

2008

# Utah Retirement Systems

A Component Unit of the State of Utah

## Comprehensive Annual Financial Report

*For the Year Ended December 31, 2008*



Noncontributory Retirement System • Contributory Retirement System  
Public Safety Retirement System • Firefighters Retirement System  
Judges Retirement System • Governors and Legislators Retirement Plan  
401(k) and 457 Plans • Roth and Traditional IRA Plans  
Health Reimbursement Arrangement (HRA)

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to  
**Utah Retirement Systems**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Michael J. Rott*  
President

*Jeffrey R. Emery*  
Executive Director



Public Pension Coordinating Council  
**Public Pension Standards Award  
For Funding and Administration  
2008**

Presented to

**Utah Retirement Systems**

In recognition of meeting professional standards for  
plan design and administration as set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

*Alan H. Winkle*  
Alan H. Winkle  
Program Administrator

# 2008

# Utah Retirement Systems

A Component Unit of the State of Utah

## Comprehensive Annual Financial Report

*For the Year Ended December 31, 2008*



**Noncontributory Retirement System**  
**Contributory Retirement System**  
**Public Safety Retirement System**  
**Firefighters Retirement System**  
**Judges Retirement System**  
**Governors and Legislators Retirement Plan**  
**401(k) and 457 Plans**  
**Roth and Traditional IRA Plans**  
**Health Reimbursement Arrangement (HRA)**

Prepared by:

Finance Department • Utah Retirement Systems  
540 East 200 South • Salt Lake City, Utah 84102-2044  
[www.urs.org](http://www.urs.org)

Robert V. Newman, Executive Director  
Robert K. Kellersberger, Finance Director

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# Utah Retirement Systems

2008 Comprehensive Annual Financial Report

# Introductory

S e c t i o n

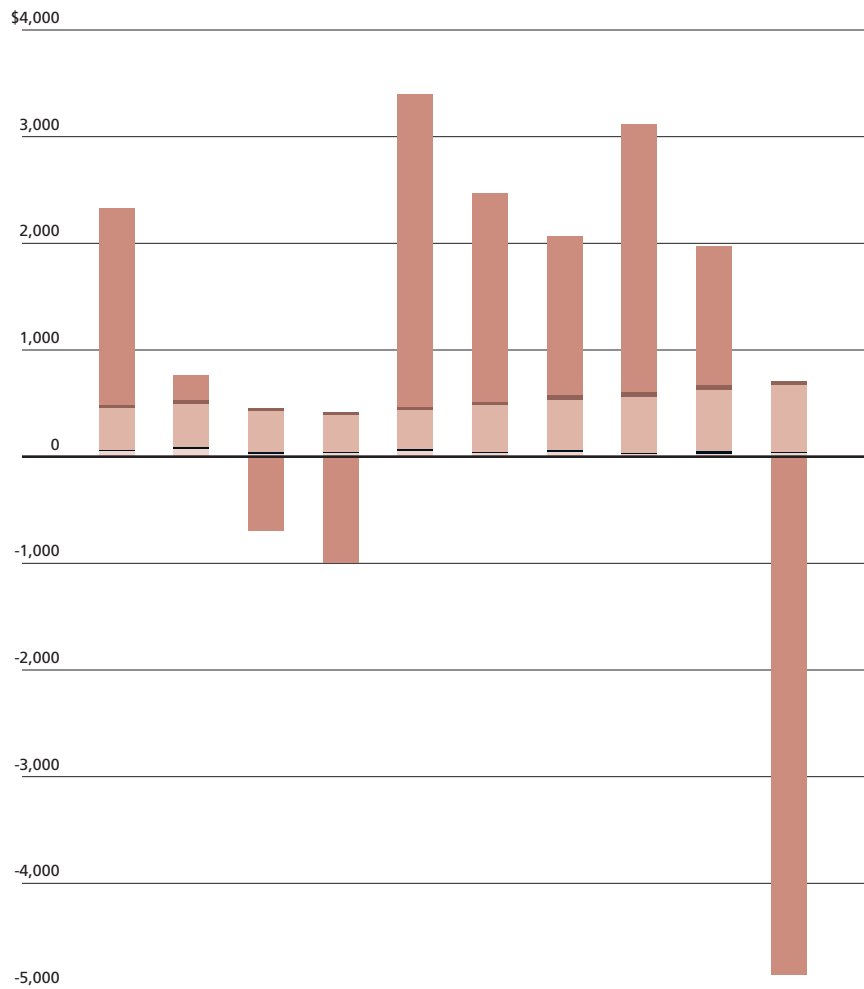


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# Additions by Source

( i n m i l l i o n s )



( i n m i l l i o n s )	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Net Investment Income (Loss)	\$1,836	239	(693)	(999)	2,929	1,949	1,491	2,518	1,304	(4,862)
Member Contributions	33	34	31	31	31	35	42	45	41	36
Employer Contributions	397	414	388	341	369	436	479	523	581	629
Court Fees and Fire Insurance Tax	6	8	10	12	11	10	11	11	16	12
Transfers from Systems	33	55	8	15	37	16	25	6	12	15
<b>Totals</b>	<b>\$2,305</b>	<b>750</b>	<b>(256)</b>	<b>(600)</b>	<b>3,377</b>	<b>2,446</b>	<b>2,048</b>	<b>3,103</b>	<b>1,954</b>	<b>(4,170)</b>

# Letter of Transmittal

UTAH STATE RETIREMENT BOARD  
**UTAH RETIREMENT SYSTEMS**  
540 East 200 South  
Salt Lake City, Utah 84102-2044  
801-366-7700  
800-365-8772 TOLL FREE  
801-366-7734 FAX

ROBERT V. NEWMAN  
EXECUTIVE DIRECTOR

April 10, 2009

Utah State Retirement Board  
540 East 200 South  
Salt Lake City, UT 84102-2044

Dear Board Members:

We are pleased to present the 2008 Comprehensive Annual Financial Report of the Utah Retirement Systems (Systems), including the 401(k), 457, Roth and Traditional IRA Plans, and the Health Reimbursement Arrangement (Plans). Together, the Systems and Plans constitute a component unit of the State of Utah, administered by the Utah State Retirement Board (Board) for calendar year 2008.

The financial reporting entity of the Systems and Plans include the Public Employees Noncontributory and Contributory Retirement Systems, for both government and public education employees, the Public Safety, Firefighters and Judges Retirement Systems, the Utah Governors and Legislators Retirement Plan, and the 401(k), 457, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement (HRA).

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Systems and Plans. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the fiduciary funds.

For financial reporting purposes, the Systems and Plans utilize Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, GASB Statement No. 34, *Basic Financial Statements — and Management’s Discussion and Analysis — for State and Local Governments*, GASB Statement No. 37, *Basic Finan-*

*cial Statements — and Management’s Discussion and Analysis — for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, and GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Plans Other Than Pensions*. Assets of the Systems and Plans are presented at fair value. The actuarial value of assets and the actuarial accrued liability are presented in the required supplementary information following the notes to the basic financial statements.

The Utah Retirement Systems and 401(k), 457, Roth and Traditional IRA Plans, and HRA were established by legislation and authorized as indicated in the notes to the basic financial statements on page 48. The Summaries of Plan Provisions are presented on pages 128 through 139. The number of active and retired members and beneficiaries for each system is presented in the Systems’ Highlights on pages 12 through 24. The purpose of the Systems and Plans is to provide benefits for all eligible State, local government and most public education employees whose employers have elected to participate. Services provided by the staff are performed to meet that objective.

## **Management’s Discussion and Analysis**

The Management’s Discussion and Analysis (MD&A) beginning on page 28 provides an overview and analysis of the Systems and Plans Basic Financial Statements. This letter

## Letter of Transmittal *(Continued)*

of transmittal is intended to complement the MD&A and should be read in conjunction with it.

### Actuarial

During 2008, the actuarial earnings assumption was changed from 8% to 7.75%. The actuarial assumptions and contribution rates were based on the recommendations of our actuary. See the Actuarial Section of this report and the notes to the basic financial statements for explanations of these rates. Rate changes resulted from actuarial assumption modifications, economic conditions, actuarial experience gains and losses and benefit enhancements in the Systems.

The Utah Retirement Systems are maintained on an actuarially sound basis as certified in this report by our actuary, thus protecting participants future benefits. We anticipate that investment earnings on a long term basis will continue to meet or exceed the actuarially assumed earning rate. We expect all systems to continue towards fully funded positions in accordance with actuarial assumptions.

An actuarial valuation of the Systems is performed annually. An assumption experience study is performed at least every third year. The actuarial firm Gabriel, Roeder, Smith & Company completed the actuarial reviews and valuations and served as technical advisor to the Systems. Actuarial certification and supporting statistics are included in the Actuarial and Statistical Sections of this report.

### Financial Information

Management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with generally accepted accounting principles. This system includes written policies and procedures and an internal audit department that reports to the Board. Discussion and analysis of net assets and related additions and deductions is presented in the MD&A beginning on page 28.

### Funding

Funds are derived from the excess of additions, which include contributions and investment earnings, over deduc-

tions, which are comprised of benefits and administrative expenses. Funds are accumulated to meet future benefit obligations to retirees and beneficiaries. This accumulated balance is referred to as the "net assets held in trust for pension benefits" in the Statements of Fiduciary Net Assets in the Financial Section of this report. The actuarial accrued liability is not disclosed in the basic financial statements but is disclosed in the note 5 to the basic financial statements and in the required supplementary information. These schedules show the actuarial value of assets, which is based on a five-year smoothed expected rate of return, wherein the excess or shortfall of investment income over or under the actuarial assumed income rate (currently 7.75%) is recognized over a five-year period. This is the value of assets used by the actuary in determining contribution rates for the Systems as disclosed in note 5 to the basic financial statements. The current funded ratios at year end range from 81% to 106%.

The actuarial accrued liability of the Systems is determined by the actuary. It is a measure of the present value of actuarial accrued liabilities estimated to be payable in the future to current retirees, beneficiaries and employees for service earned to date. The percentage computed by dividing the actuarial value of net assets available for benefits by the actuarial accrued liability is generally referred to as the "funded ratio" This ratio provides an indication of the funded status of the Systems on a going-concern basis and generally, the greater this percentage, the stronger the system. A higher level of funding gives the participants a greater degree of assurance that their pension benefits are secure.

### Investments

The economic condition of the Systems is based primarily upon investment earnings. For 2008 the Systems experienced a negative 22.3% rate of return. The Systems' investments were evaluated at year end by Callan Associates Inc., Investment Measurement Service. A comparative analysis of rates of return is presented on page 104 of this report.

The investment portfolio mix at fair value as of the end of 2008 is 26% debt securities, 29% equities, 8% private equity, 19% real estate, 6% short term, and 12% absolute return. The 26% debt securities is comprised of 22% domestic and 4% international instruments. The 29% equities is comprised of 18% domestic and 11% international equities.



## Letter of Transmittal *(Continued)*

See MD&A and Investment Section for more detailed analysis and information. The Systems' investment outlook is long term allowing the portfolio to take advantage of the favorable risk-return characteristics of equities by placing more emphasis on this category.

The Board utilizes internal and external portfolio managers employing both passive (indexed) and active strategies. The portfolio is broadly diversified among equities, debt securities, real estate and private equity with additional diversification achieved through domestic and international investing.

The investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized. All collateral on deposits is held in the counterparties' joint custody accounts at the Federal Reserve Bank. On occasion, deposits may be significantly greater than collateral due to investment purchase "fails": receipt of interest earnings on the 15th of each month, and proceeds from investment sales and maturities. Of approximately \$19.9 billion in investments at fair value as of December 31, 2008, none of the investments were in the category of highest custodial credit risk as defined by the GASB.

### Independent Audit

An annual audit of the Systems and Plans was conducted by the independent accounting firm of Deloitte & Touche LLP. The auditors' report on the basic financial statements is included in the Financial Section of this report.

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Utah Retirement Systems for its Comprehensive Annual

Financial Report for the fiscal year ended December 31, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such financial reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Utah Retirement Systems has received a Certificate of Achievement for the last 24 years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

In addition the Utah Retirement Systems were awarded the Public Pension Coordinating Council Public Pension Standards 2008 Award. This award is in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

### Acknowledgments

The compilation of this reflects the combined efforts of the staff under the leadership of the Utah State Retirement Board. The report is intended to provide extensive and reliable information for making management decisions, determining compliance with legal provisions, and determining responsible stewardship for the assets contributed by the Systems' members and their employers.

We would like to take this opportunity to express our gratitude to the Board, the staff, the advisors, and the many people who have worked so diligently to assure the successful operation and financial soundness of the Utah Retirement Systems.

Sincerely yours,

Robert K. Kellersberger, CGFM, Finance Director

Robert V. Newman, Executive Director

# Board President's Letter

UTAH STATE RETIREMENT BOARD  
**UTAH RETIREMENT SYSTEMS**  
540 East 200 South  
Salt Lake City, Utah 84102-2044  
801-366-7700  
800-365-8772 TOLL FREE  
801-366-7734 FAX

ROBERT V. NEWMAN  
EXECUTIVE DIRECTOR

April 10, 2009

Dear members of the Retirement Systems:

As board members of Utah Retirement Systems (URS) we have the responsibility to provide retirement benefits to eligible members for the valuable services they have rendered to the public. We serve to insure that members' interests are properly safeguarded. Thanks to the prudent funding principles established over several decades by governors, legislatures and boards, I can report that the outlook for URS is still positive in spite of severe declines in the investment markets.

During the past year and a half, most financial markets have been volatile and have trended sharply downward. Due mostly to the broad diversity of our investments, our results have been much less downward than the U.S. and global stock markets. Our net investment returns were still a disappointing negative 22.3% for 2008, even though we did better than 80% of all the large public pension plans. Assets of the Retirement Systems at year end were \$15.9 billion. Our Retirement Systems declined to 84.1% actuarially funded at December 31, 2008, but we remain among the most well funded statewide plans in the country.

Contributions to the URS Defined Contribution Savings Plans (401(k)/457 and IRAs) are still substantial, and total net assets are \$2.4 billion at the end of 2008. I encourage members to continue contributing to retirement savings plans.

Members benefit from a Membership Advisory Council, a highly valued body that keeps the Board and the Legislature abreast of the interests and concerns of members, so they can be properly addressed. I express my appreciation for the breadth and depth of experience possessed by members of the Board, each of whom makes a valuable contribution to the success of Utah Retirement Systems. They meet more than 30 times per year and increase their skills and experience each year by participating in workshops and conferences. I also express the Board's confidence in and appreciation to Executive Director Robert Newman and his staff for their excellent management of the Systems.

Sincerely,



David B. Winder, President, Utah State Retirement Board



## Retirement Board

*Pictured Left to Right:*

<p><b>Phillip W. Clinger</b> Appointed June 21, 2002; Term expires July 1, 2009; Represents investment community</p>	<p><b>John L. Lunt</b> Appointed July 20, 2001; Term expires July 1, 2009; Represents investment community</p>	<p><b>Kathryn D. Jones-Price</b> <i>Vice President</i> Appointed Mar. 5, 2004; Term expires July 1, 2009; Represents investment community</p>	<p><b>David B. Winder</b> <i>President</i> Appointed Dec. 1, 2003; Term expires July 1, 2011; Represents investment community</p>	<p><b>Phyllis P. Sorensen</b> Appointed July 25, 2002; Term expires July 1, 2011; Represents education employees</p>	<p><b>Larry W. Evans</b> Appointed July 1, 2007; Term expires July 1, 2011; Represents public employees</p>	<p><b>Edward T. Alter</b> Member since Jan. 1, 1981; Ex-officio member State Treasurer</p>
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### Executive Director



**Robert V. Newman**

### Membership Council

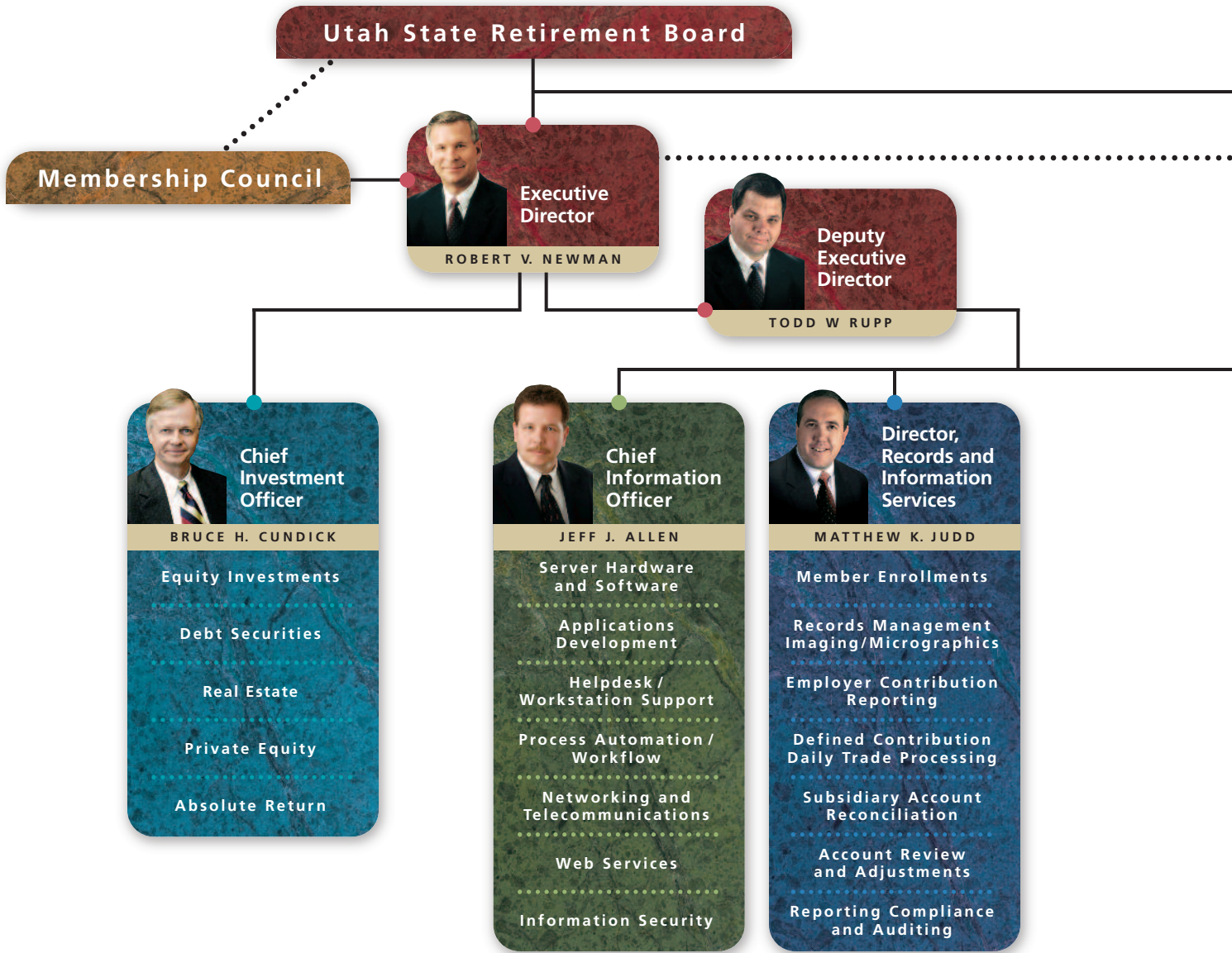
- Mr. Marty Peterson\*** *Chairperson* .....Represents Professional Firefighters of Utah
- Mr. Dean Drew\*** *Vice-Chairperson* .....Represents Utah Public Employees' Association
- Officer Mike Galieti\*** .....Represents Utah Peace Officers' Association
- Mr. Tom Hardy\*** .....Represents Utah League of Cities and Towns
- Mr. Russell S. Judd\*** .....Represents Utah Education Association

*\*Executive Committee*

- Mr. Kent J. Abel** .....Represents Utah Retired School Employees' Association
- Mr. Jay Blain** .....Represents Utah Education Association
- Ms. Kim Campbell** .....Represents Utah Education Association
- Ms. Vicki Coon** .....Represents Utah School Employees' Association
- Representative Brad L. Dee** .....Represents Utah Association of Counties
- Honorable Gary Stott** .....Represents Utah Judicial Council
- Mr. James Tarbet** .....Represents Utah Association of Retired Public Employees
- Ms. Sheri Watters** .....Represents Utah Public Employees' Association

Utah Retirement Systems

# Organization Chart



## Administrative Staff

**Robert V. Newman, CPA**  
*Executive Director*

**Todd W Rupp, CPA**  
*Deputy Executive Director*

**Steven M. West, CPA, CFE**  
*Director, Internal Audit*

**Bruce H. Cundick, CFA**  
*Chief Investment Officer*

**Jeff J. Allen**  
*Chief Information Officer*

**Matthew K. Judd**  
*Director, Records and Information Services*

**Robert K. Kellersberger, CGFM**  
*Finance Director*

**Cheryl J. Sachse, SPHR**  
*Director, Human Resources*

**Judy C. Lund**  
*Director, Retirement*

**Craige D. Stone**  
*Director, Defined Contribution Savings Plans*



**Director,  
Internal  
Audit**


STEVEN M. WEST

Investment  
Compliance

**Professional Services**

Actuary • Auditor  
Legal • Consultants  
Investment Advisors  
Medical Director

Detail for professional service providers is shown below.  
Investment professionals are presented on pages 106 and 111.



**Director,  
Finance**

ROBERT K. KELLERSBERGER

Financial Reporting  
and Accounting

Budgets

Tax Reporting


Cash Receipts  
and Disbursement

Cash Management

Accounts Payable

Payroll

Risk Management



**Director,  
Defined  
Contribution  
Savings Plans**

CRAIGE D. STONE

401(k) Plan

457 Plan

Traditional IRA

Roth IRA

Health Reimbursement  
Arrangement (HRA)

Health Savings  
Accounts (HSA)




**Director,  
Human  
Resources**

CHERYL J. SACHSE

Human Resources

Safety/Security



**Director,  
Retirement**

JUDY C. LUND

Retirement Benefits

Death Benefits

Redeposits, Purchases  
and Adjustments

Refunds

Branch Office

## Professional Consultants

**Actuary**

Gabriel, Roeder, Smith & Company  
2001 Ross Avenue, Suite 4200  
Dallas, TX 75201

**Auditor**

Deloitte & Touche LLP  
Certified Public Accountants  
Suite 1900, 299 South Main  
Salt Lake City, UT 84111

**Legal Counsel**

Howard, Phillips & Andersen  
560 East 200 South  
Suite 300  
Salt Lake City, UT 84102

**Other Consultants**

Advanced Risk Management  
Techniques Inc.  
1901 Main Street, Suite 300  
Irvine, CA 92614

Groom Law Group  
1701 Pennsylvania Ave. NW  
Washington DC. 20006

Ice Miller, LLP  
One American Square  
Suite 3100  
Indianapolis, IN 46282

# Noncontributory System Highlights

The Public Employees Noncontributory Retirement System includes eligible public employees of the State of Utah and its political subdivisions and public education employees of those entities covered by the System.

## Composite Picture

<b>Total Membership</b> .....	155,667
Active .....	93,576
Terminated vested.....	30,360
Retired.....	31,731
<b>2008 Active Members</b> .....	93,576
Average age .....	45.0
Average years of service.....	10.0
Average annual salary.....	\$40,531
<b>2008 Retirees</b>	
Number .....	2,082
Average age .....	62.5
Average years of service .....	21.6
Final average annual salary .....	\$44,681
Average annual benefit .....	\$19,039
<b>Average annual benefit— all retirees</b> .....	\$19,616

*Pictured:  
Vicky Mayall, Chemistry Teacher  
East High School  
Salt Lake City School District*



## Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	30.....	None
Any age.....	25.....	Full actuarial before age 60
60-61 .....	20.....	3% each year before age 65
62-64 .....	10.....	3% each year before age 65
65 .....	4.....	None

## Service Benefit Formula

Number of years of service x 2.00% x FAS.\*

\*FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

## Cost of Living Allowance

Up to 4% annually on original retirement benefit.

## Contribution Rates (as of 12-31-2008)

Employer rate for the State and School Division (Level A) is 14.22% of covered salary and 11.62% for the Local Government Division (Level B).

