



Dear valued member:

In his book, *The Art of Retirement*, Gary S. Williams urges us to consider the work and perspectives of Michelangelo as we sculpt our retirement masterpiece. Life resembles art, he writes. And as you plan for retirement, you're like a painter standing before a blank canvas, limited only by your creativity and resources.

The creativity to make your retirement a work of art? It's up to you to find your unique stroke of genius. The resources part? That's where Utah Retirement Systems comes in.

It's our job to give you the palate of tools to help you understand and make the most of your retirement benefits. This Summary Report to Members is one of those tools. Here, we update you on the condition of the pension systems, explain your benefits, and share news and other important information about URS.

# The Art of Retirement

As you consider the aesthetics of your retirement, think of your pension as the sturdy easel upon which you work. Even in this challenging economic environment, URS remains one of the best-funded and well-managed public retirement systems in the country. Returns on investments remain competitive, creating an actuarially sound system.

Your employer is an important co-creator, making regular retirement contributions on your behalf. These contributions are quite significant, and I urge you to better understand them by reviewing your pay stubs or other employer-provided information.

On behalf of all URS employees, I want to thank you for entrusting us with the priceless treasure of your retirement security. As curators of Utah public employees' retirement artwork, we consider it our life's work to exemplify our Mission Statement: *We serve Utah public employees with retirement and insurance benefits in a partnership of trust with a commitment to value, innovation, and excellence.*

Visit [www.urs.org](http://www.urs.org) to learn more about the other tools URS provides, including seminars, individualized retirement planning, and outstanding retirement savings plans. Together, we'll make your retirement a thing of beauty.

- » The URS pension fund earned an **8.8%** return in 2016.
- » The fund grew by **\$1.86 billion** to **\$28.5 billion**, an all-time high.
- » Retirement savings plans contributions exceeded **\$357.5 million** in 2016, with total assets reaching **more than \$5 billion**, both all-time highs.

Daniel D. Andersen, Executive Director  
Utah Retirement Systems





# Net Position

Statements of Fiduciary Net Position present the assets of the Systems that have been accumulated for the payment of your retirement benefits.

UTAH RETIREMENT SYSTEMS  
Schedules of Net Pension Liability  
December 31, 2016  
(dollars in thousands)

| Retirement System                     | (1)<br>Total<br>Pension<br>Liability | (2)<br>Plan<br>Fiduciary<br>Net Position | (3)<br>Employers'<br>Net Pension<br>Liability/<br>(Asset)<br>(1) - (2) | (4)<br>Position<br>as a % of<br>the Total<br>Pension<br>Liability<br>(2) / (1) | (5)<br>Projected<br>Covered<br>Employee<br>Payroll | (6)<br>Net<br>Pension<br>Liability/<br>(Asset)<br>as a % of<br>Covered<br>Employee<br>Payroll<br>(3) / (5) |
|---------------------------------------|--------------------------------------|--|--|--|--|--|
| Noncontributory                       | \$26,501,781                         | \$22,618,743                             | \$3,883,038  | 85.3%  | \$3,406,567  | 114.0%   |
| Contributory                          | 1,292,512                            | 1,204,904                                | 87,608   | 93.2   | 53,615   | 163.4  |
| Public Safety                         | 3,794,880                            | 3,176,545                                | 618,335  | 83.7   | 352,407  | 175.5  |
| Firefighters                          | 1,129,729                            | 1,115,726                                | 14,003   | 98.8   | 112,322  | 12.5   |
| Judges                                | 210,623                              | 175,618                                  | 35,005   | 83.4   | 16,755   | 208.9  |
| Utah Governors<br>& Legislators       | 12,654                               | 10,352                                   | 2,302  | 81.8   | 799  | 288.1  |
| Tier 2 Public Employees               | 228,450                              | 217,293                                  | 11,157   | 95.1   | 822,196  | 1.4  |
| Tier 2 Public Safety<br>& Firefighter | 24,266                               | 25,135                                   | (869)  | 103.6  | 74,834   | (1.2)  |
| All Retirement Systems                | \$33,194,895                         | \$28,544,316                             | \$4,650,579  | 86.0%  | \$4,839,495  | 96.1%  |

## Defined Benefit Pension Assets

Our Asset Growth has Been Fueled by Wise Investments.

As of December 31, 2016, the net position of the Systems were worth over \$28.5 billion as show below.



“Every child is an artist. The problem is how to remain an artist once he grows up.”

PABLO PICASSO



# The Additions & Deductions

The Statements of Changes in Fiduciary Net Position show the additions (income) and deductions (expenses) of the Systems. Investment earnings and contributions comprise the additions. The deductions are composed almost entirely of benefit payments and refunds. Additions exceeded deductions by nearly \$1.86 billion in 2016.

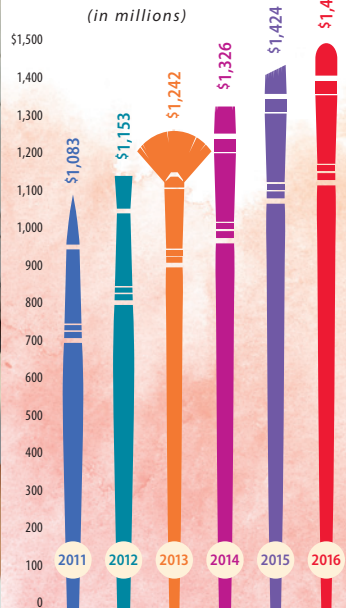
The Systems are audited annually by an international CPA firm, Deloitte & Touche LLP. Our actuary, Gabriel, Roeder, Smith & Company, reviews the funding and contribution rates to ensure they are adequate to fund your benefits.



