



URS/PEHP
Employer Event

MARCH 28, 2018



Keys to Successful Saving

Craig D. Stone

Director, Defined Contribution Savings Plans



Trust • Commitment
Value • Innovation • Excellence

The Three Keys to Success

1. Adequate Contributions

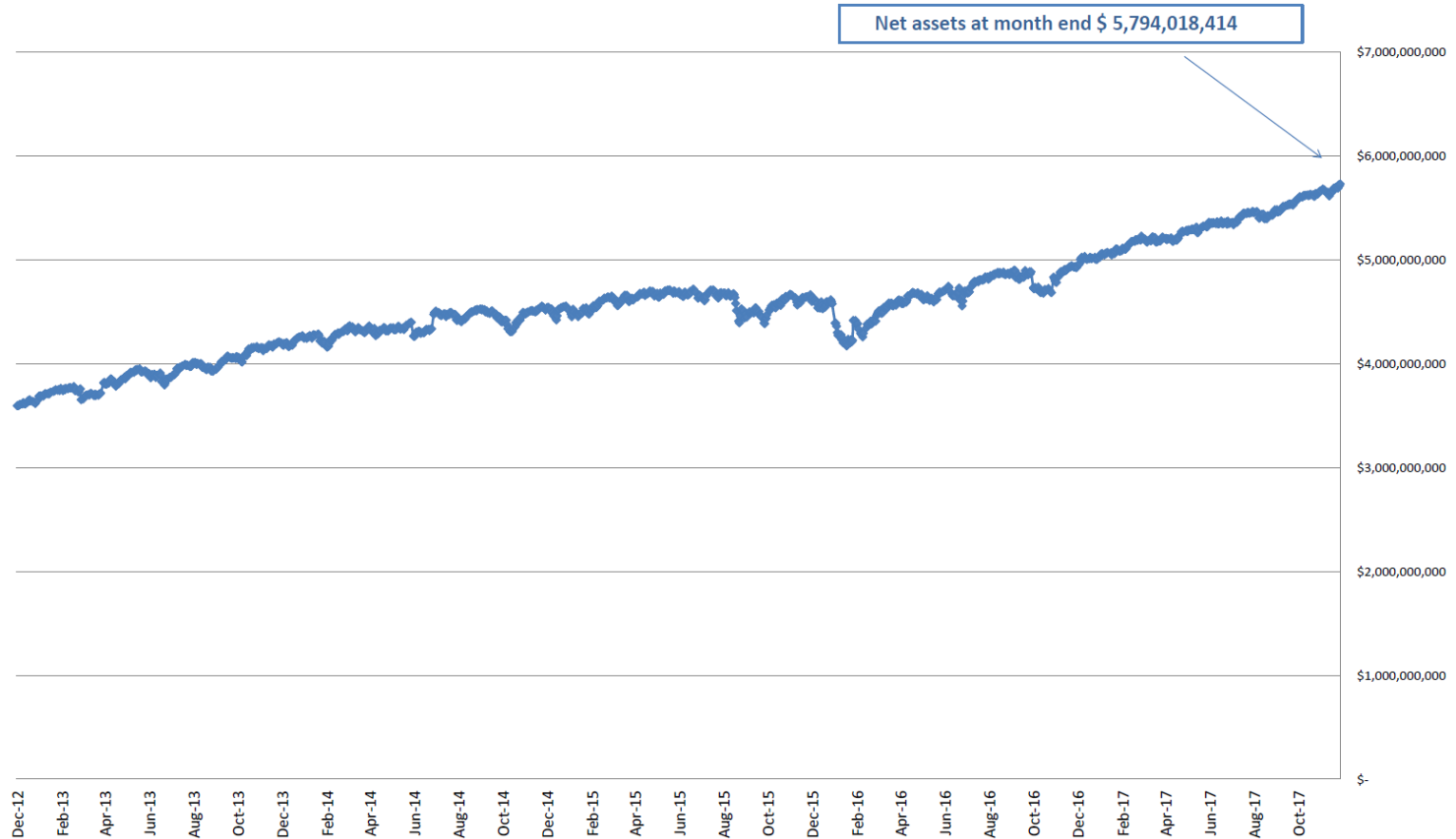
- › Personal
- › Employer Paid
 - » Always get the match!

2. Low Cost, Professionally Managed Investments

- › Diversified Portfolio
- › Appropriate Risk Profile

3. Withdrawal Strategy After Retirement

- › Sources of Income
- › Life Expectancy



For the year ended 12/31/2017

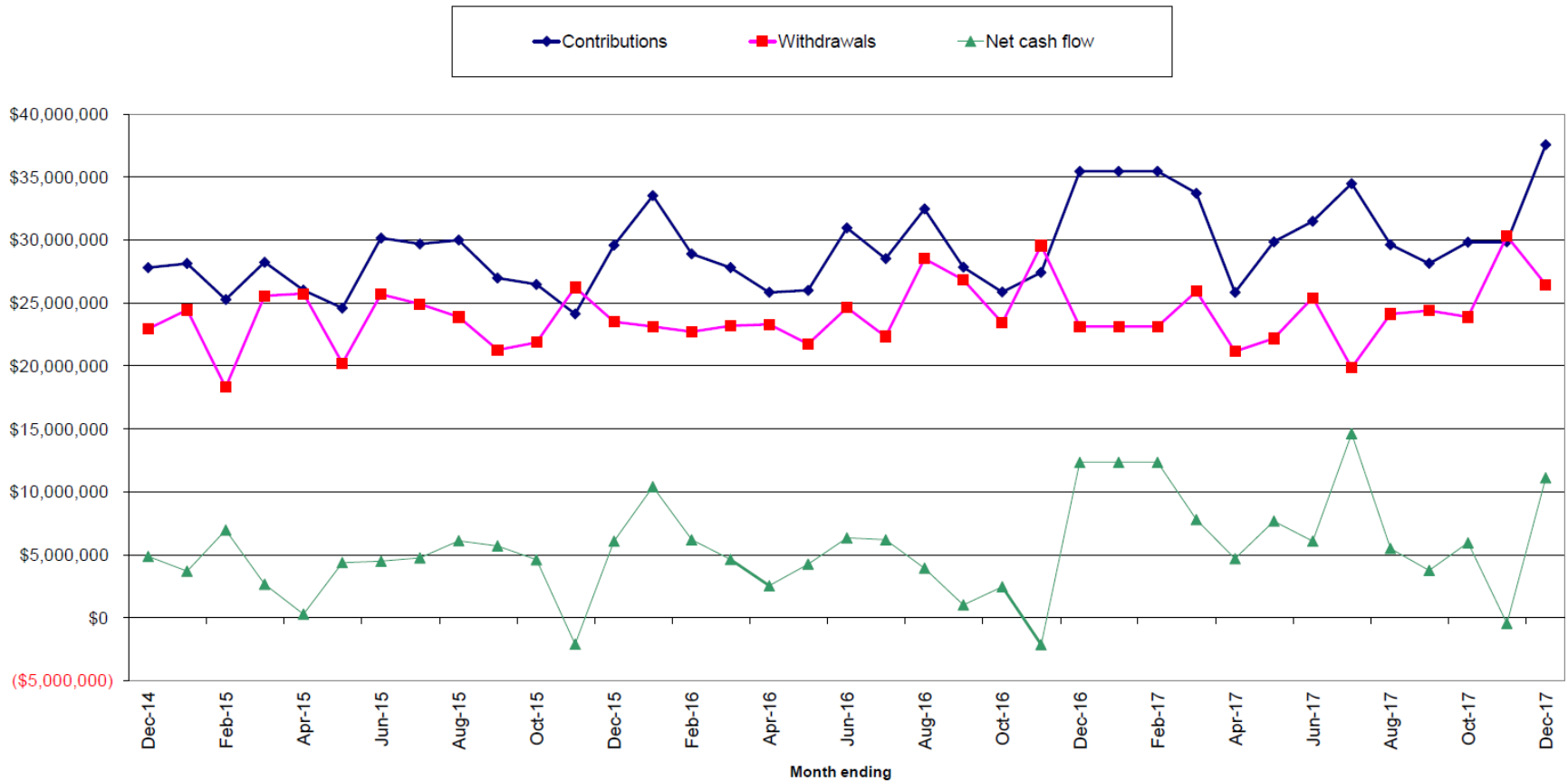
\$368 Million Total Contributions

\$293 Million Total Distributions

\$74 Million Net Positive Inflow

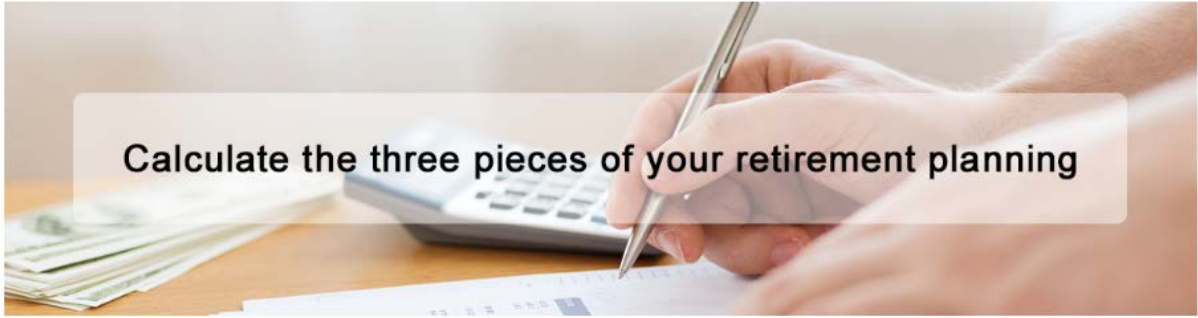


Summary of Contributions and Withdrawals



Key #1 How Much Should I Save?

CALCULATORS



Calculate the three pieces of your retirement planning



**URS Pension
Plans**



**URS Savings
Plans**



**Social
Security
Administration**

Saving For the Future

Savings Plans Future Values Calculator

Current Total Balances (401(K),
457, IRAs):

10,000

Monthly gross wages: (Annual
gross income / 12)

3,400

Projected average annual
increase in wages(as a percent):

3

Monthly contributions (percentage
of gross wages):

5

Employer contributions
(percentage of gross wages):

1.5

Estimated years of future
contributions:

30

Rate of return you expect to
receive:

7

Number of years you would like to
receive monthly withdrawals:

20

Rate of return you expect during
withdrawals:

5

Average rate of inflation you
expect:

2.5

Future Values

Future balance:

\$449,607.33

Monthly withdrawal from future balance:

\$2,369.36

Monthly withdrawal from future balance adjusted for 2.5% inflation:

\$1,129.58

Key #2 A Diversified Portfolio

Core Investment Options

Income Fund

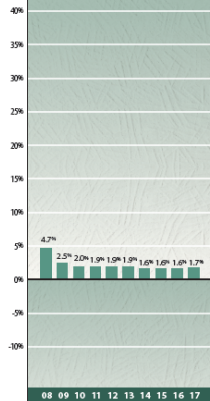
A stable value option and the most conservative investment choice. About 95% of its assets are invested in investment grade bonds that are "wrapped" with book value contracts. The contracts are financial agreements from creditworthy banks and insurance companies, protecting against changes in interest rates and smoothing returns over the duration of the portfolio.

Investment Manager:
Ameriprise

Sample of Portfolio
Book Value Contracts
Government Bonds
Short-Term Investments

Annualized Returns for Periods Ended Dec. 31, 2017*					
1 Year	3 Years	5 Years	10 Years	15 Years	
1.72%	1.64%	1.67%	2.14%	2.84%	

Annual Returns for Periods Ended December 31



Bond Fund

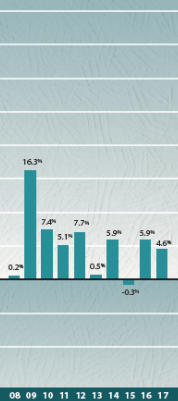
Generally contains investment grade and government bonds issued in the United States and denominated in U.S. dollars.

Investment Manager:
Dodge & Cox

Sample of Portfolio
Asset-Backed Securities
Corporate Bonds
U.S. Treasury and Gov't. Related

Annualized Returns for Periods Ended Dec. 31, 2017*					
1 Year	3 Years	5 Years	10 Years	15 Years	
4.64%	3.38%	3.30%	5.24%	4.89%	

Annual Returns for Periods Ended December 31



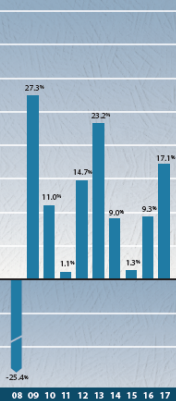
Balanced Fund

Invests in a portfolio of about 60% stocks and 40% bonds. This fund is considered less risky than most stock investments, but has higher risk than most fixed income investments.

Portfolio Structure
40% Bond Fund
30% Large Cap Growth Fund
30% Large Cap Value Fund

Annualized Returns for Periods Ended Dec. 31, 2017*					
1 Year	3 Years	5 Years	10 Years	15 Years	
17.13%	9.05%	11.74%	7.85%	8.78%	

Annual Returns for Periods Ended December 31



Large Cap Stock Value Fund

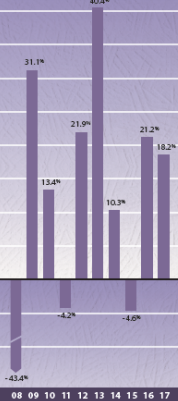
Invests in a diversified portfolio of common stocks that appear undervalued by the stock market, but have a favorable outlook for long-term growth.

Investment Manager:
Dodge & Cox

Sample of Portfolio Securities
Bank of America Corp.
Charles Schwab Corp.
Wells Fargo & Co.
Capital One Financial Corp.
Charter Communications, Inc.

Annualized Returns for Periods Ended Dec. 31, 2017*					
1 Year	3 Years	5 Years	10 Years	15 Years	
18.23%	11.02%	16.22%	7.61%	10.09%	

Annual Returns for Periods Ended December 31



Large Cap Stock Index Fund

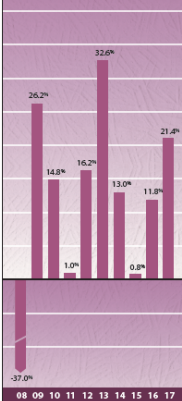
Invests in stocks included in the Russell 1000 Index*. The Russell 1000 Index is constructed as a broad and impartial measure of the large cap stock sector.

Investment Manager:
Utah Retirement Systems

Sample of Portfolio Securities
Apple, Inc.
Alphabet, Inc.
Microsoft Corp.
Facebook, Inc.
Amazon.com, Inc.

Annualized Returns for Periods Ended Dec. 31, 2017*					
1 Year	3 Years	5 Years	10 Years	15 Years	
21.42%	11.03%	15.45%	8.18%	9.60%	

Annual Returns for Periods Ended December 31



Large Cap Stock Growth Fund

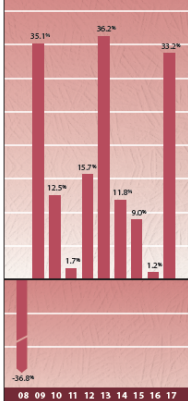
Emphasizes capital appreciation and seeks to identify companies with future relative earnings strength at a reasonable valuation. The portfolio is actively managed to react quickly to changing company fundamentals and prevailing market forces.

Investment Managers:
Jennison Associates, LLC
Ivy Investment Management Co.

Sample of Portfolio Securities
Alphabet, Inc.
Facebook, Inc.
Apple, Inc.
Amazon.com, Inc.
MasterCard, Inc.

Annualized Returns for Periods Ended Dec. 31, 2017*					
1 Year	3 Years	5 Years	10 Years	15 Years	
33.20%	13.65%	17.44%	9.70%	10.58%	

Annual Returns for Periods Ended December 31



International Fund

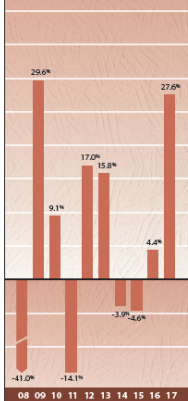
Tracks the performance of the MSCI All Country World Index - ex. U.S. - Investable Market Index (ACWI ex. U.S. IMI) as closely as possible. The index is designed as a measure of the global stock market performance of developed and emerging markets that excludes the United States.

Investment Manager:
Northern Trust Global Investments

Sample of Portfolio Securities
Nestle SA (Switzerland)
Tencent Holdings (China)
Samsung Electronics Co. (S. Korea)
HSBC Holdings PLC (UK)
Alibaba Group Holding LTD (China)

Annualized Returns for Periods Ended Dec. 31, 2017*					
1 Year	3 Years	5 Years	10 Years	15 Years	
27.56%	8.33%	7.19%	1.72%	7.35%	

Annual Returns for Periods Ended December 31



Small Cap Stock Fund

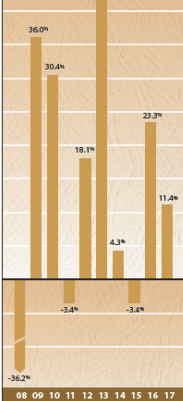
Invests in a broad cross-section of U.S. small companies whose size (market capitalization) falls within the smallest 10% of companies listed on the New York Stock Exchange and NASDAQ National Market System.