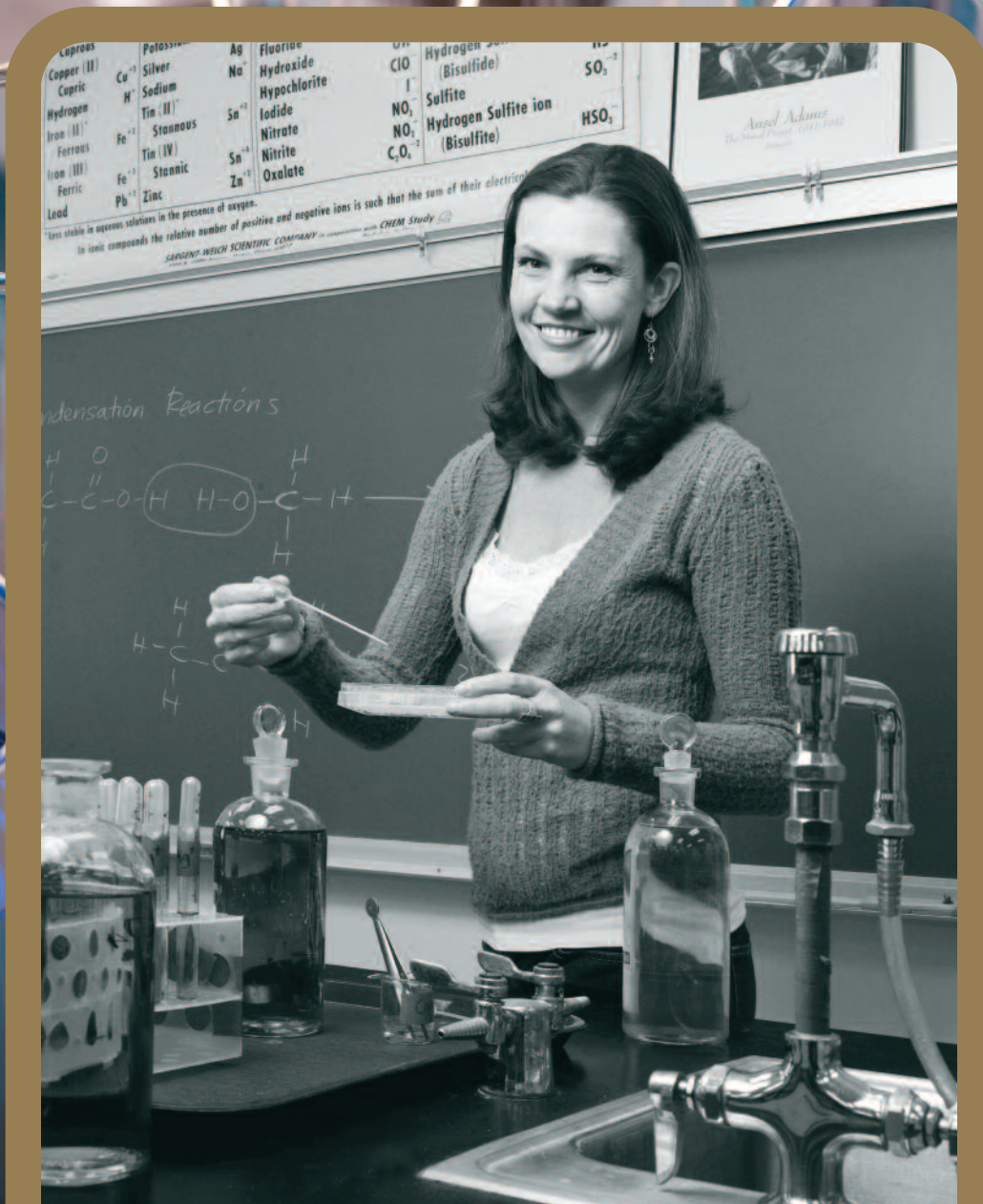
*For more detail see Summary of Plan Provisions on page 128.*

	2003	2004	2005	2006	2007	2008
<b>Additions by Source</b> (in millions)						
Investment Income (Loss)	\$2,315.6	1,547.6	1,185.1	2,006.7	1,041.4	(3,888.6)
Member Contributions	11.5	14.4	19.8	22.6	18.2	14.1
Employer Contributions	314.5	369.1	406.8	440.4	487.8	522.7
Transfers from Systems	—	10.6	—	0.1	7.2	—
<b>Totals</b>	<b>\$2,641.6</b>	<b>1,941.7</b>	<b>1,611.7</b>	<b>2,469.8</b>	<b>1,554.6</b>	<b>(3,351.8)</b>

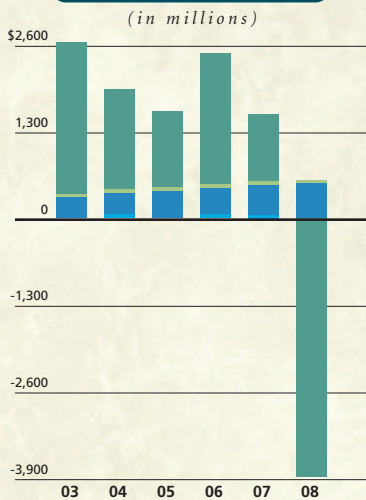
	2003	2004	2005	2006	2007	2008
<b>Deductions by Type</b> (in millions)						
Benefit Payments	\$386.8	424.9	469.7	533.2	609.5	659.8
Administrative Expense	8.1	7.8	7.6	7.9	8.3	8.8
Refunds	3.3	3.0	3.2	2.8	3.4	2.5
Transfers to Systems	37.0	—	25.0	—	—	14.5
<b>Totals</b>	<b>\$435.2</b>	<b>435.7</b>	<b>505.5</b>	<b>543.9</b>	<b>621.2</b>	<b>685.6</b>

	2003	2004	2005	2006	2007	2008
<b>Funding Progress</b> (dollars in billions)						
Actuarial Value of Assets	\$11.7	12.2	13.1	14.4	16.2	15.3
Accrued Actuarial Liability	\$12.4	13.2	14.0	15.1	17.0	18.1

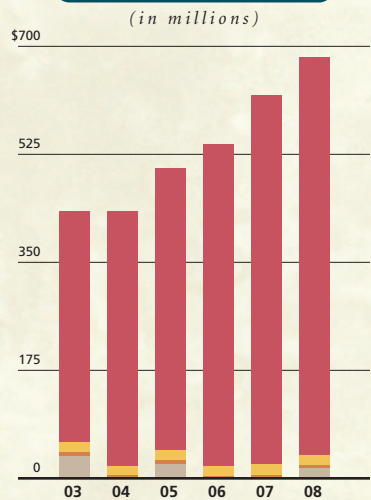
<b>Funding Ratios</b>	94%	92%	93%	96%	95%	84%
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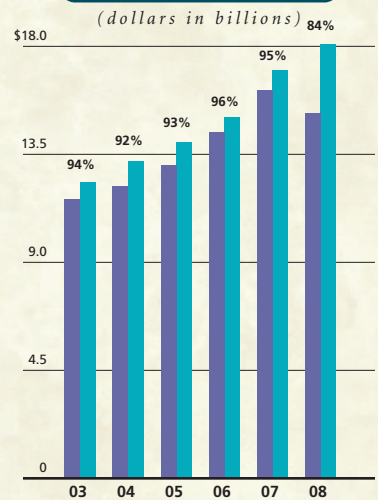
**Additions by Source**



**Deductions by Type**



**Funding Progress**



Noncontributory Retirement System

# Contributory System Highlights

The Public Employees Contributory Retirement System includes eligible public employees of the State of Utah and its political subdivisions and public education employees of those entities covered by the System.

## Composite Picture

<b>Total Membership</b> .....	9,356
Active .....	2,743
Terminated vested.....	1,374
Retired.....	5,239
<b>2008 Active Members</b> .....	2,743
Average age .....	51.8
Average years of service.....	20.3
Average annual salary.....	\$46,830
<b>2008 Retirees</b>	
Number.....	151
Average age .....	60.4
Average years of service .....	26.0
Final average annual salary .....	\$40,068
Average annual benefit .....	\$18,984
<b>Average annual benefit— all retirees</b> .....	\$11,067

*Pictured:*  
Jackie D. Smith, Special Services Coordinator  
(Crossing Guards & Lost Bicycles)  
Ogden Police Department, Ogden



## Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	30.....	None
60-61 .....	20.....	3% each year before age 65
62-64 .....	10.....	3% each year before age 65
65 .....	4.....	None

## Service Benefit Formula

1. Number of years of service before 7-1-75 x 1.25% x FAS.\*
2. Number of years of service after 6-30-75 x 2.00% x FAS.\*
3. Plan 1 allowance = total of 1 and 2.

\*FAS (Final Average Salary) = highest five years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

## Cost of Living Allowance

Up to 4% annually on original retirement benefit.

## Contribution Rates (as of 12-31-2008)

Member rate is 6.00% of covered salary. Employer rate for State and School Division (Level A) is 9.73% of covered salary and 7.61% for the Local Government Division (Level B).

For more detail see Summary of Plan Provisions on page 129.

	2003	2004	2005	2006	2007	2008
<b>Additions by Source</b> (in millions)						
Investment Income (Loss)	\$ 186.3	117.3	88.4	144.0	71.6	(261.2)
Member Contributions	8.7	9.0	10.3	9.5	9.7	9.4
Employer Contributions	7.3	9.6	10.4	10.7	11.2	11.0
Transfers from Systems	33.3	—	19.6	—	—	9.0
<b>Totals</b>	\$ 235.6	135.9	128.7	164.2	92.5	(231.8)

	2003	2004	2005	2006	2007	2008
<b>Deductions by Type</b> (in millions)						
Benefit Payments	\$ 57.9	57.0	57.1	58.5	61.7	62.1
Administrative Expense	0.7	0.6	0.6	0.6	0.6	0.6
Refunds	3.4	2.9	1.8	1.8	2.3	1.5
Transfers to Systems	—	15.8	—	6.5	12.1	—
<b>Totals</b>	\$ 62.0	76.3	59.5	67.4	76.7	64.2

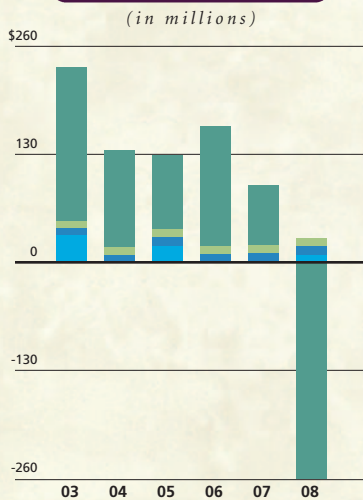
	2003	2004	2005	2006	2007	2008
<b>Funding Progress</b> (dollars in millions)						
Actuarial Value of Assets	\$913.9	934.0	951.5	1,004.5	1,102.1	1,002.4
Accrued Actuarial Liability	\$982.6	1,013.8	1,027.3	1,063.0	1,170.3	1,208.6

<b>Funding Ratios</b>	93%	92%	93%	94%	94%	83%
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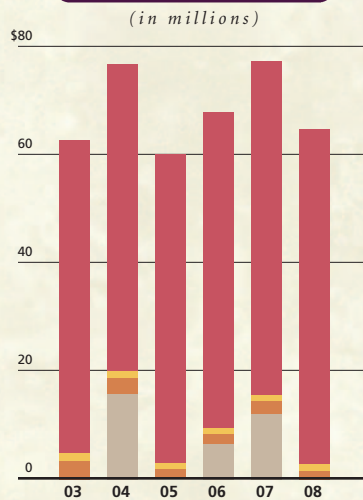




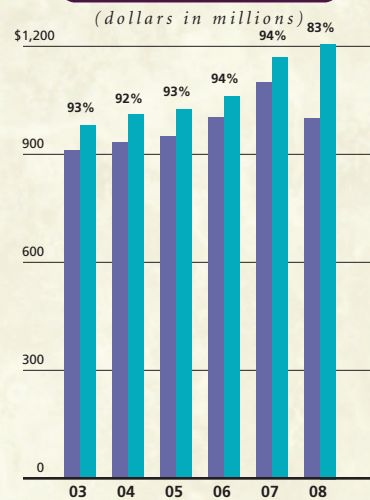
**Additions by Source**



**Deductions by Type**



**Funding Progress**



Contributory Retirement System

# Public Safety

## System Highlights

The Public Safety Retirement System includes eligible state and local governmental employees directly involved in law enforcement. The Public Safety System consists of the Contributory and Noncontributory divisions.

### Composite Picture

<b>Total Membership</b> .....	13,314
Active .....	7,894
Terminated vested.....	1,654
Retired.....	3,766
<b>2008 Active Members</b> .....	7,894
Average age .....	38.8
Average years of service.....	8.9
Average annual salary.....	\$45,964
<b>2008 Retirees</b>	
Number.....	197
Average age .....	51.5
Average years of service .....	21.6
Final average annual salary .....	\$54,532
Average annual benefit .....	\$28,196
<b>Average annual benefit—</b>	
<b>all retirees</b> .....	\$24,391

*Pictured:*  
Alaina Lofgran, Sergeant  
Juab County Sheriff



### Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	20.....	None
60.....	10.....	None
65.....	4.....	None

### Service Benefit Formula

- 2.5% x FAS\* x years of service up to 20 years.
- 2.0% x FAS\* x years of service over 20 years.
- Monthly benefit = total of 1 and 2.\*\*

\*FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

\*\*Benefit paid cannot exceed 70% of FAS.

### Cost of Living Allowance

Up to 2.5% annually on original retirement benefit.

### Contribution Rates (as of 12-31-2008)

**Noncontributory** — Employer rates range from 22.47% to 35.71% of covered salary.

**Contributory** — Member rates range from 10.50% to 13.74% of covered salary. Employer rates range from 11.22% to 22.99% of covered salary.

*For more detail see Summary of Plan Provisions on page 130.*

	2003	2004	2005	2006	2007	2008
<b>Additions by Source</b> (in millions)						
Investment Income (Loss)	\$ 288.1	192.8	148.1	250.8	130.7	(491.0)
Member Contributions	4.4	5.0	4.8	4.6	4.3	2.2
Employer Contributions	46.7	56.3	61.3	70.5	81.2	93.9
Transfers from Systems	2.0	4.0	4.3	3.3	2.3	3.7
<b>Totals</b>	\$ 341.2	258.1	218.5	329.2	218.5	(391.2)

	(in millions)					
<b>Deductions by Type</b>						
Benefit Payments	\$ 59.9	66.3	74.0	82.5	91.9	98.9
Administrative Expense	1.0	1.0	1.0	1.0	1.1	1.2
Refunds	0.7	1.0	1.0	0.6	0.7	0.9
<b>Totals</b>	\$ 61.6	68.3	76.0	84.1	93.7	101.0

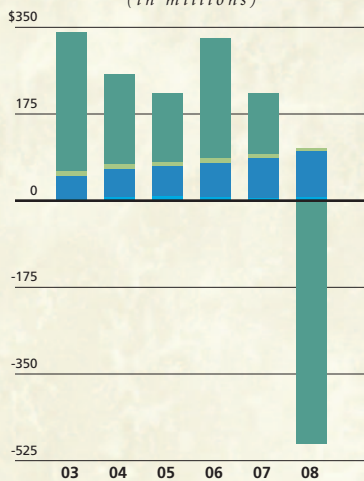
	(dollars in millions)					
<b>Funding Progress</b>						
Actuarial Value of Assets	\$1,448.9	1,524.9	1,633.0	1,809.2	2,038.6	1,936.9
Accrued Actuarial Liability	\$1,556.8	1,726.8	1,834.5	1,969.0	2,247.8	2,406.8

<b>Funding Ratios</b>	93%	88%	89%	92%	91%	80%
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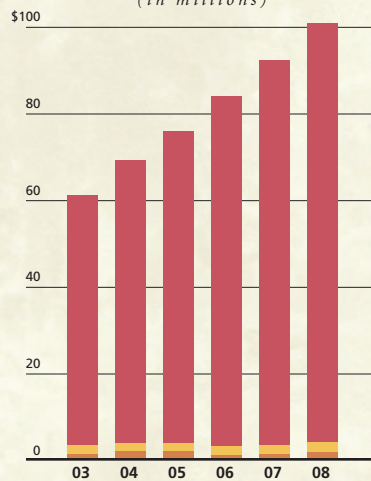
**Additions by Source**

(in millions)



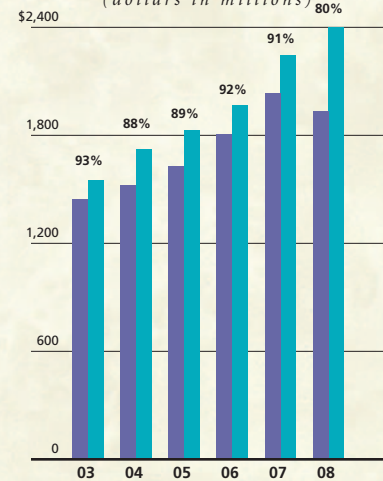
**Deductions by Type**

(in millions)



**Funding Progress**

(dollars in millions)



Public Safety Retirement System

# Firefighters

## System Highlights

The Firefighters Retirement System includes eligible state and governmental employes directly involved in fire fighting and whose duties are classified as hazardous.

### Composite Picture

<b>Total Membership</b> .....	3,049
Active .....	1,849
Terminated vested.....	117
Retired.....	1,083
<b>2008 Active Members</b> .....	1,849
Average age .....	39.2
Average years of service.....	10.0
Average annual salary.....	\$54,111
<b>2008 Retirees</b>	
Number.....	33
Average age .....	54.6
Average years of service .....	27.3
Final average annual salary .....	\$66,084
Average annual benefit .....	\$39,465
<b>Average annual benefit— all retirees</b> .....	\$29,169

*Pictured:  
Lynn Greer, Firefighter/EMT  
Wasatch County Fire District*



### Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	20.....	None
60 .....	10.....	None
65 .....	4.....	None

### Service Benefit Formula

- 2.5% x FAS\* x years of service up to 20 years.
- 2.0% x FAS\* x years of service over 20 years.
- Monthly benefit = total of 1 and 2.\*\*

\*FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

\*\*Benefit paid cannot exceed 70% of FAS.

### Cost of Living Allowance

Up to 4% annually on original retirement benefit.

### Contribution Rates (as of 12-31-2008)

Member rate for Division A (with Social Security) is 13.14% of covered salary and 9.68% for Division B (without Social Security).

Employer rate for Division A is 0.00% of covered salary and 0.00% for Division B.

For more detail see Summary of Plan Provisions on page 132.

	2003	2004	2005	2006	2007	2008
<b>Additions by Source</b> (in millions)						
Investment Income (Loss)	\$ 117.4	77.6	58.8	98.6	50.7	(188.1)
Member Contributions	6.1	6.3	6.7	7.8	9.2	10.4
Fire Insurance Tax	9.1	8.7	9.6	9.5	13.8	10.2
Transfers from Systems	0.6	1.0	0.6	1.8	1.7	1.5
<b>Totals</b>	\$ 133.2	93.6	75.7	117.7	75.4	(166.0)

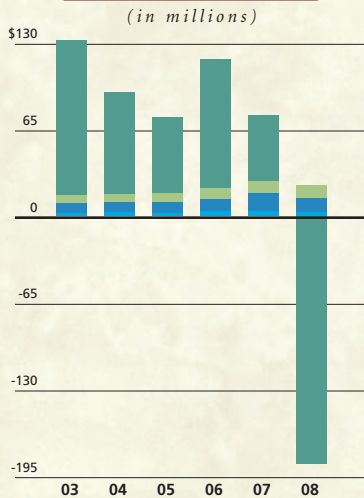
	2003	2004	2005	2006	2007	2008
<b>Deductions by Type</b> (in millions)						
Benefit Payments	\$ 23.5	25.3	27.3	29.5	33.9	35.4
Administrative Expense	0.4	0.3	0.3	0.3	0.4	0.4
Refunds	0.4	0.1	0.1	0.1	0.2	0.3
<b>Totals</b>	\$ 24.3	25.7	27.7	29.9	34.5	36.1

	2003	2004	2005	2006	2007	2008
<b>Funding Progress</b> (dollars in millions)						
Actuarial Value of Assets	\$589.5	610.7	644.5	705.1	787.7	735.2
Accrued Actuarial Liability	\$549.4	578.9	614.4	643.8	732.8	779.0

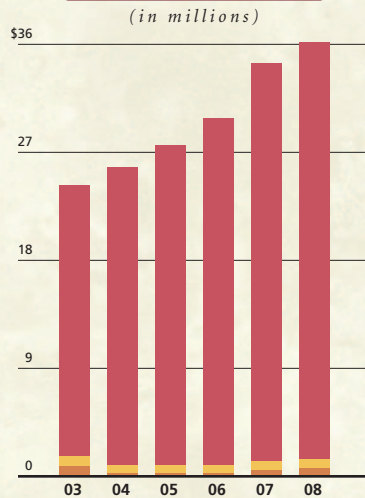
<b>Funding Ratios</b>	107%	105%	105%	110%	107%	94%
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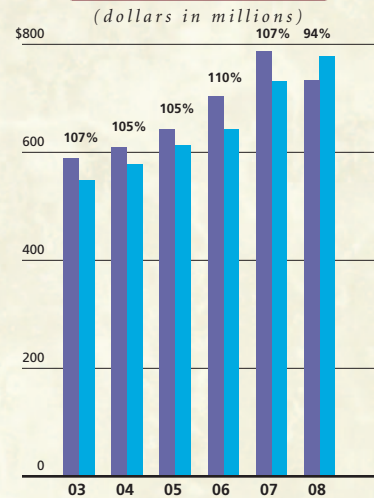
**Additions by Source**



**Deductions by Type**



**Funding Progress**



Firefighters Retirement System

# Judges System Highlights

The Judges Retirement System includes justices and judges of the courts of record as authorized in state statutes.

## Composite Picture

<b>Total Membership</b> .....	212
Active .....	106
Terminated vested .....	9
Retired.....	97
<b>2008 Active Members</b> .....	106
Average age .....	56.5
Average years of service .....	11.6
Average annual salary .....	\$128,706
<b>2008 Retirees</b>	
Number.....	3
Average age .....	64.8
Average years of service .....	14.2
Final average annual salary .....	\$114,653
Average annual benefit .....	\$60,693
<b>Average annual benefit— all retirees</b> .....	\$63,084

*Pictured:  
Judge Wallace A. Lee  
6th District Court, Richfield*



## Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	25.....	None
55 .....	20 .....	Full actuarial reduction
62 .....	10.....	None
70 .....	6.....	None

## Service Benefit Formula

1. 5.00% x FAS\* x years of service up to 10 years.
2. 2.25% x FAS\* x years of service between 10 and 20 years.
3. 1.00% x FAS\* x years of service over 20 years.
4. Monthly benefit = total of 1, 2 and 3.\*\*

\*FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

\*\*Benefit paid cannot exceed 75% of FAS.

## Cost of Living Allowance

Up to 4% compounded annually.