## Benefits Paid to Members

Pension Benefit Payments: Secure and Growing

The Retirement Systems exist to secure and pay your retirement benefits. The past six years' benefit payments grew as shown below.



## UTAH RETIREMENT SYSTEMS

### Statements of Fiduciary Net Position — Pension Trust Funds

December 31, 2016

|  | (in thousands)         |                     |                      |                     |               |                                   |                                |   |                                     |
|--|------------------------|---------------------|----------------------|---------------------|---------------|-----------------------------------|--------------------------------|---|-------------------------------------|
|  | Noncontributory System | Contributory System | Public Safety System | Firefighters System | Judges System | Utah Governors & Legislators Plan | Tier 2 Public Employees System | Tier 2 Public Safety & Firefighter System | Total Defined Benefit Pension Plans |
| <b>Assets:</b>   |                        |                     |                      |                     |               |                                   |                                |   |                                     |
| Cash   | \$ 827                 | 2                   | 20                   | 2                   | 1             | 1                                 | 2                              | 2   | 857                                 |
| Receivables:   |                        |                     |                      |                     |               |                                   |                                |   |                                     |
| Member contributions   | —                      | 126                 | 14                   | 652                 | —             | —                                 | —                              | —   | 792                                 |
| Employer contributions   | 41,021                 | 355                 | 5,520                | —                   | 288           | —                                 | 3,675                          | 365                                       | 51,224                              |
| Court fees and fire insurance tax                                    | —                      | —                   | —                    | 1,603               | 146           | —                                 | —                              | —   | 1,749                               |
| Investments  | 352,756                | 18,818              | 49,543               | 17,397              | 2,737         | 162                               | 3,338                          | 387                                       | 445,138                             |
| Total receivables  | 393,777                | 19,299              | 55,077               | 19,652              | 3,171         | 162                               | 7,013                          | 752                                       | 498,903                             |
| Investments at fair value:   |                        |                     |                      |                     |               |                                   |                                |   |                                     |
| Short-term securities  | 1,895,723              | 101,128             | 266,248              | 93,491              | 14,709        | 869                               | 17,936                         | 2,080                                     | 2,392,184                           |
| Debt securities  | 3,452,309              | 184,164             | 484,867              | 170,258             | 26,787        | 1,583                             | 32,663                         | 3,787                                     | 4,356,418                           |
| Equity investments   | 8,083,041              | 431,192             | 1,135,241            | 398,630             | 62,717        | 3,705                             | 76,476                         | 8,867                                     | 10,199,869                          |
| Absolute return  | 3,573,055              | 190,605             | 501,825              | 176,211             | 27,724        | 1,638                             | 33,806                         | 3,920                                     | 4,508,784                           |
| Private equity   | 2,607,844              | 139,116             | 366,264              | 128,611             | 20,235        | 1,195                             | 24,674                         | 2,861                                     | 3,290,800                           |
| Real assets  | 3,383,071              | 180,470             | 475,141              | 166,843             | 26,250        | 1,551                             | 32,008                         | 3,711                                     | 4,269,045                           |
| Total investments  | 22,995,043             | 1,226,675           | 3,229,586            | 1,134,044           | 178,422       | 10,541                            | 217,563                        | 25,226                                    | 29,017,100                          |
| Invested securities lending collateral                               | 554,319                | 29,570              | 77,853               | 27,337              | 4,301         | 254                               | 5,245                          | 608                                       | 699,487                             |
| Property and equipment at cost, net of accumulated depreciation      | 3,875                  | 207                 | 544                  | 191                 | 30            | 2                                 | 37                             | 4   | 4,890                               |
| Total assets   | 23,947,841             | 1,275,753           | 3,363,080            | 1,181,226           | 185,925       | 10,960                            | 229,860                        | 26,592                                    | 30,221,237                          |
| <b>Liabilities</b>   |                        |                     |                      |                     |               |                                   |                                |   |                                     |
| Securities lending liability   | 554,319                | 29,570              | 77,853               | 27,337              | 4,301         | 254                               | 5,245                          | 608                                       | 699,487                             |
| Disbursements in excess of cash balance                              | 31,136                 | 1,660               | 4,373                | 1,536               | 242           | 14                                | 295                            | 34  | 39,290                              |
| Compensated absences, post-employment benefits and insurance reserve | 16,377                 | 874                 | 2,301                | 807                 | 127           | 8                                 | 155                            | 18  | 20,667                              |
| Investment accounts payable  | 564,811                | 30,079              | 79,192               | 27,808              | 4,375         | 258                               | 5,335                          | 619                                       | 712,477                             |
| Real estate liabilities  | 162,455                | 8,666               | 22,816               | 8,012               | 1,262         | 74                                | 1,537                          | 178                                       | 205,000                             |
| Total liabilities  | 1,329,098              | 70,849              | 186,535              | 65,500              | 10,307        | 608                               | 12,567                         | 1,457                                     | 1,676,921                           |
| Net position restricted for pensions                                 | \$ 22,618,743          | 1,204,904           | 3,176,545            | 1,115,726           | 175,618       | 10,352                            | 217,293                        | 25,135                                    | 28,544,316                          |