Investment Manager:
Dimensional Fund Advisors

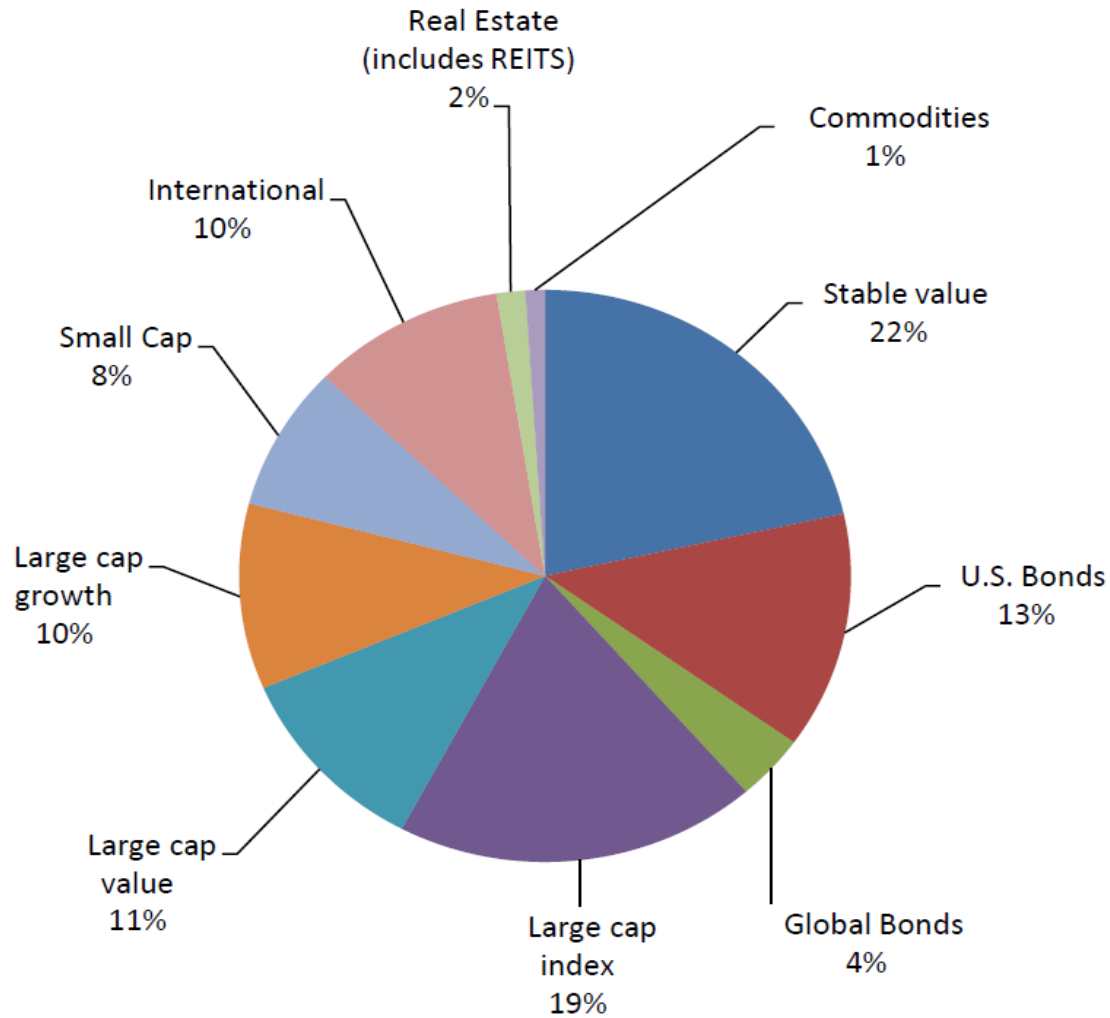
Sample of Portfolio Securities
Knight-Swift Transportation Holdings
Cathay General Bancorp
Sanderson Farms, Inc.
Sterling Bancorp, Inc.
Terex Corp.

Annualized Returns for Periods Ended Dec. 31, 2017*					
1 Year	3 Years	5 Years	10 Years	15 Years	
11.35%	9.86%	14.44%	9.74%	11.86%	

Annual Returns for Periods Ended December 31



Asset allocation by investment category





Individual Core Fund Returns


Fund	1 Year	Three Years	Five Years	Ten Years	Fifteen Years
<u>Income</u>	1.72%	1.64%	1.67%	2.14%	2.84%
<u>Bond</u>	4.64%	3.38%	3.30%	5.24%	4.89%
<u>Balanced</u>	17.13%	9.05%	11.74%	7.85%	8.78%
<u>Large Cap Stock Value</u>	18.23%	11.02%	16.22%	7.61%	10.09%
<u>Large Cap Stock Index</u>	21.42%	11.03%	15.45%	8.18%	9.60%
<u>Large Cap Stock Growth</u>	33.20%	13.65%	17.44%	9.70%	10.58%
<u>International</u>	27.56%	8.33%	7.19%	1.72%	7.35%
<u>Small Cap Stock</u>	11.35%	9.86%	14.44%	9.74%	11.86%

Net of administrative and investment management costs.

Returns are annualized – period ending 12/31/2017



Index Fund: \$10,000 invested 12/31/2016 = \$12,142 on 12/31/2017 (21.42% ROR)
Net of Costs

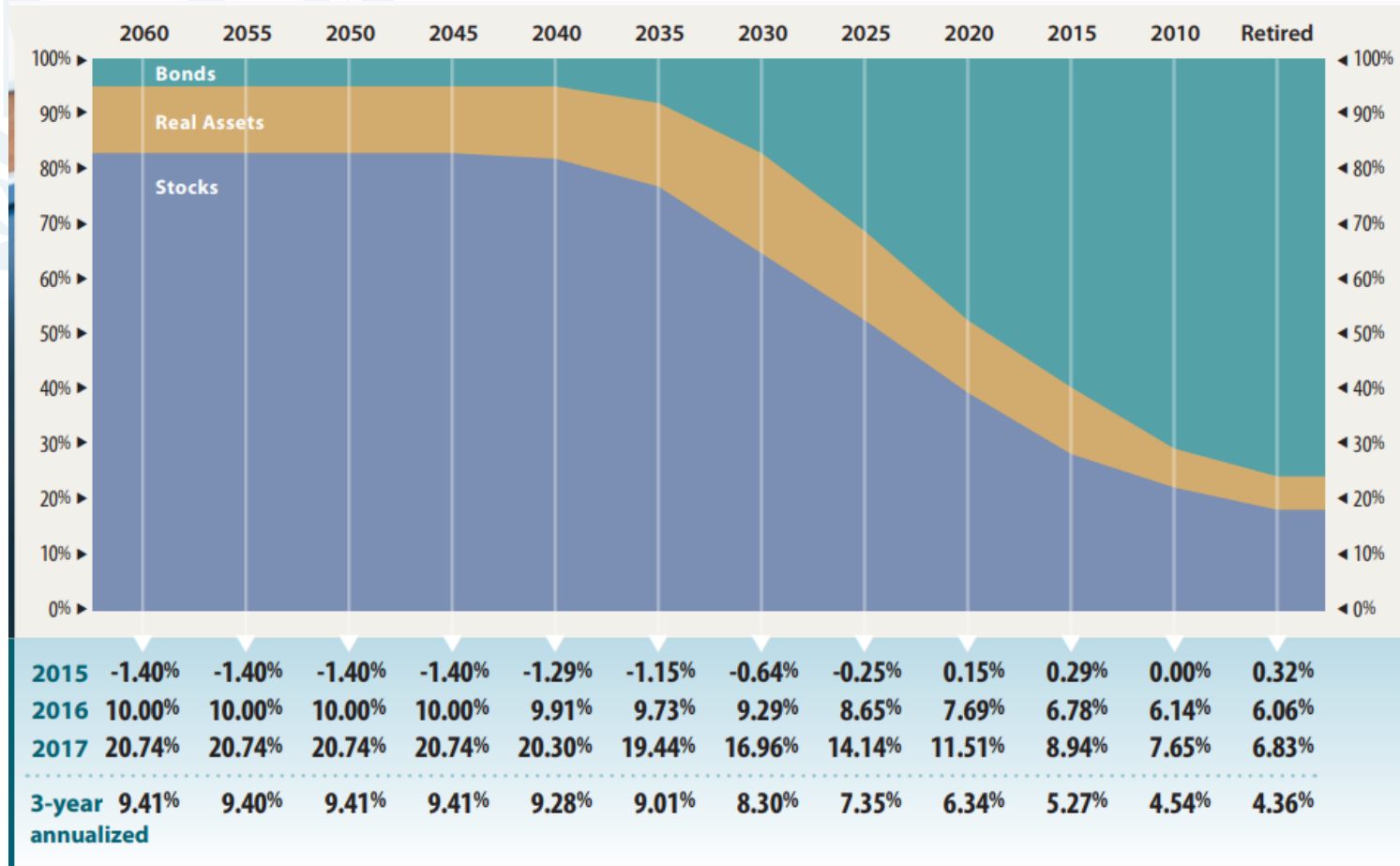
Unit Value  LARGE CAP INDEX \$204.4954



From: to:

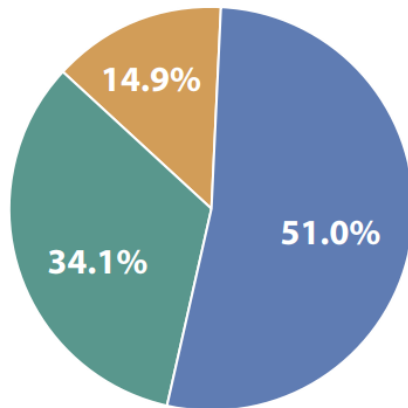
Zoom:

Target Date Funds – what do the Pros do?



Target Date 2025

Current Asset Allocation *as of 12/31/2017*



Stocks %

Large Cap	29.8
Small Cap	4.6
International	16.6

Real Assets %

U.S. REITs	1.7
Commodities	3.3
Private Real Estate	9.9

Bonds %

Income (Stable Value)	6.9
Domestic Bonds	14.8
International Bonds	8.8
Global Inflation-Linked Bonds	3.6

Asset Class	Target Allocation & Range	Investment Manager
Income Fund [†]	7% (±1%)	Ameriprise
Bond Fund	15% (±1.5%)	Dodge and Cox
Large Cap Value Fund	2.5% (±0.5%)	Dodge and Cox
Large Cap Index Fund	24% (±4%)	Utah Retirement Systems
Large Cap Growth Fund	2.5% (±0.5%)	Jennison Assoc. LLC, Ivy Investment Management Co. [‡]
International Fund	17% (±4%)	Northern Trust Global Investments
Small Cap Fund	4% (±1%)	Dimensional Fund Advisors
International Bonds	9% (±1%)	Standish Mellon Asset Management Co. LLC
U.S. REITs	2% (±1%)	Utah Retirement Systems
Commodities	3% (±1%)	AQR
Global Inflation-Linked Bonds	4% (±1%)	Blackrock Financial Management Inc.
Private Real Estate	10% (±1.5%)	Prudential Real Estate Investors

Key # 3 Withdrawal Strategy

1. Know what you have:

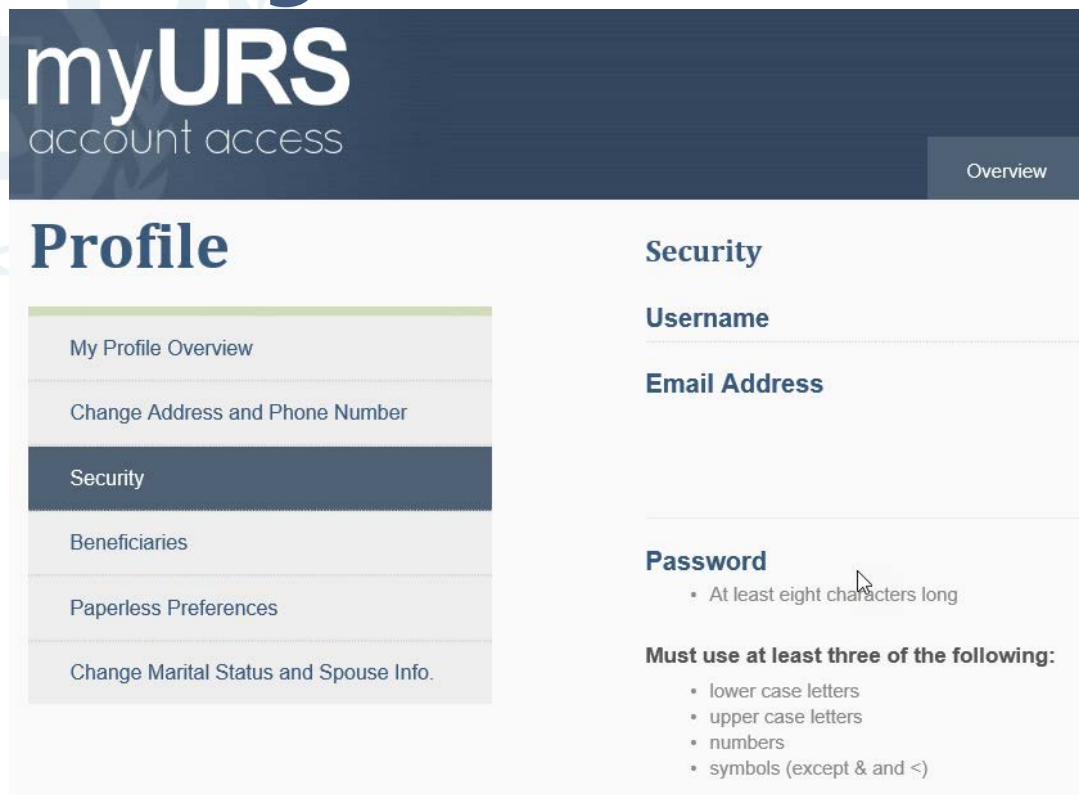
- › Pension
- › Social Security
- › Savings

2. Know what you need

3. Withdrawal Strategies

- › Monthly, to augment other income sources
- › As needed (Christmas, vacations)
- › Age 70 ½ Required Minimum Distributions (possible generation transfer)

Protecting Your Accounts – Be Proactive!



The image shows a screenshot of the myURS account access interface. At the top, there's a dark blue header with the text "myURS" in large white letters and "account access" in smaller white letters below it. To the right of the header is a button labeled "Overview". Below the header, the word "Profile" is prominently displayed in a large, bold, dark blue font. Under "Profile", there's a vertical list of menu items: "My Profile Overview", "Change Address and Phone Number", "Security" (which is highlighted with a dark blue background), "Beneficiaries", "Paperless Preferences", and "Change Marital Status and Spouse Info.". To the right of the "Profile" section, there's a "Security" section. It contains fields for "Username" and "Email Address", both of which are empty. Below these fields is a "Password" section. It includes a bullet point stating "At least eight characters long". Underneath, it says "Must use at least three of the following:" followed by a list of requirements: "lower case letters", "upper case letters", "numbers", and "symbols (except & and <)".

myURS
account access

Overview

Profile

- My Profile Overview
- Change Address and Phone Number
- Security**
- Beneficiaries
- Paperless Preferences
- Change Marital Status and Spouse Info.

Security

Username

Email Address

Password

- At least eight characters long

Must use at least three of the following:

- lower case letters
- upper case letters
- numbers
- symbols (except & and <)

1. Keep your contact information up-to-date
2. Periodically review your account
3. Keep your beneficiaries up-to-date



New IRS Rule!

- » New tax law eliminates Roth Conversion Recharacterizations
 - » Conversions from Traditional IRA to Roth IRA cannot be reversed
 - » Rollovers from a 401(k), 403(b), 457(b) cannot be recharacterized from a Roth IRA to a Traditional IRA
 - » New contributions to IRAs may still be Recharacterized
 - » Beware of the tax impact!
-

Can I recharacterize a rollover or conversion to a Roth IRA?

Effective January 1, 2018, pursuant to the Tax Cuts and Jobs Act (Pub. L. No. 115-97), a conversion from a traditional IRA, SEP or SIMPLE to a Roth IRA cannot be recharacterized. The new law also prohibits recharacterizing amounts rolled over to a Roth IRA from other retirement plans, such as 401(k) or 403(b) plans.



Retirement Updates: 2018 Legislative Session



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Value • Innovation • Excellence**



H.B. 28, Retirement Systems Amendments

(Rep. J. Moss)

These are administrative and technical amendments to Utah Code Title 49 recommended to the Legislature annually by URS:

- » Requires participating employers to cooperate with URS' independent auditor's requests (SOC 1 Report).
- » Reduces paperwork: Participating employers to prepare and maintain a list of positions eligible for exemption from retirement coverage, but will no longer be required to file the list annually with URS.



H.B. 147, Retirement Forfeiture for Employment Related Offenses

(Rep. Hall)

- » Authorizes a prosecutor or the State Auditor to notify URS and the participating employer if an employee is charged with a potential employment related felony offense.
- » An employer is required to make certain reports to the prosecutor or State Auditor who provided the notice of the offense.



H.B. 233, Teacher Salary Supplement Revisions

(Rep. Potter)

- » Expands the Teacher Salary Supplement Program, including adding special education teachers.
- » Keeps the teacher salary supplements in compensation calculations for retirement purposes.