## Contribution Rates (as of 12-31-2008)

**Noncontributory** — Employer rates is 13.51% of covered salary.

**Contributory** — Member rate is 2.00% of covered salary. Employer rate is 11.51% of covered salary.

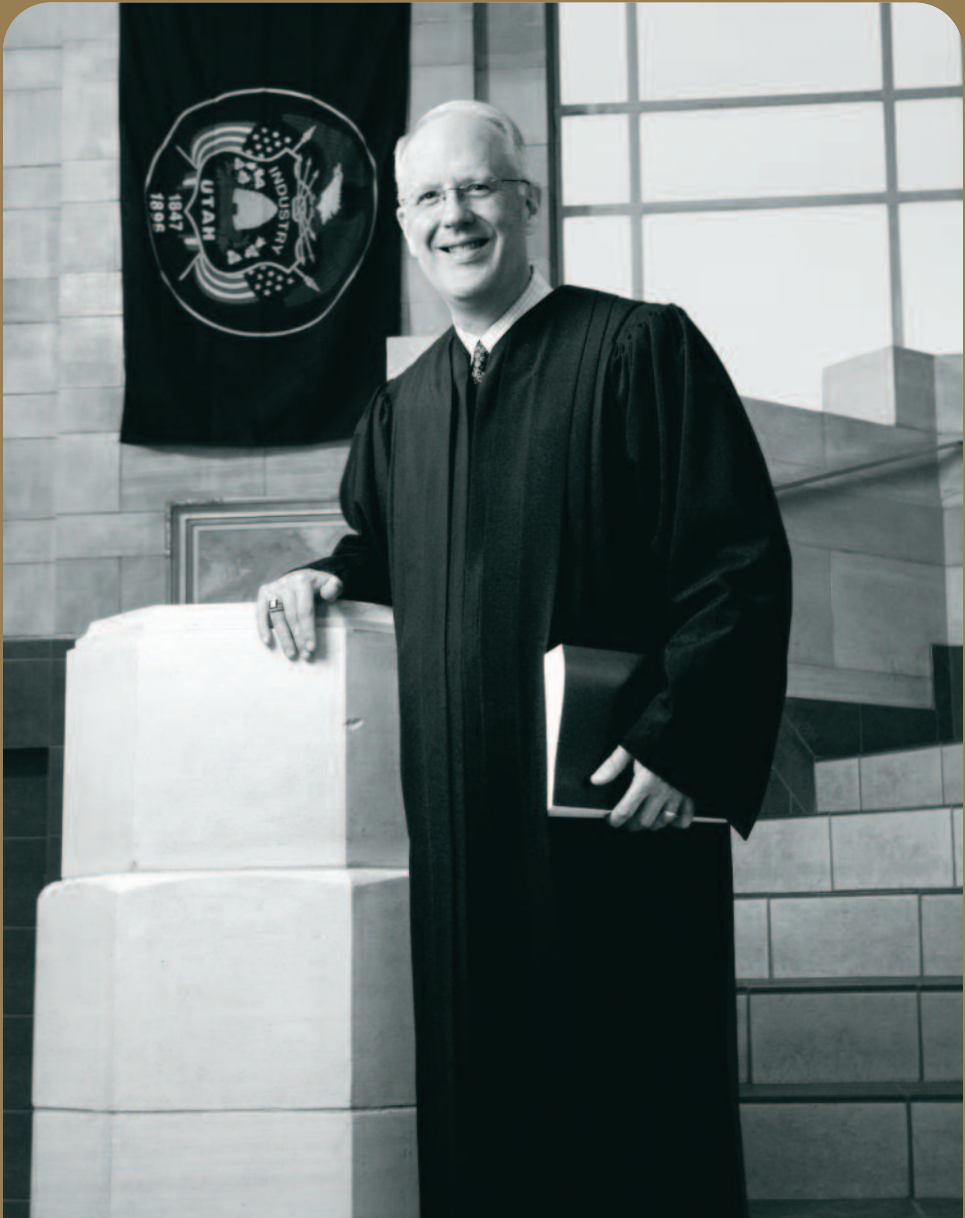
*For more detail see Summary of Plan Provisions on page 134.*

	2003	2004	2005	2006	2007	2008
<b>Additions by Source</b> (in thousands)						
Investment Income (Loss)	\$19,417	12,852	9,762	16,287	8,401	(31,053)
Member Contributions	103	8	8	10	13	138
Employer Contributions	551	723	792	995	1,360	1,730
Court Fees	1,939	1,808	1,605	1,723	1,850	2,072
Transfers from Systems	1,128	204	518	1,242	841	294
<b>Totals</b>	<b>\$23,138</b>	<b>15,595</b>	<b>12,685</b>	<b>20,257</b>	<b>12,465</b>	<b>(26,819)</b>

	2003	2004	2005	2006	2007	2008
<b>Deductions by Type</b> (in thousands)						
Benefit Payments	\$ 4,361	4,518	4,755	5,251	6,335	6,580
Administrative Expense	63	61	60	60	65	70
<b>Totals</b>	<b>\$ 4,424</b>	<b>4,579</b>	<b>4,815</b>	<b>5,311</b>	<b>6,400</b>	<b>6,650</b>

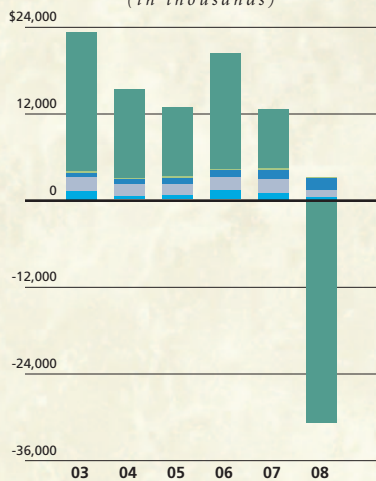
	2003	2004	2005	2006	2007	2008
<b>Funding Progress</b> (dollars in millions)						
Actuarial Value of Assets	\$ 97.4	100.8	106.4	116.9	129.8	121.1
Accrued Actuarial Liability	\$ 97.9	104.2	107.0	117.1	135.4	143.4

<b>Funding Ratios</b>	99%	97%	99%	100%	96%	84%
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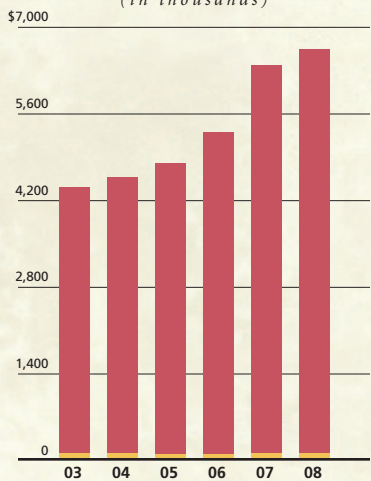
**Additions by Source**

(in thousands)



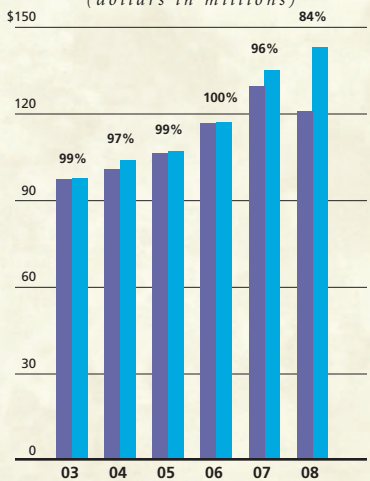
**Deductions by Type**

(in thousands)



**Funding Progress**

(dollars in millions)



J u d g e s R e t i r e m e n t S y s t e m

# Governors and Legislative Pension Plan Highlights

The Governors and Legislative Pension Plan includes only governors and legislators of the State of Utah.

## Composite Picture

<b>Total Membership</b> .....	396
Active.....	93
Terminated vested.....	81
Retired.....	222
<b>2008 Active Members</b> .....	93
Average age .....	53.1
Average years of service .....	5.6
Average annual salary .....	NA
<b>2008 Retirees</b>	
Number.....	8
Average age .....	64.1
Average years of service .....	13.5
Final average annual salary.....	NA
Average annual benefit .....	\$3,947
<b>Average annual benefit—</b>	
<b>all retirees</b> .....	\$2,941

*Pictured:  
James R. Gowans, Utah State Representative  
District 21, Tooele*



## Service Retirement

Age	Years of Service	Allowance Reduction
65 .....	4.....	None
62 .....	10.....	3% each year before age 65

## Service Benefit Formula

**Governors** — \$500\* per month per term.

\*Increased semi-annually up to 2% based on the CPI. The amount as of 12-31-08 is \$1,200 per term.

**Legislators** — \$10\*\* per month per each year of service as a legislator.

\*\*Increased semi-annually up to 2% based on the CPI. The amount as of 12-31-08 is \$26.40 per year.

## Cost of Living Allowance

Up to 4% annually on original retirement benefit.

## Contribution Rates (as of 12-31-2008)

There are currently no required contributions.

*For more detail see Summary of Plan Provisions on page 135.*

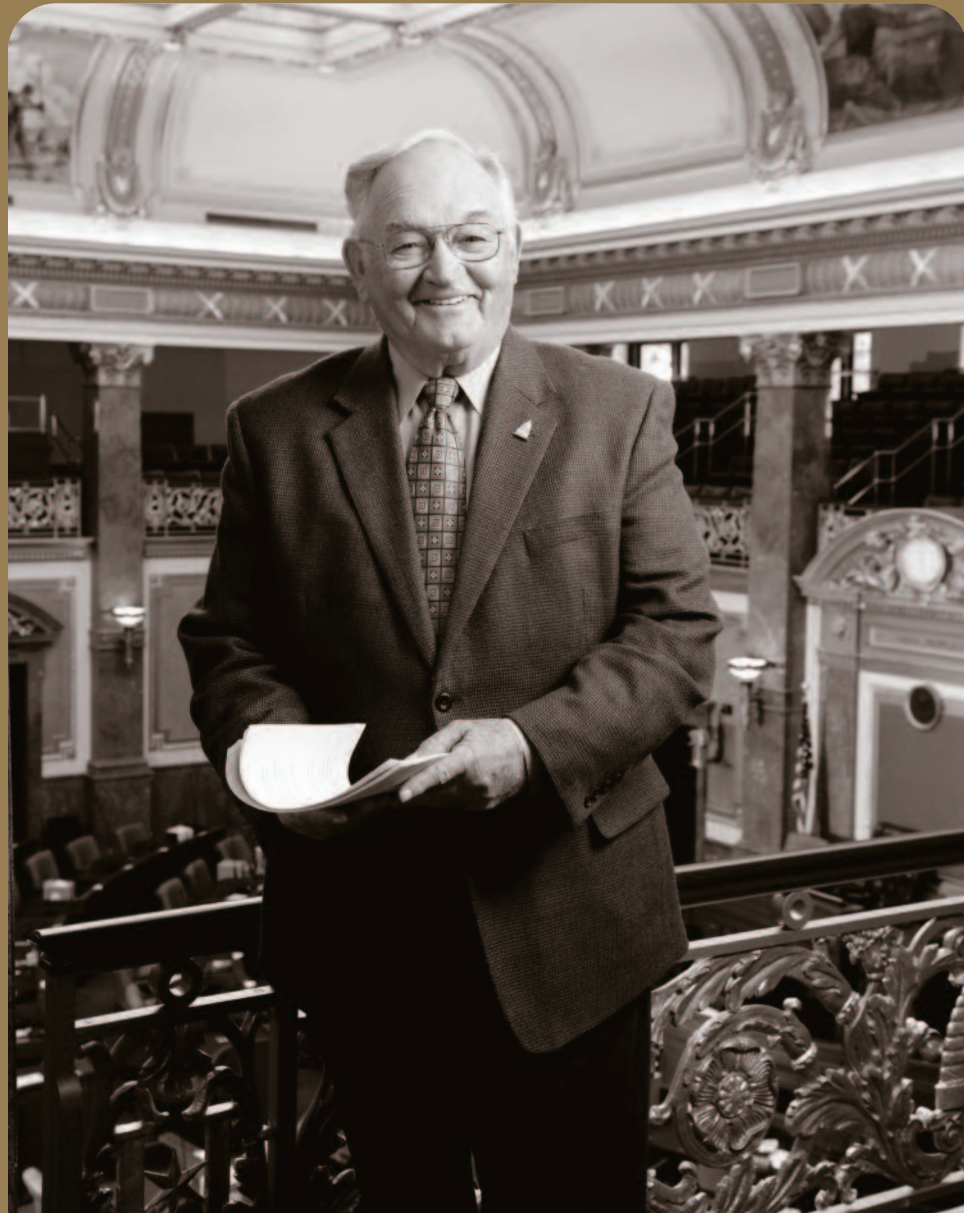
	2003	2004	2005	2006	2007	2008
<b>Additions by Source</b> (in thousands)						
Investment Income (Loss)	\$2,202	1,381	997	1,589	780	(2,763)
Transfers from Systems	—	18	16	18	18	17
<b>Totals</b>	\$2,202	1,399	1,013	1,607	798	(2,746)

	2003	2004	2005	2006	2007	2008
<b>Deductions by Type</b> (in thousands)						
Benefit Payments	\$ 726	712	755	758	758	763
Administrative Expense	6	6	5	5	5	5
Refunds	12	5	—	—	2	7
<b>Totals</b>	\$ 744	723	760	763	765	775

	2003	2004	2005	2006	2007	2008
<b>Funding Progress</b> (dollars in millions)						
Actuarial Value of Assets	\$ 10.9	10.7	10.6	11.0	11.7	10.4
Accrued Actuarial Liability	\$8.8	8.7	9.0	9.2	9.9	9.8

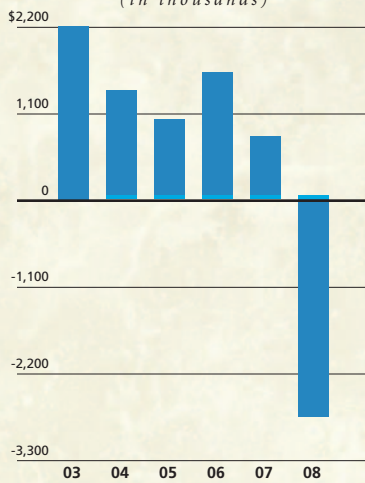
<b>Funding Ratios</b>	124%	122%	118%	119%	119%	106%
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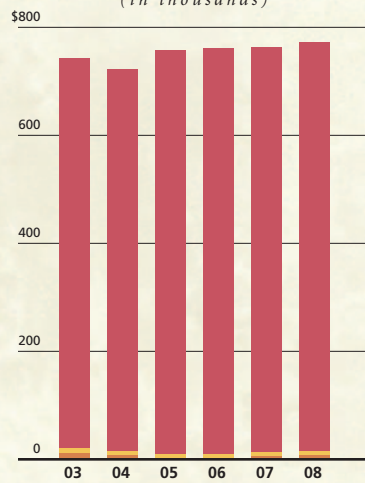
**Additions by Source**

(in thousands)



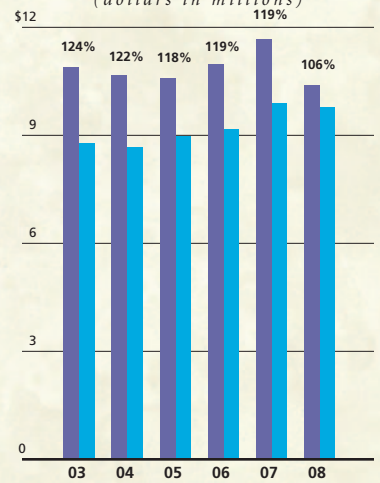
**Deductions by Type**

(in thousands)



**Funding Progress**

(dollars in millions)



G o v e r n o r s   a n d   L e g i s l a t i v e   P e n s i o n   P l a n

# Defined Contribution Pension Plan Highlights

December 31, 2008

The purpose of the Defined Contribution Savings Plans (401(k), 457, Roth and traditional IRAs) is to allow public employees throughout Utah to adequately prepare themselves for retirement by investing a portion of their income in one or more of these supplemental retirement plans.

It has long been recognized that for employees to experience the comfortable and rewarding retirement they desire, they cannot rely entirely upon Social Security and their employer-provided retirement. Employees should take the initiative to personally put aside a portion of their salary into some type of long term savings plan.

Each year the number of employees participating in these plans increases. Individuals may participate in more than one plan. As of December 31, 2008 the number of participants by investment plan is shown below.

Annualized rates of returns for the Investment Funds are shown on page 109.

The Plans provide the following benefits:

- Convenient, automatic payroll deduction
- Eleven investment options
- Brokerage window option
- Tax deferred and/or tax free savings
- Increase or decrease contributions as often as every pay period
- Roll over funds into any eligible plan or IRA upon termination or retirement
- Upon death, funds transfer to beneficiaries
- Immediate vesting
- No sales commissions
- Low investment and administrative fees
- Plan Loans (401(k) and 457)
- Hardship and Emergency withdrawals

### Membership Information

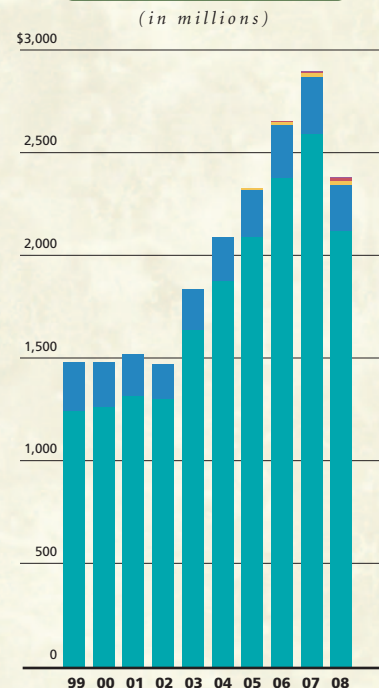
at December 31, 2008	401(k)	457	Roth IRA	Traditional IRA	HRA
Number of active employees eligible to participate	102,077	88,097	106,261	106,261	742
Employee contributions (excluding employer contributions):					
Number of employees contributing	48,076	9,329	1,175	52	NA
Percent of eligible employees contributing	47.1%	10.6%	1.1%	0.0%*	NA
Average percent of salary deferred by employees	6.0%	6.8%	4.2%	3.4%	NA
Total participants	143,360	16,880	1,639	435	742
Average participant account balance	\$14,871	13,594	4,325	44,124	2,084

\*Rounded figure, actual percentage is 0.05%.

### Defined Contributions Member Balances

(in millions)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
HRA	\$ —	—	—	—	—	—	—	—	1	2
Roth IRA	—	—	—	—	—	—	1	4	6	7
Traditional IRA	—	—	—	—	—	—	7	12	18	19
457	235	216	200	172	196	213	230	259	277	229
401(k)	1,259	1,277	1,330	1,313	1,653	1,891	2,104	2,389	2,604	2,132
Totals	\$1,494	1,493	1,530	1,485	1,849	2,104	2,342	2,664	2,906	2,389

### Defined Contribution Member Balances



# Utah Retirement Systems

2008 Comprehensive Annual Financial Report

# Financial

S e c t i o n



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# Independent Auditors' Report

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### INDEPENDENT AUDITORS' REPORT

Utah State Retirement Board:

We have audited the accompanying basic financial statements of Utah Retirement Systems, a component unit of the State of Utah, administered by the Utah State Retirement Board as of December 31, 2008, and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of Utah Retirement Systems. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utah Retirement Systems' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such basic financial statements present fairly, in all material respects, the plan net assets of the pension (and other employee benefit) trust funds of Utah Retirement Systems, administered by the Utah State Retirement Board as of December 31, 2008, and the changes in plan net assets of the pension (and other employee benefit) trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 2, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include limited partnerships, absolute return strategies, and investments in real estate. Such investments totaled \$6.7 billion (31% of total assets) at December 31, 2008. Where a publicly listed price is not available, the management of Utah Retirement Systems uses alternative sources of information including audited financial

statements, unaudited interim reports, independent appraisals, and similar evidence to determine fair values of the investments.

Management's Discussion and Analysis and the Schedules of Funding Progress and of Employer Contributions, listed in the foregoing table of contents, are not required parts of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. This supplementary information is also the responsibility of the management of Utah Retirement Systems. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary financial supporting schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary supporting schedules are also the responsibility of the management of Utah Retirement Systems. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The Introductory Section, Investment Section, Actuarial Section, and Statistical Section listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of Utah Retirement Systems. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2009, on our consideration of Utah Retirement Systems' internal control over financial reporting and our tests of their compliance with certain provisions of laws and regulations and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Deloitte & Touche LLP*

April 10, 2009

Member of  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Utah State Retirement Board:

We have audited the basic financial statements of Utah Retirement Systems, a component unit of the State of Utah, administered by the Utah State Retirement Board, as of and for the year ended December 31, 2008, and have issued our report thereon dated April 10, 2009, which included an explanatory paragraph regarding the fair value of investments where a publicly listed price is not available. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Utah Retirement Systems' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Utah Retirement Systems' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Utah Retirement Systems' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted other matters involving internal control over financial reporting that we have reported to the management of the Utah Retirement Systems in a separate letter dated April 10, 2009.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Utah Retirement Systems' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and the Utah Retirement Systems' policies regarding purchasing, personnel, budgeting, and investments, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, and others within the Utah Retirement Systems, and applicable State officials and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

April 10, 2009

Member of  
Deloitte Touche Tomatsu

# Management's Discussion and Analysis

## Introduction

This section presents management's discussion and analysis of the Utah Retirement Systems' (URS) financial position and performance for the year ended December 31, 2008. It is presented as a narrative overview and analysis. Please read it in conjunction with the Letter of Transmittal included in the Introductory Section, the financial statements and other information which are presented in the Financial Section of this Comprehensive Annual Financial Report.

URS is responsible for administering retirement and defined contribution benefits for State, local government and public education employees in the State of Utah. URS is composed of six defined benefit pension systems (Systems) and five defined contribution plans (Plans). The six defined benefit pension systems are the Public Employees Noncontributory Retirement System (Noncontributory System), the Public Employees Contributory Retirement System (Contributory System), the Public Safety Retirement System (Public Safety System), the Firefighters Retirement System (Firefighters System), the Judges Retirement System (Judges System) and the Utah Governors and Legislators Retirement Plan (Governors and Legislative Plan). The five defined contribution plans (Plans) are the 401(k), 457, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement. All of these Systems and Plans are defined as pension (and other employee benefit) trust funds, which are fiduciary funds. Throughout this discussion and analysis units of measure (i.e. billions, millions, thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

### Financial Highlights

- The URS Defined Benefit Pension Systems' combined total net assets decreased by \$5.1 billion, or 24.2 percent during

calendar year 2008. The decrease was primarily due to the decrease in the markets.

- The URS Defined Benefit Pension Systems' rate of return on investments during calendar year 2008 was a negative 22.31 percent compared with the calendar year 2007 rate of return of 7.2 percent. The decrease in rate of return was due primarily to the decrease in market performance in 2008.
- The URS Defined Benefit Pension Systems were actuarially funded at an average of 95.1 percent as of January 1, 2008, a decrease from the comparative average of 95.8 percent as of January 1, 2007. During 2008 the funded ratio decreased from 95.1 percent at the beginning of the year to 84.1 percent at December 31, 2008 due to lower than expected investment results over the previous five years and decreasing the investment return assumption from 8% to 7.75%.
- The Defined Contribution Plans' net assets decreased \$517 million during calendar year 2008 primarily due to investment losses.
- The Defined Contribution Plans' rates of return for investment options ranged from a high of 4.72 percent to a low of negative 43.38 percent compared to prior year investment option returns of a high of 17.7 percent and a low of negative 3.3 percent.

## Management's Discussion and Analysis

(Continued)



### Overview of the Financial Statements

**T**his discussion and analysis is intended to serve as an introduction to the URS financial reporting which is comprised of the following components:

- 1) basic financial statements,
- 2) notes to the basic financial statements,
- 3) required supplementary information, and
- 4) other supplementary schedules.

Collectively, this information presents the combined net assets held in trust for pension benefits for each of the funds administered by URS as of December 31, 2008. This financial information also summarizes the combined changes in net assets held in trust for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

#### **1) Basic Financial Statements**

For the calendar year ended December 31, 2008, basic financial statements are presented for the fiduciary funds administered by URS. Fiduciary funds are used to account for resources held for the benefit of the participants outside of URS. The fiduciary funds are comprised of eleven pension (and other employee benefit) trust funds which consist of six defined benefit systems and five defined contribution plans.

- The Statements of Fiduciary Net Assets are presented for the pension trust funds at December 31, 2008 with combined total comparative information at December 31, 2007. These financial statements reflect the resources available to pay benefits to members, including retirees and beneficiaries, at the end of the years reported.

- The Statements of Changes in Fiduciary Net Assets are presented for the pension trust funds for the year ended December 31, 2008 with combined total comparative information for the year ended December 31, 2007. These financial statements reflect the changes in the resources available to pay benefits to members, including retirees and beneficiaries, for calendar years 2008 and 2007.

#### **2) Notes to the Basic Financial Statements**

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. Information in the Notes to the Basic Financial Statements is described on the next page.

- Note 1 provides a general description of URS as well as a description of each of the Systems and Plans administered by URS and a summary of benefits. Information regarding employer and member participation in the Systems and Plans administered by URS is also provided.
- Note 2 provides a summary of significant accounting policies including the basis of accounting, investment accounting policies, management's use of estimates, information

## Management's Discussion and Analysis

(Continued)



regarding the implementation of new accounting pronouncements, and other significant accounting policies.

- Note 3 describes deposits, investment risk disclosures, and additional information about cash, securities lending, and derivatives.
- Note 4 explains property and equipment of URS including depreciation and net carrying amounts.
- Note 5 provides information about actuarial values and methods for the defined benefit systems administered by URS.
- Note 6 provides information about contributions to the defined benefit systems administered by URS.
- Note 7 provides information about the funded status of the systems administered by URS.
- Note 8 explains transfers to or from affiliated systems.
- Note 9 describes supplemental benefits.
- Note 10 provides information about litigation.
- Note 11 describes commitments for investment funding.
- Note 12 provides information about pension plan participation.

- Note 13 provides information about URS post employment benefits.
- Note 14 describes compensated absences and insurance reserves.
- Note 15 describes required supplementary information.
- Note 16 provides information about risk management of URS.
- Note 17 provides information about real estate liabilities.
- Note 18 provides information about subsequent events.