## UTAH RETIREMENT SYSTEMS

### Statements of Changes in Fiduciary Net Position — Pension Trust Funds

December 31, 2016

|  | (in thousands)         |                     |                      |                     |               |                                   |                                |   |                                     |
|--|------------------------|---------------------|----------------------|---------------------|---------------|-----------------------------------|--------------------------------|---|-------------------------------------|
|  | Noncontributory System | Contributory System | Public Safety System | Firefighters System | Judges System | Utah Governors & Legislators Plan | Tier 2 Public Employees System | Tier 2 Public Safety & Firefighter System | Total Defined Benefit Pension Plans |
| <b>Additions:</b>  |                        |                     |                      |                     |               |                                   |                                |   |                                     |
| Contributions:   |                        |                     |                      |                     |               |                                   |                                |   |                                     |
| Member contributions   | \$ 16,308              | 3,420               | 830                  | 18,729              | —             | —                                 | —                              | —   | 39,287                              |
| Employer contributions   | 831,631                | 8,188               | 147,099              | 6,954               | 7,382         | 421                               | 63,062                         | 8,488                                     | 1,073,225                           |
| Court fees and fire insurance tax                              | —                      | —                   | —                    | 10,569              | 1,470         | —                                 | —                              | —   | 12,039                              |
| Total contributions  | 847,939                | 11,608              | 147,929              | 36,252              | 8,852         | 421                               | 63,062                         | 8,488                                     | 1,124,551                           |
| Investment income:   |                        |                     |                      |                     |               |                                   |                                |   |                                     |
| Net appreciation in fair value of investments                  | 1,428,287              | 78,218              | 199,385              | 70,254              | 11,065        | 680                               | 11,223                         | 1,272                                     | 1,800,384                           |
| Interest, dividends, and other investment income               | 388,277                | 21,264              | 54,203               | 19,099              | 3,008         | 185                               | 3,097                          | 348                                       | 489,481                             |
| Total income from investment activity                          | 1,816,564              | 99,482              | 253,588              | 89,353              | 14,073        | 865                               | 14,320                         | 1,620                                     | 2,289,865                           |
| Less investment expenses                                       | 38,987                 | 2,135               | 5,444                | 1,918               | 302           | 19                                | 311                            | 35  | 49,151                              |
| Net income from investment activity                            | 1,777,577              | 97,347              | 248,144              | 87,435              | 13,771        | 846                               | 14,009                         | 1,585                                     | 2,240,714                           |
| Income from security lending activity                          | 7,279                  | 398                 | 1,015                | 358                 | 56            | 3                                 | 58                             | 7   | 9,174                               |
| Less security lending expense                                  | 945                    | 52                  | 132                  | 47                  | 7             | —                                 | 8                              | 1   | 1,192                               |
| Net income from security lending activity                      | 6,334                  | 346                 | 883                  | 311                 | 49            | 3                                 | 50                             | 6   | 7,982                               |
| Net investment income  | 1,783,911              | 97,693              | 249,027              | 87,746              | 13,820        | 849                               | 14,059                         | 1,591                                     | 2,248,696                           |
| Transfers from affiliated systems                              | —                      | —                   | 6,701                | 1,611               | 1,600         | —                                 | —                              | —   | 9,912                               |
| Total additions  | 2,631,850              | 109,301             | 403,657              | 125,609             | 24,272        | 1,270                             | 77,121                         | 10,079                                    | 3,383,159                           |
| <b>Deductions:</b>   |                        |                     |                      |                     |               |                                   |                                |   |                                     |
| Retirement benefits  | 1,001,451              | 70,137              | 135,697              | 41,687              | 10,070        | 773                               | 316                            | 28  | 1,260,159                           |
| Cost-of-living benefits  | 182,866                | 13,232              | 28,547               | 10,195              | 2,260         | 168                               | —                              | —   | 237,268                             |
| Supplemental retirement benefits                               | —                      | 78                  | 264                  | 220                 | —             | —                                 | —                              | —   | 562                                 |
| Refunds  | 4,366                  | 1,700               | 183                  | 466                 | —             | —                                 | —                              | —   | 6,715                               |
| Administrative expenses  | 8,856                  | 446                 | 1,260                | 374                 | 71            | 4                                 | 51                             | 5   | 11,067                              |
| Transfers to affiliated systems                                | 8,005                  | 1,895               | —                    | —                   | —             | 12                                | —                              | —   | 9,912                               |
| Total deductions   | 1,205,544              | 87,488              | 165,951              | 52,942              | 12,401        | 957                               | 367                            | 33  | 1,525,683                           |
| Increase from operations                                       | 1,426,306              | 21,813              | 237,706              | 72,667              | 11,871        | 313                               | 76,754                         | 10,046                                    | 1,857,476                           |
| Net position restricted for pension benefits beginning of year | 21,192,437             | 1,183,091           | 2,938,839            | 1,043,059           | 163,747       | 10,039                            | 140,539                        | 15,089                                    | 26,686,840                          |
| Net position restricted for pension benefits end of year       | \$ 22,618,743          | 1,204,904           | 3,176,545            | 1,115,726           | 175,618       | 10,352                            | 217,293                        | 25,135                                    | 28,544,316                          |