S.B. 21, Public Safety and Firefighter Retirement Death Benefit Amendments

(Sen. Mayne)

- » Amends death benefits for certain public safety and firefighter members to provide a minimum benefit equal to the amount the member's surviving spouse would have received if the member had retired the day before their death and then died.
- » Contribution rate increases from 0.03% to 0.14% in affected public safety and firefighter funds.



H.B. 146, Postretirement Reemployment Restrictions Act Amendments

(Rep. Sagers)

Repeals the requirement that for a retiree who is reemployed as an affiliated emergency services worker (e.g. volunteer firefighter or reserve police officer) the termination date of the reemployment is considered the retiree's retirement date for the purpose of calculating the one-year separation requirement.



Bills Not Passed

Post-Retirement Reemployment:

An employer who reemploys an educator retiree without the one-year separation pays a “surcharge” to cover the additional retirement costs:

- » S.B. 95, Educator Postretirement Reemployment Revisions (Sen. Iwamoto): for educator retirees.
- » S.B. 113, Postretirement Reemployment Revisions (Sen. Iwamoto): for public safety or firefighter retirees.
- » H.B. 467, Educator Postretirement Reemployment Revisions (Rep. Christensen): for educator retirees.



Bills Not Passed

Post-Retirement Reemployment:

Allows public safety and firefighter retirees to be reemployed with a participating employer after a gradually decreased waiting period from the retiree's retirement date:

» H.B. 311, Retirement Amendments (Rep. Perry)



Trust • Commitment
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Things You Should Know

URS/PEHP Annual Conference

March 28, 2018

R. Chet Loftis

All Quiet on the Federal Front

- No Individual Mandate
- Employer Penalty Remains
- No Relief From ACA Reporting

Potential Impact of 2018 Election

Senate – 51 to 49

- 35 open seats
- 26 Dem & 9 Rep

House – Need 218

- 194 likely Rep
- 190 likely Dem
- 51 Lean or Toss Up

Variance in Healthcare Prices

Peer Differences

- Hospital A vs Hospital B
- Drug A vs Drug B

Location Differences

- Hospital vs Free Standing
- Free Standing vs Office



Three Approaches

1. Education
2. Plan Design
3. Incentives

NEW

Lab Referral Costs

PEHP
Health & Benefits

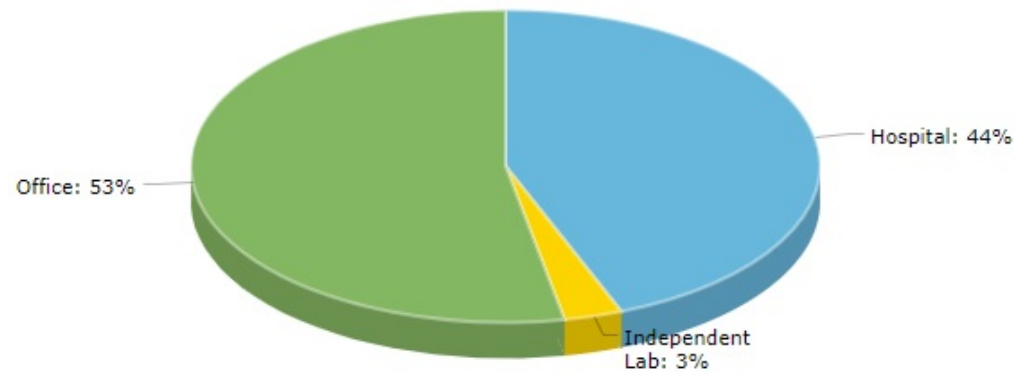
Office Costs

Lab Referral Costs



(Costs based on most common procedures)

Laboratory Referral Percentage



Hospital	44%
Independent Lab	3%
Office	53%

Code	Description	Hospital Costs	Independent Lab Costs	Office Costs
80053	Metabolic blood tests	\$82.09	\$13.42	\$14.76
80061	Cholesterol testing	\$83.04	\$17.11	\$18.04
81003	Urine analysis	\$31.4	\$3.12	\$3.11

Outsourced Cost Calculator



NEW

Internal Cost Calculator

PEHP
Health & Benefits

PEHP

CHOOSE A DOCTOR
Know Before You Go

Q SEARCH

Network: Advantage Network

Customer Service ▾
801-366-7555 (TTY:711)

Find a Doctor Find a Facility **Treatment Cost**

Search medical cost data from the last 12-15 months

Information is based on historical data from the previous 12-15 months only.

Treatment Name/Code

Colonoscopy

Result #1
Result #2
Result #3
.....

Search

Popular Searches

- Pregnancy
- Colonoscopy
- Knee Surgery
- Back Surgery
- X-Ray
- Baby Delivery
- Office Visit
- MRI
- CT Scan

NEW

Find Doctors at Facility

PEHP
Health & Benefits

PEHP

CHOOSE A DOCTOR
Know Before You Go

RESULTS

Network: Advantage Network



Customer Service ▾

801-366-7555 (TTY:711)

Search Results for: Colonoscopy with biopsy > Ambulatory Surgical Center Standalone > Utah Gastroenterology > Doctors > Locations

! Doctor information is based on historical data in the previous 12-15 months only.

Narrow Search

Located Near ZIP Code

Search Radius

Submit

Printable Format

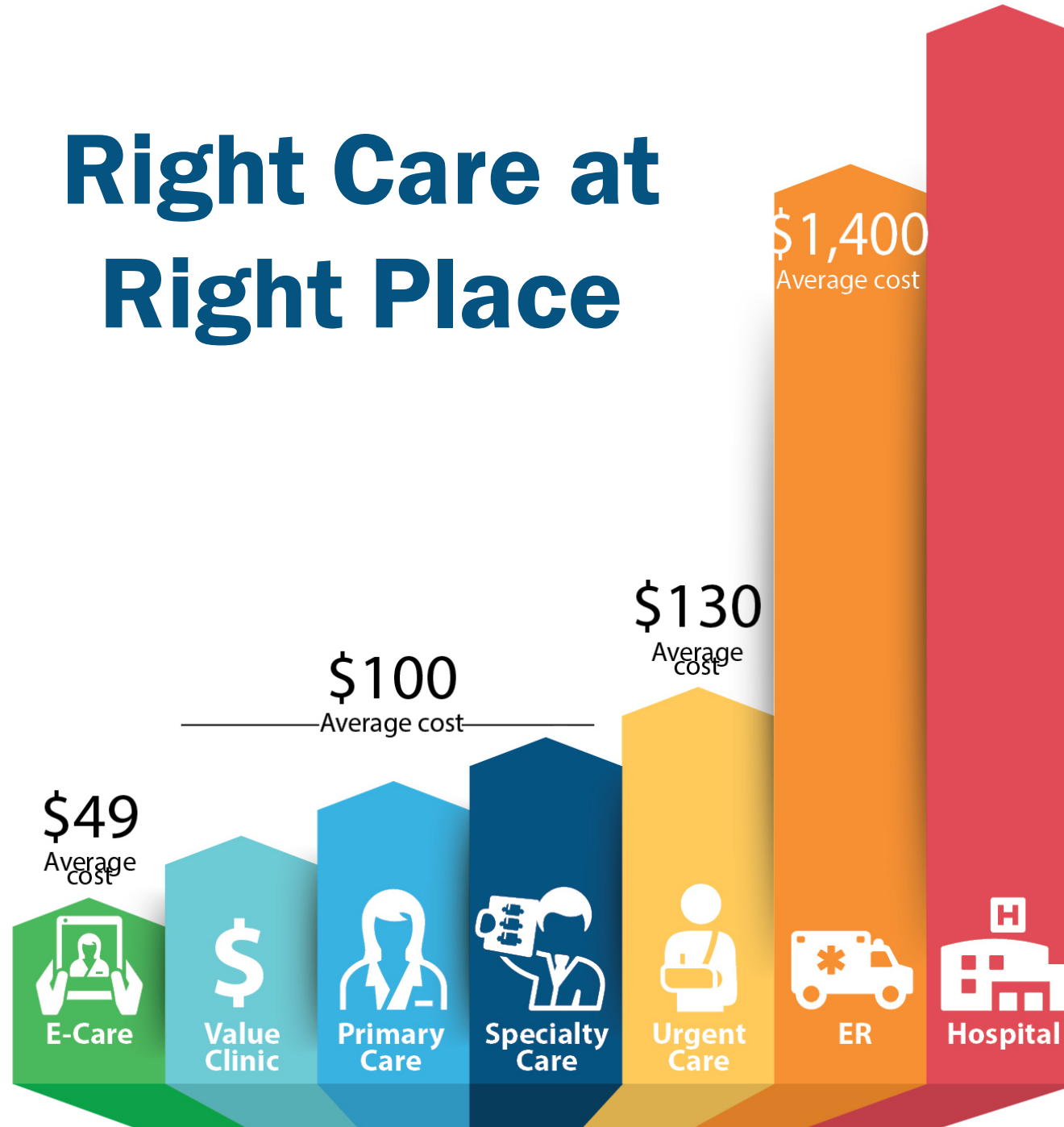
Want to know more about providers?

Doctor Name	Phone	Gender	Value Provider	Provider Rating	Provider Cost
Batista, Oscar A MD 6360 S 3000 E Ste 310 Salt Lake City 84121-6939	801-944-3144	Male		★★★★★	\$\$\$
Krishnamurthy, Chaya R MD 6360 S 3000 E Ste 310 Salt Lake City 84121-6939	801-944-3144	Female	★	★★★★★	\$\$\$
1250 E 3900 S Ste 360 Salt Lake City 84124-1362	801-263-3041				
Moore, David R MD 6360 S 3000 E Ste 310 Salt Lake City 84121-6939	801-944-3144	Male			\$\$\$

Coordinated Messaging

- **Group**
- **Employee**
- **Targeted**

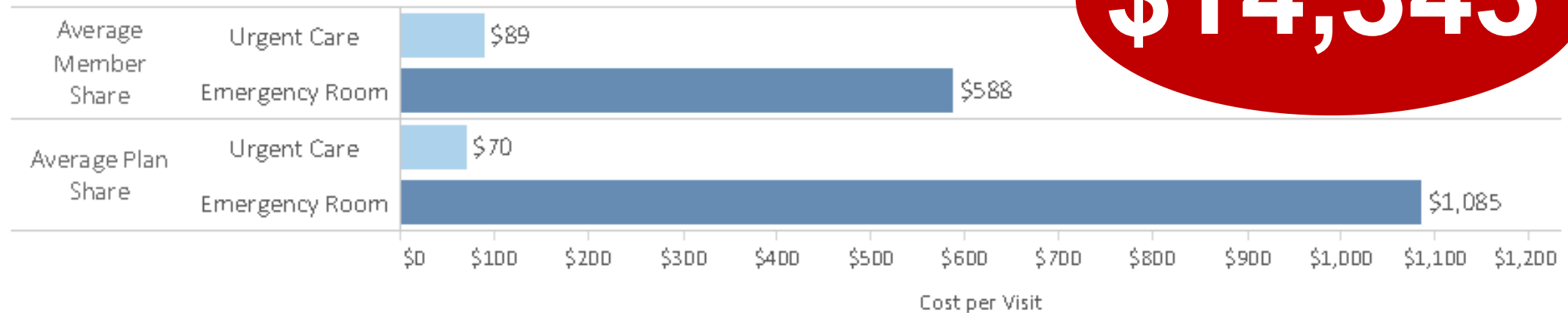
Right Care at Right Place



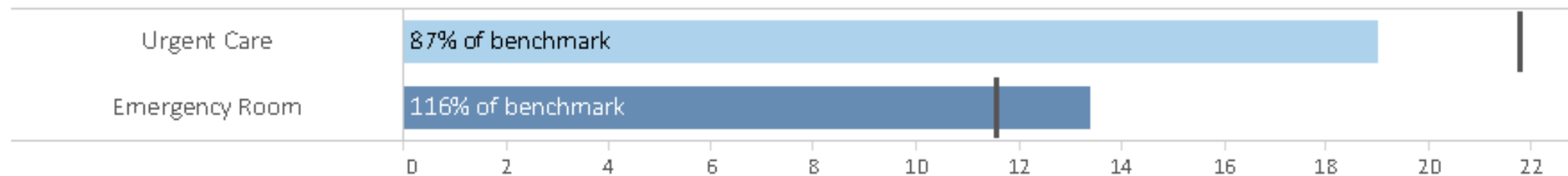
ER vs Urgent Care

When going to an urgent care rather than the emergency room, both your member

\$14,343



This is how your utilization compares to the benchmark:



\$1,533 OR \$196*?

IT'S YOUR CHOICE

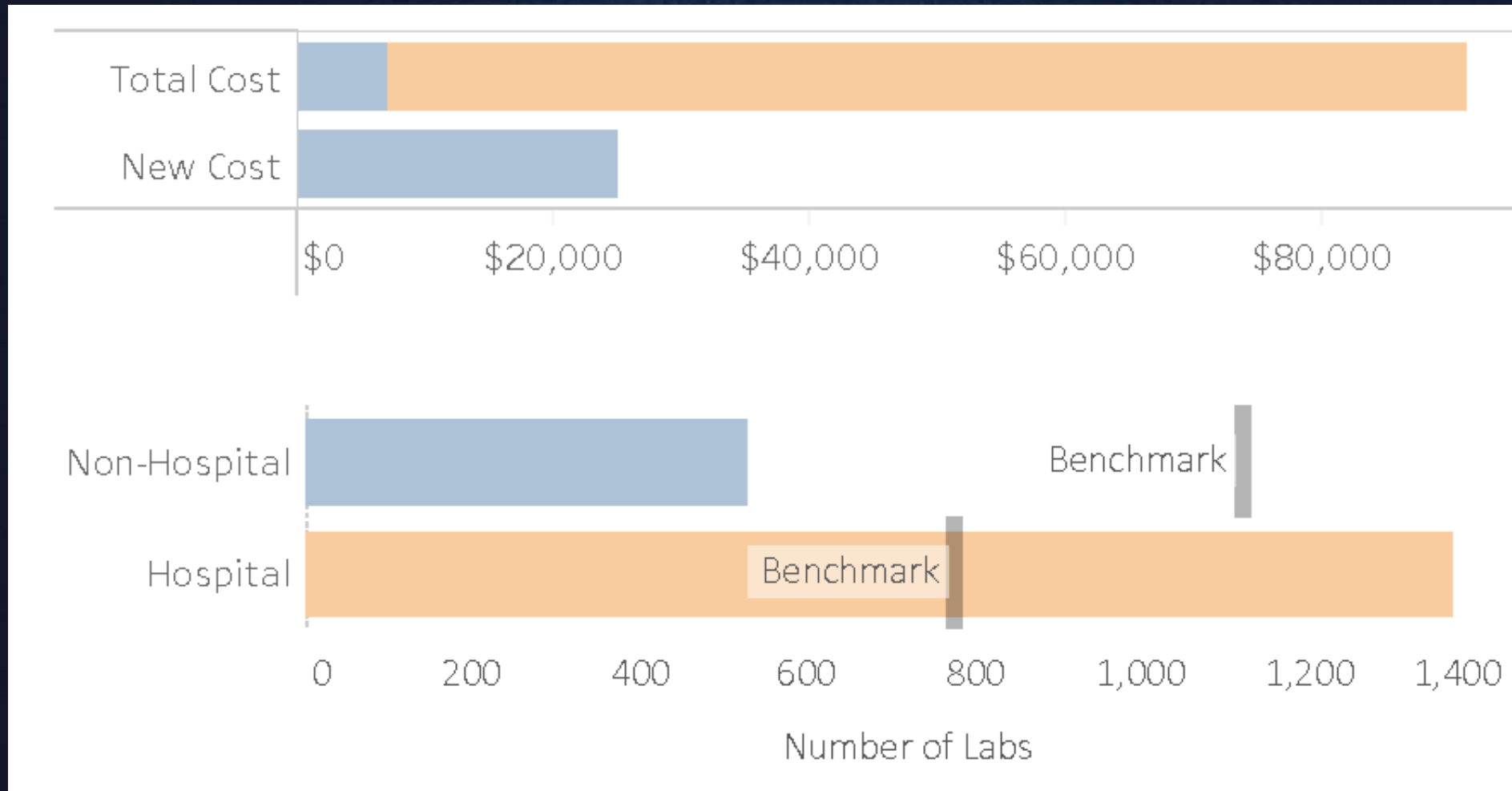
A broken arm doesn't have to break the bank.

It's Saturday afternoon. The kids are playing in the backyard. One falls and breaks his arm. Where you choose to take him for treatment could save you a bundle.



Connect Care On-Demand	Your Doctor (Primary Care)	Urgent Care Center	Emergency Room
See a doctor via mobile or web. EXAMPLES: » Cold/flu symptoms » Ear infections » Allergies » Migraines	For most non-urgent conditions when you can be seen during usual business hours.	When you need immediate medical attention, but your doctor isn't available. EXAMPLES: » Cold/flu symptoms after hours » Broken bones » Minor cuts and burns	For emergencies in which your life may be in danger or you're suffering severe symptoms. EXAMPLES: » Heart attack or stroke » Injury with severe bleeding » Drug overdose
\$ Best Value As low as \$10	\$\$ Low Generally \$25-\$100	\$\$\$ Medium Generally \$35-\$150	\$\$\$\$ High \$150-\$2,000 or more
24/7	Usual business hours	Seven days a week, often with extended hours	24/7

Laboratory Opportunity



\$30,000 to \$60,000

ASK ABOUT YOUR LAB TESTS

Does it have to be at a hospital?

