

Important Benefit Notices

January 2020

URS Savings Plans

The following are updates made to the 401(k) and 457 Plan Documents. For a copy of the entire 401(k) and 457 Plan Documents, log in to myURS at www.urs.org.

Felony Forfeiture: Utah law created a means for the forfeiture of employer-paid contributions to participants in 401(k) or 457 accounts who are convicted of a felony for an employment-related offense. An employment-related offense is a felony committed during the performance of an employee's employment or appearing to be under the employee's authority. *Utah Code Ann. Section 49-11-1401*

Participant Definition: This change clarifies current practice that an individual is no longer an eligible participant if they are not employed with a participating employer and have taken a distribution of their entire vested URS benefits.

Termination of Employment and Withdrawals: This change provides that, in order to qualify for a withdrawal based on termination:

- » You must be separated from service with all URS participating employers for 30 days (does not apply to participants who terminate due to retirement with URS) and
- » The termination:
 - › cannot be a change of employment to another participating employer, and
 - › there cannot be a prearrangement with a participating employer for future employment.

Hardship Withdrawals: This change is consistent with federal law guidance regarding withdrawals made due to a hardship:

- » A participant will no longer be required to take a plan loan first.
- » A participant will not be required to stop deferrals if it results in a loss of matching contributions (where discontinuing deferrals would alleviate the hardship).
- » Expenses due to a natural disaster are allowed.
- » URS will no longer consider immediate and heavy financial need in reviewing hardship withdrawal requests and will only review specific circumstances as outlined in the plan document and consistent with IRS safe harbor rules.
- » A participant will no longer be required to suspend deferrals for 6 months following the hardship withdrawal.

Tier 2 Disability Distribution: This change clarifies current practice that a participant on disability, receiving on-going contributions under a benefit protection contract, may not withdraw Tier 2 required employer contributions until they are terminated or eligible for retirement.

Plan-to-Plan Transfers While Employed: This change provides that a participant may transfer to another employer sponsored plan (only like plan to like plan e.g., 401(k) to 401(k)) on an in-service trustee-to-trustee basis, so long as their employer does not participate in the 401(k) or 457 Plan on behalf of the employee.

Injunction Due to a Divorce Proceeding: Effective January 1, 2020

The Utah Court rules have been amended to provide that an injunction will enter upon the filing of a petition for divorce that will prevent a party from taking certain actions during the divorce proceedings. This injunction is a court order that is binding on both parties to the divorce that prevents either from disposing of property, modifying insurance, or changing beneficiaries. With respect to URS and PEHP,

including pension benefits, savings plans, health coverage, or life insurance, a member or participant may be prohibited from changing benefits or beneficiaries while the divorce is ongoing. The injunction remains in place until it is lifted by the court when the divorce decree is signed or by another order from the court. The text of Utah Rules of Civil Procedure 109 may be found at www.utcourts.gov/utc/rules-approved/