From left:  
Mark Busico, Streets Supervisor, Tooele City Corp.;  
Clayton Eves, Summit County Sheriff's Office;  
Kayleen Meikle, Corporation Secretary/Office Manager,  
Davis & Weber Counties Canal;  
David Yei, Firefighter/Paramedic, Provo City;  
Chris Neal, Finance Specialist, Utah's Hogle Zoo;  
Senator Gene Davis, Minority Leader, Utah State Senate;  
Judge Thomas M. Higbee, Fifth District Juvenile Court;  
Charity Salinas, Trooper, Utah Highway Patrol;  
Kim Myers, Firefighter/AEMT, Weber Fire District.



# You are Utah Retirement Systems

A Snapshot of You: When we pose all of you together, we get this picture of age, service, and income.

| 2016                        | Noncontributory System | Contributory System | Public Safety System | Firefighters System | Judges System | Utah Governors & Legislators Plan | Tier 2 Public Employees System | Tier 2 Public Safety & Firefighter System | Tier 2 Defined Contribution Only | Averages and Totals All Systems |
|-----------------------------|------------------------|---------------------|----------------------|---------------------|---------------|-----------------------------------|--------------------------------|---|----------------------------------|---------------------------------|
| <b>Total Membership</b>     | 161,542                | 6,329               | 14,587               | 3,325               | 257           | 336                               | 27,051                         | 2,305                                     | 5,673                            | 221,405                         |
| Active                      | 63,214                 | 738                 | 6,032                | 1,663               | 115           | 61                                | 24,372                         | 2,240                                     | 5,022                            | 103,457                         |
| Terminated vested           | 47,933                 | 1,274               | 4,615                | 390                 | 3             | 96                                | 464                            | 28  | 165                              | 54,968                          |
| Retired                     | 51,355                 | 4,165               | 5,412                | 1,372               | 141           | 244                               | 9                              | —   | —                                | 62,698                          |
| <b>Active Members</b>       | 63,214                 | 738                 | 6,032                | 1,663               | 115           | 61                                | 24,372                         | 2,240                                     | 5,022                            | 103,457                         |
| Average age                 | 49.2                   | 57.3                | 42.6                 | 42.8                | 56.1          | 55.8                              | 35.9                           | 30.2                                      | 36.3                             | 44.6                            |
| Average years of service    | 15.5                   | 29.0                | 15.2                 | 15.0                | 16.6          | 12.1                              | 2.2                            | 2.3                                       | 2.8                              | 11.5                            |
| Average annual salary       | \$ 51,984              | 60,936              | 57,381               | 67,114              | 155,852       | 12,285                            | 30,809                         | 35,363                                    | 41,246                           | 46,829                          |
| <b>2016 Retirees</b>        | 3,965                  | 227                 | 368                  | 72                  | 7             | 17                                | 8                              | *—  | N/A                              | 4,664                           |
| Average age                 | 64.2                   | 62.1                | 53.5                 | 55.0                | 65.3          | 66.1                              | 67.0                           | —   | N/A                              | 63.2                            |
| Average years of service    | 21.1                   | 30.1                | 22.6                 | 25.2                | 29.2          | 6.1                               | 4.5                            | —   | N/A                              | 21.6                            |
| Final average annual salary | \$48,980               | 52,211              | 60,881               | 79,969              | 139,428       | 19,603                            | 24,789                         | —   | N/A                              | 50,298                          |
| Average annual benefit      | \$21,224               | 30,729              | 34,036               | 47,671              | 106,141       | 7,125                             | 1,651                          | —   | N/A                              | 22,880                          |
| <b>All Retirees</b>         |                        |                     |                      |                     |               |                                   |                                |   |                                  |                                 |
| Average annual benefit      | \$22,475               | 19,284              | 29,241               | 36,574              | 84,793        | 3,863                             | 1,565                          | —   | N/A                              | 23,221                          |

\*There are no retirees in the Tier 2 Public Safety & Firefighter Retirement System.

