URS
Utah Retirement Systems

Hybrid Option or 401(k) Option?

Make Your **Choice**

An Introduction to Your Retirement Benefit Options





Meet **Jill**

She chose the Hybrid option — a pension and possible employer-paid 401(k).

These two new Utah public employees get a retirement benefit equal to 10% of their salary. Like you, they choose how to receive this benefit.

Meet **Sarah**

She chose the 401(k) option and will get a 10% contribution in an employer-paid 401(k).

How did they make their decision?
— Look inside. —

This brochure provides a brief overview of the Tier 2 Public Employees Hybrid Retirement System (Hybrid Option) and the Tier 2 Public Employees Defined Contribution Plan (401(k) Option).

Go to www.urs.org for more details about your benefits.

BENEFITS

What's the **Hybrid Option**?

Your employer contributes an amount equal to 10% of your salary to fund the Hybrid Option, which combines a pension and possible 401(k) contribution. A pension provides a lifetime income stream based on the formula below.

Number of Years of Service x **1.5%** x **Average 5 Highest Years' Salary** = **Basic Yearly Pension Benefit**

EXAMPLE

Years of Service →	**35 Years**
x	
1.5% →	**52.5%**
x	
Average Salary *(Average of 5 highest years)* →	**$60,000**
=	
Benefit →	**$31,500 / Year** **$2,625 / Month**

Benefit Costs

The total cost of the Hybrid Option benefit varies based on the yearly pension contribution rate. Employers are required to pay the equivalent of **10%** of your salary to fund your benefit. If the pension contribution rate exceeds 10%, you'll have to pay the difference as a payroll deduction. If the pension contribution rate is lower than 10%, you'll get the difference in the form of an employer 401(k) contribution.

Go to **www.urs.org/rates** to see the current pension contribution rate, as well as the rate history, and to learn more.

ELIGIBILITY

When Can I Retire?

Your pension eligibility depends on your age and years of service. Here are the minimum qualifications:

- » **65** with at least **4** years of service
- » **Any age** with at least **35** years of service
- » **62** with at least **10** years of service*
- » **60** with at least **20** years of service*

**Early age reduction of 9% to 37% if you retire under age 65 with fewer than 35 years.*

CONSIDERATIONS

Meet Jill

HYBRID

- **Plans on staying in the Utah public sector for much of her career**
- **Is uncomfortable taking investment risks**
- **Likes the stability of fixed, monthly income**



Why did I choose the Hybrid Option? *"I like the idea of getting guaranteed monthly income and the peace of mind a pension provides. I plan on working as a Utah public employee for most of my career and continuing to build my URS retirement benefit. I looked at the benefit formula, and if I work until the age most people normally retire, I can expect a pretty substantial monthly retirement benefit."*

How Much Would the Hybrid Option Provide You?

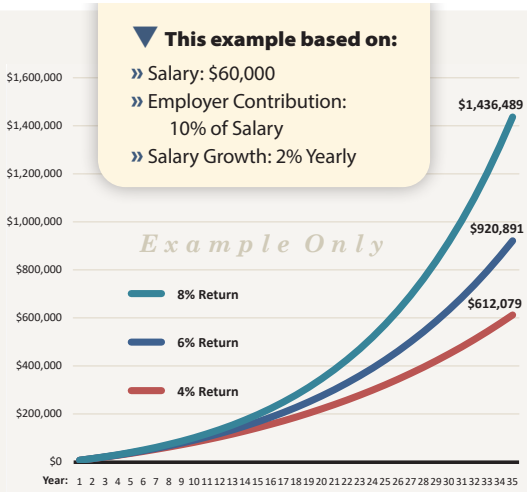
Go to calculators at www.urs.org to estimate your monthly retirement income. Use the ***Retirement Benefit Estimate Calculator*** and ***Savings Plans Future Values Calculator***.

BENEFITS

What's the **401(k) Option**?

A 401(k) is a retirement savings plan. With this option, your employer contributes an amount equal to **10%** of your salary into your 401(k). The money you get is based on employer contributions and two other main factors.

INVESTMENT PERFORMANCE » The way you invest your money and the financial markets will have a big impact on your retirement income.