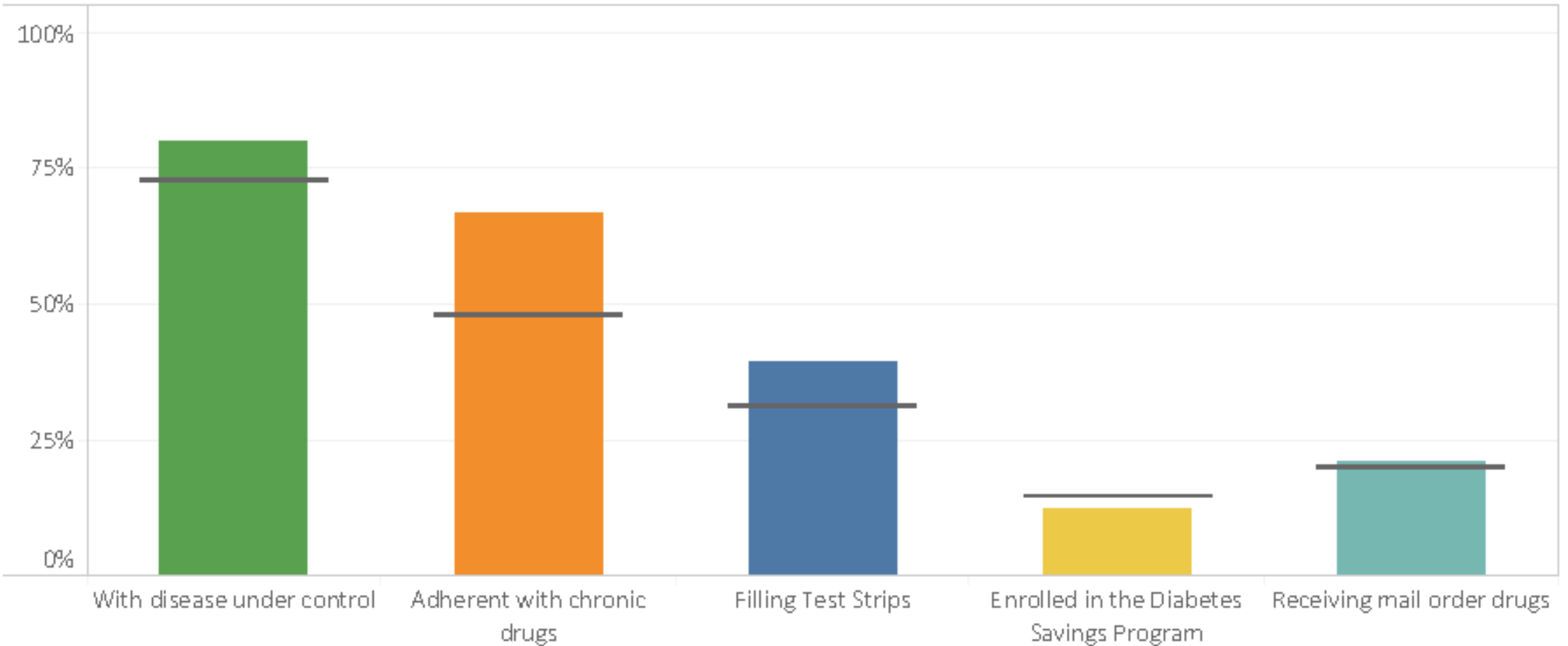
LAB	Hospital Cost	Cost Outside of a Hospital
Metabolic blood test	\$79	\$14
Detailed blood cell count	\$51	\$7
Urine analysis	\$37	\$4
Cholesterol testing	\$71	\$18
Blood sugar (glucose) test	\$53	\$14
Test for flu virus	\$105	\$34
Test of strep infection	\$39	\$17



For illustrative purposes only. Based on PEHP average-cost data from April 2017. Your costs may vary.

Diabetic Compliance

Percent of diabetics...



Resources for Diabetes

Issue	PEHP Solution
Cost	Diabetes Savings Program
Transportation	Home delivery and 90-day supply of certain medications
Medication burden	PEHP formulary offers medications which may help to reduce your burden
Availability of resources	Nurse Case Manager , Dietitian, Wellness program

Plan Design

Goal

- Conserve to Preserve

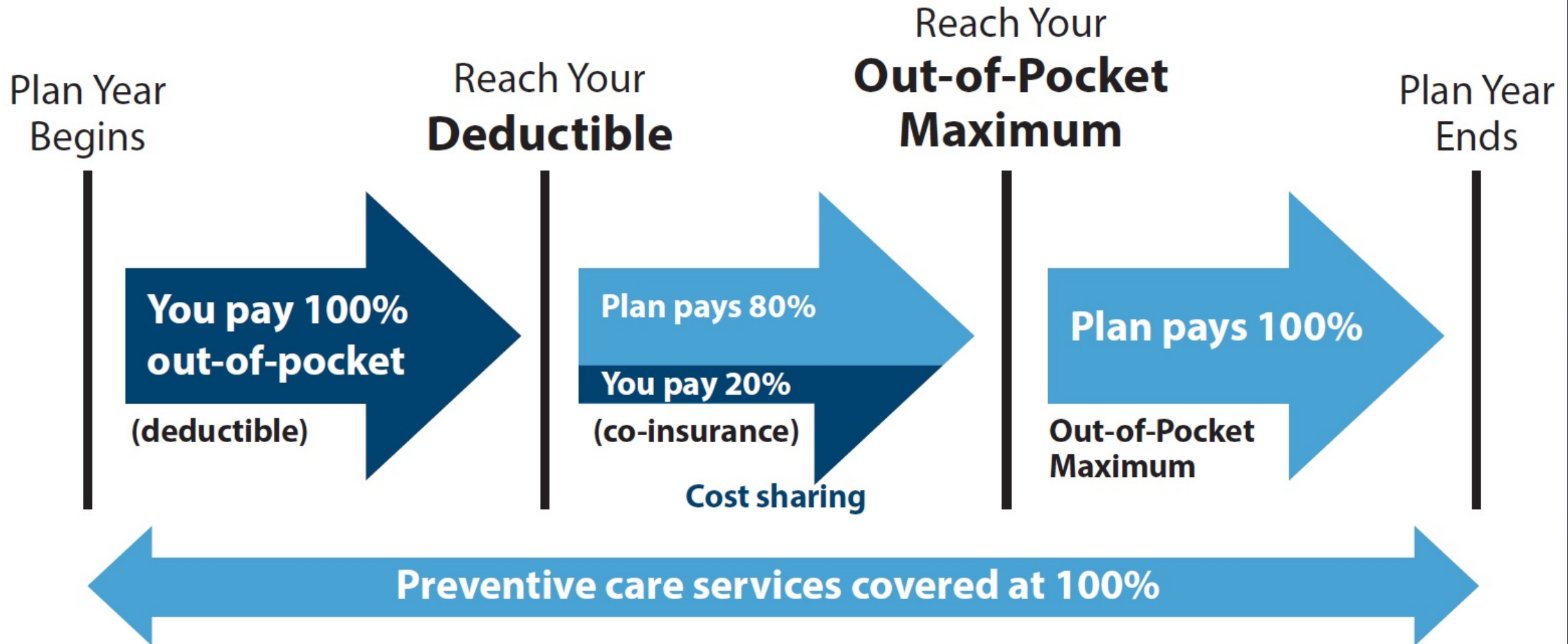
Strategy

- Make Cost Matter For As Long As Possible –
Not to Penalize but to Engage

Principles

- Coinsurance instead of Copays
- Lower Deductibles & Higher Out-of-Pocket Max
- Consumer Driven Plans with Generous Contribution

Three Stages of HSA Plan



Funding & Using HSA

Employer
Contributions

Employee
Contributions



HSA Account

Medical Claims
100% of Deductible
20% of Coinsurance

Which Would You Choose?

Scenario 1

\$3,000 Deductible

80/20 Coinsurance

\$10,000 Maximum Out of Pocket

Scenario 2

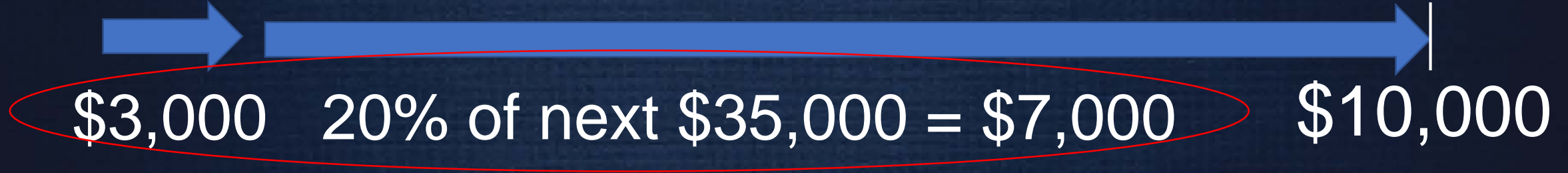
\$6,000 Deductible

80/20 Coinsurance

\$9,000 Maximum Out of Pocket

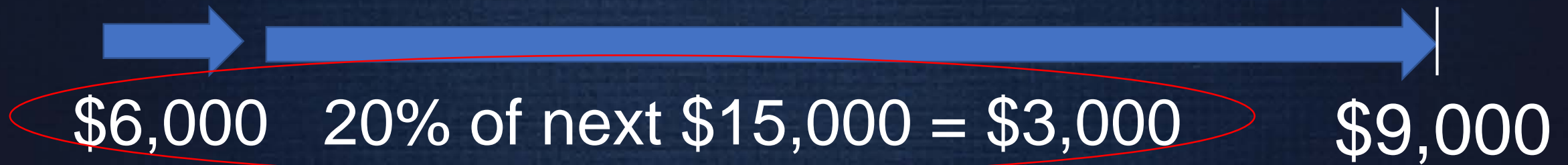


Scenario 1 = \$38,000



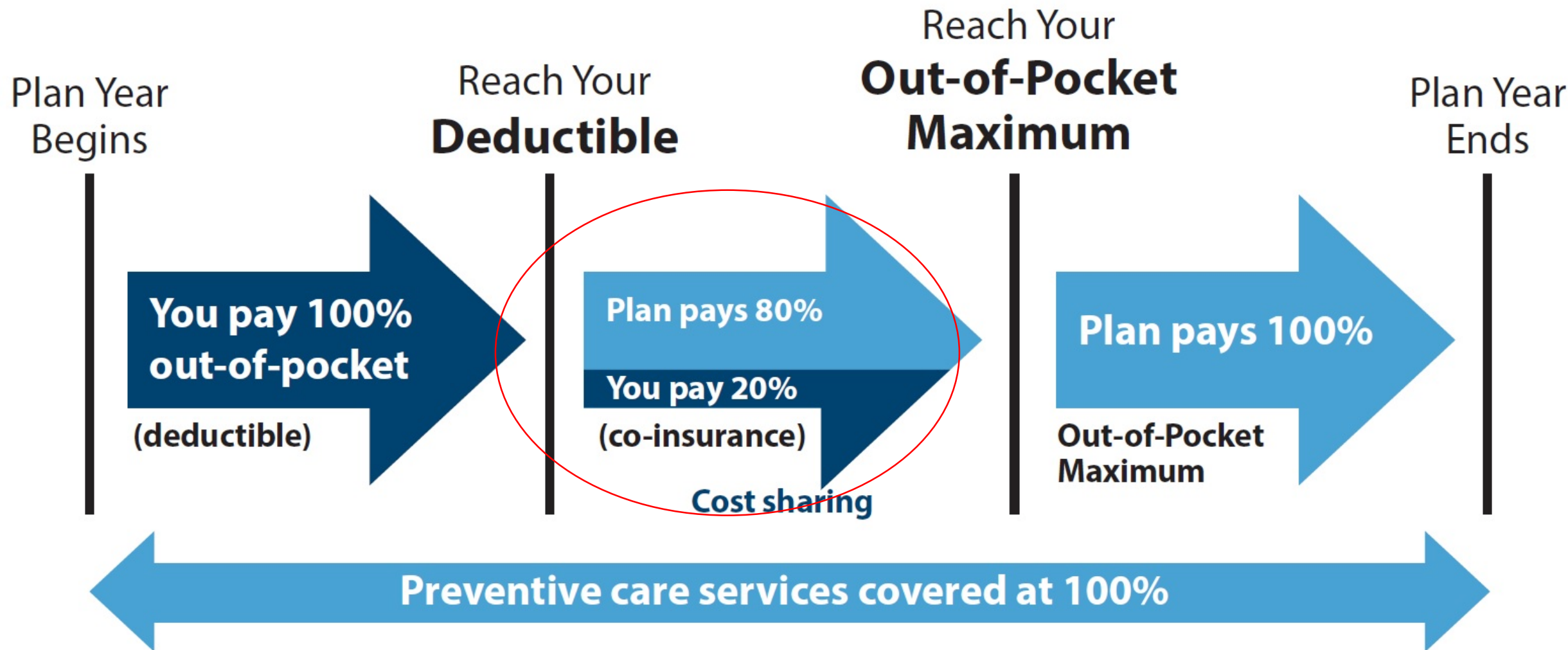
$$\$3,000 + \$35,000 = \$38,000$$

Scenario 2 = \$21,000



$$\$6,000 + \$15,000 = \$21,000$$

Co-insurance: \$3,000 vs \$7,000



Pre Deductible Coverage Options



Standard HSA Qualified Plan

Preventative Only

HSA Qualified Plan

Preventative & Chronic Medications

HRA Plan with Added Features

Any Eligible Expense

HSA-like, Post Employment

No Employee Contribution

Incentives – Cash Back

HB 19 & Cash Back

Colonoscopy - \$55

Medications

Location

Peer

Condition Specific

Up to \$5,000



Plan Design

Decrements vs Cost-Related Choices

Cash Incentives

Network Choice

Rx Tourism

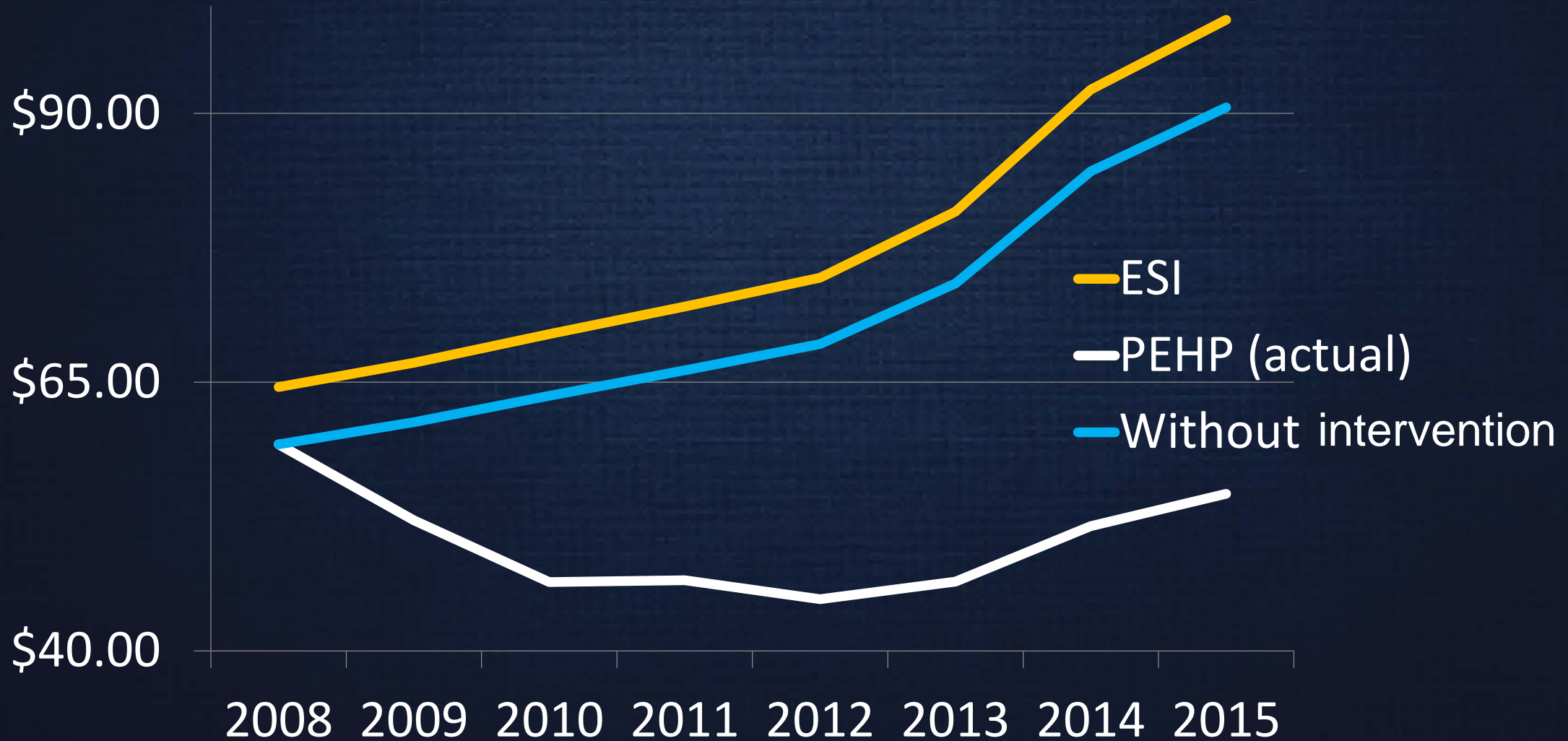
Sole Source

Reference Price

Tiers



PEHP Rx Experience



The Power of Pooling



PEHP Operates Pools

Almost \$100M since 2007

Community & Experience Rated Pools

- Small Group, 2-75
- Medium Group, 75-300
- Large Group, 300+

\$1M Drug

Mid-Size Groups More Credible?