### 3) Required Supplementary Information

The required supplementary information consists of two schedules and related notes concerning actuarial information, funded status and required contributions of the defined benefit pension systems administered by URS.

### 4) Other Supplementary Schedules

Other schedules include more detailed information pertaining to the Systems and Plans as well as schedules of administrative expenses.



## Management's Discussion and Analysis

(Continued)



### Financial Analysis of the Systems — Defined Benefit Plans

#### Investments

Investments of the URS Defined Benefit Systems are combined in a commingled investment pool as authorized by state statute. Each system owns an equity position in the pool and receives proportionate investment income from the pool in accordance with each respective ownership percentage.

Each system's allocated share of each type of investment in the pool is shown in the Statement of Net Assets of each respective system. Investment gains or losses are reported in the Statement of Changes in Fiduciary Net Assets of each retirement system. The rate of return on investments is therefore approximately the same for each of the systems.

#### Systems Total Investments

At December 31, 2008, URS Defined Benefit Systems had total net assets of \$15.9 billion, a decrease of \$5.1 billion from calendar year 2007 investment totals. The combined investment portfolio experienced a negative return of 22.3 percent compared with the URS investment benchmark return of negative 21.2 percent. Investment results over time compared with URS benchmarks are presented on page 104 in the Investment Section.

Since the investment loss in all of the retirement systems was about 22.3 percent of net assets, further investment performance will not be evaluated in each respective system.

#### Equities

At December 31, 2008, URS Defined Benefit Systems held \$5.1 billion in U.S. and international equity securities, a decrease of \$3.9 billion from year 2007. U.S. equity and international equity securities had returns of negative 39.5 per-

cent and negative 40.5 percent respectively for calendar year 2008, compared to URS benchmark returns of negative 37.3 percent and negative 45.1 percent respectively.

#### Debt Securities

At December 31, 2008, URS Defined Benefit Systems held \$4.6 billion in U.S. debt and international debt securities, a decrease of \$782.7 million from year 2007. U.S. debt securities returned 1.2 percent while international debt securities returned a negative 2.7 percent in calendar year 2008 compared with URS benchmark returns of 5.2 percent and 4.8 percent respectively.

#### Real Estate

At December 31, 2008, URS Defined Benefit Systems held \$3.3 billion in real estate investments, a decrease of \$491.9 million from year 2007. Real estate investments returned a negative 17.9 percent in calendar year 2008 compared with URS benchmark return of a negative 10.9 percent.

# Management's Discussion and Analysis

(Continued)

## Private Equity

At December 31, 2008, URS Defined Benefit Systems held \$1.4 billion in private equity investments, an increase of \$292.6 million from year 2007. Private equity investments returned 1.6 percent in calendar year 2008. The URS benchmark for private equity investments was a negative 35.0 percent.

## Short Term

At December 31, 2008, URS Defined Benefit Systems held \$1.0 billion in short term investments, a decrease of \$472.2 million from year 2007. Short term investments returned 2.4 percent in calendar year 2008, which compared to the URS benchmark return of 2.1 percent.

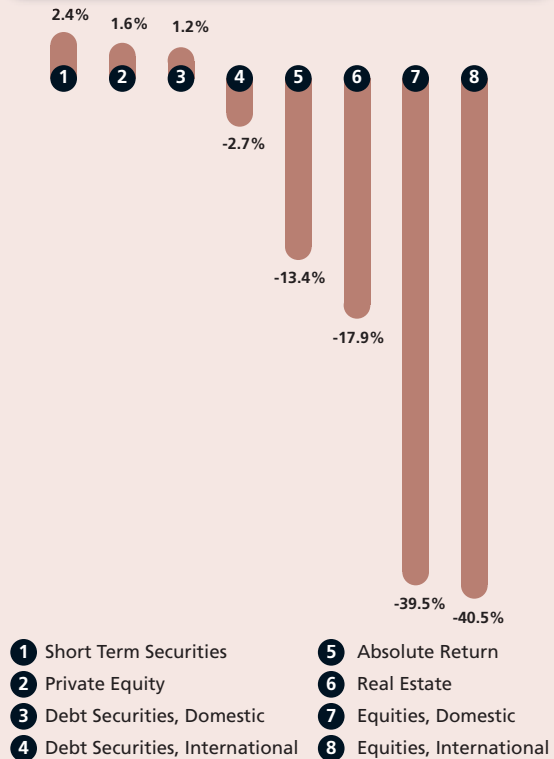
## Absolute Return

At December 31, 2008, URS Defined Benefit Systems held \$2.1 billion in absolute return investments, a decrease of 94.8 million from year 2007. Absolute return investments returned a negative 13.4 percent in calendar year 2008 compared with URS benchmark return of 10.0 percent.

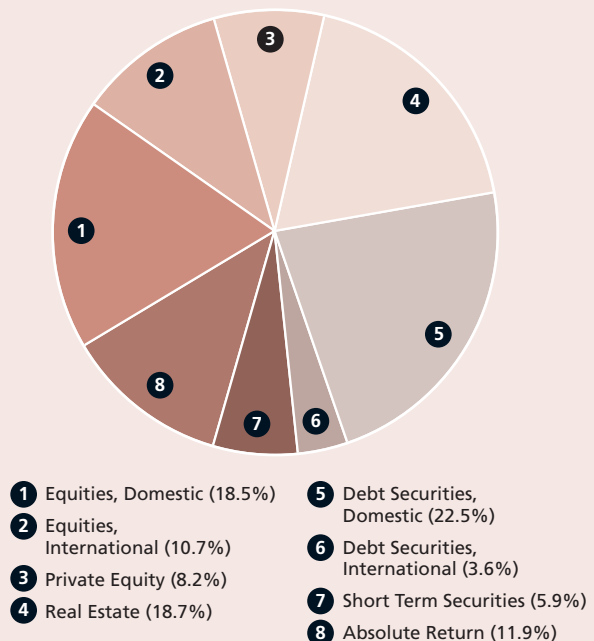
## Security Lending

The Systems earn additional investment income by lending investment securities to brokers. This is done on a pooled basis by URS' custodial bank, The Northern Trust Company (TNT). The brokers provide collateral to TNT and generally use the borrowed securities to cover short sales and failed trades. TNT invests the cash collateral received from the brokers in order to earn interest. At December 31, 2008, the Systems had \$1.1 billion on loan secured by collateral of \$1.1 billion. For calendar year 2008, net securities lending income to the Systems amounted to \$14.9 million, an increase of \$5.2 million over calendar year 2007. The increase in security lending revenue for year 2008 represents mainly an increase in demand by brokers to borrow available securities.

### Defined Benefit Systems Investment Rates of Return by Investment Type for 2008



### Defined Benefit Systems Asset Allocation at Fair Value



## Management's Discussion and Analysis

(Continued)



### Analysis of the Defined Benefit Systems

#### Noncontributory System

**T**he Noncontributory System provides retirement benefits to covered State of Utah, local government and public education employees. Benefits of the system are funded by employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2008 totaled \$12.7 billion, a decrease of \$4.0 billion (24.1 percent) from \$16.8 billion at December 31, 2007.

Additions to the Noncontributory System net assets held in trust for benefits include employer contributions, investment income and transfers. For the calendar year 2008, member and employer contributions increased from \$506.0 million for calendar year 2007 to \$536.8 million, an increase of \$30.8 million (6.1 percent). Contributions increased because salaries and contribution rates increased. The system recognized a net investment loss of \$3.9 billion for calendar year 2008 compared with net investment gain of \$1.0 billion for calendar year 2007. The decrease in investment gain for 2008 compared to 2007 was due to the lower rate of return realized in 2008.

Deductions from the Noncontributory System net assets held in trust for benefits include retirement benefits, administrative expenses and transfers. For the calendar year 2008, benefits amounted to \$662.3 million, an increase of \$49.3 million (8.0 percent) over calendar year 2007. The increase in benefit payments was due to an increased number of benefit recipients and benefit increases. For the calendar year 2008, the costs of administering the system totaled \$8.8 million, an increase of \$464 thousand (5.6 percent) from calendar year 2007.

An actuarial valuation of the Noncontributory System assets and benefit obligations is performed annually. At the

date of the most recent actuarial valuation, January 1, 2008, the funded status of the system decreased to 95.1 percent from 95.8 percent at January 1, 2007. The amount by which the Noncontributory System actuarial assets were under actuarial benefit liabilities was \$826.1 million at January 1, 2008, compared with being under funded by \$637.1 million at January 1, 2007. The decrease in funded status as of the last actuarial valuation was a result of lower than expected investment results over the previous five years and decreasing the investment return assumption from 8% to 7.75%.

#### Contributory System

The Contributory system provides retirement benefits to covered State of Utah, local government and public education employees. Benefits of the system are funded by member and employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2008 totaled \$835.4 million, a decrease of \$295.9 million (26.2 percent) from \$1.1 billion at December 31, 2007.

Additions to the Contributory System net assets held in trust for benefits include employer and member contributions, investment income and transfers. For calendar year 2008, member and employer contributions decreased from

## Management's Discussion and Analysis

(Continued)



\$20.9 million for calendar year 2007 to \$20.4 million, a decrease of \$461 thousand (2.2 percent). Contributions decreased because of the decrease in active employees. For the most part the Contributory System is a closed system. For this reason both the numbers of active members and retired individuals are declining. The system recognized a net investment loss of \$261.2 million for calendar year 2008 compared with net investment gain of \$71.6 million for the calendar year 2007. The decrease in investment gain for 2008 compared to 2007 was due to the lower rate of return realized in 2008.

Deductions from the Contributory System net assets held in trust for benefits include retirement benefits, administrative expenses and transfers. For calendar year 2008, benefits amounted to \$63.6 million, a decrease of \$427 thousand (0.7 percent) from calendar year 2007. The decrease in benefit payments was due to the decrease in the number of retired members in the system. For calendar year 2008, the costs of administering the system totaled \$605 thousand, an increase of \$17 thousand (2.9 percent) from calendar year 2007.

An actuarial valuation of the Contributory System assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2008, the funded status of the system decreased to 94.2 percent from 94.5 percent at January 1, 2007. The amount by which the Contributory System actuarial assets were under actuarial benefit liabilities was \$68.1 million at January 1, 2008, compared with \$58.5 million at January 1, 2007. The decrease in funded status as of the last actuarial valuation was a result of lower than expected investment returns over the previous five years and decreasing the investment return assumption from 8% to 7.75%.

### Public Safety System

The Public Safety System provides retirement benefits to eligible public safety employees of the State of Utah, local governments and higher education. Benefits of the system

are funded by member and employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2008 amounted to \$1.6 billion, a decrease of \$492.2 million (23.4 percent) from \$2.1 billion at December 31, 2007.

Additions to the Public Safety System net assets held in trust for benefits include employer contributions, investment income and transfers. For calendar year 2008, member and employer contributions increased from \$85.5 million for calendar year 2007 to \$96.1 million, an increase of \$10.5 million (12.3 percent). Contributions increased because salaries and contribution rates increased. The system recognized a net investment loss of \$491.0 million for calendar year 2008 compared with net investment gain of \$130.7 million for calendar year 2007. The decrease in investment gain for 2008 compared to 2007 was due to the lower rate of return realized in 2008.

Deductions from the Public Safety System net assets held in trust for benefits include retirement benefits and administrative expenses. For calendar year 2008, benefits amounted to \$99.8 million, an increase of \$7.3 million (7.8 percent) over calendar year 2007. The increase in benefit payments was due to an increased number of benefit recipients and benefit increases. For calendar year 2008, the costs of administering the system totaled \$1.2 million, an increase of \$73 thousand (6.7 percent) from calendar year 2007.

An actuarial valuation of the Public Safety System assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2008, the funded status of the system decreased to 90.7 percent from 91.9 percent at January 1, 2007. The amount by which the Public Safety System actuarial assets were under actuarial benefit liabilities was \$209.2 million at January 1, 2008, compared with being under funded by \$159.8 million at January 1, 2007. The decrease in funded status as of the last actuarial

## Management's Discussion and Analysis

(Continued)

valuation was a result of lower than expected investment returns over the previous five years and decreasing the investment return assumption from 8% to 7.75%.

### Firefighters System

The Firefighters System provides retirement benefits to covered firefighters of the State of Utah and local governments. Benefits of the system are funded by member and employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2008 amounted to \$612.7 million, a decrease of \$202.0 million (24.8 percent) from \$814.7 million at December 31, 2007.

Additions to the Firefighters System net assets held in trust for benefits consist of employer contributions, including insurance premium taxes, investment income and transfers. For calendar year 2008, member and employer contributions decreased from \$23.0 million for calendar year 2007 to \$20.6 million, a decrease of \$2.3 million (10.2 percent). Contributions decreased because insurance premium taxes decreased. The system recognized a net investment loss of \$188.1 million for calendar year 2008 compared with net investment gain of \$50.7 million for calendar year 2007. The decrease in investment gain for 2008 compared to 2007 was due to the lower rate of return realized in 2008.

Deductions from the Firefighters System net assets held in trust for benefits include retirement benefits and administrative expenses. For calendar year 2008, benefits amounted to \$35.6 million, an increase of \$1.5 million (4.3 percent) over calendar year 2007. The increase in benefit payments was due to an increased number of benefit recipients and benefit increases. For calendar year 2008, the costs of administering the system totaled \$379 thousand, an increase of \$23 thousand (6.5 percent) from calendar year 2007.

An actuarial valuation of the Firefighters System assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2008, the funded status of the system decreased to 107.5 percent from 109.5 percent at January 1, 2007. The amount by which the Firefighters System actuarial assets were over actuarial benefit liabilities was \$54.8 million at January 1, 2008, compared with \$61.3 million at January 1, 2007. The decrease in funded status as of the last actuarial valuation was a result of lower than expected investment returns over the previous five years and decreasing the investment return assumption from 8% to 7.75%.

### Judges System

The Judges System provides retirement benefits to judges in the State of Utah who are eligible to participate in the system. Benefits of the system are funded by employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2008 amounted to \$100.9 million, a decrease of \$33.5 million (24.9 percent) from \$134.4 million at December 31, 2007.

Additions to the Judges System net assets held in trust for benefits consist of employer contributions, including court fees, investment income and transfers. For calendar year 2008, member and employer contributions increased from \$3.2 million for calendar year 2007 to \$3.9 million, an increase of \$717 thousand (22.2 percent). Contributions increased because the contribution rate and court fees increased. The system recognized a net investment loss of \$31.1 million for the calendar year 2008 compared with net investment gain of \$8.4 million for calendar year 2007. The decrease in investment gain for 2008 compared to 2007 was due to the lower rate of return realized in 2008.

Deductions from the Judges System net assets held in trust for benefits include retirement benefits and administrative expenses. For calendar year 2008, benefits amounted to \$6.6 million, an increase of \$245 thousand (3.9 percent) over calendar year 2007. The increase in benefit payments was due to an increased number of benefit recipients and benefit increases. For calendar year 2008, the costs of administering the system totaled \$70 thousand, a slight increase over the preceding year.

An actuarial valuation of the Judges System assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2008, the funded status of the system decreased to 95.9 percent from 99.8 percent at January 1, 2007. The amount by which the Judges System actuarial assets were under actuarial benefit liabilities was \$5.5 million at January 1, 2008, compared with \$248 thousand at January 1, 2007. The decrease in funded status as of the last actuarial valuation was a result of lower than expected investment returns over the previous five years and decreasing the investment return assumption from 8% to 7.75%.

### Utah Governors and Legislators Retirement Plan

The Governors and Legislators Retirement Plan provides retirement benefits to governors and legislators of the State of Utah. Benefits of the system are funded by employer contri-

## Management's Discussion and Analysis

(Continued)

### Fiduciary Net Assets — Pension Trust Funds

December 31

(dollars in thousands)

	Noncontributory System			Contributory System			Public Safety System		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
<b>Assets:</b>									
Cash and receivables	\$ 337,079	361,373	244,936	20,836	23,209	16,095	41,920	45,097	30,420
Investments at fair value	14,055,461	18,374,368	17,435,453	924,711	1,242,142	1,230,559	1,784,794	2,310,523	2,183,991
Invested securities lending collateral	884,518	1,452,735	1,747,987	58,192	98,207	123,369	112,318	182,678	218,956
Property and equipment	421	652	1,622	28	44	114	52	82	203
<b>Total assets</b>	<b>15,277,479</b>	<b>20,189,128</b>	<b>19,429,998</b>	<b>1,003,767</b>	<b>1,363,602</b>	<b>1,370,137</b>	<b>1,939,084</b>	<b>2,538,380</b>	<b>2,433,570</b>
<b>Liabilities:</b>									
Securities lending collateral liability	884,518	1,452,735	1,747,987	58,192	98,207	123,369	112,318	182,678	218,956
Investment accounts and other payables	1,678,590	1,984,589	1,863,528	110,205	134,079	131,352	212,709	249,400	233,122
<b>Total liabilities</b>	<b>2,563,108</b>	<b>3,437,324</b>	<b>3,611,515</b>	<b>168,397</b>	<b>232,286</b>	<b>254,721</b>	<b>325,027</b>	<b>432,078</b>	<b>452,078</b>
<b>Total net assets</b>	<b>\$12,714,371</b>	<b>16,751,804</b>	<b>15,818,483</b>	<b>835,370</b>	<b>1,131,316</b>	<b>1,115,416</b>	<b>1,614,057</b>	<b>2,106,302</b>	<b>1,981,492</b>

### Changes in Fiduciary Net Assets — Pension Trust Funds

Year Ended December 31

(dollars in thousands)

	Noncontributory System			Contributory System			Public Safety System		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
<b>Additions:</b>									
Contributions	\$ 536,843	506,048	463,067	20,447	20,908	20,271	96,058	85,509	75,033
Investment income (loss)	(3,888,624)	1,041,414	2,006,738	(261,227)	71,640	144,012	(491,024)	130,655	250,813
Transfers from affiliated systems	—	7,173	112	9,008	—	—	3,727	2,323	3,284
<b>Total additions</b>	<b>(3,351,781)</b>	<b>1,554,635</b>	<b>2,469,917</b>	<b>(231,772)</b>	<b>92,548</b>	<b>164,283</b>	<b>(391,239)</b>	<b>218,487</b>	<b>329,130</b>
<b>Deductions:</b>									
Pension benefits	659,792	609,526	533,248	62,096	61,678	58,546	98,944	91,864	82,499
Refunds	2,514	3,443	2,763	1,473	2,318	1,789	899	723	562
Administrative expenses	8,809	8,345	7,862	605	588	576	1,163	1,090	1,028
Transfers to affiliated systems	14,537	—	—	—	12,064	6,481	—	—	—
<b>Total deductions</b>	<b>685,652</b>	<b>621,314</b>	<b>543,873</b>	<b>64,174</b>	<b>76,648</b>	<b>67,392</b>	<b>101,006</b>	<b>93,677</b>	<b>84,089</b>
<b>Increase (decrease) in net assets</b>	<b>\$(4,037,433)</b>	<b>933,321</b>	<b>1,926,044</b>	<b>(295,946)</b>	<b>15,900</b>	<b>96,891</b>	<b>(492,245)</b>	<b>124,810</b>	<b>245,041</b>

# Management's Discussion and Analysis

(Continued)

Firefighters System			Judges System			Utah Governors and Legislators Retirement Plan			Total Defined Benefit Pension Plans			2008	2007
2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	Percent Change	Percent Change
15,006	19,194	10,839	2,629	2,977	1,902	208	240	165	417,678	452,090	304,357	(7.6)%	48.5%
678,539	891,700	856,397	111,560	147,281	141,487	9,612	13,402	13,431	17,564,677	22,979,416	21,861,318	(23.6)	5.1
42,701	70,500	85,858	7,020	11,645	14,185	605	1,060	1,346	1,105,354	1,816,825	2,191,701	(39.2)	(17.1)
21	32	79	3	5	13	—	—	1	525	815	2,032	(35.6)	(59.9)
736,267	981,426	953,173	121,212	161,908	157,587	10,425	14,702	14,943	19,088,234	25,249,146	24,359,408	(24.4)	3.7
42,701	70,500	85,858	7,020	11,645	14,185	605	1,060	1,346	1,105,354	1,816,825	2,191,701	(39.2)	(17.1)
80,867	96,252	93,539	13,297	15,899	15,103	1,145	1,446	1,434	2,096,813	2,481,665	2,338,078	(15.5)	6.1
123,568	166,752	179,397	20,317	27,544	29,288	1,750	2,506	2,780	3,202,167	4,298,490	4,529,779	(25.5)	(5.1)
612,699	814,674	773,776	100,895	134,364	128,299	8,675	12,196	12,163	15,886,067	20,950,656	19,829,629	(24.2)%	5.7%

Firefighters System			Judges System			Utah Governors and Legislators Retirement Plan			Total Defined Benefit Pension Plans			2008	2007
2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	Percent Change	Percent Change
20,647	22,991	17,279	3,940	3,223	2,728	—	—	—	677,935	638,679	578,378	6.1%	10.4%
(188,095)	50,738	98,566	(31,053)	8,401	16,287	(2,763)	780	1,589	(4,862,786)	1,303,628	2,518,005	(473.0)	(48.2)
1,491	1,709	1,825	294	841	1,242	17	18	18	14,537	12,064	6,481	20.5	86.1
(165,957)	75,438	117,670	(26,819)	12,465	20,257	(2,746)	798	1,607	(4,170,314)	1,954,371	3,102,864	(313.4)	(37.0)
35,355	33,936	29,497	6,580	6,335	5,251	763	758	758	863,530	804,097	709,799	7.4	13.3
284	248	114	—	—	—	7	2	—	5,177	6,734	5,228	(23.1)	28.8
379	356	345	70	65	60	5	5	5	11,031	10,449	9,876	5.6	5.8
—	—	—	—	—	—	—	—	—	14,537	12,064	6,481	20.5	86.1
36,018	34,540	29,956	6,650	6,400	5,311	775	765	763	894,275	833,344	731,384	7.3	13.9
(201,975)	40,898	87,714	(33,469)	6,065	14,946	(3,521)	33	844	(5,064,589)	1,121,027	2,371,480	(551.8)%	(52.7)%

## Management's Discussion and Analysis

(Continued)



butions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2008 amounted to \$8.7 million, a decrease of \$3.5 million (28.9 percent) from \$12.2 million at December 31, 2007.

Additions to the Governors and Legislators Retirement Plan net assets held in trust for benefits include investment income and transfers. No employer contributions were needed for this plan because of the current over funded status. The system recognized a net investment loss of \$2.8 million for calendar year 2008 compared with net investment gain of \$780 thousand for calendar year 2007. The decrease in investment gain for 2008 compared to 2007 was due to the lower rate of return realized in 2008.

Deductions from the Governors and Legislators Retirement Plan net assets held in trust for benefits include retirement benefits and administrative expenses. For calendar year 2008, retirement benefits amounted to \$771 thousand, an increase of \$10 thousand (1.3 percent) from calendar year 2007. The increase in benefit payments was due to an increase in the number of benefit recipients. For calendar year 2008, the costs of administering the system totaled \$5 thousand, a slight increase over the preceding year.

An actuarial valuation of the Governors and Legislators Retirement Plan assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2008, the funded status of the system decreased to 119.0 percent from 119.2 percent at January 1, 2007. The amount by which the Governors and Legislators Retirement Plan actuarial assets were over actuarial benefit liabilities was \$1.9 million at January 1, 2008, compared with \$1.8 million at January 1, 2007. The decrease in funded status as of the last actuarial valuation was a result of lower than expected investment returns over the previous five years and decreasing the investment return assumption from 8% to 7.75%.

## Actuarial Valuations and Funding Progress

**A**ctuarial valuation of each defined benefit system is performed annually. At January 1, 2008, the date of the most recent actuarial valuation, the average funded ratio of the Systems was 95.1 percent. This was a decrease from the Systems' January 1, 2007 valuation average funded ratio of 95.8 percent, a decrease in funded status of 0.7 percent. As of December 31, 2008, the Systems' average funded ratio had decreased to 84.1 percent. This was a decrease in the Systems' funded ratio of 11.0 percent for calendar year 2008. The funded ratio decrease for all systems was the result of lower than expected investment returns over the previous five years and decreasing the investment return assumption from 8% to 7.75%.