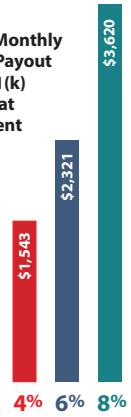
The investment performance examples shown in this graph illustrate the time value of money and potential outcomes and are not to be considered advice or recommendations, nor are they guarantees of future results. These examples are based on the following assumptions: salary, employer contribution rate, and salary growth assumptions are shown on the graph; employer contributions will be made with each pay period until the time of retirement; contributions are compounded based on 4%, 6%, and 8% hypothetical rates of return, which are net of fees; and no withdrawals are made during the investment period and monies are held over the years reflected in the graph. The assumptions for the investment examples affect the potential return estimates and will not be the same as for your account. Individual account performance varies based on your investment selections, the underlying expenses of those selections, the timing of the investments, any cash flow in or out of the account during the investment period (such as loans or in-service distributions), and on the balances in the account.

Visit the online Savings Plans Future Values Calculator at www.urs.org/calculators to estimate the future value of your account using customized assumptions.

PAYOUT PERIOD » You choose how to draw from your account in retirement. Your monthly withdrawals will be based on your account balance and how long you need the retirement income from your account to last.

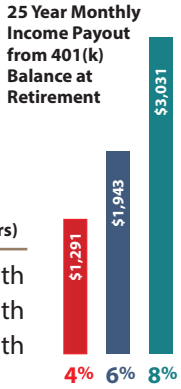
Payout 20 Years During Retirement

Assumed Rate of Return While Working	401(k) Balance at Retirement	Monthly Income (in Today's Dollars)
4%	$612,079	$1,543/month
6%	$920,891	$2,321/month
8%	$1,436,489	$3,620/month



Payout 25 Years During Retirement

Assumed Rate of Return While Working	401(k) Balance at Retirement	Monthly Income (in Today's Dollars)
4%	$612,079	$1,291/month
6%	$920,891	$1,943/month
8%	$1,436,489	$3,031/month



The payout examples above illustrate hypothetical monthly payments from your account based on the following assumptions: a 20- and 25-year payout period; initial account balances at the time of retirement based on 4%, 6%, and 8% hypothetical rates of return and taken from the graph above; a 4% hypothetical rate of return during the payout period, which is net of fees; 2% annual inflation rate; and, besides the monthly payment shown, no additional withdrawals or contributions are made during the payout period. The assumptions for the example payouts will not be the same as for your account. For this reason, potential payouts from your account will not match those shown in the tables and will vary based on the balance in your account, investment selections, the underlying expenses of those selections, the timing of the investments, and cash flow in or out of the account during the investment and payout periods.

CONSIDERATIONS

Meet **Sarah**

401(k)

- **May consider going back into private sector**
- **Is comfortable taking investment risks**
- **Is excited about the opportunity to earn money in financial markets**



Why did I choose the 401(k) Option? *"I'm excited about the potential of the markets, and I like the idea of playing a more-active role in my retirement. I like taking the chance that my investments might outperform what a professionally managed pension could give me, and I accept the risk that it might end up less. I expect to work at several different places in my lifetime. Once I'm vested after four years, my 401(k) is mine — I like the flexibility."*

How Much Would the 401(k) Option Provide You?

Go to the ***Savings Plans Future Values Calculator*** at www.urs.org to estimate your monthly retirement income.

WITHDRAWING YOUR MONEY » Generally, you may withdraw your money once you reach an eligible age. You can also withdraw after you've terminated employment, however, depending on your age, you may be subject to a 10% IRS early-withdrawal penalty in addition to income taxes. For more specific information, go to www.urs.org/us/savings.

CONSIDERATIONS

Consider Your **Preferences**

Everyone's situation is unique, and there's no right or wrong answer. Like Jill and Sarah, you'll have your own considerations. Here's a brief overview of three major advantages of each option. For a better understanding and more considerations, see resources on the back page.

Hybrid Option	401(k) Option
» Stable, monthly retirement income	» Flexibility to manage and withdraw on your own terms
» Guaranteed benefit	» No guaranteed benefit; potential for higher or lower benefit
» You can continue to earn service credit if you continue to work for any eligible employer in the Utah public sector	» Once vested, if you change employment you can transfer your money if that employer offers a 401(k)

Important Legal Notice

Investing is an important decision. Read the Summary Plan Descriptions and Investment Fund Fact Sheets in their entirety for more information and consider all investment objectives, risks, charges, and expenses before investing in URS Savings Plans. All investing is subject to risk, and you assume all investment risks, including potential for loss of principal as well as responsibility for any federal and state tax consequences.