**Multiple Groups
Combined Reporting
Start at Current Rate
Same Future Renewals
Potential of Bad Apple**

Things You Should Know

1. All Quiet
2. Variance in Healthcare Costs
3. Power in Pooling
4. You Have Choices

Employer Satisfaction - 97%

By Year	2012	2014	2016
TOTAL DISSATISFIED	1%	0%	1%
Very Dissatisfied	1%	0%	0%
Somewhat Dissatisfied	0%	0%	1%
Neither Satisfied nor Dissatisfied	5%	1%	2%
Somewhat Satisfied	34%	23%	19%
Very Satisfied	61%	76%	78%
TOTAL SATISFIED	95%	99%	97%

Employee Satisfaction - 89%

	2009	2011	2013	2015	2017
TOTAL DISSATISFIED	14%	16%	5%	9%	4%
Very Satisfied	43%	32%	48%	48%	58%
TOTAL SATISFIED	81%	76%	86%	87%	89%

Coverage & Pricing Experience



Out-of-Network
Bariatric Surgery
Autism Coverage
Gender Dysphoria
Residential Treatment
Invitro Fertilization

PEHP Initiatives



MyWellness Tracker

- Rebates for Activities

Legal Defense Experience

- System is Working

Health Benefit Advisors

- Expanded Role



PEHP Products



Health Plan Administrative Fee

- No Increase in 7 Years

Dental Plan

- Decreased Administrative Fee

Long-Term Disability

- Reduced Premiums by almost 20%

Medicare Supplement

- Dental Discount & Wellness Programs

Thank You

PEHP
Health & Benefits

Wellness Councils

Creating Healthier
Employees
and
Worksites





Governor's Work Well Recommendations

Wellness Council

- Establish or maintain a worksite wellness council to improve the health and well being of employees.

Nutrition

- Offer healthy menu choices at each work meeting, conference, and training where food is served.
- Provide healthy options and post healthy eating messages in cafeterias, vending areas and break rooms.
- Implement a workplace lactation support policy that is supported by management and communicated to all staff.

Physical Activity

- Encourage employees to exercise, including utilization of the existing exercise release policy of 30 minutes, three times per week, with supervisor approval.
- Promote walking at work. Encourage the use of stairs as a way to get more daily physical activity, and provide education about trails and pathways that are safe and close to the worksite.
- Encourage employees to walk, bike, or use public transportation to work and, where circumstances permit, provide showers, lockers, bike racks, discounted transportation passes, and flexible working schedules.

Tobacco

- Develop a plan to implement a Tobacco Free Campus.

Why A Wellness Council?

- Chronic disease rates are soaring
- Healthcare costs are rising



- Worksite wellness programs can improve employee health behaviors

What Are We Doing To Ourselves?

- Poor nutrition habits
 - Lack of exercise
 - Tobacco use
 - Poor stress management
- Increases risk of:
- High blood pressure
 - Heart disease
 - Stroke
 - Obesity — Leads to Type 2 Diabetes
 - Some types of cancer



The Cost of an Unhealthy Lifestyle



Diabetes = \$1,334.37

Pre-diabetes = \$1,109.96

Hyperlipidemia = \$1,176.60

Hypertension = \$1,229.91

Coronary Artery Disease = \$4,853.39

No Diagnoses = \$274.29

(Per member per month)

Source: PEHP Claims 2018

Why Address Health At Work?

PEHP
Health & Benefits

- Employees are at work 8-10 hours/day
- Captive audience
- Supportive environment



"You can't grow healthy people if you don't take time to till the soil" – Dee Edington

Job *Stress* - Statistics

- 80% of workers feel stress on the job, nearly half say they need help in learning how to manage stress
- Up to 90% of all visits to primary care doctors are related to stress.
- Job stress is more strongly associated with health complaints than financial or family problems
- 25% view their jobs as the number one stressor in their lives and “often or very often feel burned out or stressed by their work”



Job *Stress* - Statistics

- Job stress is more strongly associated with health complaints than financial or family problems
- 25% view their jobs as the number one stressor in their lives and “often or very often feel burned out or stressed by their work”



Source – American Institute of Stress - 2018

What is a Wellness Council?

A team working to improve employees' health and wellness through:

- Activities and programs
- Environmental changes
- Policies



What is a Wellness Council?

Empowers employees by:

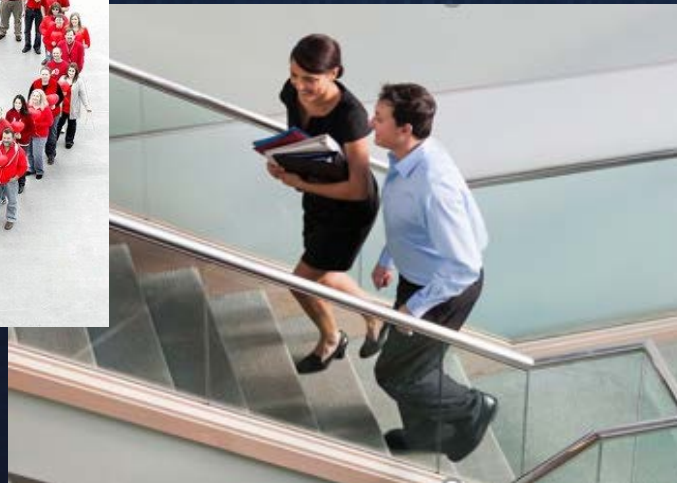
- Promoting personal health and well-being
- Influencing healthy behaviors
- Creating healthy environments

Invest 1-3 hours per month
= RESULTS!



Wellness Council Focus

- Healthy food options available
- Encourage stair use
- Exercise during lunch and breaktime
- Promote National Health Initiatives



Wellness Team Successes

PEHP
Health & Benefits

- Healthy Food Policies
 - Healthy Vending & Cafeteria Options
- Fitness/Wellness Rooms
- Group Walks/Hikes
- Smoke-Free Campuses
- Environmental Changes
 - Quiet "Zen" Room to de-stress
 - Bike racks or storage to increase cycling to work



What Are the Benefits?

Results of improving employee health:



Productivity



Absenteeism



Employee Morale



We Are Here to Help!

- Operational Assistance
 - Resources and Materials
 - Technical Assistance
- Informational Assistance
 - Seminars
 - Annual Conference
- Financial Assistance
 - Mini Grants
 - Work Well-Being Challenge



Panel Discussion

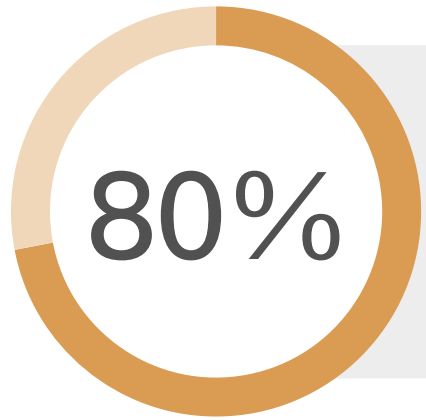
Creating Meaningful Connection in the Workplace

Laura Heck, LMFT / March 28, 2018

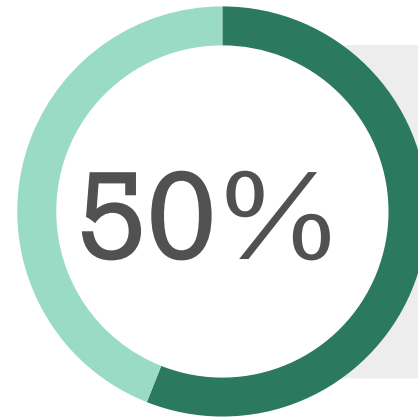
The image features a landscape with a prominent rock archway in the foreground. The arch is illuminated with a warm, orange glow, while the rest of the scene is in a cooler, blue-toned light. The background shows a vast, open landscape with distant mountains under a clear sky. A large, semi-transparent dark blue triangle is positioned on the right side of the image, serving as a background for the text.

“Do work you
love with people
you enjoy”

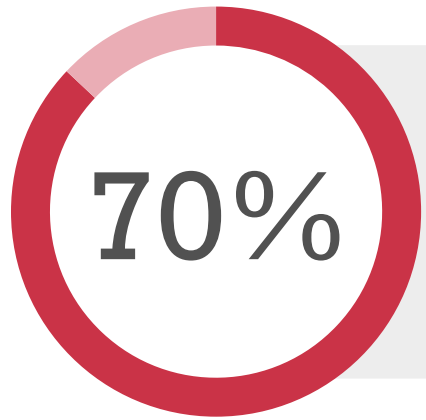
Relationships Affect Job Satisfaction



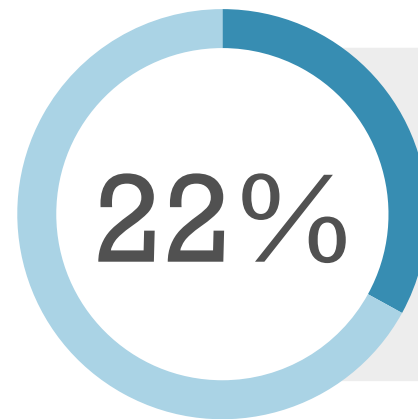
Of employees are dissatisfied with their job in some way



Of full-time employees report working more than a 40-hour work week



Of employees are not engaged in their jobs



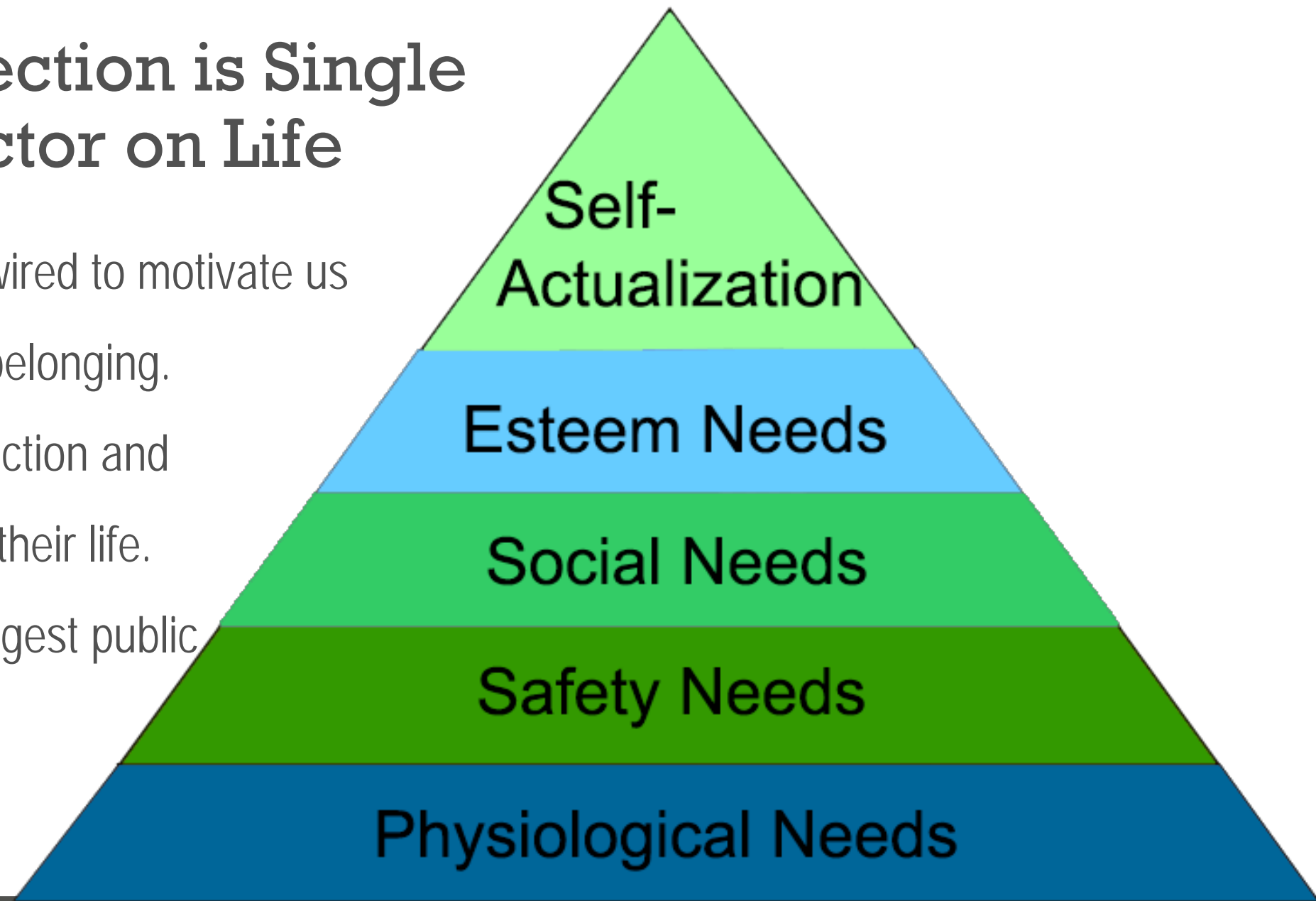
Of employees are engaged and thriving at their jobs

Meaningful Connections Impact Performance



Human Connection is Single Biggest Impactor on Life

- ▶ Our brains are hard wired to motivate us toward connection and belonging.
- ▶ Humans crave connection and intimacy in *all* realms of their life.
- ▶ Loneliness = next biggest public health issue



A donut chart with a green outer ring and a light green inner ring, representing 2% completion.

2

The average American reported only having two confidants

A donut chart with an orange outer ring and a light orange inner ring, representing 25% completion.