# What Will My Benefits Be?

Summary of Plan Provisions

|  | Noncontributory System   | Contributory System  | Public Safety System                         | Firefighters System                          | Judges System   | Utah Governors & Legislators Plan   | Tier 2 Public Employees System   | Tier 2 Public Safety & Firefighter System                                 |
|--|--|--|--|--|---|---|--|---|
| <b>Final Average Salary</b>                                      | Highest 3 years  | Highest 5 years  | Highest 3 years                              | Highest 3 years                              | Highest 2 years   | N/A   | Highest 5 years  | Highest 5 years   |
| <b>Years of Service Required and/or Age Eligible for Benefit</b> | 30 at any age<br>25 at any age*<br>20 at age 60*<br>10 at age 62*<br>4 at age 65 | 30 at any age<br>20 at age 60*<br>10 at age 62*<br>4 at age 65 | 20 at any age<br>10 at age 60<br>4 at age 65 | 20 at any age<br>10 at age 60<br>4 at age 65 | 25 at any age<br>20 at age 55*<br>10 at age 62<br>6 at age 70 | 4 at age 65<br>10 at age 62*  | Hybrid:<br>35 at any age<br>20 at age 60*<br>10 at age 62*<br>4 at age 65<br><br>Defined Contribution:<br>Employer 401(k) contributions are vested after four years. | Hybrid:<br>25 at any age<br>20 at age 60*<br>10 at age 62*<br>4 at age 65 |
| <b>Benefit Percent per Year of Service</b>                       | 2% all years   | 1.25% to 6/30/75<br>2.00% 7/1/75 to present                    | 2.5% to 20 yrs<br>2.0% over 20 yrs           | 2.5% to 20 yrs<br>2.0% over 20 yrs           | 5.0% first 10 yrs<br>2.25% second 10 yrs<br>1.0% over 20 yrs  | Former Governors: \$1,360 per month per term of service<br>Legislators: \$29.60 per month per year of service** | 1.5% per year all years  | 1.5% per year all years   |
| <b>Cost-of-Living Adjustment*** (maximum)</b>                    | Up to 4% simple  | Up to 4% simple  | Up to 2.5% or 4% (depending on employer)     | Up to 4% simple                              | Up to 4% compounded   | Up to 4% simple   | Up to 2.5% simple  | Up to 2.5% simple   |
| <b>Active Member Death Benefits</b>                              | Note 1   | Note 1   | Note 2                                       | Note 3                                       | Note 4  | Note 5  | Note 1   | Note 1  |

# Summary of 2016 Legislation

Here are some of the retirement-related bills passed by the 2016 Utah Legislature:

## Public Safety and Firefighters Retirement Systems

### S.B. 29: Retirement System Amendments

Provides that an employee of the Department of Corrections shall continue to earn public safety service credit in the Public Safety Retirement System if the employee's position is no longer covered for new employees of the department and the employee continues to meet the eligibility requirements of the system.

### General

### H.B. 151: Domestic Relations Retirement Shares

Provides that a former spouse of a member who dies before retiring may receive an apportioned share of a death benefit in certain circumstances.

### H.B. 35: Retirement and Insurance Benefit Claims Limits

Establishes a four-year statute of limitations for actions regarding a benefit, right, obligation, or employment right under Title 49; clarifies when a cause of action accrues and the limitation period runs; and provides when the limitation period is tolled and other exceptions.

### H.B. 439: Retirement Amendments for Felony Conviction

Provides that URS members are subject to forfeiture of accrual of service credit, employer retirement related contributions, including employer contributions to the employer sponsored defined contribution plans, from the day on which the employment related offense occurred after being convicted of an employment-related felony.

### S.B. 19: Phased Retirement

Establishes an optional "Phased Retirement" program that would allow continuing employment on a half-time basis of a retiree with the same participating employer after the retiree's retirement date while the retiree receives 50% of the retiree's monthly retirement allowance. This new program may be offered beginning on January 1, 2017.

### S.B. 29: Retirement System Amendments

The annual administrative and technical amendments to Title 49 recommended to the Legislature by URS includes: (1) Reducing the waiting period from three months to 30 days for URS' payment of death benefits that are part of a "small estate"; (2) Clarifying that the definition of final average salary is based on a contract year for educational institutions, state fiscal year for judges, and calendar year for all other participating employers; and (3) Clarifying that the four-year vesting for Tier II defined contribution benefits uses the same method as other retirement systems (within 1/10 of one year of the total years required for vesting).

### S.B. 208: Retirement Amendments

This bill: (1) Requires the Utah State Retirement Board to increase certified employer contribution rates to reflect any increased costs from retirement benefit enhancements enacted during a general session or special session under specified conditions; and (2) Amends the definition of "regular full-time employee" to exclude from retirement participation certain classified school employees who work on a contract for the purposes of vocational rehabilitation and the employment and training of people with significant disabilities.



"I dream of painting and then I paint my dream."

VINCENT VAN GOGH

"Art is not what you see, but what you make others see."

EDGAR DEGAS

## Note 1 Noncontributory, Contributory, Tier 2 Public Employees, and Tier 2 Public Safety & Firefighter

Death benefit pays 75% of highest annual salary, if qualified, plus contribution refund (if applicable) or lifetime benefit if member qualifies for service retirement.

## Note 2 Public Safety

**Div A** LOD<sup>†</sup>: Six months of FAMS<sup>††</sup> and 30% of FAMS to spouse. NLOD<sup>†††</sup>: under 10 years of service: \$1,000 or contribution refund (if applicable). Over 10 years: \$500 plus 2% of FAMS for each year to spouse (max. 30%). Noncontributory only: 20+ years considered retired; spouse receives retired death benefit.

**Div B** LOD: Six months of FAMS and 37.5% of FAMS to spouse. NLOD: under two years of service: contribution refund (if applicable) plus 50% of last 12 months' salary. Over two years: \$1,500 plus 37.5% of FAMS to spouse. \$50/month to each unmarried child under 18.