At December 31, 2008 the Systems' underfunded actuarial accrued liability was \$3.1 billion. This was a net increase in the unfunded position of \$2.6 billion for the year. At December 31, 2008 the difference between the actuarial value of assets and market value of assets was \$3.2 billion in actuarially deferred losses. This was an increase of \$3.9 billion in actuarially deferred losses from the \$681.6 million in actuarially deferred losses at January 1, 2008. These actuarially deferred losses will be recognized by the actuary over the next four years.



## Management's Discussion and Analysis

(Continued)



### Analysis of the Defined Contribution Savings Plans

#### 401(k) Defined Contribution Plan

The 401(k) Plan is established under section 401(k) of the Internal Revenue Code. This plan provides supplemental retirement benefits for plan participants. The plan is funded by contributions and by investment earnings. The plan net assets held in trust for benefits at December 31, 2008 amounted to \$2.1 billion, a decrease of \$472.2 million (18.1 percent) over net assets at December 31, 2007.

Additions to the 401(k) Plan net assets held in trust for benefits include contributions, rollovers, and investment income. For calendar year 2008, contributions increased from those of calendar year 2007 from \$226.0 million to \$230.0 million, an increase of \$4.0 million (1.8 percent). Contributions increased because of increased participation. The plan recognized a net investment loss of \$554.2 million for calendar year 2008 compared with a net investment gain of \$137.4 million for calendar year 2007.

Deductions from the 401(k) Plan net assets include participant and beneficiary refunds, and administrative expenses. For calendar year 2008, refunds amounted to \$141.9 million, a decrease of \$276 thousand (0.2 percent) over calendar year 2007. The decrease in refunds was due to a decrease in withdrawals for calendar year 2008. For calendar year 2008, the costs of administering the plan amounted to \$6.1 million, an increase of \$502 thousand over calendar year 2007.

Benefit obligations of the 401(k) Defined Contribution Plan are equal to the member account balances, which are equal to net assets of the plan.

#### 457 Defined Contribution Plan

The 457 Plan is established under Section 457(b) of the Internal Revenue Code. This plan provides supplemental retirement benefits for plan participants. The plan is funded by contributions and by investment earnings. The plan net assets held in trust for benefits at December 31, 2008 amounted to \$229.5 million, a decrease of \$47.6 million (17.2 percent) over net assets at December 31, 2007.

Additions to the 457 Plan net assets held in trust for benefits include contributions and investment income. For calendar year 2008, contributions increased from those of calendar year 2007 from \$26.3 million to \$29.0 million or an increase of \$2.7 million (10.3 percent). Contributions increased because of increased participation. The plan recognized a net investment loss of \$57.3 million for calendar year 2008 compared with a net investment gain of \$14.0 million for the calendar year 2007.

Deductions from the 457 Plan net assets include participant and beneficiary refunds and administrative expenses. For calendar year 2008, refunds amounted to \$18.7 million, a decrease of \$2.8 million (10.3 percent) over calendar year 2007. The decrease in refunds was due to a decrease in with-

## Management's Discussion and Analysis

(Continued)



drawals for calendar year 2008. For calendar year 2008, the costs of administering the plan amounted to \$665 thousand, an increase of \$74 thousand over calendar year 2007.

Benefit obligations of the 457 Defined Contribution Plan are equal to the member account balances, which are equal to net assets of the plan.

### Roth IRA Plan

The Roth IRA is a “deemed IRA” authorized by section 408(q) of the Internal Revenue Code, and governed by section 408A of the code. This plan allows participants to make after-tax contributions, while the earnings may be withdrawn tax-free (for qualified distributions). The plan net assets held in trust for benefits at December 31, 2008 amounted to \$7.1 million, an increase of \$752 thousand (11.9 percent) over net assets at December 31, 2007.

Additions to the Roth IRA Plan include contributions, transfers from other Roth IRAs, conversions from traditional IRAs, and investment earnings. For calendar year 2008, contributions increased from those of calendar year 2007 from \$2.7 million to \$3.3 million (21.9 percent). Contributions increased because of increased participation. The plan recognized a net investment loss of \$2.1 million for calendar year 2008 compared with a net investment gain of \$208 thousand for calendar year 2007.

Deductions from the Roth IRA Plan net assets include participant and beneficiary refunds and administrative expenses. For calendar year 2008, refunds amounted to \$524 thousand, an increase of \$332 thousand (172.9 percent) over calendar year 2007. For calendar year 2008, the costs of administering the plan amounted to \$19 thousand, an increase of \$6 thousand over calendar year 2007.

### Traditional IRA Plan

The traditional IRA is a “deemed IRA” authorized by section 408(q) of the Internal Revenue Code, and governed by section 408 of the code. This plan allows participants to make after-tax contributions and possibly deduct all or a portion of the contributions from their current taxable income. This plan also allows participants to consolidate many other eligible plan assets when they become eligible for rollover (such as 401(k), 457, and other IRAs). Participants may also convert traditional IRA funds into a Roth IRA. The plan net assets held in trust for benefits at December 31, 2008 amounted to \$19.2 million, an increase of \$1.4 million (7.6 percent) over net assets at December 31, 2007.

Additions to the traditional IRA Plan include contributions, rollovers, and investment earnings. For calendar year 2008, contributions increased from those of calendar year 2007 from \$7.39 million to \$7.43 million (0.6 percent). Contributions increased because of increased rollovers. The plan recognized a net investment loss of \$3.5 million for calendar year 2008 compared with a net investment gain of \$650 thousand for calendar year 2007.

Deductions from the traditional IRA Plan net assets include participant and beneficiary refunds and administrative expenses. For calendar year 2008, refunds amounted to \$2.5 million, a decrease of \$47 thousand (1.8 percent) over calendar year 2007. For calendar year 2008, the costs of administering the plan amounted to \$46 thousand, an increase of \$10 thousand over calendar year 2007.

# Management's Discussion and Analysis

(Continued)

## Health Reimbursement Arrangement

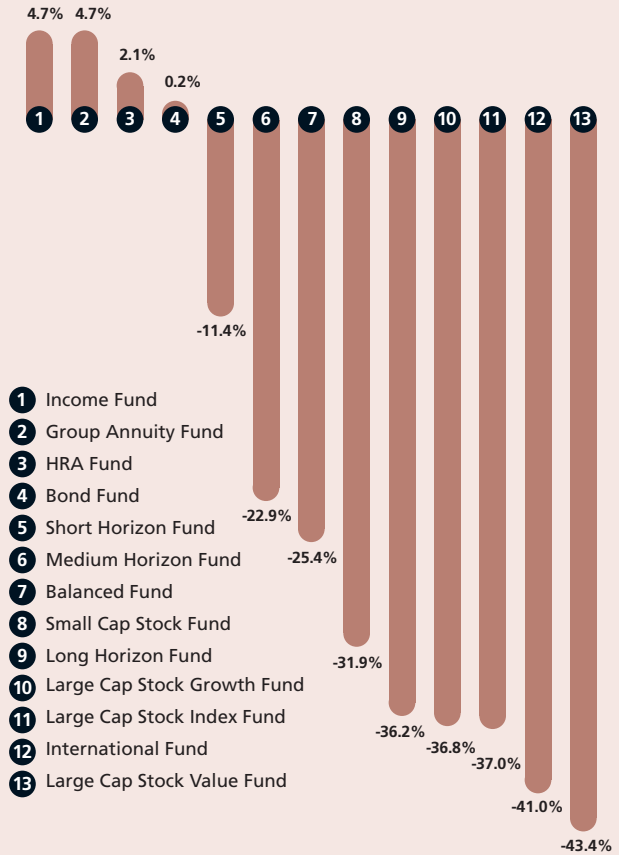
The Health Reimbursement Arrangement (HRA) is a tax-advantaged health savings plan for state employees funded by employer contributions to pay for qualified health care expenses incurred after retirement. No employee contributions are permitted. The plan net assets held in trust for benefits at December 31, 2008 amounted to \$1.5 million, an increase of \$861 thousand (125.7 percent) over the net assets at December 31, 2007.

Additions to the HRA include contributions and investment earnings. For calendar year 2008, contributions increased from those of calendar year 2007 from \$664 thousand to \$1.1 million (70.0 percent). Contributions increased because of the number of state retirees and an increase in the average amount deposited by the employer in behalf of the retiree.

Deductions from the HRA Plan net assets include participant and beneficiary refunds and administrative expense. For calendar year 2008 refunds amounted to \$288 thousand, an increase of \$162 thousand (128.6 percent) over calendar year 2007. The increase in refunds was due to an increase in withdrawals for calendar year 2008.

Benefit obligations of the HRA plan are equal to the member account balance, which are equal to net assets of the plan.

## Defined Contribution Savings Plans Investment Option Rates of Return Type for 2008



## Defined Contribution Comparative Annualized Rates of Return

December 31, 2008

Investment Option	2008	2007
Income Fund	4.7%	5.0%
Bond Fund	0.2	4.9
Balanced Fund	(25.4)	7.6
Large Cap Stock Value Fund	(43.4)	0.0
Large Cap Stock Index Fund	(37.0)	5.3
Large Cap Stock Growth Fund	(36.8)	17.7
International Fund	(41.0)	8.9
Small Cap Stock Fund	(36.2)	(3.3)
Short Horizon Fund	(11.4)	5.3
Medium Horizon Fund	(22.9)	5.9
Long Horizon Fund	(31.9)	5.8
HRA Fund	2.1	5.0
Group Annuity Fund	4.7	4.8

## Management's Discussion and Analysis

(Continued)

### Fiduciary Net Assets — Defined Contribution Savings Plans

December 31

(dollars in thousands)

	401(k) Plan			457 Plan			Roth IRA Plan		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
<b>Assets:</b>									
Cash and receivables	\$ 57,445	56,327	54,022	4,224	3,844	3,513	12	29	30
Investments at fair value	2,080,078	2,533,146	2,339,209	225,591	273,453	255,557	7,083	6,331	3,558
Invested securities lending collateral	78,336	165,123	58,796	8,191	17,451	5,204	393	559	115
Total assets	2,215,859	2,774,596	2,452,027	238,006	294,748	264,274	7,488	6,919	3,703
<b>Liabilities:</b>									
Securities lending liability	78,336	165,123	58,796	8,191	17,451	5,204	393	559	115
Investment accounts and other payables	5,578	5,325	4,675	346	234	255	7	24	—
Total liabilities	83,914	170,448	63,471	8,537	17,685	5,459	400	583	115
Total net assets	\$2,131,945	2,604,148	2,388,556	229,469	277,063	258,815	7,088	6,336	3,588

### Changes in Fiduciary Net Assets — Defined Contribution Savings Plans

Year Ended December 31

(dollars in thousands)

	401(k) Plan			457 Plan			Roth IRA Plan		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
<b>Additions:</b>									
Contributions	\$ 229,981	225,975	193,515	29,021	26,303	23,282	3,346	2,745	2,351
Investment income (loss)	(554,176)	137,399	226,668	(57,267)	14,025	24,210	(2,051)	208	283
Total additions	(324,195)	363,374	420,183	(28,246)	40,328	47,492	1,295	2,953	2,634
<b>Deductions:</b>									
Refunds	141,904	142,180	130,718	18,683	21,489	18,138	524	192	67
Administrative expenses	6,104	5,602	5,371	665	591	570	19	13	6
Total deductions	148,008	147,782	136,089	19,348	22,080	18,708	543	205	73
Increase (decrease) in net assets	\$ (472,203)	215,592	284,094	(47,594)	18,248	28,784	752	2,748	2,561

# Management's Discussion and Analysis

(Continued)

Traditional IRA Plan			Health Reimbursement Arrangement (HRA)			Total Defined Contribution Plans			2008 Percent Change	2007 Percent Change
2008	2007	2006	2008	2007	2006	2008	2007	2006		
60	19	5	—	83	20	61,741	60,302	57,590	2.4%	4.7%
19,251	17,831	12,438	1,546	602	109	2,333,549	2,851,363	2,610,871	(18.2)	9.2
559	1,021	521	—	—	—	87,479	184,154	64,636	(52.5)	184.9
19,870	18,871	12,964	1,546	685	129	2,482,769	3,095,819	2,733,097	(19.8)	13.3
559	1,021	521	—	—	—	87,479	184,154	64,636	(52.5)	184.9
117	10	15	—	—	—	6,048	5,593	4,945	8.1	13.1
676	1,031	536	—	—	—	93,527	189,747	69,581	(50.7)	172.7
19,194	17,840	12,428	1,546	685	129	2,389,242	2,906,072	2,663,516	(17.8)%	9.1%

Traditional IRA Plan			Health Reimbursement Arrangement (HRA)			Total Defined Contribution Plans			2008 Percent Change	2007 Percent Change
2008	2007	2006	2008	2007	2006	2008	2007	2006		
7,433	7,390	6,069	1,129	664	161	270,910	263,077	225,378	3.0%	16.7%
(3,488)	650	1,061	23	19	2	(616,959)	152,301	252,224	(505.1)	(39.6)
3,945	8,040	7,130	1,152	683	163	(346,049)	415,378	477,602	(183.3)	(13.0)
2,545	2,592	1,232	288	126	34	163,944	166,579	150,189	(1.6)	10.9
46	36	26	3	1	—	6,837	6,243	5,973	9.5	4.5
2,591	2,628	1,258	291	127	34	170,781	172,822	156,162	(1.2)	10.7
1,354	5,412	5,872	861	556	129	(516,830)	242,556	321,440	(313.1)%	(24.5)%

## Utah Retirement Systems

## Basic Financial Statements

Statements of Fiduciary Net Assets —  
Pension (and Other Employee Benefit) Trust Funds

December 31, 2008

With Comparative Totals

for December 31, 2007

*( i n t h o u s a n d s )*

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan
<b>Assets:</b>						
Cash	\$ 3,457	2	16	2	1	1
Receivables:						
Member contributions	—	388	49	421	—	—
Employer contributions	31,538	572	3,495	—	—	—
Court fees and fire insurance tax	—	—	—	—	230	—
Investments	302,084	19,874	38,360	14,583	2,398	207
Total receivables	333,622	20,834	41,904	15,004	2,628	207
Investments at fair value:						
Short term securities, domestic	827,774	54,459	105,112	39,961	6,570	566
Short term securities, international	5,005	330	636	242	40	3
Debt securities, domestic	3,153,178	207,448	400,398	152,222	25,027	2,156
Debt securities, international	509,836	33,542	64,740	24,613	4,047	349
Equity investments, domestic	2,596,886	170,849	329,758	125,366	20,612	1,776
Equity investments, international	1,500,024	98,687	190,477	72,415	11,906	1,026
Absolute return	1,678,417	110,423	213,129	81,027	13,322	1,148
Private equity	1,154,125	75,930	146,553	55,717	9,160	789
Real estate	2,624,738	172,682	333,297	126,711	20,833	1,795
Mortgage loans	5,478	361	694	265	43	4
Investment contracts	—	—	—	—	—	—
Total investments	14,055,461	924,711	1,784,794	678,539	111,560	9,612
Invested securities lending collateral	884,518	58,192	112,318	42,701	7,020	605
Property and equipment at cost, net of accumulated depreciation	421	28	52	21	3	—
Total assets	15,277,479	1,003,767	1,939,084	736,267	121,212	10,425
<b>Liabilities:</b>						
Securities lending collateral liability	884,518	58,192	112,318	42,701	7,020	605
Disbursements in excess of cash balance	18,483	1,216	2,347	892	147	13
Compensated absences, post employment benefits and insurance reserve	10,022	659	1,273	484	80	7
Investment accounts payable	664,564	43,492	83,946	31,914	5,247	452
Real estate liabilities	985,521	64,838	125,143	47,577	7,823	673
Total liabilities	2,563,108	168,397	325,027	123,568	20,317	1,750
Net assets held in trust for pension benefits (see supplemental schedules of funding progress, page 68)	\$12,714,371	835,370	1,614,057	612,699	100,895	8,675

The accompanying notes are an integral part of the financial statements.

Defined Benefit Pension Plans	Defined Contribution Plans						Total Pension Trust Funds		
	Total Defined Benefit Pension Plans	401(k) Plan	457 Plan	Roth IRA Plan	Traditional IRA Plan	Health Reimbursement Arrangement	Total Defined Contribution Plans	2008	2007
								2008	2007
3,479	3,540	84	12	60	—	3,696	7,175	6,174	
858	—	—	—	—	—	—	858	1,165	
35,605	—	—	—	—	—	—	35,605	36,451	
230	—	—	—	—	—	—	230	3,151	
377,506	53,905	4,140	—	—	—	58,045	435,551	465,451	
414,199	53,905	4,140	—	—	—	58,045	472,244	506,218	
1,034,442	—	—	—	—	1,546	1,546	1,035,988	1,507,374	
6,256	—	—	—	—	—	—	6,256	6,116	
3,940,429	1,111,824	114,803	2,989	13,197	—	1,242,813	5,183,242	5,855,655	
637,127	—	—	—	—	—	—	637,127	573,227	
3,245,247	747,735	77,918	3,087	4,596	—	833,336	4,078,583	7,325,392	
1,874,535	193,365	20,804	1,007	1,458	—	216,634	2,091,169	3,400,888	
2,097,466	—	—	—	—	—	—	2,097,466	2,192,308	
1,442,274	—	—	—	—	—	—	1,442,274	1,149,645	
3,280,056	—	—	—	—	—	—	3,280,056	3,771,930	
6,845	—	—	—	—	—	—	6,845	6,845	
—	27,154	12,066	—	—	—	39,220	39,220	41,399	
17,564,677	2,080,078	225,591	7,083	19,251	1,546	2,333,549	19,898,226	25,830,779	
1,105,354	78,336	8,191	393	559	—	87,479	1,192,833	2,000,979	
525	—	—	—	—	—	—	525	815	
19,088,234	2,215,859	238,006	7,488	19,870	1,546	2,482,769	21,571,003	28,344,965	
1,105,354	78,336	8,191	393	559	—	87,479	1,192,833	2,000,979	
23,098	194	48	—	50	—	292	23,390	18,438	
12,525	—	—	—	—	—	—	12,525	15,539	
829,615	5,384	298	7	67	—	5,756	835,371	968,282	
1,231,575	—	—	—	—	—	—	1,231,575	1,484,999	
3,202,167	83,914	8,537	400	676	—	93,527	3,295,694	4,488,237	
15,886,067	2,131,945	229,469	7,088	19,194	1,546	2,389,242	18,275,309	23,856,728	

## Utah Retirement Systems

# Basic Financial Statements

## Statements of Changes in Fiduciary Net Assets — Pension (and Other Employee Benefit) Trust Funds

Year Ended December 31, 2008

With Comparative Totals for the Year Ended  
December 31, 2007

( i n t h o u s a n d s )

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan
<b>Additions:</b>						
Contributions:						
Member	\$ 14,110	9,410	2,159	10,428	138	—
Employer	522,733	11,037	93,899	—	1,730	—
Court fees and fire insurance tax	—	—	—	10,219	2,072	—
Total contributions	536,843	20,447	96,058	20,647	3,940	—
Investment income:						
Net appreciation (depreciation) in fair value of investments	(4,245,074)	(285,172)	(536,033)	(205,336)	(33,900)	(3,016)
Interest, dividends and other investment income	382,637	25,704	48,316	18,508	3,056	272
Total income (loss) from investment activity	(3,862,437)	(259,468)	(487,717)	(186,828)	(30,844)	(2,744)
Less investment expenses	38,070	2,557	4,807	1,842	304	27
Net income (loss) from investment activity	(3,900,507)	(262,025)	(492,524)	(188,670)	(31,148)	(2,771)
Income from security lending activity	11,883	798	1,500	575	95	8
Net investment income	(3,888,624)	(261,227)	(491,024)	(188,095)	(31,053)	(2,763)
Transfers from affiliated systems	—	9,008	3,727	1,491	294	17
Total additions	(3,351,781)	(231,772)	(391,239)	(165,957)	(26,819)	(2,746)
<b>Deductions:</b>						
Retirement benefits	551,391	44,218	83,142	27,792	5,201	606
Cost of living benefits	108,401	17,309	15,317	7,093	1,379	157
Supplemental retirement benefits	—	569	485	470	—	—
Refunds	2,514	1,473	899	284	—	7
Administrative expenses	8,809	605	1,163	379	70	5
Transfers to affiliated systems	14,537	—	—	—	—	—
Total deductions	685,652	64,174	101,006	36,018	6,650	775
Increase (decrease) from operations	(4,037,433)	(295,946)	(492,245)	(201,975)	(33,469)	(3,521)
Net assets held in trust for pension benefits beginning of year	16,751,804	1,131,316	2,106,302	814,674	134,364	12,196
Net assets held in trust for pension benefits end of year	\$12,714,371	835,370	1,614,057	612,699	100,895	8,675

The accompanying notes are an integral part of the financial statements.



Defined Benefit Pension Plans	Defined Contribution Plans						Total Pension Trust Funds	
	401(k) Plan	457 Plan	Roth IRA Plan	Traditional IRA Plan	Health Reimbursement Arrangement	Total Defined Contribution Plans	2008	2007
36,245	229,981	29,021	3,346	7,433	—	269,781	306,026	303,908
629,399	—	—	—	—	1,129	1,129	630,528	582,201
12,291	—	—	—	—	—	—	12,291	15,647
677,935	229,981	29,021	3,346	7,433	1,129	270,910	948,845	901,756
(5,308,531)	(557,817)	(57,991)	(2,047)	(3,472)	23	(621,304)	(5,929,835)	896,363
478,493	5,423	902	—	—	—	6,325	484,818	616,668
(4,830,038)	(552,394)	(57,089)	(2,047)	(3,472)	23	(614,979)	(5,445,017)	1,513,031
47,607	2,836	290	8	23	—	3,157	50,764	67,340
(4,877,645)	(555,230)	(57,379)	(2,055)	(3,495)	23	(618,136)	(5,495,781)	1,445,691
14,859	1,054	112	4	7	—	1,177	16,036	10,238
(4,862,786)	(554,176)	(57,267)	(2,051)	(3,488)	23	(616,959)	(5,479,745)	1,455,929
14,537	—	—	—	—	—	—	14,537	12,064
(4,170,314)	(324,195)	(28,246)	1,295	3,945	1,152	(346,049)	(4,516,363)	2,369,749
712,350	—	—	—	—	—	—	712,350	667,423
149,656	—	—	—	—	—	—	149,656	134,899
1,524	—	—	—	—	—	—	1,524	1,775
5,177	141,904	18,683	524	2,545	288	163,944	169,121	173,313
11,031	6,104	665	19	46	3	6,837	17,868	16,692
14,537	—	—	—	—	—	—	14,537	12,064
894,275	148,008	19,348	543	2,591	291	170,781	1,065,056	1,006,166
(5,064,589)	(472,203)	(47,594)	752	1,354	861	(516,830)	(5,581,419)	1,363,583
20,950,656	2,604,148	277,063	6,336	17,840	685	2,906,072	23,856,728	22,493,145
15,886,067	2,131,945	229,469	7,088	19,194	1,546	2,389,242	18,275,309	23,856,728

# Notes to the Basic Financial Statements

December 31, 2008

Note 1

## Description of Systems and Plans

**1** A brief description of the Utah Retirement Systems (Systems) and 401(k), 457, Roth and Traditional IRA Plans (Plans), and Health Reimbursement Arrangement (HRA) follows. For a more complete description of plan provisions, membership and benefit statistics, see the Systems Highlights on pages 12 through 24 and Summaries of Plan Provisions on pages 128 through 139.

### A) General Information and Reporting Entity

**General** — The Utah Retirement Systems are comprised of the following pension trust funds:

- i) the **Public Employees Noncontributory Retirement System (Noncontributory System)**; the **Public Employees Contributory Retirement System (Contributory System)**; and the **Firefighters Retirement System** which are multiple-employer, cost sharing, public employee retirement systems;
- ii) the **Public Safety Retirement System** which is a mixed agent and cost-sharing, multiple-employer retirement system;
- iii) the **Judges Retirement System** and the **Utah Governors and Legislators Retirement Plan** which are single-employer service-employee retirement systems; and
- iv) five defined contribution plans comprised of the **401(k) Plan, 457 Plan, Roth and Traditional IRA Plans, and HRA.**

These Systems and Plans cover employees of the State of Utah and participating local government and public education entities.

**Reporting Entity** — These basic financial statements cover all of the foregoing retirement systems and defined

contribution plans administered by the Utah State Retirement Board (Board), the sole governing body for these Systems and Plans.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems and Plans under the direction of the Board, whose members are appointed by the Governor. The Plans are established under the authority of the same sections of the Utah Code Annotated 1953, as amended, as well as under Sections 401(k), 457, 408 and 408A of the Internal Revenue Code. The Plans may be amended by the Board within the parameters of the Internal Revenue Code. The Systems and Plans are fiduciary funds defined as pension (and other employee benefit) trust funds. Utah Retirement Systems are a component unit of the State of Utah.