***No Guarantees**. The URS Savings Plans investments described in this publication: are not insured; are not a deposit or obligation of, nor guaranteed by, any financial institution; and are not guaranteed by URS or any government agency. Because you make the investment decisions about your account, the plan's sponsor, trustees, and others associated with the investments are not responsible or liable for your investment performance.*

***Performance.** Past performance does not guarantee future results. The value of your investment may vary depending on market conditions and the performance of the investment option you select. It could be more or less than the amount you contribute; in short, your investment could lose value.*

***Consult an advisor**. The information provided in this document does not contain financial, investment, tax, or legal advice and cannot be construed as such or relied upon for those purposes. Please consult your own investment, tax, or legal advisors for qualified professional advice in these areas.*

***Also Note:** This brochure refers to the Tier 2 Public Employees Hybrid Retirement System as the "Hybrid Option" and the Tier 2 Public Employees Defined Contribution Plan as the "401(k) Option". Go to www.urs.org for more details about your benefits.*

"Jill" and "Sarah" are fictitious characters intended to help illustrate potential considerations in choosing between the retirement options. Individual circumstances and considerations vary.

DECIDING

Make Your **Choice**

You have one year from your hire date to choose your retirement option. To make your decision, create a myURS account at www.urs.org.

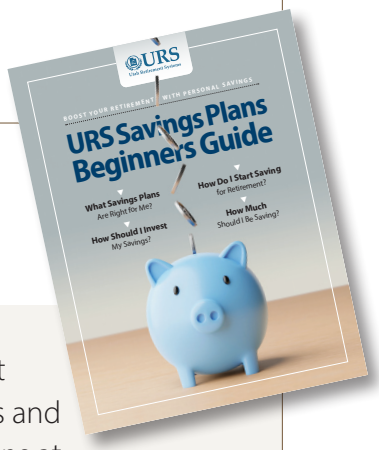
How to Create a myURS Account

Go to www.urs.org and click "LOGIN" in the top-right corner. To create an account, you'll need your seven-digit URS Member ID. If you have questions, call 801-366-7720 or 800-688-4015.



Making Your Decision

You'll choose between the **Tier 2 Hybrid Retirement System** (Hybrid Option) and the **Tier 2 Defined Contribution Plan** (401(k) Option). You may change your election any time within one year of your eligibility date. At the end of one year, your final selection can't be changed. If you don't choose, **the Hybrid Option is the default**.



Your Next Important Choice

What's the best decision you can make for your retirement? It's the decision to start saving now, on your own, to supplement your benefit. Set up automatic deductions from your paycheck at myURS.

Learn more about URS Savings Plans and Investment Options at **www.urs.org/us/savings**

LEARN

Let Us Help You Understand Your Options

Your Choice, Your Way

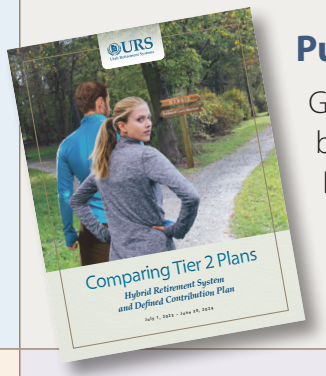


Whatever your style of learning,

URS is here to help you understand your retirement choice and benefits.

Website

Go to the **New Members** section of **www.urs.org** for an overview of your retirement options and to find resources to make an informed decision.



Publications

Go in-depth by reading the detailed booklet *Comparing Tier 2 Plans*. Find publications at **www.urs.org**. Or email **publications@urs.org** to request printed copies.

Videos

Our library of videos provide both a quick overview and a deeper discussion of your retirement benefits. Go to **www.urs.org/us/videos**.

Webinars

Tier 2 Choice webinars explain your options. See schedule at **www.urs.org/us/webinars**. Archived webinars also available.

Presentations

We offer Tier 2 New Hire Presentations regularly at various locations across the state. Go to the **New Members** section of **www.urs.org**.

One-on-One

A URS Retirement Planning Advisor can help you choose the right retirement option for you. Schedule a free session at **myURS** at **www.urs.org**.



Via Phone

We look forward to answering your questions. Call weekdays between 8 a.m. and 5 p.m., **801-366-7700** or **800-365-8772**.