\* Actuarial reductions

\*\* Increased semi-annually by CPI

\*\*\* Eligible after one year; percentage increase based on original benefit and change in the CPI

† LOD = Line of Duty

†† FAMS = Final Average Monthly Salary

††† NLOD = Non Line of Duty

## Note 3 Firefighters

**Div A** LOD: under 20 years of service: Six months of FAMS and 30% of FAMS to spouse. 20+ years considered retired; spouse receives retired death benefit. NLOD: under 10 years: \$1,000 or contribution refund (if applicable). Over 10 years: \$500 plus 2% of FAMS for each year to spouse (max. 30%).

**Div B** LOD: under 20 years of service: Six months of FAMS and 37.5% of FAMS to spouse. 20+ years considered retired; spouse receives retired death benefit. NLOD: under five years: contribution refund, (if applicable) plus 50% of last 12 months' salary. Over five years: \$1,500 plus 37.5% of FAMS to spouse. \$75/month to each unmarried child under 21.

**Disability:** LOD: 50% of FAMS. NLOD: under five years of service: contribution refund. Over five years: same as LOD.

## Note 4 Judges

Spouse receives contribution refund and 65% of last 12 months' salary or 65% of computed service retirement benefit with no actuarial reduction.

## Note 5 Governors and Legislators

Spouse married to member six months receives 50% of member's benefit if member has four or more years of service.



# Where Defined Benefit Retirement Funds Were Invested

**Equities 35.2%**  
Stocks make us part owner and beneficiary of many successful companies around the world.

**Absolute Return 15.6%**  
These strategies strive to achieve returns that have little correlation to the other asset classes.

**Debt Securities 15.0%**  
Whether financing a country's or a corporation's need for money, bonds yield a steady stream of income.

**Real Assets 14.7%**  
Investments include real estate, energy, timber, and commodities.

**Private Equity 11.3%**  
Although supplying capital to fund private companies is riskier than some investments, returns are expected to outperform public equity markets over the long term.

**Short-term Securities 8.2%**  
Money market accounts allow URS ready funds to make advantageous moves.



# Defined Contribution Savings Plans

URS Savings Plans (401(k), 457, Roth IRA, and traditional IRA) allow you to increase your sources of retirement income beyond that of your employer's pension and Social Security. These plans are also tax and estate planning tools, providing for tax-deferred investing and possibly tax-free growth. Participants can take advantage of 20 investment options, including 12 asset allocation investment funds (Target Date Funds).



The URS **Target Date Funds** offer a one-fund approach to investing in the URS Savings Plans. A Target Date Fund gives participants a diversified portfolio through a single investment option. The funds will gradually adjust throughout the participant's career and into retirement. The investment mix, which includes stocks, bonds, and real assets, is automatically reallocated to be weighted more conservatively as the participant ages and enters into retirement.

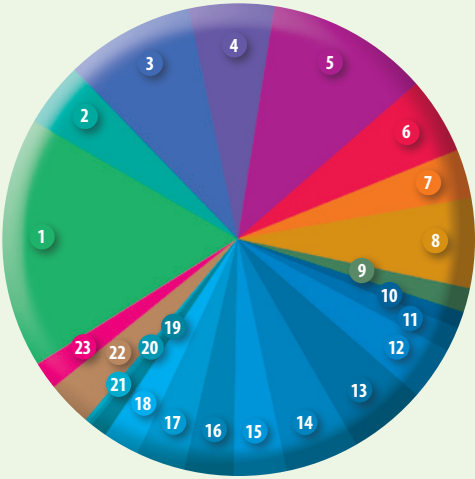
*"Life is the art of drawing without an eraser."*

JOHN W. GARDNER

**Growing Personal Investments:**  
Member balances in the 401(k), 457, and IRAs at year-end 2016 totaled over \$5.0 billion.