### B) Retirement and Death Benefits

Retirement Systems' benefits are specified by the statute listed in note 1(A). The Retirement Systems are defined benefit plans wherein benefits are based on age and/or years of service and highest average salary. Various plan options within the Systems may be selected by retiring members. Some options require actuarial reductions based on attained

## Utah Retirement Systems

Notes to the Basic  
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(Continued)

December 31, 2008



age, age of spouse and similar actuarial factors. A brief summary of eligibility and benefits of the various Systems is shown in the table below.

The Utah Governors and Legislators Retirement Plan provides the following benefits. Former governors at age 65 receive \$1,200 per month per term. Legislators receive a benefit at age 65 with four or more years of service at the rate of \$26.40 per month per year of service. Retirement at age 62 with ten or more years of service will receive an actuarial reduction. Both the governors' and legislators' benefits are adjusted based on the CPI limited to 4% of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of

employment, members of the Systems may leave their retirement account intact for future benefits based on vesting qualification or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

**C) Defined Contribution Plans**

The 401(k), 457, Roth and Traditional IRA Plans, and HRA administered by the Board are defined contribution plans. These Plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems. Contributions may be made into the Plans subject to plan and Internal Revenue Code limitations by employees of employers sponsoring the Plans. Employer contributions may be made

### Summary of Benefits by System

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System
<b>Final average salary is</b>	Highest 3 years	Highest 5 years	Highest 3 years		Highest 2 years
<b>Years of service required and/or age eligible for benefit</b>	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	20 years any age 10 years age 60 4 years age 65		25 years any age 20 years age 55* 10 years age 62 6 years age 70
<b>Benefit percent per year of service**</b>	2.0% per year all years	1.25% per year to June 1975  2.00% per year July 1975 to present	2.5% per year up to 20 years 2.0% per year over 20 years  Benefit cannot exceed 70% of final average salary		5.00% first 10 years 2.25% second 10 years 1.00% over 20 years  Benefit cannot exceed 75% of final average salary

**Note:** The Utah Governors and Legislators Retirement Plan benefits are explained in the second paragraph of section B) above.

\* With actuarial reductions.

\*\*For members and retirees in the systems, prior to January 1, 1990, there may be a 3% benefit enhancement.

## Utah Retirement Systems

## Notes to the Basic Financial Statements (Continued)

December 31, 2008

into the 401(k) and 457 Plans at rates determined by the employers and according to Utah Title 49. There are 361 employers participating in the 401(k) Plan and 150 employers participating in the 457 Plan. There are 143,360 plan participants in the 401(k) Plan, 16,880 participants in the 457 Plan, 1,639 participants in the Roth IRA Plan, 435 participants in the Traditional IRA Plan, and 742 in the HRA.

After termination of employment, benefits are paid out to individuals in lump-sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The defined contribution Plans account balances are fully vested to the participants at the time of deposit.

Investments in the defined contribution Plans are individually directed and controlled by plan participants who direct the investment of their funds among several investment options of varying degrees of risk and earnings potential. Participants may transfer their funds between these options no more frequently than every seven days. There is also a 2% trading fee for investment transfers between core fund options more frequently than every thirty days. Investments of the Plans are reported at fair value.

#### D) Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Board. Employee contributions may be paid in part or in whole by the employer. Contributions in some Systems are also augmented by fees or insurance premium taxes. Contribution rates are listed in note 6.

Employee (member) contributions are placed into member accounts, and in systems where it is authorized, interest

is credited to member accounts. Upon termination of employment, a member may withdraw their account balance, including interest which has been credited. Upon withdrawal a member forfeits the service credit which corresponds to the member contributions withdrawn. The noncontributory retirement systems have no member contributions flowing into them. However, where members had a balance transferred in or purchased service credit in the system, these balances and on-going interest, where authorized, are credited to individual member accounts which may be withdrawn upon the termination of employment.

In the 401(k) and 457 defined contribution plans, voluntary deferral of compensation within the limits of plan provisions may be made by employees. In addition to employee voluntary deferrals, employer contributions may be made into the Plans in behalf of employees. The recognition of deferred compensation, employer contributions and earnings on the accounts are deferred for income tax purposes until actually paid to the participant or beneficiary. The employee may also contribute to the Roth and traditional deemed IRAs where earnings may grow tax deferred and possibly tax free.

#### E) Covered Employees

The Public Employees Noncontributory Retirement System (Noncontributory System) was established on July 1, 1986. All eligible employees of the State and school entities hired subsequent to that date are automatically members of the Noncontributory System. Local government entities had the option of adopting the new System or remaining with the Contributory System. All Contributory System members whose employers adopted the Noncontributory System were given the opportunity to transfer to the new System during limited window periods. All eligible new hires subsequent to

### Fiduciary Net Assets — Defined Benefit Plans

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan
Number of participating:						
Employers	416	158	128	52	1	1
Members:						
Active	93,576	2,743	7,894	1,849	106	93
Terminated vested	30,360	1,374	1,654	117	9	81
Retirees and beneficiaries:						
Service benefits	31,731	5,236	3,752	1,002	97	222
Disability benefits	—	3	14	81	—	—

**Utah Retirement Systems****Notes to the Basic Financial Statements** *(Continued)*

December 31, 2008

adoption of the noncontributory plans are automatically members of that plan.

The **Public Employees Contributory Retirement System (Contributory System)** includes eligible public employees of the State of Utah and its political subdivisions including public education employees of those entities covered by the System. Members of this System are those who did not elect to transfer to the Public Employees Non-contributory Retirement System during the period when they were eligible to transfer or whose employers are not participants in the Noncontributory System.

The **Public Safety Retirement System** includes eligible state and local government employees directly involved in law enforcement (e.g., game wardens, prison guards, police officers and highway patrol officers). The Public Safety System consists of both



contributory and noncontributory divisions. The noncontributory divisions were authorized by the Legislature effective July 1, 1989.

The **Firefighters Retirement System** includes eligible state and local government employees directly involved in fire fighting.

The **Judges Retirement System** includes justices and judges of the court as authorized by State Statutes.

The **Utah Governors and Legislators Retirement Plan** includes only governors and legislators of the State.

The **Defined Contribution Plans** may be utilized by employers adopting the Plans and by their employees.

At December 31, 2008 participating members by System are included in the table on page 50.

**Note 2****Summary of Significant Accounting Policies**

**2** The following are the significant accounting policies followed by the Systems and Plans:

**A) Method of Accounting**

The Systems maintain records and accounts, and prepare financial statements using fund accounting principles and the accrual basis of accounting, under which benefits and expenses are recognized when due and payable and revenues are recorded in the accounting period in which they are earned and become measurable in accordance with the terms of each system and plan.

Utah Retirement Systems adhere to Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements — and Management's Discussion and Analysis — or State and Local Governments: Omnibus*, GASB Statement No.

38, *Certain Financial Statement Note Disclosures*, GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Investments are presented at fair value. The actuarial accrued liability under the entry age actuarial funding method is presented in the Required Supplementary Information on page 72.

**Utah Retirement Systems**

**Notes to the Basic Financial Statements** *(Continued)*

December 31, 2008

**B) Investments**

By state statute all of the investment assets of the various Systems are pooled and invested in the common Utah State Retirement Investment Fund (Investment Fund). Each of the Systems has equity in the Investment Fund based on funds contributed and earnings allocated. Earnings of the Investment Fund are allocated based on the average month-end balances of each of the respective Systems. Individual investments in the Investment Fund are not specifically identified to the respective Systems (see note 3). For financial statement presentation, the Investment Fund assets, liabilities, revenues and expenses have been allocated to and presented in each respective system in the basic financial statements as required for investment pools.

Investments are presented at fair value. The defined contribution investments are classified by investment manager classification. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Mortgages have been valued on an amortized cost basis which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals. Short term investments are reported at market value when published market prices and quotations are available, or at cost plus accrued interest, which approximates market or fair value. For alternative investments (private equity, absolute return, and real estate) where no readily ascertainable market value exists, management, in consultation with their investment advisors, values these investments in good faith based upon audited financials, cash flow analysis, purchase and sales of similar investments, other practices used within the industry, or other information provided by the underlying investment advisors. The estimated fair value of these investments may differ significantly from values that would have been used had a ready market existed.

Approximately 15% of the net assets held in trust for pension benefits are invested in debt securities of the U.S. Government and its instrumentalities. Of the 15%, approximately 2% are U.S. Government debt securities and approximately 13% are debt securities of the U.S. Government instrumentalities. The Systems and Plans have no investments of any commercial or industrial organization whose market value equals 5% or more of the Systems' net assets held in trust for pension benefits.

**C) Property and Equipment**

Property and equipment are recorded at cost (see note 4), are depreciated utilizing the straight-line method, and are included in the assets of the Investment Fund. The schedule below summarizes the estimated useful life by class. The Systems policy is to capitalize all acquisitions of furniture and equipment with a unit cost of \$5,000 or more.

Buildings .....	40 years
Building improvements.....	10 years
Furniture and equipment.....	3-10 years

**D) Administrative Expenses**

Expenses for the administration of the Systems and Plans are budgeted and approved by the Board. Systems expenses are paid from investment earnings. Plan expenses are paid from Plan assets.

**E) Federal Tax Status**

The Systems and Plans are exempt from Federal income taxes under the Internal Revenue Code.

**F) Use of Estimates**

Management of the Systems and Plans have made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

**Utah Retirement Systems**

Notes to the Basic  
Financial Statements

(Continued)

December 31, 2008



**Note 3**

**Deposits and Investment Risk Disclosures**

**3 A) Deposits**

Custodial Credit Risk for Deposits is the risk that in the event of a bank failure, the Systems' and Plans' deposits may not be returned to them. The deposits are held in one financial institution with an insured balance of \$250,000. The deposits in the bank in excess of \$250,000 are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The Systems and Plans do not have a deposit policy for custodial credit risk. Deposits are presented in the basic financial statements at cost plus accrued interest which is also the market or fair value. At December 31, 2008, the carrying amount of deposits totaled approximately \$(16,215,000) and the corresponding bank balance was \$1,225,687 of which \$975,687 was exposed to custodial credit risk.

<b>Cash Deposits</b>	
<i>(in thousands)</i>	
Cash	\$ 7,175
Disbursements in excess of cash balances	(23,390)
<b>Total</b>	<b>\$ (16,215)</b>

**B) Investments**

The following investments are not listed on national exchanges, over-the-counter markets, nor do they have quoted market prices available.

The Systems and Plans value these investments in good faith at the Systems' and Plans' pro-rata interest in the net assets of these investments based upon audited financial statements or other information provided to the Systems and Plans by the underlying investment managers. The estimated fair value of these investments may differ significantly from values that would have been used had a ready market existed.

<i>(in thousands)</i>	12/31/2008	12/31/2007
Private equity.....	\$1,442,274	\$1,149,645
Absolute return.....	2,097,466	2,192,308
Real estate.....	3,160,257	3,569,510
	<u>\$6,699,997</u>	<u>\$6,911,463</u>

The table to the left shows the Systems' and Plans' investments by investment type.

**C) Credit Risk Debt Securities:**

The Systems and Plans expect its domestic debt securities investment managers to maintain diversified portfolios by sector and by issuer by using the following guidelines:

- U.S. Government and Agency Securities — no restriction.
- Total portfolio quality shall maintain a minimum overall rating of "A" (S&P) or equivalent rating.
- Securities with a quality rating of below BBB- are considered below investment grade. No more than 5% of an investment manager's assets at market with a single issuer of 1% of the total portfolio can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10% of the portfolio in non-U.S. dollar denominated bonds.

## Utah Retirement Systems

## Notes to the Basic Financial Statements (Continued)

December 31, 2008

Investments	( i n t h o u s a n d s )		Fair Value
	Defined Benefit	Defined Contribution	Total All Systems and Plans
at December 31, 2008			
Debt securities, domestic	\$ 3,530,507	1,219,322	4,749,829
Debt securities, international	531,765	—	531,765
Equity securities, domestic	2,814,945	488,403	3,303,348
Equity securities, international	1,744,677	130,881	1,875,558
Short term securities pools	1,040,698	1,546	1,042,244
Mortgage loans:			
Real estate notes	6,845	—	6,845
Real estate	3,280,056	—	3,280,056
Private equity (venture capital)	1,442,274	—	1,442,274
Absolute return	2,097,466	—	2,097,466
Guaranteed investment contracts	—	39,220	39,220
Equity securities, domestic (pooled)	—	304,210	304,210
Mutual fund, international	—	64,483	64,483
Investments held by broker-dealers under securities lending program:			
U.S. Government and agency securities	334,176	—	334,176
Corporate debt securities, domestic	75,746	23,491	99,237
Debt securities, international	105,362	—	105,362
Equity securities, domestic	430,302	40,723	471,025
Equity securities, international	129,858	21,270	151,128
<b>Total investments</b>	<b>\$17,564,677</b>	<b>2,333,549</b>	<b>19,898,226</b>
Securities lending collateral pool	\$ 1,105,354	87,479	1,192,833

## Credit Risk Debt Securities at Fair Value

Quality Rating	( i n t h o u s a n d s )		Defined Benefit Plans	Defined Contribution Plans	Total All Systems and Plans
	Domestic	International	Total	Domestic	
AAA	\$1,178,698	326,986	1,505,684	118,247	1,623,931
AA+	13,311	20,868	34,179	—	34,179
AA	69,117	116,279	185,396	34,947	220,343
AA-	19,970	15,326	35,296	2,798	38,094
A+	104,601	38,881	143,482	215,976	359,458
A	194,052	22,849	216,901	21,263	238,164
A-	69,209	21,329	90,538	20,130	110,668
BBB+	112,633	35,192	147,825	119,802	267,627
BBB	60,243	23,004	83,247	12,743	95,990
BBB-	56,711	4,978	61,689	13,606	75,295
BB+	1,081	—	1,081	3,493	4,574
BB	11,437	5,926	17,363	3,090	20,453
BB-	1,468	231	1,699	—	1,699
B+	5,646	4,219	9,865	1,296	11,161
B	6,908	129	7,037	—	7,037
B-	7,380	—	7,380	8,525	15,905
CCC+	8,126	—	8,126	11,404	19,530
CCC	6,917	—	6,917	—	6,917
CC	276	—	276	—	276
C	568	—	568	—	568
D	870	—	870	13,762	14,632
NR	24,831	930	25,761	7,001	32,762
<b>Total credit risk debt securities</b>	<b>1,954,053</b>	<b>637,127</b>	<b>2,591,180</b>	<b>608,083</b>	<b>3,199,263</b>
U.S. Government and Agencies	1,932,861	—	1,932,861	634,730	2,567,591
Pooled investments	53,515	—	53,515	—	53,515
<b>Total debt securities investments</b>	<b>\$3,940,429</b>	<b>637,127</b>	<b>4,577,556</b>	<b>1,242,813</b>	<b>5,820,369</b>



## Utah Retirement Systems

## Notes to the Basic Financial Statements (Continued)

December 31, 2008

## Debt Securities Investments, Domestic

at December 31, 2008

(dollars in thousands)

Investment	Defined Benefit Plans		Defined Contribution Plans		Total All Systems and Plans
	Fair Value	Effective Weighted Duration	Fair Value	Effective Weighted Duration	
Asset backed securities	\$ 158,330	0.79	\$35,452	1.58	\$ 193,782
Commercial mortgage-backed	179,880	4.12	90,382	2.78	270,262
Corporate bonds	790,948	5.32	256,732	4.11	1,047,680
Fixed income derivatives — futures	(476,344)	NA	—	—	(476,344)
Fixed income derivatives — options	(2,485)	NA	—	—	(2,485)
Fixed income futures	476,344	NA	—	—	476,344
Government agencies	212,546	3.29	120,403	2.80	332,949
Government bonds	345,389	7.95	26,667	7.50	372,056
Government mortgage backed securities	1,845,372	3.31	247,383	0.78	2,092,755
Guaranteed fixed income	1,506	3.26	—	—	1,506
Index linked government bonds	97,211	6.86	—	—	97,211
Municipal/Provincial bonds	1,077	12.01	—	—	1,077
Non-government backed C.M.O.s	329,359	1.62	—	—	329,359
Other fixed income	1,521	0.32	214,229	NA	215,750
Other liabilities	(22,840)	NA	—	—	(22,840)
Other options	(4,465)	NA	—	—	(4,465)
Swap liabilities	(53,662)	NA	—	—	(53,662)
Swaps	60,742	NA	—	—	60,742
Treasury inflation protected securities	—	NA	36,083	5.08	36,083
Treasury notes	—	NA	215,482	3.31	215,482
<b>Total</b>	<b>\$3,940,429</b>	<b>4.04</b>	<b>\$1,242,813</b>	<b>2.40</b>	<b>\$5,183,242</b>

Debt Securities Investments,  
International

at December 31, 2008

(dollars in thousands)

Investment	Defined Benefit Plans	
	Fair Value	Effective Weighted Duration
Corporate bonds	\$ 159,531	5.25
Fixed income derivative — futures	37,969	7.70
Fixed income futures	(37,969)	NA
Government agencies	11,295	3.64
Government bonds	431,565	6.67
Index linked government bonds	15,692	6.22
Municipal/Provincial bonds	18,037	4.75
Non-government backed C.M.O.s	1,007	(0.02)
<b>Total</b>	<b>\$ 637,127</b>	<b>6.27</b>

- Upon approval, the international debt securities investment managers may hold up to 25% of the market value of their portfolios in securities rated below investment grade (S&P index below BBB- or Moody's index below Baa3). The remaining assets shall have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2008 is AAA, and the fair value of below grade investments is \$75,507,906 or 1.92% of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2008 is AAA and the fair value of below grade investments is \$11,434,591 or 1.79% of the international portfolio.

## D) Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Systems and Plans will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. URS does not have an investment policy regarding custodial credit risk. At December 31, 2008 the table on page 56 represents the investments that have custodial credit risk. The

## Notes to the Basic Financial Statements (Continued)

December 31, 2008

**Custodial Credit Risk****Exposed to Custodial Credit Risk**

(in thousands)

Type of Investment	Fair Value
Cash and cash equivalents	\$ 6,178

**Exposure to Custodial Credit Risk Not Determined**

(in thousands)

Type of Investment	Fair Value
Cash and cash equivalents	\$ 18
Other Assets	15,359

\$6,178,000 frictional cash and cash equivalents subject to custodial credit risk are in foreign banks in the Systems and Plans name. Because it is in foreign banks, it is subject to custodial credit risk. URS does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks.

**E) Concentrations of Credit Risk**

The Systems and Plans expect investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- AAA/Aaa Debt Securities — no more than 5% of an investment manager's assets at market with a single issuer
- AA-/Aa3 Debt Securities or higher — no more than 4% of an investment manager's assets at market with a single issuer
- A-/A3 Debt Securities or higher — no more than 3% of an investment manager's assets at market with a single issuer
- BBB-/Baa3 Debt Securities or higher — no more than 2% of an investment manager's assets at market with a single issuer
- For Debt Securities — no individual holding shall constitute more than 10% of the market value of outstanding debt of a single issuer with the exception of the U.S. Government or its agencies, or collateralized mortgage obligations.
- For Domestic Equity Securities — no individual holdings shall constitute more than 4% of the securities of any single issuer. Also, no more than 8% of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5% of the portfolio value or 2% of the portfolio value plus the benchmark weight measured at the time of purchase.
- For International Equity Securities — no more than 8% of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not

exceed the greater of 5% of the portfolio value or 2% of the portfolio value plus the benchmark weight measured at the time of purchase.

At December 31, 2008 there were no single issuer investments that exceeded the above guidelines.

**F) Interest Rate Risk**

The Systems and Plans manage their exposure to fair value loss arising from increasing interest rates by complying to the following policy:

- For domestic debt securities managers, an individual debt securities investment manager's portfolio shall have an effective duration between 75 – 125% of the effective duration of the appropriate index.
- The international debt securities investment managers shall maintain an effective duration of their portfolio between 50-150% of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investments full price.

The Systems and Plans compare an investment's effective duration against the Barclays Capital Aggregate Index for domestic debt securities and the Barclays Capital Global Aggregate Index for international debt securities. The index range at December 31, 2008 is 2.78 – 4.64 for domestic debt securities and 2.56 – 7.68 for international debt securities. At December 31, 2008, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2008 the foregoing tables show the investments by investment type, amount and the effective weighted duration.

**G) Foreign Currency Risk**

The Systems and Plans expect the International Securities Investment Managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- International investment managers invest in fixed income instruments and equity instruments of corporations headquartered outside of the United States unless specifically authorized within the investment managers' contract.
- Domestic investment managers are allowed to invest in international corporations traded in American Depository Receipts (ADR).
- Portfolios should be adequately diversified to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. The Systems' and Plans' exposure to foreign currency risk is shown on page 57.

## Utah Retirement Systems

### Notes to the Basic Financial Statements (Continued)

December 31, 2008

#### Foreign Currency Risk

International Investment Securities  
at Fair Value at December 31, 2008

( i n t h o u s a n d s )

Currency	Defined Benefit Plans				Defined Contribution Plans	Total All Systems and Plans
	Short Term	Debt	Equity	Total	Equity	
ADR* US dollar	\$ —	693	637,577	638,270	—	638,270
Argentine peso	8	10	1,041	1,059	—	1,059
Australian dollar	54	18,863	39,610	58,527	5,558	64,085
Brazilian real	—	5,670	1,886	7,556	—	7,556
British pound sterling	2,499	84,825	200,919	288,243	22,826	311,069
Canadian dollar	25	14,247	37,207	51,479	863	52,342
Cayman Islands dollar	—	154	—	154	—	154
Chilean peso	—	1,325	—	1,325	—	1,325
Chinese yuan renminbi	—	—	4,095	4,095	—	4,095
Czech koruna	—	—	5,189	5,189	—	5,189
Danish krone	129	4,169	2,549	6,847	395	7,242
Estonian kroon	—	—	656	656	—	656
Euro	1,852	295,759	392,066	689,677	50,146	739,823
Hong Kong dollar	231	—	26,460	26,691	3,085	29,776
Icelandic krona	—	261	—	261	—	261
Indian rupee	—	—	5,615	5,615	—	5,615
Japanese yen	784	122,001	299,878	422,663	38,981	461,644
Kazakhstani tenge	—	378	—	378	—	378
Korean won	5	5,341	3,135	8,481	—	8,481
Liberian dollar	—	—	285	285	—	285
Malaysian ringgit	17	4,422	1,813	6,252	—	6,252
Mexican peso	—	23,766	530	24,296	—	24,296
New Zealand dollar	128	—	47	175	79	254
Norwegian krone	148	5,100	5,051	10,299	916	11,215
Panamanian balboa	—	1,971	5,966	7,937	—	7,937
Philippines peso	—	—	478	478	—	478
Polish zloty	—	2,636	—	2,636	—	2,636
Puerto Rico — US dollar	—	—	13,112	13,112	—	13,122
Qatari riyal	—	513	—	513	—	513
Russian Federation ruble	—	12,504	720	13,224	—	13,224
Singaporean dollar	124	10,593	6,642	17,359	798	18,157
South African rand	—	—	5,761	5,761	—	5,761
Swedish krona	93	12,782	17,908	30,783	4,329	35,112
Swiss franc	130	6,665	146,271	153,066	13,979	167,045
Taiwanese new dollar	29	—	7,376	7,405	—	7,405
Thai baht	—	—	1,155	1,155	—	1,155
Tunisian dinar	—	641	—	641	—	641
Turkish Lira	—	—	3,537	3,537	—	3,537
United Arab Emirates dirham	—	1,838	—	1,838	—	1,838
Pooled International investments	—	—	—	—	74,679	74,679
<b>Total securities subject to foreign currency risk</b>	<b>\$6,256</b>	<b>637,127</b>	<b>1,874,535</b>	<b>2,517,918</b>	<b>216,634</b>	<b>2,734,552</b>

\*American Depository Receipts

## Notes to the Basic Financial Statements (Continued)

December 31, 2008

**H) Security Lending**

The Systems and Plans participate in a security lending program as authorized by Board policy, whereby securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities and irrevocable bank letters of credit equal to approximately 102% of the market value of the domestic securities on loan and 105% of the market value of the international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. The custo-

dial bank is the agent for the securities lending program. Securities under loan are maintained in the financial records, and corresponding liabilities are recorded for the market value of the collateral received.