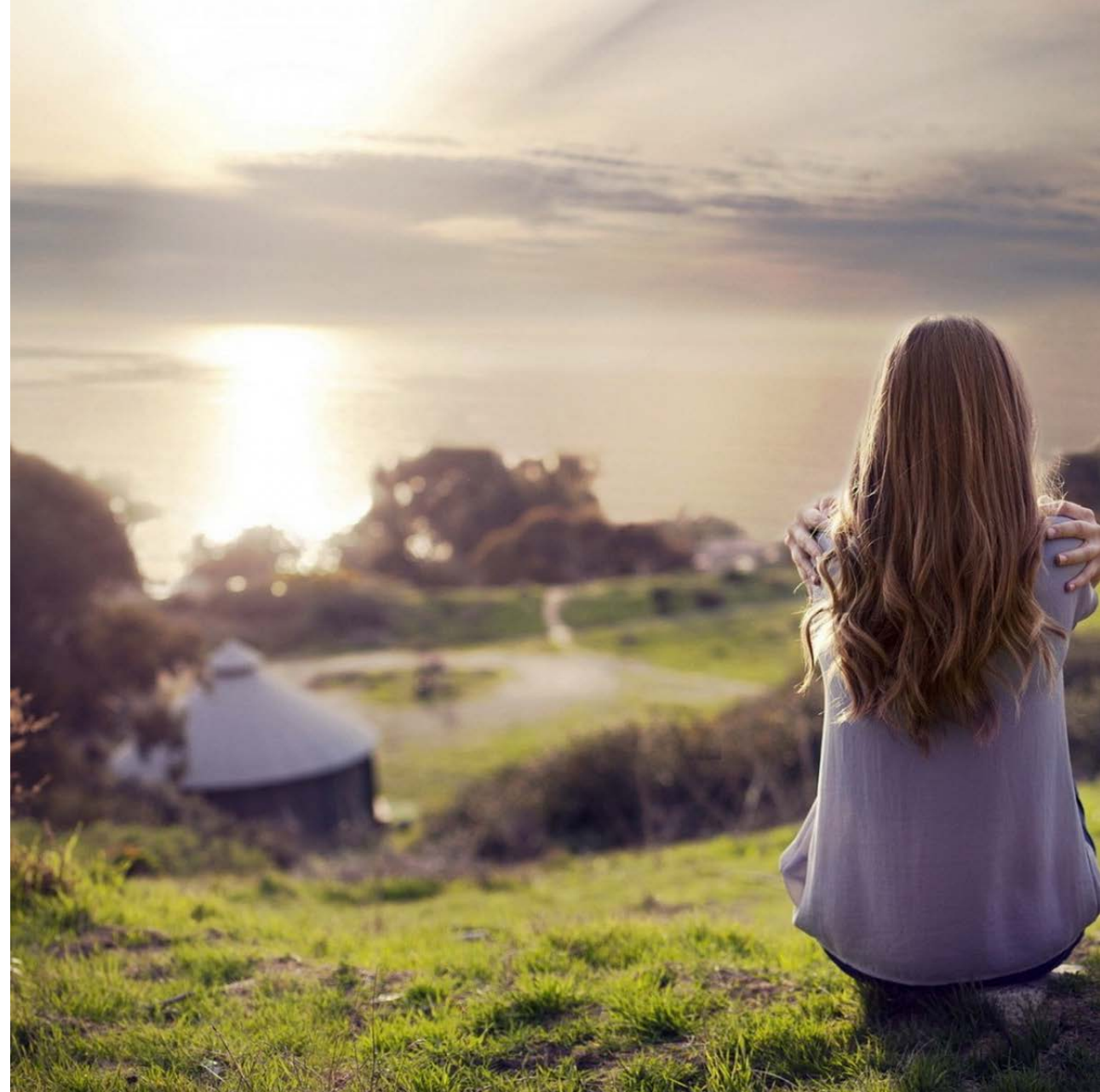
25%

Of Americans report having none at all

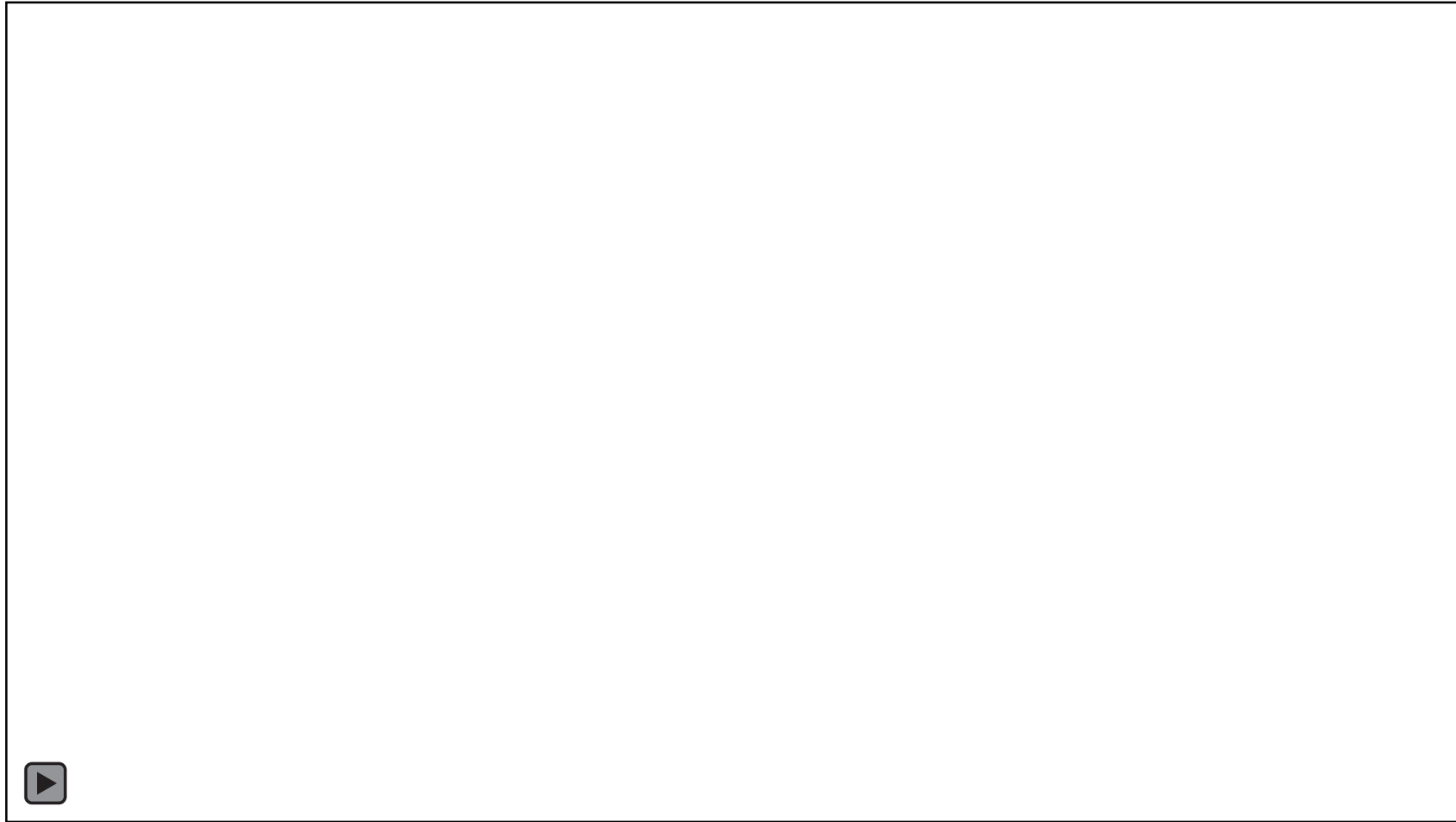
A donut chart with a red outer ring and a light red inner ring, representing 20% completion.

20%

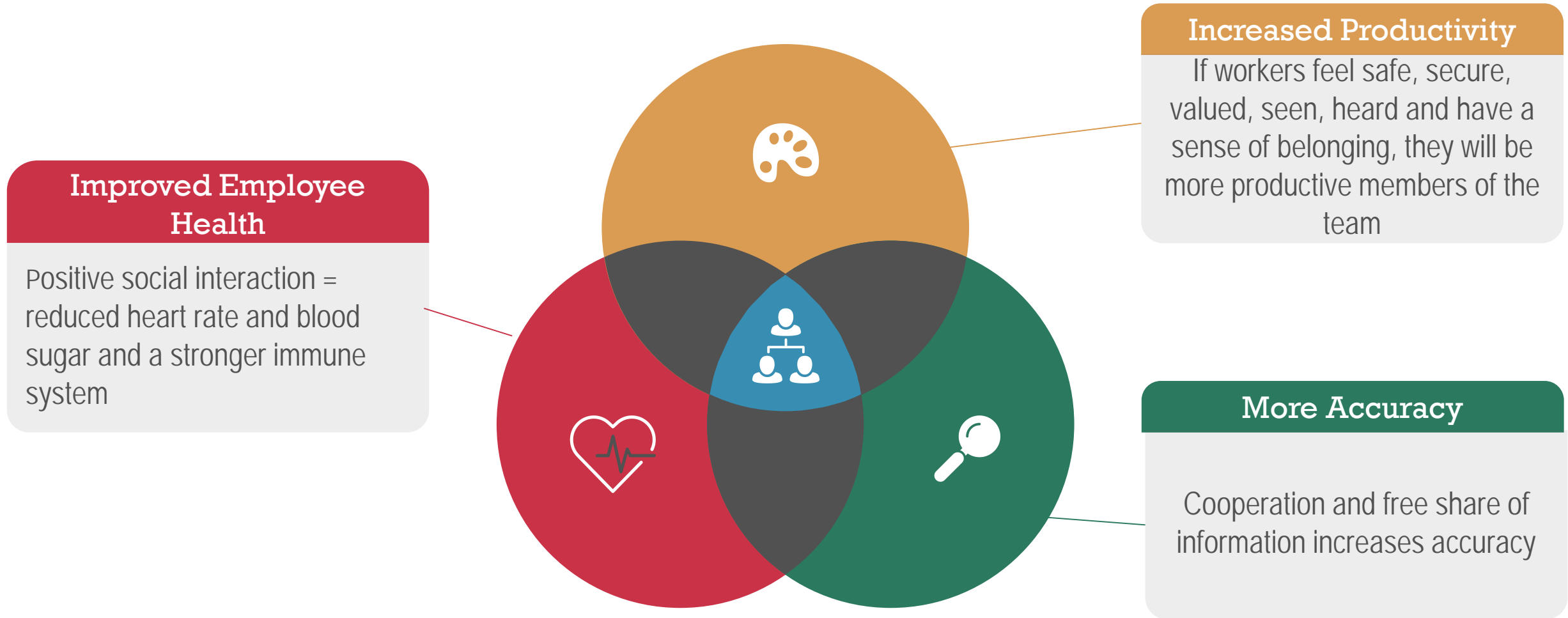
Of Americans report "persistent loneliness"



A Good Life is Built with Good People



Connection Impacts Performance





Connection Impacts Health

- ▶ Positive social interaction = reduced heart rate and blood sugar and stronger immune system
- ▶ Social connection is one of the greatest predictors of happiness and reduced stress
- ▶ High levels of workplace stress = absenteeism, illness, low energy, irritability and higher BMI
- ▶ Social connection > single biggest predictor of longevity

Connection Increases Productivity

- ▶ Bowlby's attachment lens of feeling safe and secure in your environment
 - Feeling safe, secure, valued, heard and have a sense of belonging
 - Harvard Business School found that more than raises or promotions, employees want to feel their input is valued.
- ▶ Connection fosters engagement
- ▶ A threat to safety and security reduces cognitive functioning



Connection Impacts Accuracy

- ▶ Cooperative Incentives vs. Competitive Incentives
 - UW Study
 - Cooperative Teams were more accurate
 - Competitive Teams withheld information from each other





How to Develop more Meaningful Connections



Thick Presence

1

10 non-stop hours together vs. 10 times for 1 hour

2

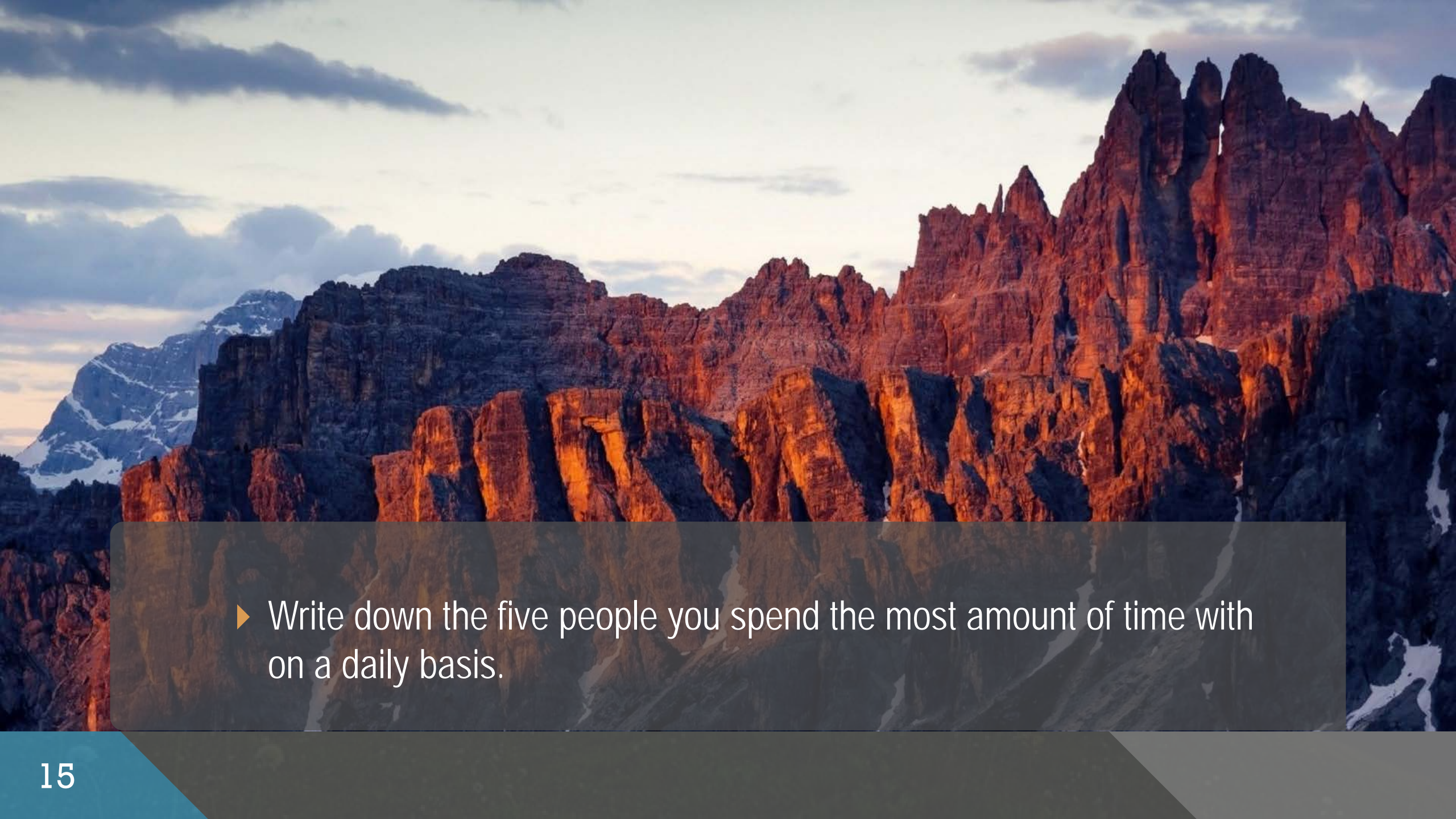
Day out of Office with Co-Worker

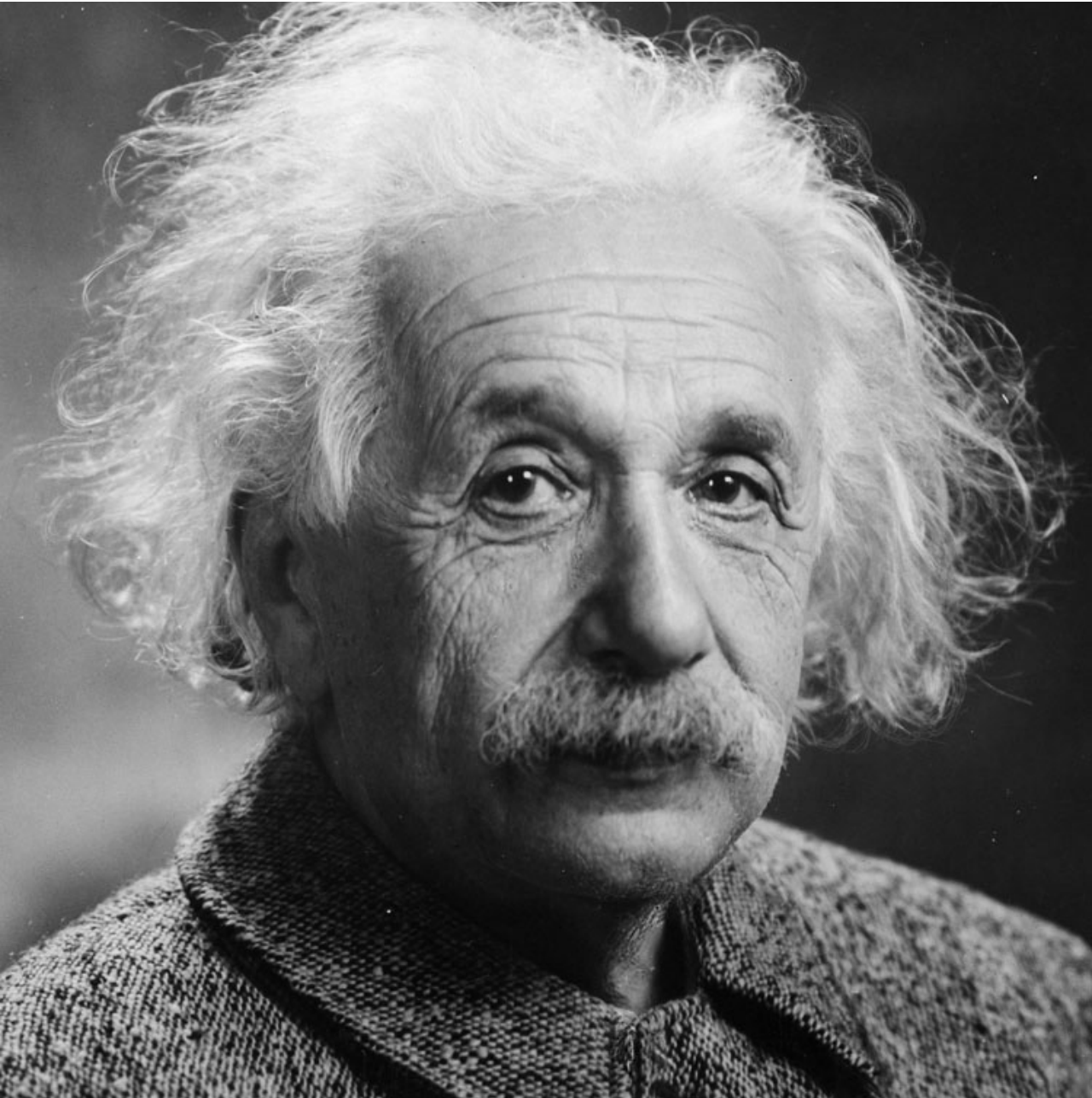
3

"People Collisions"

A high-angle photograph of a winding river, likely the Colorado River, flowing through a desert canyon. The river is a deep green color, contrasting with the warm, orange-brown tones of the sandstone rock formations. The canyon walls are steep and show distinct horizontal layers of rock. In the foreground, a large, rounded rock formation juts out into the river. The background shows more of the canyon's intricate shapes and the continuation of the river.

► On a scale of 1-10, how connected do you feel to the people you work with?

- 
- Write down the five people you spend the most amount of time with on a daily basis.



We do not often have the opportunity to choose those we share space and life with, but we do have an impact on how those relationships will affect our life. I choose to do work I love, with people I enjoy.



COMING TO A LOCATION NEAR YOU!