## Total Balances by Investment Option and Rates of Return

Percentage Total of Each Investment Option  
December 31, 2016



|                                |                               | (dollars in thousands) |          |          |                 |                          | 2016                       |
|--------------------------------|-------------------------------|------------------------|----------|----------|-----------------|--------------------------|----------------------------|
| Percentage of Total Fair Value | Investment Option             | 401(k) Plan            | 457 Plan | Roth IRA | Traditional IRA | Total Investment Balance | Annualized Rates of Return |
| 17.34%                         | 1 Income Fund                 | \$ 748,184             | 83,561   | 10,488   | 25,785          | 868,018                  | 1.62%                      |
| 4.44%                          | 2 Bond Fund                   | 190,988                | 23,762   | 3,541    | 3,650           | 221,941                  | 5.86                       |
| 8.93%                          | 3 Balanced Fund               | 401,380                | 34,498   | 4,025    | 6,999           | 446,902                  | 9.32                       |
| 5.85%                          | 4 Large Cap Stock Value Fund  | 242,677                | 38,186   | 6,975    | 4,902           | 292,740                  | 21.24                      |
| 11.01%                         | 5 Large Cap Stock Index Fund  | 492,842                | 46,972   | 6,514    | 4,480           | 550,808                  | 11.84                      |
| 5.29%                          | 6 Large Cap Stock Growth Fund | 229,116                | 27,186   | 5,259    | 3,121           | 264,682                  | 1.15                       |
| 3.41%                          | 7 International Fund          | 149,549                | 17,344   | 2,439    | 1,214           | 170,546                  | 4.44                       |
| 6.22%                          | 8 Small Cap Stock Fund        | 264,019                | 35,780   | 7,391    | 4,111           | 311,301                  | 23.34                      |
| 1.60%                          | 9 Tier 2 DC Nonvested         | 80,043                 | —        | —        | —               | 80,043                   | 8.33                       |
| 1.10%                          | 10 Retired Fund               | 43,286                 | 5,951    | 1,618    | 4,337           | 55,192                   | 6.06                       |
| 1.73%                          | 11 2010 Fund                  | 72,216                 | 7,408    | 1,884    | 4,944           | 86,452                   | 6.14                       |
| 3.47%                          | 12 2015 Fund                  | 147,805                | 16,465   | 3,398    | 5,897           | 173,565                  | 6.78                       |
| 5.43%                          | 13 2020 Fund                  | 237,604                | 26,271   | 4,705    | 3,179           | 271,759                  | 7.69                       |
| 4.89%                          | 14 2025 Fund                  | 215,500                | 21,041   | 5,687    | 2,620           | 244,848                  | 8.65                       |
| 3.59%                          | 15 2030 Fund                  | 155,715                | 17,952   | 3,939    | 2,153           | 179,759                  | 9.29                       |
| 3.43%                          | 16 2035 Fund                  | 147,924                | 17,872   | 4,600    | 1,213           | 171,609                  | 9.73                       |
| 3.17%                          | 17 2040 Fund                  | 133,238                | 19,127   | 5,438    | 941             | 158,744                  | 9.91                       |
| 2.44%                          | 18 2045 Fund                  | 103,068                | 13,847   | 4,955    | 479             | 122,349                  | 10.00                      |
| 1.28%                          | 19 2050 Fund                  | 54,637                 | 6,038    | 3,082    | 219             | 63,976                   | 10.00                      |
| 0.37%                          | 20 2055 Fund                  | 15,258                 | 1,517    | 1,116    | 475             | 18,366                   | 10.00                      |
| 0.11%                          | 21 2060 Fund                  | 3,987                  | 805      | 224      | 385             | 5,401                    | 10.00                      |
| 3.05%                          | 22 Brokerage Window           | 126,881                | 23,238   | 1,887    | 429             | 152,435                  | NA                         |
| 1.85%                          | 23 Loan Fund                  | 83,056                 | 9,598    | —        | —               | 92,654                   | NA                         |
| 100.00%                        | Total                         | \$4,338,973            | 494,419  | 89,165   | 81,533          | 5,004,090                |                            |

## UTAH RETIREMENT SYSTEMS

### Statements of Fiduciary Net Position — Defined Contribution Plans

December 31, 2016

(in thousands)

|                                      | 401(k) Plan  | 457 Plan | Roth IRA | Traditional IRA | Health Reimbursement Arrangement | Total Defined Contribution Plans |
|--------------------------------------|--------------|----------|----------|-----------------|----------------------------------|----------------------------------|
| <b>Assets:</b>                       |              |          |          |                 |                                  |                                  |
| Cash                                 | \$ 12,353    | 589      | 224      | 72              | —                                | 13,238                           |
| Receivables                          | 83,056       | 9,598    | —        | —               | —                                | 92,654                           |
| Investments at fair value:           |              |          |          |                 |                                  |                                  |
| Debt securities                      | 1,506,993    | 162,583  | 25,259   | 44,845          | —                                | 1,739,680                        |
| Equity investments                   | 2,601,022    | 305,799  | 59,635   | 33,990          | —                                | 3,000,446                        |
| Real assets                          | 145,474      | 16,170   | 4,077    | 2,649           | —                                | 168,370                          |
| Total investments                    | 4,253,489    | 484,552  | 88,971   | 81,484          | —                                | 4,908,496                        |
| Total assets                         | 4,348,898    | 494,739  | 89,195   | 81,556          | —                                | 5,014,388                        |
| <b>Liabilities:</b>                  |              |          |          |                 |                                  |                                  |
| Investment accounts payable          | 9,925        | 320      | 30       | 23              | —                                | 10,298                           |
| Net position restricted for benefits | \$ 4,338,973 | 494,419  | 89,165   | 81,533          | —                                | 5,004,090                        |

## UTAH RETIREMENT SYSTEMS

### Statements of Changes in Fiduciary Net Position — Defined Contribution Plans

December 31, 2016

(in thousands)