At year end there was no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at year end were \$1,160,929,000 and the collateral received for those securities on loan was \$1,192,833,000. Under the terms of the lending agreement, the Systems and Plans are indemnified against loss should the lending agent be unable to

**Interest Rate Swaps**

## Defined Benefit Plans

Counterparty	Outstanding Notional Amount (Base Used to Calculate Interest)	Utah Rate	Counterparty Rate	Maturity Date	Fair Value
Goldman Sachs	\$ 30,300,000	5.0675%	LIBOR**	4/30/2009	\$ (377,274)
Barclay's Bank PLC	58,800,000	LIBOR**	4.0500%	12/11/2009	1,526,695
Goldman Sachs	33,600,000	LIBOR**	4.1050%	12/12/2009	901,837
Barclay's Bank PLC	78,700,000	3.5650%	LIBOR**	1/8/2010	(2,452,591)
Morgan Stanley	3,260,000	4.2510%	LIBOR*	6/1/2010	(150,647)
Goldman Sachs	24,120,000	4.9820%	LIBOR**	8/28/2010	(1,757,991)
Morgan Stanley	499,700	4.0570%	LIBOR*	9/1/2010	(24,858)
Morgan Stanley	9,645,782	4.7320%	LIBOR*	12/29/2010	(681,553)
Morgan Stanley	6,100,000	4.8700%	LIBOR*	12/31/2010	(448,782)
Morgan Stanley	45,500,000	4.8450%	LIBOR*	12/31/2010	(3,324,750)
Morgan Stanley	63,150,000	4.6790%	LIBOR*	2/1/2011	(4,554,733)
Merrill Lynch	27,500,000	5.4480%	LIBOR*	10/1/2011	(2,080,569)
National Australia Bank	20,000,000	5.3250%	LIBOR*	10/3/2011	(2,116,116)
National Australia Bank	37,300,000	5.3320%	LIBOR*	10/3/2011	(3,953,700)
Merrill Lynch	68,281,500	4.9220%	LIBOR*	12/1/2011	(6,727,943)
Morgan Stanley	61,800,000	4.1630%	LIBOR*	12/1/2011	(4,733,190)
National Australia Bank	6,218,500	4.9000%	LIBOR*	12/1/2011	(608,768)
Bayerische Landesbank	12,464,948	4.5600%	LIBOR*	3/1/2012	(1,160,003)
Merrill Lynch	3,400,000	4.8740%	LIBOR*	3/1/2012	(349,839)
Morgan Stanley	19,000,000	4.8195%	LIBOR*	3/1/2012	(1,800,600)
Merrill Lynch	5,000,000	4.9520%	LIBOR*	6/1/2012	(556,317)
Merrill Lynch	40,677,000	4.9890%	LIBOR*	6/1/2012	(4,576,612)
National Australia Bank	7,512,000	5.0025%	LIBOR*	6/1/2012	(725,094)
Goldman Sachs	80,000,000	LIBOR**	5.5030%	7/12/2012	10,992,192
Barclay's Bank PLC	56,500,000	LIBOR**	5.2770%	8/6/2012	7,481,323
Barclay's Bank PLC	10,000,000	LIBOR**	5.1375%	8/20/2012	1,277,356
Barclay's Bank PLC	56,100,000	LIBOR**	5.0730%	8/22/2012	7,038,205
Morgan Stanley	1,099,248	4.7300%	LIBOR*	10/1/2013	(121,384)
Morgan Stanley	26,467,452	4.4660%	LIBOR*	10/1/2012	(2,664,774)
Morgan Stanley	29,370,000	4.7385%	LIBOR*	10/1/2012	(3,252,209)
Morgan Stanley	8,207,965	4.4050%	LIBOR*	10/1/2012	(807,920)
National Australia Bank	4,856,670	4.6750%	LIBOR*	11/1/2012	(533,961)
Barclay's Bank PLC	52,300,000	4.4750%	LIBOR**	11/23/2012	(4,950,770)
Merrill Lynch	51,917,095	4.8900%	LIBOR*	12/31/2012	(6,296,537)
Morgan Stanley	4,869,065	4.7480%	LIBOR*	12/31/2012	(563,401)
Morgan Stanley	1,152,466	4.3075%	LIBOR*	1/1/2013	(127,345)
National Australia Bank	6,998,214	4.9325%	LIBOR*	3/1/2013	(884,975)
Goldman Sachs	51,500,000	3.5000%	LIBOR**	3/11/2013	(3,458,802)
Morgan Stanley	10,350,000	5.1760%	LIBOR*	4/1/2013	(1,432,071)

## Utah Retirement Systems

### Notes to the Basic Financial Statements (Continued)

December 31, 2008

recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, the Systems and Plans are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the Systems and Plans or the borrower. Cash collateral is invested in the lending agent's short term investment pool.

The short term investment pool guidelines specify that a minimum of 20% of the invested cash collateral is to be avail-

able each business day and the dollar weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short term investment pool and the Systems' and Plans' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Systems and Plans cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the Systems and Plans do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

#### Defined Benefit Plans Interest Rate Swaps (Cont.)

Counterparty	Outstanding Notional Amount (Base Used to Calculate Interest)	Utah Rate	Counterparty Rate	Maturity Date	Fair Value
Morgan Stanley	\$ 15,800,253	5.0175%	LIBOR*	4/1/2013	\$ (2,082,092)
Goldman Sachs	86,100,000	LIBOR**	3.4163%	4/16/2013	4,504,459
National Australia Bank	1,170,000	5.4200%	LIBOR*	5/1/2013	(176,181)
National Australia Bank	14,203,150	4.9450%	LIBOR*	5/1/2013	(2,084,041)
Goldman Sachs	19,700,000	LIBOR**	4.3750%	6/11/2013	1,867,609
Credit Suisse First Boston	36,800,000	LIBOR**	4.2838%	7/7/2013	3,877,016
Credit Suisse First Boston	41,400,000	LIBOR**	4.2825%	7/9/2013	4,373,301
National Australia Bank	5,128,500	5.3600%	LIBOR*	8/1/2013	(790,330)
Goldman Sachs	50,600,000	4.1150%	LIBOR**	8/21/2013	(5,064,357)
National Australia Bank	20,337,593	5.0770%	LIBOR*	12/1/2013	(3,016,377)
Merrill Lynch	928,028	4.9500%	LIBOR*	5/1/2014	(139,392)
National Australia Bank	2,443,700	4.9550%	LIBOR*	6/1/2014	(371,635)
Morgan Stanley	8,703,500	4.6940%	LIBOR*	10/1/2014	(1,251,927)
Morgan Stanley	13,596,699	4.4470%	LIBOR*	10/20/2014	(1,782,479)
Morgan Stanley	31,397,826	4.4060%	LIBOR*	11/1/2014	(4,050,247)
Merrill Lynch	35,309,122	5.2725%	LIBOR*	2/1/2015	(6,451,152)
Morgan Stanley	32,600,000	5.0460%	LIBOR*	9/1/2015	(5,846,888)
Morgan Stanley	32,900,000	4.8680%	LIBOR*	1/1/2016	(5,691,328)
Morgan Stanley	133,704,000	5.2920%	LIBOR*	5/2/2016	(27,700,531)
Merrill Lynch	7,640,000	5.4300%	LIBOR*	7/1/2016	(1,679,967)
Morgan Stanley	17,250,000	5.4640%	LIBOR*	7/1/2016	(3,834,427)
Morgan Stanley	44,276,861	5.3420%	LIBOR*	9/1/2016	(9,599,194)
National Australia Bank	985,352	5.1100%	LIBOR*	12/1/2016	(201,108)
National Australia Bank	11,801,225	5.1250%	LIBOR*	12/1/2016	(2,421,696)
National Australia Bank	5,080,000	4.9700%	LIBOR*	1/1/2017	(990,855)
Barclay's Bank PLC	25,000,000	LIBOR**	5.0806%	3/22/2017	5,215,230
Barclay's Bank PLC	43,700,000	LIBOR**	5.5250%	6/5/2017	10,191,994
Goldman Sachs	35,100,000	5.7700%	LIBOR**	7/9/2017	(9,489,345)
Goldman Sachs	58,100,000	4.9720%	LIBOR**	9/12/2017	(11,993,496)
Credit Suisse First Boston	66,800,000	4.5850%	LIBOR**	1/7/2018	(11,931,976)
Goldman Sachs	7,000,000	4.4575%	LIBOR**	1/8/2018	(1,173,495)
Morgan Stanley	4,485,385	4.6900%	LIBOR*	3/1/2018	(854,662)
Credit Suisse First Boston	7,000,000	4.1150%	LIBOR**	9/22/2018	(1,012,242)
Morgan Stanley	71,700,000	4.7220%	LIBOR*	10/1/2020	(15,735,162)
Morgan Stanley	43,660,000	5.2935%	LIBOR*	11/1/2021	(12,934,618)
Goldman Sachs	4,000,000	LIBOR**	5.4110%	4/30/27	1,496,471
<b>Total Interest Rate Swaps</b>	<b>\$2,150,918,799</b>				<b>\$(157,863,589)</b>

\*London Interbank Offered Rate (LIBOR)

\*\*Three Month London Interbank Offered Rate (LIBOR)

## Notes to the Basic Financial Statements (Continued)

December 31, 2008

**I) Derivative Financial Instruments**

The Systems and Plans invest in derivative financial investments as authorized by Board policy. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. At December 31, 2008 the Systems and Plans had four types of derivative financial instruments: futures, currency forwards, options, and swaps.

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the Systems' and Plans' credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains (losses) in the Statement of Changes in Fiduciary Net Assets. At December 31, 2008 the Systems' and Plan's investments had the following futures balances:

	Value Covered by Contract
Long – cash and cash equivalent derivative – futures	\$373,886,625
Short – cash and cash equivalent derivative – futures	(27,148,075)
Long – cash and cash equivalent futures	27,148,075
Short – cash and cash equivalent futures	(373,886,625)
Long – equity derivatives – futures	446,893,014
Short – equity futures	(446,893,014)
Long – debt securities derivatives – futures	180,978,131
Short – debt securities derivatives – futures	(619,352,828)
Long – debt securities futures	619,352,828
Short – debt securities futures	(180,978,131)

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rate on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions. At December 31, 2008 the Systems' and Plans' investments included the following currency forwards balances:

Currency forwards (pending foreign exchange purchases)	\$254,149,031
Currency forwards (pending foreign exchange sales)	(252,880,834)

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specified period. The option's price is usually a small percentage of

the underlying asset's value. As a writer of financial options, the Systems and Plans receive a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, the Systems and Plans pay a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2008 the Systems' and Plans' investments had the following option balances:

	Value Covered by Contract
Cash and cash equivalent purchased call options	\$(626,288)
Cash and cash equivalent purchased put options	(11,386)
Debt securities purchased call options	(1,275,907)
Debt securities purchased put options	(1,208,659)

The Systems and Plans have entered into various interest rate swap agreements in an attempt to manage their exposure to interest rate risk. Interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. Most of the interest rate swaps were purchased in connection with variable real estate debt. Those interest rate swaps allowed the Systems to effectively convert most of their long term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of their interest rate risk. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Plan Net Assets. At December 31, 2008 the Systems investments had the swap market value balances as shown in the table on pages 58 and 59.

**J) Investment Payables**

The investment accounts payable are comprised of investment advisor fees payable of \$9,760,000, administrative expenses payable of \$7,030,000, investment purchases payable of \$812,097,000 and various real estate payables of \$6,484,000.

**K) Investment Compliance Officer**

The Systems and Plans have an investment compliance officer on staff who reports his/her findings directly to the Board. The investment compliance officer monitors all of the investments made by the investment managers to determine that the investments were made in accordance with the investment policies which were approved by the Board.

## Utah Retirement Systems

Notes to the Basic  
Financial Statements

(Continued)

December 31, 2008



## Note 4

Property and  
Equipment

**4** Property and equipment consist of the amounts shown in the following table as of December 31, 2008 and 2007. There were no significant leases as of December 31, 2008 or 2007.

## Property and Equipment

(in thousands)

	2008	2007
Land	\$ 1,780	1,780
Buildings and building improvements	11,405	11,311
Furniture and equipment	3,874	3,488
Total property and equipment	17,059	16,579
Less accumulated depreciation:		
Buildings and building improvements	6,837	6,473
Furniture and equipment	2,942	3,046
Total accumulated depreciation	9,779	9,519
Less operating reserves	6,755	6,245
Net property and equipment	\$ 525	815

## Note 5

Actuarial Valuations  
and Methods

**5 A) Actuarial Asset Valuation**

The actuarial value of assets is used in determining the funding progress of the Retirement Systems. The actuarial value of assets is based on a smoothed expected income investment rate. Beginning with the 2008 actuarial study, the investment rate of return assumption was changed from 8% to 7.75%. Investment income in excess or shortfall of the expected rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

This smoothed actuarial value of assets utilized by the actuary in determining the actuarial funding status of the retirement systems is also used in establishing the contribution rates necessary to accumulate needed assets to pay benefits when due.

The calculations on page 62 were utilized in determining the actuarial value of assets as of January 1, 2008, and December 31, 2008, and the next table shows the smoothed actuarial value of assets for each System.

**B) Actuarial Accrued Liability**

The actuarial accrued liability for the Systems is presented in the Required Supplementary Information Schedule of Funding Progress on page 72 and 73 of this report.

**C) Actuarial Cost Method and Assumptions**

The Board engages an independent firm of actuaries to estimate the present value of actuarial accrued liability for the purpose of determining actuarial accrued liabilities for active and terminated members, retired individuals and beneficiaries, and for the determination of contribution rates (note 6).

## Utah Retirement Systems

## Notes to the Basic Financial Statements (Continued)

December 31, 2008

Actuarial accrued liabilities are future periodic payments including lump-sum distributions that are attributable to the service employees have rendered to date and the plan provisions of the various systems. The present value of actuarial accrued liabilities are calculated based on the entry age actuarial cost method with benefits based on projected salary increases.

A schedule of the actuarial assumptions used in the actuarial report dated January 1, 2008 is presented in Notes to Required Supplementary Information on page 75.

Actuarial valuations of the ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress on page 69, presented as required supplementary information, shows the actuarial value of plan assets compared to the actuarial accrued liabilities for benefits.

## Calculation of Actuarial Value of Assets

January 1, 2008		<i>(dollars in thousands)</i>	
1. Fair value of assets			\$20,950,656
2. Deferral to smooth asset values based on (excess)/shortfall of expected investment income for:			
	Year	Total Excess/ (Shortfall)	Percent Deferred
	a. 2007	\$(286,313)	80%
	b. 2006	1,116,942	60%
	c. 2005	199,197	40%
	d. 2004	804,061	20%
	e. 2003	2,007,194	0%
	f. Total deferred gains (losses)		681,608
	g. Total deferred losses		(681,608)
3. Actuarial value of assets available for benefits			\$20,269,048

December 31, 2008		<i>(dollars in thousands)</i>	
1. Fair value of assets			\$15,886,067
2. Deferral to smooth asset values based on (excess)/shortfall of expected investment income for:			
	Year	Total Excess/ (Shortfall)	Percent Deferred
	a. 2008	\$(6,490,100)	80%
	b. 2007	(286,303)	60%
	c. 2006	1,116,942	40%
	d. 2005	199,197	20%
	e. 2004	804,061	0%
	f. *Adjustment		1,700,039
	g. Total deferred gains (losses)		(3,177,207)
	h. Total deferred losses		3,177,207
3. Actuarial value of assets available for benefits			\$19,063,274

\*Actuarial value of assets can not exceed 120% of the fair value of assets or below 80% of the fair value of assets.

## Actuarial Value of Assets by System

January 1, 2008	<i>(in thousands)</i>						
Calculation of Net Assets Available Based on Five Year Expected Investment Income	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Governors and Legislative	Total All Systems
1. Net assets available for benefits at fair value	\$16,741,041	1,142,079	2,106,302	814,674	134,364	12,196	20,950,656
2. Deferral to smooth asset values based on (excess)/shortfall of expected investment income on fair value	(541,964)	(39,972)	(67,689)	(27,011)	(4,517)	(460)	(681,613)
3. Actuarial value of assets available for benefits (1-2)	\$16,199,077	1,102,107	2,038,613	787,663	129,847	11,736	20,269,043



**Utah Retirement Systems****Notes to the Basic  
Financial Statements***(Continued)*

December 31, 2008

**Note 6**

## Actuarially Determined Contribution Requirements and Contributions Made

**6** Employer contribution rates consist of (1) an amount for normal cost, the estimated amount necessary to finance benefits earned by the members during the current year, and (2) an amount for amortization of the unfunded or excess funded actuarial accrued liability over an open 20 year amortization period. The rates are determined using the entry age actuarial cost method with a supplemental present value and the same actuarial assumptions that were used to calculate the actuarial accrued liability in the Schedules of Funding Progress on pages 72 and 73.

The schedule to the right summarizes contribution rates in effect at December 31, 2008.

Contributions made by employers and members were in accordance with actuarially computed funding requirements. Fire insurance premium taxes and court fees are considered as part of employer contributions in the schedule shown on the top of page 64 for the Firefighters and Judges Systems, respectively. These contribution rates also include rates for a 3% benefit enhancement which is funded by the State. For contribution rate purposes the actuary evaluates the assets of the Systems based on a five-year smoothed expected return wherein 20% of a year's excess or shortfall of expected return is recognized each year for five years.

The actuary recommended some increases in contribution rates which became effective July 1, 2008.

### Contribution Rates

December 31, 2008		Contribution Rates as a Percent of Covered Payroll		
System		Member	Employer	Other
Noncontributory		—	11.62-14.22%	—
Contributory		6.00%	7.61-9.73	—
Public Safety:	Noncontributory	—	22.47-35.71	—
	Contributory	10.50-13.74	11.22-22.99	—
Firefighters:	Division A	13.14	0.00	11.12%
	Division B	9.68	0.00	11.12
Judges:	Noncontributory	—	13.51	14.32
	Contributory	2.00	11.51	14.32
Governors and Legislators		—	—	—

Information with regard to contributions to the Retirement Systems for the year ended December 31, 2008 is indicated in the schedule on page 74.

Member contributions in the 401(k), 457, Roth and Traditional IRA Plans, total \$269,781,000 which in combination with the member contributions made in the Retirement Systems total \$306,026,000.

There are no funding requirements in the 401(k), 457, Roth and Traditional IRA Plans, and HRA other than deposit of employee contributions or contributions for the employee by the employer.

## Utah Retirement Systems

## Notes to the Basic Financial Statements (Continued)

December 31, 2008

## Required Contributions

(dollars in thousands)

System	Contribution Requirements				Total Required Contributions	Total Actual Contributions	Contributions Made					
	Normal Cost		Unfunded Cost (assets in excess)				Member		Employer		Covered Payroll	Percent Contributed
	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll			Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll		
Noncontributory	\$494,369	12.77%	\$42,474	1.10%	\$536,843	\$536,843	\$14,110	0.36%	\$522,733	13.50%	\$3,871,636	100%
Contributory	15,701	11.80	4,747	3.57	20,447	20,447	9,410	7.07	11,037	8.29	133,110	100
Public Safety	81,117	22.22	14,940	4.09	96,058	96,058	2,159	0.59	93,899	25.72	365,043	100
Firefighters	14,114	13.80	(3,686)	(3.60)	10,428	10,428	10,428	10.20	—	0.00	102,252	100
Judges	1,832	12.72	35	0.25	1,868	1,868	138	0.96	1,730	12.01	14,404	100
Governors and Legislators	—	0.00	—	0.00	—	—	—	0.00	—	0.00	910	100
<b>Total</b>	<b>\$607,133</b>		<b>\$58,510</b>		<b>\$665,644</b>	<b>\$665,644</b>	<b>\$36,245</b>		<b>\$629,399</b>		<b>\$4,487,355</b>	<b>100</b>

## Note 7

## Funded Status

The funded status of the Retirement Systems as of January 1, 2008, the most recent actuarial valuation date is as follows:

System	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Noncontributory Retirement System	1/01/08	\$16,199,077	17,025,185	826,108	95.1%	\$3,582,495	23.1%
Contributory Retirement System	1/01/08	1,102,107	1,170,251	68,144	94.2	132,899	51.3
Public Safety Retirement System	1/01/08	2,038,613	2,247,826	209,213	90.7	339,187	61.7
Firefighters Retirement System	1/01/08	787,663	732,829	(54,834)	107.5	95,767	(57.3)
Judges Retirement System	1/01/08	129,847	135,379	5,532	95.9	13,322	41.5
Utah Governors and Legislative Retirement Plan	1/01/08	11,736	9,862	(1,874)	119.0	947	(197.9)

## Utah Retirement Systems

Notes to the Basic  
Financial Statements

(Continued)

December 31, 2008



Actuarial valuations of the ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new esti-

mates are made about the future. The Schedules of Funding Progress present multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. These schedules are presented in the Required Supplementary Information section.

Summary of Actuarial Assumptions as of the latest actuarial valuation follows.

### Summary of Actuarial Assumptions

	Noncontributory	Contributory	Public Safety	Firefighters	Judges	Governors and Legislators
<b>Valuation date</b>	1/1/08	1/1/08	1/1/08	1/1/08	1/1/08	1/1/08
<b>Actuarial cost method</b>	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
<b>Amortization method</b>	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Dollar Amount
<b>Amortization period</b>	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period
<b>Actuarial asset valuation method</b> (All Systems under same method.)	Based on the total fair value income of investments with the excess or shortfall of actual investment income over or under the expected investment return smoothed over five years. One-fifth of the excess or shortfall is recognized each year for five years.					
<b>Actuarial assumptions:</b>						
Investment rate of return	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
Projected salary increases	4.00-12.00%	4.00-12.00%	4.00-9.75%	4.00-10.25%	4.0%	None
Inflation rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Post retirement cost-of-living adjustment	3.00%	3.00%	2.50%	3.00%	3.00%	3.00%

**Note:** All post retirement cost-of-living adjustments are noncompounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

**Utah Retirement Systems**

# Notes to the Basic Financial Statements

*(Continued)*

December 31, 2008



**Note 8**

## Transfers To or From Affiliated System

**8** Asset transfers to or from affiliated systems are for the purpose of spreading employer contribution costs across same employer and same class of employee group and to record transfers of benefits and corresponding assets where employees transfer from one system to another. Benefit transfers usually are between contributory and noncontributory systems as allowed during authorized transfer windows established by statute or as otherwise authorized.

**Note 9**

## Supplemental Benefits

**9** In the past, the Utah State legislature appropriated funds as supplemental retirement benefits to be paid to qualified participants who have previously retired under the Contributory System. These benefits, already granted, are now and will continue to be funded through contribution rates unless otherwise provided by the legislature.

**Note 10**

## Litigation

**10** The Systems are involved in various claims and legal actions arising in the ordinary course of business in the opinion of management and legal counsel, the ultimate disposition of these matters will not have a material adverse effect on the Systems' financial position as a whole.

**Note 11**

## Commitments

**11** At December 31, 2008, the Systems had committed to fund certain private equity partnerships and real estate projects for an amount of \$6,004,263,000. Funding of \$3,683,533,000 had been provided by December 31, 2008 leaving an unfunded commitment as of December 31, 2008 of \$2,320,730,000 which will be funded over the next five years.

**Utah Retirement Systems**Notes to the Basic  
Financial Statements*(Continued)*

December 31, 2008

**Note 12****Pension Plan Participation**

**12 Defined Benefit Plans** — Utah Retirement Systems contributes to the State and School Noncontributory Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by Utah Retirement Systems (Systems). Utah Retirement Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102-2044 or by calling 1-800-365-8772.

**Funding Policy:** In the State and School Noncontributory Retirement System, the Utah Retirement Systems is required to contribute 14.22% of its annual covered salary. The contribution rates are the actuarial determined rates. The contributions were equal to the requirements of the Systems, are authorized by statute, and specified by the Board.

The Utah Retirement Systems' contributions to the State and School Noncontributory Retirement System for the years ending December 31, 2008, 2007, and 2006 were \$1,426,976, \$1,295,851, and \$1,185,475 respectively. The contributions were equal to the required contributions for each year.

**Defined Contribution Plans** — Utah Retirement Systems also participates in four defined contribution plans, the 401(k), 457, Roth and Traditional IRA Plans.

**401(k) Plan** — The Utah Retirement Systems offers its employees a 401(k) plan to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 1.5% of covered salaries automatically made by Utah Retirement Systems. Employees participating in the Systems can make additional contributions through payroll deduction to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The employer 401(k) contributions for the years ended December 31, 2008, 2007, 2006 are \$364,663, \$326,645, and \$298,411 respectively; the employee contributions for the years ending December 31, 2008, 2007, 2006 are: \$506,224, \$457,066, and \$439,105 respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by Utah Retirement Systems.

