reduce the outstanding loan principal owed, and the principal and interest paid is applied to the 401(k) investment options based on your specified allocation for future deposits. All interest you pay is deposited into your account.

For more loan information, please read the *URS 401(k)/457(b) Loan Program* brochure. Also, take advantage of the URS Loan Payment Calculator on our website. The brochure is available on our website and at our offices.

## Plan Fees and Expenses

There are several different types of expenses that may be deducted from an account to cover the costs of administering the Plan: 1) investment, 2) administrative, 3) loan, 4) inactive account maintenance, and 5) short-term trading.

### Investment and Administrative Fees

Fund	Investment	Adminis- trative	Total Fee
Income Fund	0.22%	0.16%	0.38%
Bond Fund	0.10%	0.16%	0.26%
Balanced Fund	0.24%	0.16%	0.40%
Large Cap Value Fund	0.42%	0.16%	0.58%
Large Cap Index Fund	0.02%	0.16%	0.18%
Large Cap Growth Fund	0.25%	0.16%	0.41%
International Fund	0.05%	0.16%	0.21%
Small Cap Stock Fund	0.33%	0.16%	0.49%
Target Date 2065	0.11%	0.16%	0.27%
Target Date 2060	0.11%	0.16%	0.27%
Target Date 2055	0.11%	0.16%	0.27%
Target Date 2050	0.11%	0.16%	0.27%
Target Date 2045	0.11%	0.16%	0.27%
Target Date 2040	0.13%	0.16%	0.29%
Target Date 2035	0.14%	0.16%	0.30%
Target Date 2030	0.15%	0.16%	0.31%
Target Date 2025	0.16%	0.16%	0.32%
Target Date 2020	0.15%	0.16%	0.31%
Target Date 2015	0.13%	0.16%	0.29%
Target Date Retired	0.13%	0.16%	0.29%
Tier 2 Nonvested	0.15%	0.16%	0.31%



## Summary Plan Description

*Investment* fees are charged by the fund managers to cover the costs of investing money. *Administrative* fees cover the costs of maintaining a retirement plan, such as customer service, statements, and record keeping. Both fees are charged as a fraction of a percent of assets under management and are calculated in each fund's daily unit value. Therefore, balances in your account and all rates of return are shown after these fees have been deducted.

**Example:** Let's assume you invested \$1,000 in the Large Cap Stock Index Fund on January 1, 2021, and left it until January 1, 2022. Let's also assume there was no change in the stock market during that same period. The fee for investing and administering this option for you would be \$1.80 ( $.18\% \times \$1,000$ ).

### Loan Fee

If you take advantage of the Plan's loan program, you are assessed a \$60 processing fee for each loan you receive from the Plan. This fee appears as a withdrawal on your quarterly statement.

### Inactive Account Maintenance Fee

Because the fees generated from small inactive accounts generally do not cover the costs of maintaining them, an annual fee of \$15 is assessed to each plan. Small inactive accounts are those where the account owner is no longer employed by a participating organization, there have been no deposits or withdrawals during the prior 12 months, and vested assets in all URS Savings Plans are less than \$5,000. This fee appears as a withdrawal on the quarterly statement.

### Short-Term Trading Fee

Because of costs generated by frequent trading and the potential impact on other participants' accounts, it is necessary to impose a short-term trading fee. Individuals who transfer any or all

of their current account among core investment options more often than once every 30 days are charged a 2% fee on the amount transferred. Each transfer starts a new 30-day period. Also, each savings plan is treated individually. For example, fund transfers in your IRA do not affect your ability to transfer funds in your 401(k) or 457(b) account.

### Self-Directed Brokerage Account Fee

Participants in the Schwab Personal Choice Retirement Account® (PCRA) are assessed a \$12 quarterly fee for each plan utilizing a PCRA. The administrative fee (.16%) is **not** applied to funds within a PCRA.

### Felony Forfeiture

In accordance with Utah Code § 49-11-1401, if you are convicted of an employment related felony offense, you will forfeit any employer retirement related contributions. The amount of the employer retirement related contributions forfeited are calculated beginning on the day on which the employment related felony offense occurred and until you are either reelected or reappointed to office, or terminated from the position for which you were found to have committed an employment related felony offense.

## Appeal Process

If you disagree with a decision made by the URS Savings Plans Department regarding benefits arising under Utah Code Title 49, you may seek in writing a determination of that dispute from the URS Savings Plans department director. If you disagree with the decision, you may seek in writing a ruling from the URS executive director. If you are dissatisfied with the ruling, you may within 30 days of the ruling file a written petition with the hearing officer and the Utah State Retirement Board. Following the determination of the Utah State Retirement Board you may appeal it's legal determination as prescribed in Utah Code Section 49-11-613. At each stage of the appeal your dispute must be in writing stating the facts of the situation, the remedy you are requesting, and the legal or equitable basis of your appeal.

### A Final Word

This brochure is general in nature. Your rights, benefits, and obligations as a URS member/ participant are governed by Utah Code Title 49 and the 401(k) Plan Document which take precedence over any interpretations in this brochure. For more information regarding the 401(k) Plan, contact the URS Savings Plans Department at **801-366-7720** or **800-688-401k**, or visit **[www.urs.org](http://www.urs.org)**.

## **Your Right to Privacy is Protected**

Information will be given over the telephone to participants only if they can demonstrate their identity through knowledge of personal information. If such knowledge cannot be demonstrated, account information will not be discussed over the telephone. Because your file is confidential, we cannot release information to your spouse, relatives, or group representative. Information provided through the URS website is permitted only with a valid username and password.



**Savings Plans Department**  
**PO Box 1590, Salt Lake City, UT 84110-1590**

**Visit us at**  
**560 East 200 South, Suite 200**  
**Salt Lake City, UT 84102-2021**

**Customer Service:**  
**801-366-7720 or 800-688-401k**  
**Fax: 801-366-7445**  
**Toll free fax: 800-753-7445**

**Southern Utah Branch Office**  
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**[www.urs.org](http://www.urs.org)**