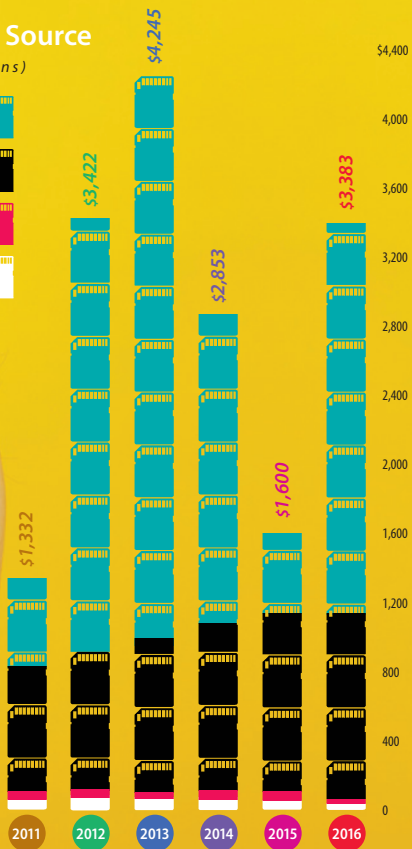
|  | 401(k) Plan | 457 Plan | Roth IRA | Traditional IRA | Health Reimbursement Arrangement | Total Defined Contribution Plans |
|--|-------------|----------|----------|-----------------|----------------------------------|----------------------------------|
| <b>Additions:</b>                                      |             |          |          |                 |                                  |                                  |
| Contributions  | \$ 290,632  | 27,326   | 16,585   | 16,182          | 6,796                            | 357,521                          |
| Investment income:                                     |             |          |          |                 |                                  |                                  |
| Net appreciation in fair value of investments          | 332,221     | 39,183   | 7,259    | 4,884           | 36                               | 383,583                          |
| Interest, dividends, and other investment income       | 3,522       | 401      | —        | —               | —                                | 3,923                            |
| Total investment income                                | 335,743     | 39,584   | 7,259    | 4,884           | 36                               | 387,506                          |
| Less investment expenses                               | 3,071       | 332      | 59       | 59              | —                                | 3,521                            |
| Net income from investment activity                    | 332,672     | 39,252   | 7,200    | 4,825           | 36                               | 383,985                          |
| Total additions  | 623,304     | 66,578   | 23,785   | 21,007          | 6,832                            | 741,506                          |
| <b>Deductions:</b>                                     |             |          |          |                 |                                  |                                  |
| Refunds  | 257,651     | 25,706   | 4,192    | 8,332           | 30,075                           | 325,956                          |
| Administrative expenses                                | 7,085       | 810      | 142      | 128             | 31                               | 8,196                            |
| Total deductions                                       | 264,736     | 26,516   | 4,334    | 8,460           | 30,106                           | 334,152                          |
| Increase from operations                               | 358,568     | 40,062   | 19,451   | 12,547          | (23,274)                         | 407,354                          |
| Net position restricted for benefits beginning of year | 3,980,405   | 454,357  | 69,714   | 68,986          | 23,274                           | 4,596,736                        |
| Net position restricted for benefits end of year       | \$4,338,973 | 494,419  | 89,165   | 81,533          | —                                | 5,004,090                        |

# How Your Defined Benefits are Funded

In addition to member and employer contributions, investment income typically funds the greater portion of members' retirement benefits. To minimize financial risk, URS diversifies its investment portfolio. The Systems' 2016 return was 8.8%.

## Additions by Source

(in millions)







From left:

Ryan G. Hessenthaler,  
 Laura O. Houston,  
 Roger G. Donohoe  
*(Vice President),*  
 Sheri K. Nelson,  
 Edward T. Alter,  
 David C. Damshen,  
 William W. Wallace  
*(President)*



*"The aim of art  
 is to represent  
 not the outward  
 appearance  
 of things, but  
 their inward  
 significance."*

ARISTOTLE

## Meet the Board

A majority of the URS Board members are experts in banking and investments, and are appointed by the Governor. The Board appoints our executive director to carry out the day-to-day operations of URS. Together they guide and safeguard URS.

### MEMBERSHIP ADVISORY COUNCIL

Those who serve on the Membership Advisory Council speak for the interests of active and retired members and participating employers.

#### Executive Committee Members / Represents


Mr. Michael McDonough .....Utah Education Association  
*(Chairperson)*  
 Mr. Marty Peterson .....Professional Firefighters of Utah  
*(Vice Chairperson)*  
 Ms. Amy Ehresman .....Utah School Employees' Association  
 Mr. Tom Hardy .....Utah League of Cities and Towns  
 Senior Trooper Arlow Hancock. ....Utah Peace Officers' Association


#### Council Members / Represents

Mr. Fred Ash. ....Utah Retired School Employees' Association  
 Mr. Stuart Bailey ..... Utah Education Association  
 Mr. Larry Evans ..... Utah Public Employees' Association  
 Ms. Brandy Grace .....Utah Association of Counties  
 Honorable Kimberly K. Hornack .....Utah Judicial Council  
 Ms. Debra McBride ..... Utah Association of Retired Public Employees  
 Mr. Michael Harman ..... Utah Education Association  
 Mr. Richard Petersen. .... Utah Public Employees' Association




   
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 St. George, UT  
 84770-2505

  
**Call**  
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 401(k), 457, IRA, HRA  
 801-366-7720 • 800-688-401k  
 St. George Office  
 435-673-6300 • 800-950-4877

  
**Fax**  
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**Want to  
 Know More?**

**Please visit [www.urs.org](http://www.urs.org) or call our office. We can  
 explain your benefits one-on-one or to your group.**

Utah Retirement Systems 2016 Summary Annual Report • Published by: Utah Retirement Systems • 560 East 200 South, Salt Lake City, UT 84102-2021

The Utah Retirement Systems 2016 Summary Report to Members contains summary financial and actuarial information from the URS 2016 Comprehensive Annual Financial Report. Get a copy of the full report at [www.urs.org](http://www.urs.org) or by emailing [publications@urs.org](mailto:publications@urs.org).