2018
Comprehensive Employer Training

May 1 - May 17, 2018
Register now at www.urs.org



Employer Update

March 28, 2018

Progress Towards Financial Goals

Saving for college education



Income replacement if seriously ill or injured



Saving enough for retirement



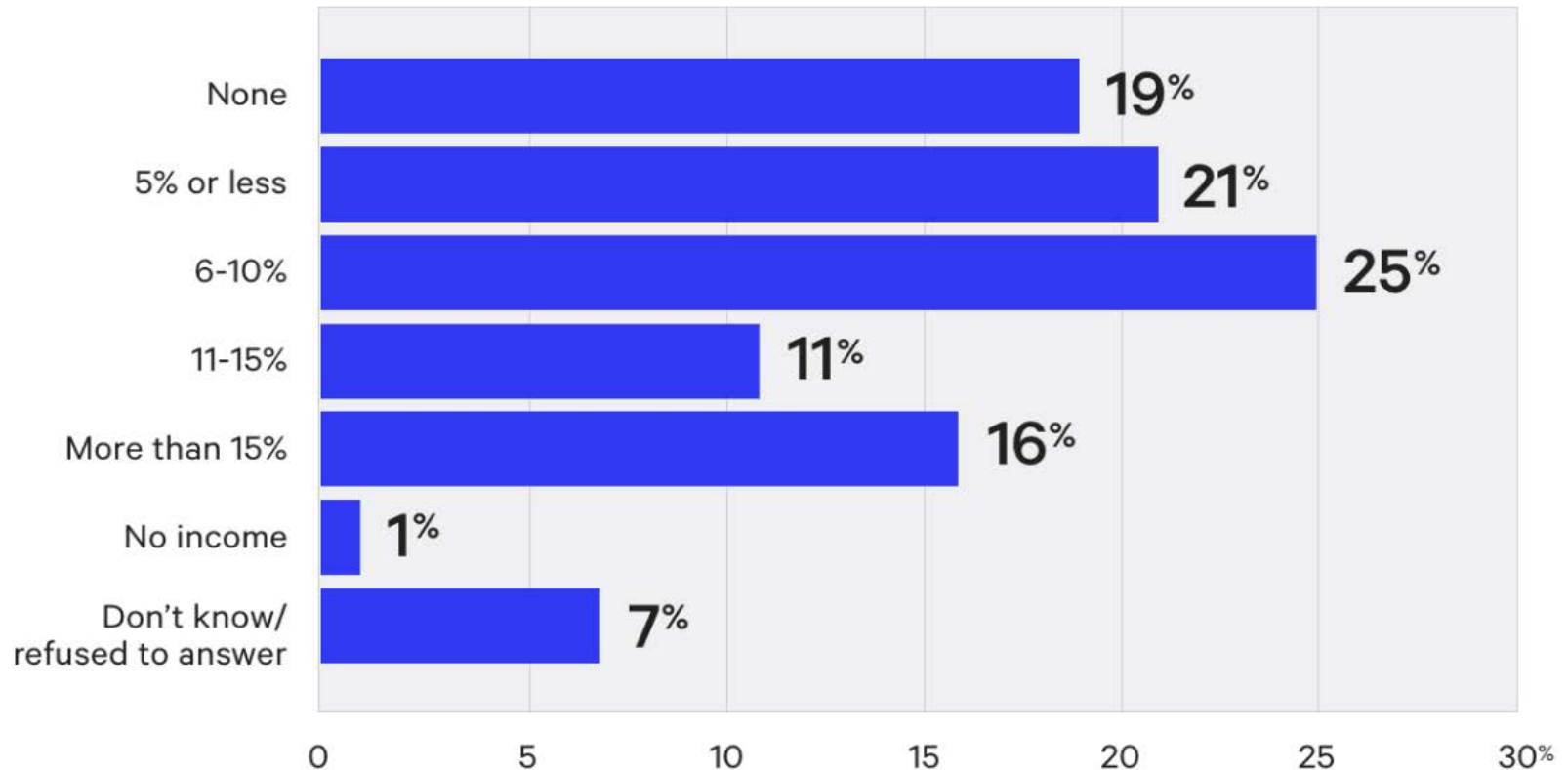
Adequate life insurance to protect family



Paying off or reducing household debt



What percentage of annual income do you save?



Source: Bankrate's Financial Security Index, Feb. 28-March 4
<https://www.bankrate.com/banking/savings/financial-security-0318/>

Bankrate®

Changing Demographics

- **In 2000, there were 35 million Americans age 65 and older**
- **In 2016, there were 49.2 million Americans age 65 and older**
- **In 2030 there are projected to be 74 million Americans age 65 and older**

The Aging of America, Georgetown Center for Retirement Initiatives, March 2018

Changing Demographics

- **A male turning 65 today is expected to live until he's 84.3 years old**
- **A female turning 65 today is expected to live until she's 86.6 years old**

The Aging of America, Georgetown Center for Retirement Initiatives, March 2018

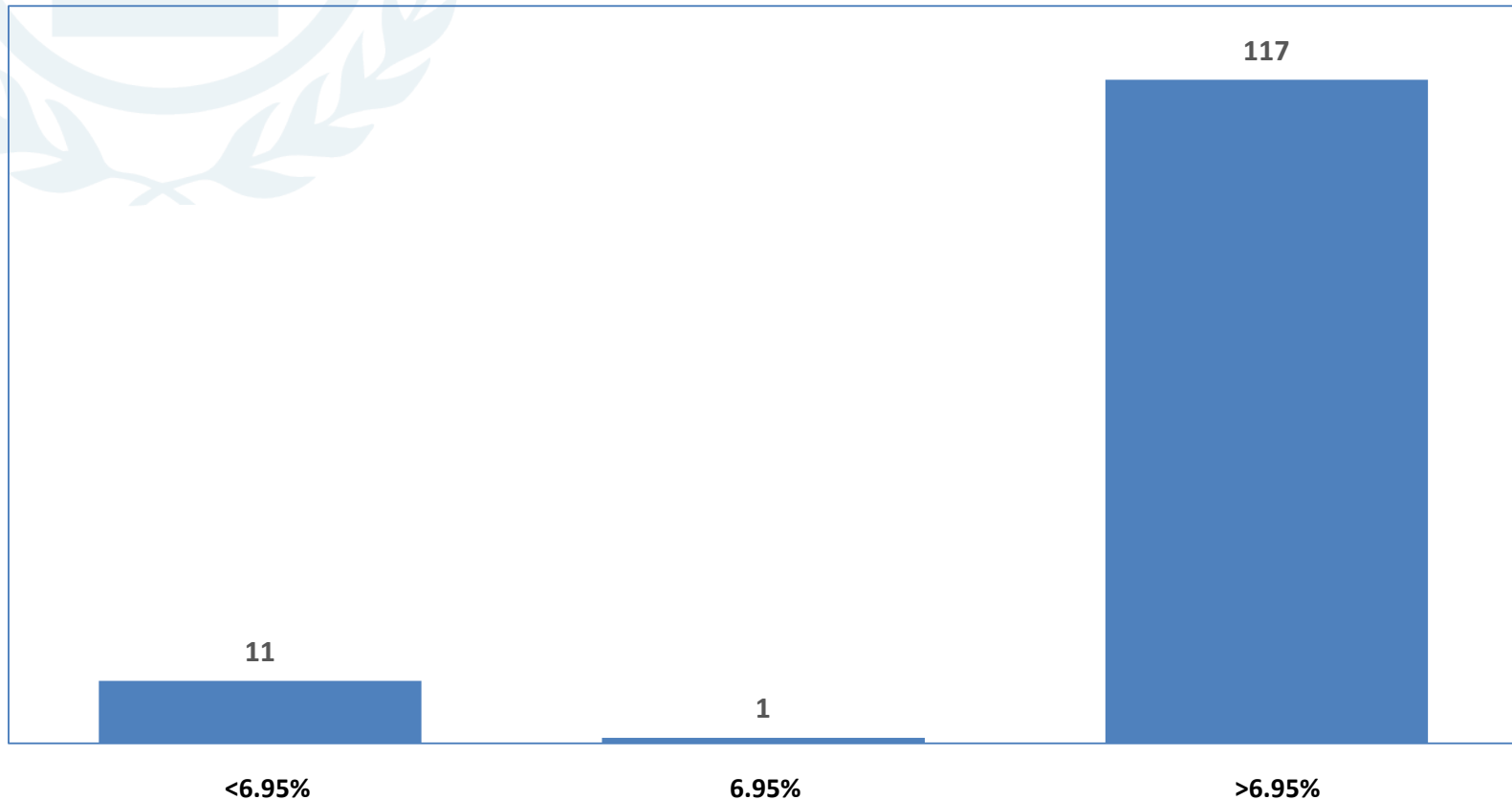
Changing Demographics

- **Today's 20 year-olds can expect to live to 100**
- **Today's 10 year-olds can expect to live to 103**

The Aging of America, Georgetown Center for Retirement Initiatives, March 2018

Investment Return Assumptions

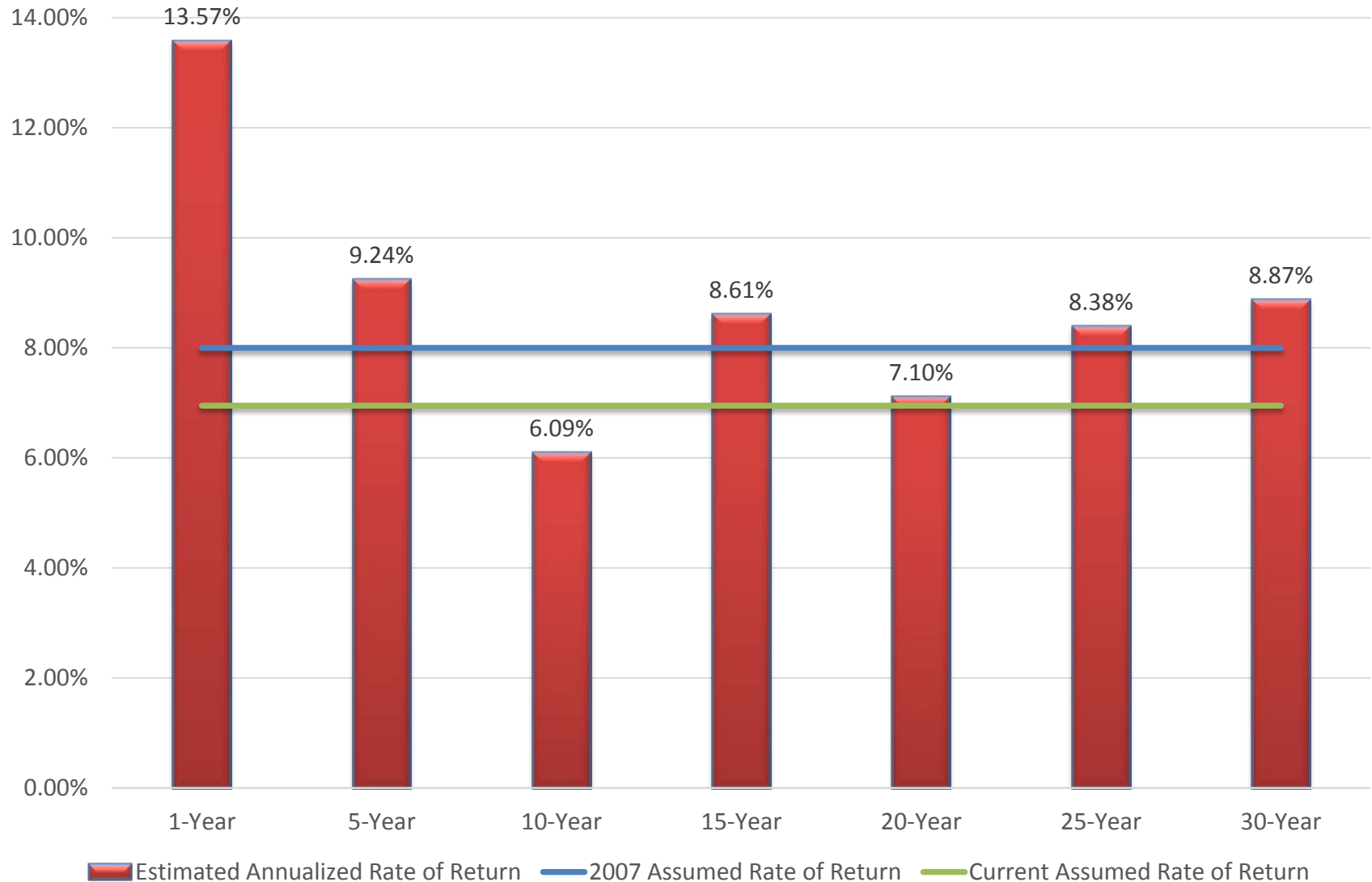
URS Compared to Other Large State Pension Plans



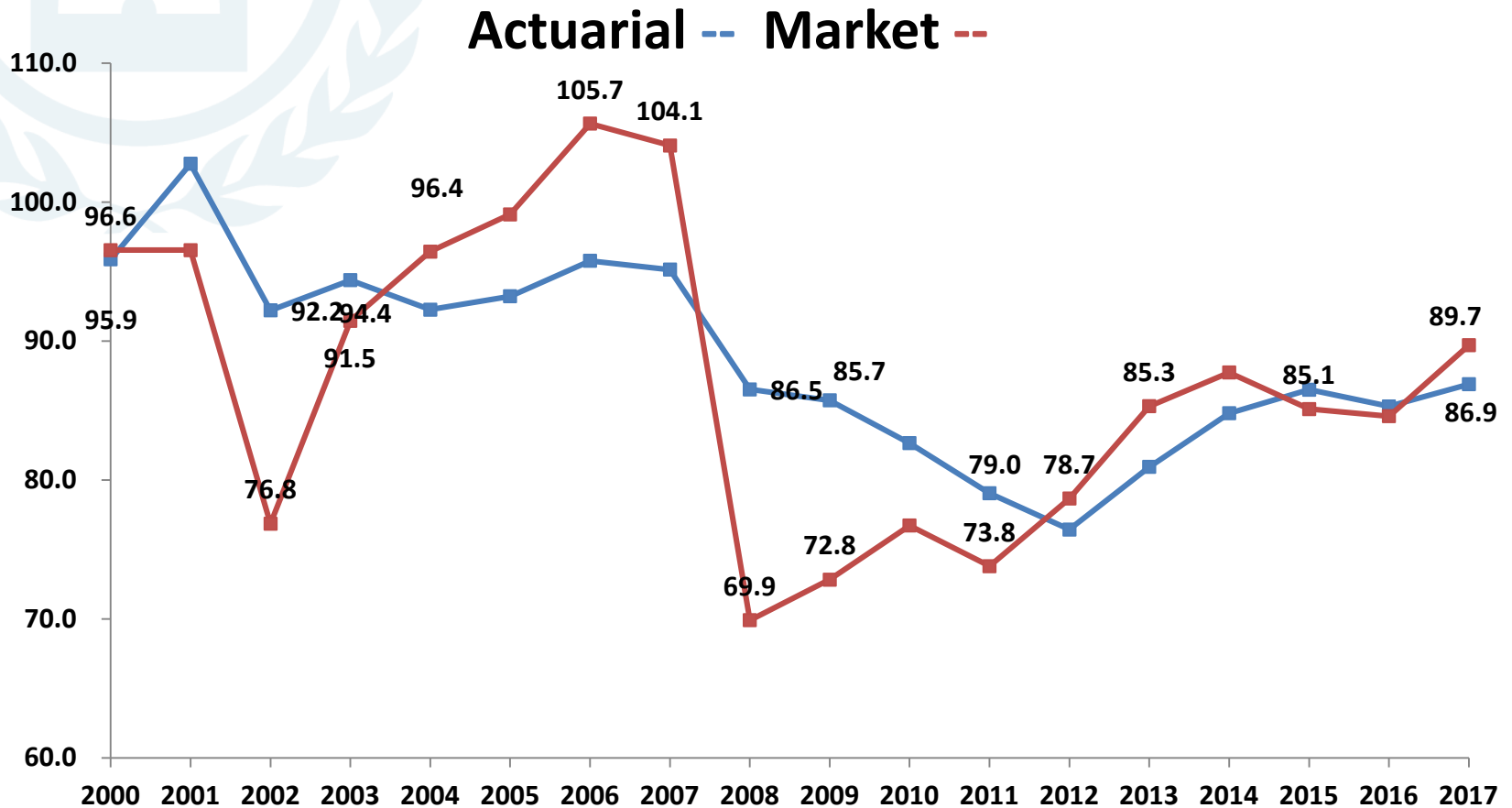
Investment Return Assumptions

- The change in the investment return assumption to 6.95% from 7.2% increased the collective Net Pension Liability by \$851 million.
- The “Plan Fiduciary Net Position as a Percentage of the total Pension Liability” (old funded ratio) went from 86.0% to 84.1% (a 1.9% decrease).
- With the 2017 pension earnings, the funded ratio is approximately 90% funded.

