URS
Utah Retirement Systems

Hybrid Option or 401(k) Option?

Make Your **Choice**

An Introduction to Your Retirement Benefit Options





Meet **Dave**

He chose the Hybrid option, which includes a pension for lifetime retirement income .

New to their jobs, Dave and Rob get a retirement benefit equal to 14% of their salary. Like you, they choose how to receive this benefit.

Meet **Rob**

He chose the 401(k) option and will get a 14% 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 Safety and Firefighters Hybrid Retirement System (Hybrid Option) and the Tier 2 Public Safety and Firefighters 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 14% of your salary to fund the Hybrid Option, which combines a pension and, in some cases, a 401(k). A pension provides a lifetime income stream based on the formula below.

Number of Years of Service x 2%* x **Average 5 Highest Years' Salary** = **Basic Yearly Pension Benefit**

** Service earned before July 1, 2020, will be multiplied by 1.5%.*

EXAMPLE

Years of Service	→	**25 Years**
x		
2%*	→	**50%**
x		
Average Salary *(Average of 5 highest years)*	→	**$60,000**
=		
Benefit	→	**$30,000 / Year** **$2,500 / Month**

** Service earned before July 1, 2020, will be multiplied by 1.5%.*

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 **14%** of your salary to fund your benefit. If the pension contribution rate exceeds 14%, you'll have to pay the difference as a payroll deduction, unless your employer chooses to pick up the employee cost. If the pension contribution rate is lower than 14%, 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 **25** years of service
- » **62** with at least **10** years of service*
- » **60** with at least **20** years of service*

**Early age reduction if you retire under age 65 with fewer than 25 years.*

CONSIDERATIONS

Meet **Dave**

HYBRID

- **Is uncomfortable taking investment risks**
- **Likes the stability of fixed, monthly income**
- **Wants his spouse to have the security of lifetime income if he dies on duty**



What Are the Hybrid Option Death Benefits?

Death Benefits

- Your beneficiary may get a payment of 75% of your highest annual salary

  and

- Your spouse will get a monthly payment if you have been married at least six months, and
  - you qualify for retirement, but are not yet retired, or
  - you have at least 15 years of service

Line-of-Duty Death Benefits

Less than 20 years service

- Your spouse gets a lump-sum equal to six months of your final average salary and a monthly payment equal to 30% of your final average salary.

More than 20 years service

- Your spouse gets a benefit equivalent to what would have been payable to you in retirement.

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*.

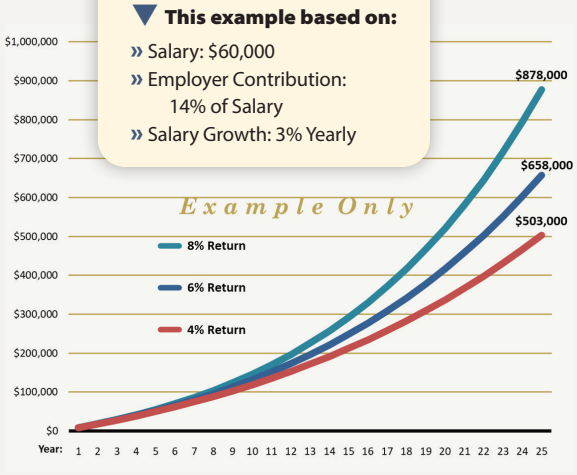
Pension: _____

BENEFITS

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

A 401(k) is a retirement savings plan. Your employer contributes an amount equal to 14% (or more, depending on your employer) 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.



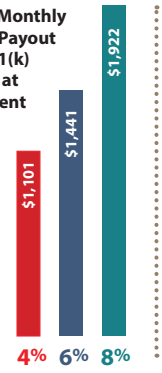
The investment performance examples shown in this graph illustrate the time value of money and potential outcomes and are not to be considered advice or recommendations, nor are they guarantees of future results. These examples are based on the following assumptions: salary, employer contribution rate, 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.

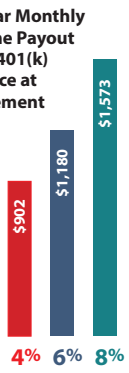
Payout 20 Years During Retirement

Assumed Rate of Return While Working	401(k) Balance at Retirement	Monthly Income (in Today's Dollars)
4%	$503,000	$1,101/month
6%	$658,000	$1,441/month
8%	$878,000	$1,922/month



Payout 25 Years During Retirement

Assumed Rate of Return While Working	401(k) Balance at Retirement	Monthly Income (in Today's Dollars)
4%	$503,000	$902/month
6%	$658,000	$1,180/month
8%	$878,000	$1,573/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; 3% annual inflation rate; 3% annual salary increases; 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 **Rob**

401(k)

- **Comfortable taking investment risks**
- **Excited about the opportunity to earn money in financial markets**
- **Likes the flexible beneficiary options**



What Are the 401(k) Option Death Benefits?

Death Benefits

» Your beneficiary may get a payment of 75% of your highest annual salary

and

» Your beneficiaries will receive your vested account balance

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.

401(k):_____
14% (or more) employer contribution

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 Dave and Rob, 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
» Includes a line-of-duty death benefit that would pay guaranteed monthly income to your spouse	» Your death benefit would provide a one-time payment to your beneficiary

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.*

"Dave" and "Rob" 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.

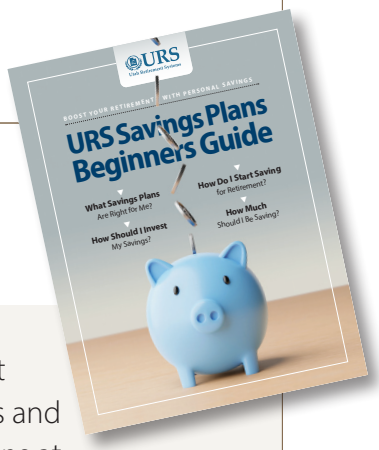
How to Create a myURS Account

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

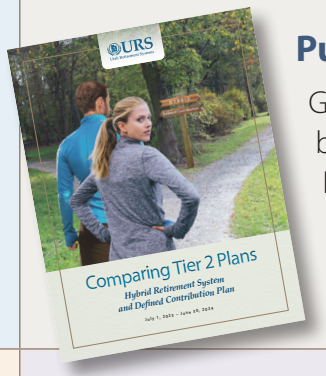


Whatever your style of learning,

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**.