Actual Returns v. Assumed Rate of Return

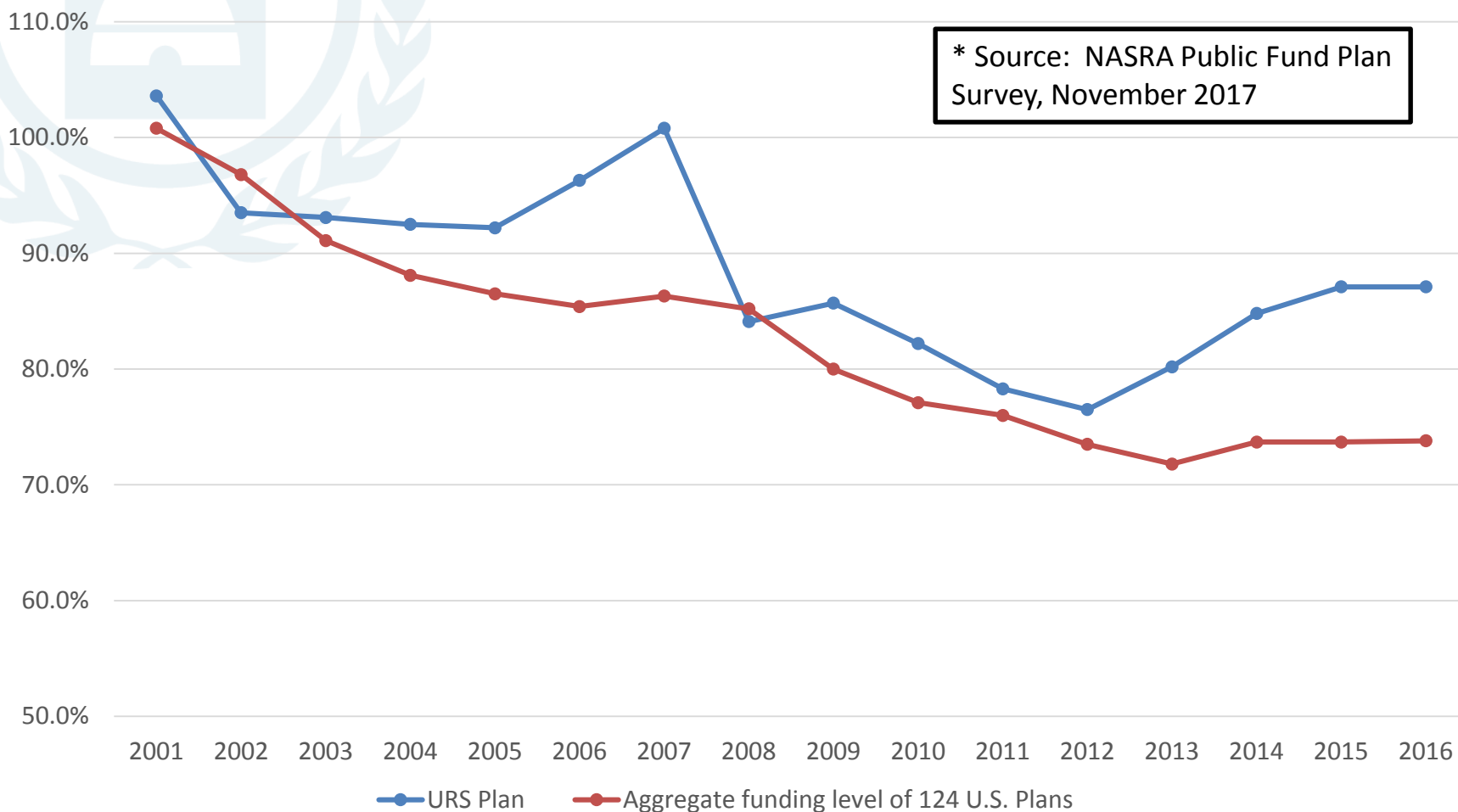


Noncontributory Funded Status



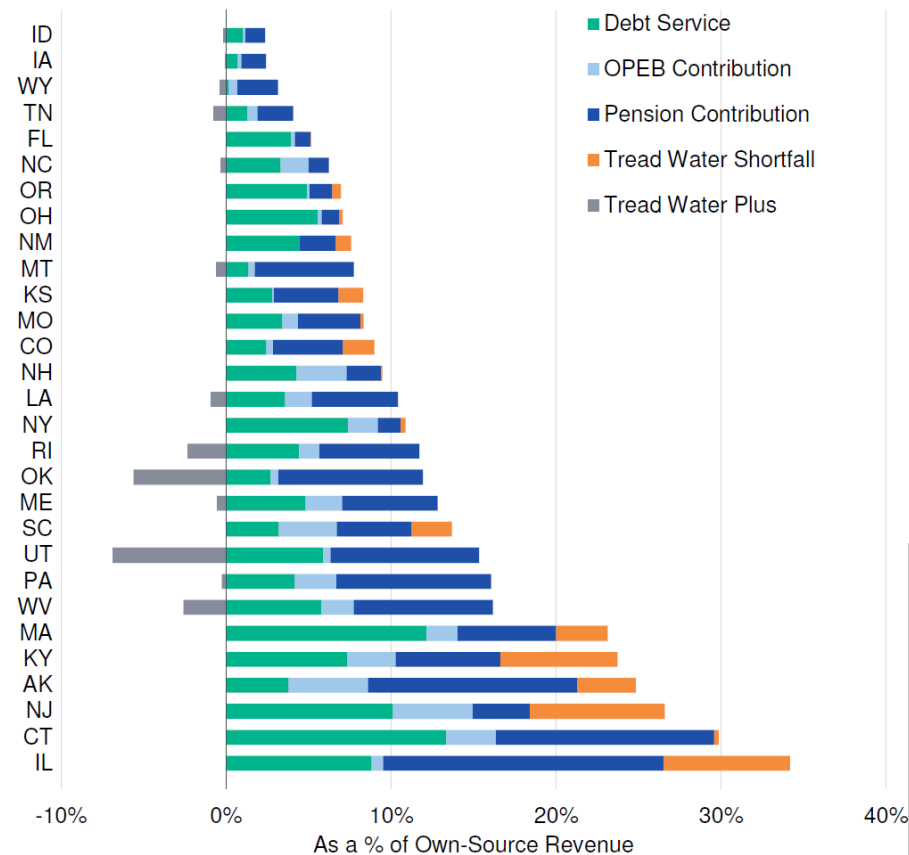
How URS compares to the aggregate public pensions fiscal year 2001 - 2016

* Source: NASRA Public Fund Plan Survey, November 2017



Fixed costs weigh on some states

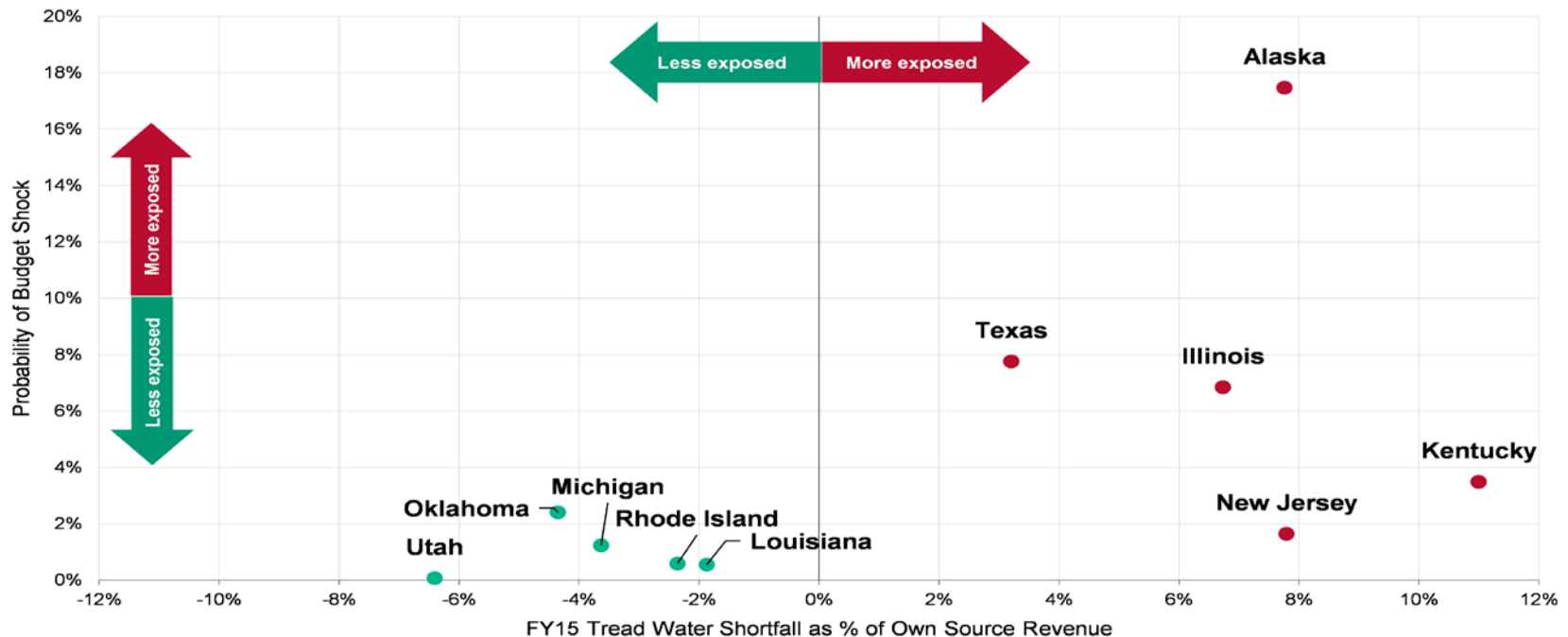
Fiscal 2016 debt service, OPEB, and trend water payments



Reflects fixed costs for states with complete fiscal 2016 data

Source: Moody's Investors Service; State and pension plan financial statements

States with weak funding approaches are at greater risk of pain from asset losses



Note: Alaska revenues exclude investment income or draws on reserves.

Source: Moody's Investors Service; State financial statements

Budget shock risk from asset losses are greatest in Alaska, Illinois, Kentucky, New Jersey and Texas

» Based on the size of pension assets and estimates of portfolio volatility, the probability of pension investment losses equivalent to at least 25% of budget is at least 5% in 9 states, but less

than 1% in 24 states. If such an event occurs, states with already weak funding practices must cover the greatest distance to replenish assets and establish adequate funding.

» Exhibit 7 displays the states that are least and most exposed to this risk, with Alaska an outlier because of the contraction of its revenue base due to plummeting oil prices. Least exposed states include those with robust funding policies that bring contributions above the tread water benchmark, with Utah (Aaa stable) having the most favorable exposure.

» To the extent states reduce portfolio risk and investment return targets, the probability of budget shock will decrease, all else equal.

Tier 2 Update

Tier 2 Elections of Active Employees

Hired After July 1, 2011 | 35,513 Active Employees | as of Dec. 31, 2017

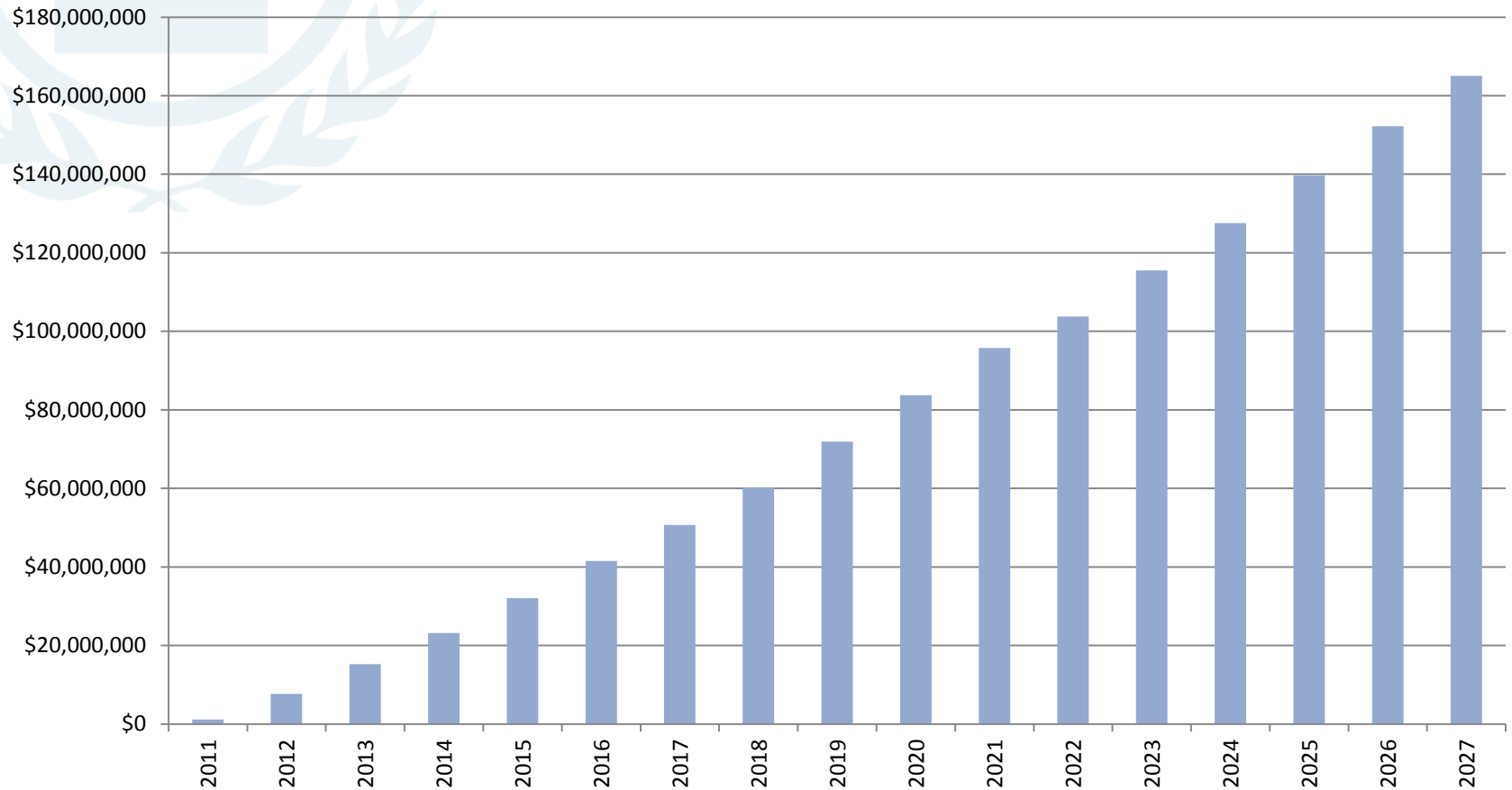
	Count	Percentage
Hybrid Retirement System	22,267	79.7%
DC-only Plan	5,662	20.3%
Still within first year and can chose	7,584	

Estimated Total Tier 2 Annualized Savings

Calendar Year	Savings	Cumulative Savings
2011	\$1,117,352	\$1,117,352
2012	\$7,695,947	\$8,813,299
2013	\$15,222,685	\$24,035,984
2014	\$23,187,693	\$47,223,677
2015	\$32,031,067	\$79,254,744
2016	\$41,514,626	\$120,769,370
2017	\$50,702,153	\$171,471,523
2018	\$60,245,000*	\$231,716,523*
2019	\$71,881,000*	\$303,597,523*
2020	\$83,712,000*	\$387,309,523*
2021	\$95,785,000*	\$483,094,523*
2022	\$103,753,000*	\$586,847,523*
2023	\$115,537,000*	\$702,384,523*
2024	\$127,527,000*	\$829,911,523*
2025	\$139,736,000*	\$969,647,523*
2026	\$152,245,000*	\$1,121,892,523*
2027	\$165,095,000*	\$1,286,987,523*

* Estimated

Estimated Total Tier 2 Annualized Savings



Employer Service

Employer Portal:

- **Improved Security**
- **Rebranded and updated user interface**
- **Added Employer Message Center**
- **URS and PEHP Portal are now separate to cater to employer needs**



Employer Service

Completed four rounds of annual focus groups to better understand employer's needs and perspectives.



Employer Service

- **Expanding webinars and How To videos**
- **Comprehensive and 101 trainings, live and digitally**
- **Quarterly updates to Employer's Guide**



Employee Education

- **Retirement Seminars**
- **Retirement Benefit Presentations**
- **Webinars**
- **Individual Retirement Planning Sessions**



Employee Education

Pre-Retirement Seminars designed for those within 10 years of retirement and discusses the pension, 401(k), 457, IRAs, Social Security, and estate planning.



Employee Education

- **Early to Mid-Career Retirement Seminars include all of the topics above plus 529 plans.**
- **In 2017, URS conducted 19 retirement seminars with 1,881 attendees.**

Employee Education

- **Retirement Benefit Presentations are one hour sessions conducted on site at employers throughout the state and discuss Tier 1 and Tier 2 systems as well as savings plans.**
- **In 2017, URS conducted 824 presentations with 14,006 attendees.**

Employee Education

- **Quarterly “Tier 2 Choice” webinars designed to educate new employees on the difference between the Tier 2 Hybrid and DC Only plans.**
- **Expanded webinars to include Tier 1 and other related retirement topics.**

Employee Education

- **Individual Retirement Planning Sessions provide a comprehensive analysis of a member's income sources including Tier 1 or Tier 2 benefits, Social Security, and savings plans.**
- **Advisors develop specific recommendations to achieve member's retirement goals.**
- **In 2017, URS conducted 3,700 sessions and since inception in March of 2015 have advised 9,656 members.**



Questions?