**Utah Retirement Systems**

Notes to the Basic Financial Statements *(Continued)*

December 31, 2008

**457 Plan** — The Utah Retirement Systems also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan for the years ended December 31, 2008, 2007, 2006 are: \$272,704, \$277,222, and \$273,499 respectively.



**Roth and Traditional IRAs** — Utah Retirement Systems offers its employees two tax-advantaged savings plans authorized by section 408 of the Internal Revenue Code. Employees are eligible to participate from the date of employment and are vested immediately upon participating. For the years ended 2008, 2007 and 2006 the Roth IRA employee contributions were \$65,490, \$51,681, and \$38,244 respectively. For the years ended 2008, 2007 and 2006 the traditional IRA employee contributions were \$1,564, \$2,877, and \$4,725 respectively.

**Note 13**

**Post Employment Healthcare Plan**

**13 Plan Description**

The Utah Retirement Office contributes to a noncontributory defined benefit post employment healthcare plan to provide postemployment insurance benefits for retired employees of the Utah Retirement Office. This plan was established in 2005. The Utah Retirement Employees Post Employment Healthcare Plan, (UREPEHP), is an agent multiple employer post employment healthcare plan administered by The Utah Retirement Office.

Assets and liabilities of the plan are identified separately for each employer. Plan assets may be used only for the payment of benefits to the members of that system, in accordance with the terms of the plan. UREPEHP issues a publicly available financial report that includes financial statements and required supplementary information for UREPEHP. A copy of the report may be obtained by writing the Utah Retirement Office, 540 East 200 South, Salt Lake City, UT 84102-2044 or by calling 1-800-365-8772.

**Funding Policy**

The contribution requirements of Utah Retirement Employees Post Employment Healthcare Plan are determined by the Plan and approved by the Board. Utah Retirement Office is required to contribute the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis,

is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over an open twenty year period using the level percent of active member payroll method. The current contribution rate is 2.53 percent of annual covered salaries and wages.

**Annual Costs**

For the calendar year ending December 31, 2008 the annual cost (expense) of \$219,000 for UREPEHP was equal to the ARC. The net Other Post Employment Benefits (OPEB) obligation for 2008 was as follows:

Year Ended	Annual Required Contributions	Percentage Contributed	Net OPEB Obligation
12/31/05	\$220,000	100%	\$0
12/31/06	294,000	100	0
12/31/07	387,000	100	0
12/31/08	219,000	100	0

## Utah Retirement Systems

## Notes to the Basic Financial Statements (Continued)

December 31, 2008

**Funded Status and Funding Progress**

The funded status of the plan as of January 1, 2007, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$5,495
Actuarial value of plan assets	4,085
<b>Unfunded actuarial accrued liability (UAAL)</b>	<b>\$1,410</b>
Funded ratio (actuarial value of plan assets/AAL)	74%
Covered salaries and wages (active) (plan members)	\$ 8,463
<b>UAAL as a percentage of covered salaries and wages</b>	<b>17%</b>

Actuarial valuations of the ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress below, presented as required supplementary information, shows the actuarial value of plan assets compared to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities consistent with the long term perspective of the calculations.

In the January 1, 2007 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an 8.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 10.0 percent, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates include a 3.0 percent inflation assumption. The actuarial value of UREPEHP is the current market value of the fund's assets. The actuarial accrued liability was computed using likely health benefits to be paid to retirees and to be paid active employees after their service that were discounted using the investment return, health cost increase and various mortality assumptions.

**Schedule of Funding Progress**

(dollars in thousands)

Division	Date	Based on fair value of assets		(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funding Ratios (1) / (2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3) / (5)
		(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age				
URS Employees*	12/31/06	\$4,085	5,495	1,410	74.3%	\$8,463	16.7%
	12/31/07	4,559	5,990	1,431	76.1	9,131	15.7
	12/31/08	4,206	6,489	2,283	64.8	8,673	26.3

\*Additional years will be added as they become available.

**Schedule of Required Contributions**

(dollars in thousands)

Year Ended*	Annual Required Contributions	Percentage Contributed	Net OPEB Obligation
12/31/06	\$294	100%	\$0
12/31/07	387	100	0
12/31/08	219	100	0

\*Additional years will be added as they become available.

## Utah Retirement Systems

Notes to the Basic Financial Statements *(Continued)*

December 31, 2008

## Note 14

Compensated Absences,  
Post Employment Benefits  
and Insurance Reserve

**14** The compensated absences liability for Utah Retirement Office employees at December 31, 2008, is \$2,096,000. This represents the amount of unused leave to be paid to employees upon termination. At December 31, 2008 the insurance reserve was \$5,109,000. The insurance reserve coverage is explained in Note 16, Risk Management.

## Note 15

Required Supplementary  
Information

**15** The historical trend information designed to provide Information about the Utah Retirement Systems' progress made in accumulating sufficient assets to pay benefits when due is required supplementary information. Required supplementary information is included immediately following the notes to the financial statements on pages 72 through 75. Other supplementary information presented in succeeding sections of this report is for the benefit of statement users and is not a required part of the basic financial statements.

## Note 16

## Risk Management

**16** Most risks of loss to which the Systems, Plans and Investment Fund are exposed, other than routine investment losses, are covered under commercial insurance policies. Risks in excess of coverage limits or large deductible, and otherwise uninsured losses, are retained by the Systems, Plans or Investment Fund through the insurance reserve. There have been no reductions of insur-

ance coverage from coverages of the previous year in any of the categories of risk. Coverages are increased or decreased commensurate with real estate acquisitions or dispositions. During the past three calendar years, no loss settlements exceeded insurance coverages beyond immaterial deductible amounts. The insurance reserve was established by the board from investment earnings as authorized by statute.

## Note 17

## Real Estate Liabilities

**17** The real estate liabilities consist of seven credit facility (lines of credit) loans, eight private placement notes and one mortgage loan. These loans and notes bear various interest rates and are scheduled to be repaid over the next eight years. The Granite Park Mortgage is secured by real estate. The rest of the liabilities are unsecured. As mentioned in Note 3, page 60, the Systems and Plans entered into various interest rate swap agreements that effectively changed credit facility liabilities from variable interest rates to fixed interest rates. As of December 31, 2008 there are \$1.14 billion in credit facility debt, \$74.9 million in private placement notes, and a \$16.7 million mortgage. Using interest rates as of December 31, 2008, principal and interest requirements of the debt and net swap payments for the terms of the debt and swaps are shown on page 71.

## Note 18

## Subsequent Events

**18** Subsequent to the December 31, 2008 year end the overall financial markets have continued to fluctuate in value. However, because the values continue to fluctuate with market conditions the amount of investment losses the Systems and Plans will recognize in its future financial statements, if any, can not be determined as of the date of this report.



## Utah Retirement Systems

Notes to the Basic  
Financial Statements

(Continued)

December 31, 2008



## Real Estate Liabilities

( i n t h o u s a n d s )

	Initial/Affected Balance	Maturity Date	Annual Payment
Bayerische Landesbank	\$ 150,000	1/2/2009	Interest Only
BNP Paribas Credit Facility	425,000	3/23/2012	Interest Only
BNP Paribas Credit Facility	100,000	3/31/2012	Interest Only
KBC Bank Credit Facility	100,000	12/15/2010	Interest Only
KBC Bank Credit Facility	50,000	12/15/2012	Interest Only
Landesbank Baden-Wuerttemberg	200,000	6/1/2011	Interest Only
The Northern Trust	115,000	3/23/2009	Interest Only
Private Placement Notes:			
Allstate Insurance Co.	5,000	7/1/2011	Interest Only
Allstate Insurance Co.	5,000	7/1/2011	Interest Only
Allstate Insurance Co.	5,000	7/1/2011	Interest Only
Allstate Insurance Co.	5,000	7/1/2011	Interest Only
Modern Woodmen of America	7,000	7/1/2014	Interest Only
Northwestern Mutual Life Ins. Co.	20,000	7/1/2014	Interest Only
State Farm Life & Acc. Assur. Co.	698	7/1/2016	110
State Farm Life Insurance Co.	27,201	7/1/2016	4,296
Granite Park Mortgage Payable	16,676	1/15/2018	1,473
<b>Total</b>	<b>\$1,231,575</b>		

( i n t h o u s a n d s )

Year Ending December 31,	Total Principal Payments	Total Interest Payments*	Total Swap Payments**	Total Net Payments
2009	\$268,600	10,163	50,650	329,413
2010	103,784	9,691	51,897	165,372
2011	223,979	7,772	45,123	276,874
2012	579,183	4,219	33,009	616,411
2013	4,398	2,933	25,091	32,423
2014-2018	51,630	4,536	63,365	119,531
2019-2022	0	0	11,551	11,551

\*Interest calculated using December 31, 2008 One Month LIBOR for variable interest loans

\*\*Interest rate swaps are the one month LIBOR swaps listed on pages 58 and 59; swap payments calculated using December 31, 2008 One Month LIBOR.

## Utah Retirement Systems

## Required Supplementary Information

## Schedules of Funding Progress

*(dollars in thousands)*

System	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>Noncontributory Retirement System</b>	1/01/00	\$ 9,237,447	9,006,308	(231,139)	102.6%	\$2,499,087	(9.2)%
	1/01/01	10,361,333	9,933,514	(427,819)	104.3	2,659,200	(16.1)
	1/01/02	11,104,334	10,806,024	(298,310)	102.8	2,832,060	(10.5)
	1/01/03	10,848,586	11,764,353	915,767	92.2	2,926,449	31.3
	1/01/04	11,657,525	12,351,310	693,785	94.4	2,959,347	23.4
	1/01/05	12,212,437	13,235,444	1,023,007	92.3	3,084,317	33.2
	1/01/06	13,069,362	14,018,540	949,178	93.2	3,165,504	30.0
	1/01/07	14,446,928	15,084,061	637,133	95.8	3,326,392	19.2
	1/01/08	16,199,077	17,025,185	826,108	95.1	3,582,495	23.1
12/31/08	15,257,243	18,127,048	2,869,805	84.2	3,871,636	74.1	
<b>Contributory Retirement System</b>	1/01/00	\$ 878,190	894,484	16,294	98.2%	\$ 137,561	11.8%
	1/01/01	924,573	935,799	11,226	98.8	141,067	8.0
	1/01/02	927,523	948,912	21,389	97.7	142,882	15.0
	1/01/03	899,290	976,918	77,628	92.1	142,325	54.5
	1/01/04	913,949	982,569	68,620	93.0	139,470	49.2
	1/01/05	933,974	1,013,836	79,862	92.1	139,362	57.3
	1/01/06	951,540	1,027,309	75,769	92.6	137,730	55.0
	1/01/07	1,004,452	1,062,967	58,515	94.5	133,812	43.7
	1/01/08	1,102,107	1,170,251	68,144	94.2	132,899	51.3
12/31/08	1,002,443	1,208,625	206,182	82.9	133,110	154.9	
<b>Public Safety Retirement System</b>	1/01/00	\$ 1,146,331	1,105,166	(41,165)	103.7%	\$ 226,057	(18.2)%
	1/01/01	1,286,996	1,206,876	(80,120)	106.6	247,985	(32.3)
	1/01/02	1,376,466	1,366,134	(10,332)	100.8	260,783	(4.0)
	1/01/03	1,349,435	1,458,491	109,056	92.5	268,478	40.6
	1/01/04	1,448,888	1,556,758	107,870	93.1	278,402	38.7
	1/01/05	1,524,904	1,726,785	201,881	88.3	293,797	68.7
	1/01/06	1,633,022	1,834,452	201,430	89.0	298,756	67.4
	1/01/07	1,809,198	1,968,982	159,784	91.9	316,662	50.5
	1/01/08	2,038,613	2,247,826	209,213	90.7	339,187	61.7
12/31/08	1,936,871	2,406,752	469,881	80.5	365,043	128.7	

See accompanying notes to required supplementary information.

## Utah Retirement Systems

Required Supplementary Information *(Continued)*Schedules of Funding Progress *(Continued)**(dollars in thousands)*

System	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>Firefighters Retirement System</b>	1/01/00	\$483,374	419,157	(64,217)	115.3%	\$57,561	(111.6)%
	1/01/01	536,503	455,456	(81,047)	117.8	63,274	(128.1)
	1/01/02	569,151	491,274	(77,877)	115.9	67,192	(115.9)
	1/01/03	553,589	521,164	(32,425)	106.2	71,354	(45.4)
	1/01/04	589,502	549,378	(40,124)	107.3	75,619	(53.1)
	1/01/05	610,688	578,891	(31,797)	105.5	79,638	(39.9)
	1/01/06	644,496	614,359	(30,137)	104.9	84,061	(35.9)
	1/01/07	705,051	643,765	(61,286)	109.5	88,682	(69.1)
	1/01/08	787,663	732,829	(54,834)	107.5	95,767	(57.3)
12/31/08	735,235	779,035	43,800	94.4	102,252	42.8	
<b>Judges Retirement System</b>	1/01/00	\$ 78,130	68,134	(9,996)	114.7%	\$10,104	(98.9)%
	1/01/01	87,139	73,962	(13,177)	117.8	10,397	(126.7)
	1/01/02	92,649	85,987	(6,662)	107.7	10,927	(61.0)
	1/01/03	90,904	90,573	(331)	100.4	11,173	(3.0)
	1/01/04	97,412	97,902	490	99.5	10,888	4.5
	1/01/05	100,814	104,210	3,396	96.7	11,646	29.2
	1/01/06	106,374	106,962	588	99.5	11,594	5.1
	1/01/07	116,879	117,127	248	99.8	12,195	2.0
	1/01/08	129,847	135,379	5,532	95.9	13,322	41.5
12/31/08	121,075	143,368	22,293	84.5	14,404	154.8	
<b>Utah Governors and Legislators Retirement Plan</b>	1/01/00	\$ 10,946	8,253	(2,693)	132.6%	\$ 468	(575.4)%
	1/01/01	11,569	7,908	(3,661)	146.3	464	(789.0)
	1/01/02	11,710	8,182	(3,528)	143.1	556	(634.5)
	1/01/03	10,719	8,706	(2,013)	123.1	556	(362.1)
	1/01/04	10,905	8,812	(2,093)	123.8	556	(376.4)
	1/01/05	10,650	8,727	(1,923)	122.0	556	(345.9)
	1/01/06	10,587	8,974	(1,613)	118.0	887	(181.8)
	1/01/07	10,983	9,212	(1,771)	119.2	860	(205.9)
	1/01/08	11,736	9,862	(1,874)	119.0	947	(197.9)
12/31/08	10,407	9,845	(562)	105.7	910	(61.8)	

See accompanying notes to required supplementary information.

## Utah Retirement Systems

## Required Supplementary Information (Continued)

## Schedules of Employer Contributions

(dollars in thousands)

System	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
<b>Noncontributory Retirement System</b>	1999	\$338,704	100%
	2000	352,339	100
	2001	331,951	100
	2002	291,256	100
	2003	314,511	100
	2004	369,109	100
	2005	406,795	100
	2006	440,421	100
	2007	487,803	100
2008	522,733	100	
<b>Contributory Retirement System</b>	1999	\$ 10,840	100%
	2000	10,484	100
	2001	8,480	100
	2002	6,735	100
	2003	7,297	100
	2004	9,564	100
	2005	10,357	100
	2006	10,737	100
	2007	11,208	100
2008	11,037	100	
<b>Public Safety Retirement System</b>	1999	\$ 45,110	100%
	2000	49,353	100
	2001	46,113	100
	2002	42,264	100
	2003	46,655	100
	2004	56,319	100
	2005	61,326	100
	2006	70,466	100
	2007	81,166	100
2008	93,899	100	

System	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
<b>Firefighters Retirement System</b>	1999	\$ 5,737	100%
	2000	6,755	100
	2001	8,354	100
	2002	9,454	100
	2003	9,059	100
	2004	8,659	100
	2005	9,601	100
	2006	9,518	100
	2007	13,797	100
2008	10,219	100	
<b>Judges Retirement System</b>	1999	\$ 3,318	100%
	2000	3,422	100
	2001	3,053	100
	2002	2,853	100
	2003	2,490	100
	2004	2,531	100
	2005	2,397	100
	2006	2,718	100
	2007	3,210	100
2008	3,802	100	
<b>Governors and Legislators Retirement Plan</b>	1999	\$ 0	100%
	2000	0	100
	2001	0	100
	2002	0	100
	2003	0	100
	2004	0	100
	2005	0	100
	2006	0	100
	2007	0	100
2008	0	100	

See accompanying notes to required supplementary information.

# Notes to the Required Supplementary Information

December 31, 2008

**Note 1**

## Schedules of Funding Progress

**1** The information contained in the schedule of funding progress is based on the actuarial study dated January 1, 2008 and calendar year 2008 activity. The actuarial accrued liability is presented based on the report generated by that study conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets for that date is based on a smoothed expected investment income rate. Beginning with the 2008 actuarial study, the investment rate of return assumption was changed from 8% to 7.75%. Investment income in excess or shortfall of the expected return on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year. The calculations for this smoothing process are disclosed in note 5 of the notes to the basic financial statements on page 61.

**Note 2**

## Schedules of Employer Contributions

**2** The required employer contributions and percent of those contributions actually made are presented in the schedule.

**Note 3**

## Actuarial Assumptions

**3** The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows.

### Additional Actuarial Information

	Noncontributory	Contributory	Public Safety	Firefighters	Judges	Governors and Legislators
<b>Valuation date</b>	1/1/08	1/1/08	1/1/08	1/1/08	1/1/08	1/1/08
<b>Actuarial cost method</b>	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
<b>Amortization method</b>	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Dollar Amount
<b>Amortization period</b>	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period
<b>Actuarial asset valuation method</b> (All Systems under same method.)	Based on the total fair value income of investments with the excess or shortfall of actual investment income over or under the expected investment return smoothed over five years. One-fifth of the excess or shortfall is recognized each year for five years.					
<b>Actuarial assumptions:</b>						
Investment rate of return	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
Projected salary increases	4.00 - 12.00%	4.00 - 12.00%	4.00 - 9.75%	4.00 - 10.25%	4.0%	None
Inflation rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Post retirement cost-of-living adjustment	3.00%	3.00%	2.50%	3.00%	3.00%	3.00%

**Note:** All post retirement cost-of-living adjustments are noncompounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

**Noncontributory Retirement System****Schedules of Fiduciary Net Assets —  
Pension Trust Fund by Division**

December 31, 2008

With Comparative Totals for December 31, 2007

*( in thousands )*

	Local Government	State and School	Total All Divisions	
			2008	2007
<b>Assets:</b>				
Cash	\$ 1	3,456	3,457	1,192
Receivables:				
Employer contributions	4,261	27,277	31,538	32,257
Investments	52,453	249,631	302,084	327,924
Total receivables	56,714	276,908	333,622	360,181
Investments at fair value:				
Short term securities, domestic	143,733	684,041	827,774	1,204,816
Short term securities, international	869	4,136	5,005	4,889
Debt securities, domestic	547,511	2,605,667	3,153,178	3,827,714
Debt securities, international	88,527	421,309	509,836	458,352
Equity investments, domestic	450,918	2,145,968	2,596,886	4,777,106
Equity investments, international	260,461	1,239,563	1,500,024	2,407,747
Absolute return	291,437	1,386,980	1,678,417	1,752,972
Private equity	200,400	953,725	1,154,125	919,257
Real estate	455,754	2,168,984	2,624,738	3,016,041
Mortgage loans	951	4,527	5,478	5,474
Total investments	2,440,561	11,614,900	14,055,461	18,374,368
Invested securities lending collateral	153,586	730,932	884,518	1,452,735
Property and equipment at cost, net of accumulated depreciation	73	348	421	652
Total assets	2,650,935	12,626,544	15,277,479	20,189,128
<b>Liabilities:</b>				
Securities lending collateral liability	153,586	730,932	884,518	1,452,735
Disbursements in excess of cash balance	3,209	15,274	18,483	14,066
Compensated absences, post employment benefits and insurance reserve	1,740	8,282	10,022	12,424
Investment accounts payable	114,788	549,776	664,564	770,692
Real estate liabilities	171,124	814,397	985,521	1,187,407
Total liabilities	444,447	2,118,661	2,563,108	3,437,324
Net assets held in trust for pension benefits	\$2,206,448	10,507,883	12,714,371	16,751,804

**Noncontributory Retirement System****Schedules of Changes in Fiduciary Net Assets —  
Pension Trust Fund by Division**

Year Ended December 31, 2008

With Comparative Totals for Year Ended December 31, 2007

*( i n t h o u s a n d s )*

	Local Government	State and School	Total All Divisions	
			2008	2007
<b>Additions:</b>				
Contributions:				
Member	\$ 2,564	11,546	14,110	18,245
Employer	100,843	421,890	522,733	487,803
Total contributions	103,407	433,436	536,843	506,048
Investment income:				
Net appreciation (depreciation) in fair value of investments	(732,003)	(3,513,071)	(4,245,074)	597,225
Interest, dividends and other investment income	65,980	316,657	382,637	487,799
Total income (loss) from investment activity	(666,023)	(3,196,414)	(3,862,437)	1,085,024
Less investment expenses	6,565	31,505	38,070	51,383
Net income (loss) from investment activity	(672,588)	(3,227,919)	(3,900,507)	1,033,641
Income from security lending activity	2,049	9,834	11,883	7,773
Net investment income (loss)	(670,539)	(3,218,085)	(3,888,624)	1,041,414
Transfers from affiliated systems	—	—	—	7,173
Total additions	(567,132)	(2,784,649)	(3,351,781)	1,554,635
<b>Deductions:</b>				
Retirement benefits	81,434	469,957	551,391	513,917
Cost of living benefits	14,688	93,713	108,401	95,609
Refunds	485	2,029	2,514	3,443
Administrative expenses	1,466	7,343	8,809	8,345
Transfers to affiliated systems	3,000	11,537	14,537	—
Total deductions	101,073	584,579	685,652	621,314
Increase (decrease) from operations	(668,205)	(3,369,228)	(4,037,433)	933,321
Net assets held in trust for pension benefits				
beginning of year	2,874,693	13,877,111	16,751,804	15,818,483
Net assets held in trust for pension benefits end of year	\$2,206,488	10,507,883	12,714,371	16,751,804

## Noncontributory Retirement System

## Schedules of Funding Progress by Division

*(dollars in thousands)*

Division	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>Noncontributory Local Government</b>	1/01/00	\$ 1,470,043	1,342,091	(127,952)	109.5%	\$ 511,311	(25.0)%
	1/01/01	1,660,838	1,515,951	(144,887)	109.6	555,112	(26.1)
	1/01/02	1,790,398	1,667,820	(122,578)	107.3	583,682	(21.0)
	1/01/03	1,766,403	1,842,886	76,483	95.8	617,784	12.4
	1/01/04	1,916,701	1,985,092	68,391	96.6	648,410	10.5
	1/01/05	2,027,791	2,123,427	95,636	95.5	680,620	14.1
	1/01/06	2,193,880	2,295,475	101,595	95.6	718,228	14.1
	1/01/07	2,455,870	2,456,038	168	100.0	758,583	0.0
	1/01/08	2,780,176	2,833,053	52,877	98.1	815,502	6.5
	12/31/08	2,647,785	3,055,434	407,649	86.7	883,207	46.2
<b>Noncontributory State and School</b>	1/01/00	\$ 7,767,404	7,664,217	(103,187)	101.3%	\$1,987,776	(5.2)%
	1/01/01	8,700,495	8,417,563	(282,932)	103.4	2,104,088	(13.4)
	1/01/02	9,313,936	9,138,204	(175,732)	101.9	2,248,378	(7.8)
	1/01/03	9,082,183	9,921,467	839,284	91.5	2,308,665	36.4
	1/01/04	9,740,824	10,366,218	625,394	94.0	2,310,937	27.1
	1/01/05	10,184,646	11,112,017	927,371	91.7	2,403,697	38.6
	1/01/06	10,875,482	11,723,065	847,580	92.8	2,447,276	34.6
	1/01/07	11,991,058	12,628,023	636,965	95.0	2,567,809	24.8
	1/01/08	13,418,901	14,192,132	773,231	94.6	2,766,993	27.9
	12/31/08	12,609,458	15,071,614	2,462,156	83.7	2,988,429	82.4
<b>Total Noncontributory Retirement System</b>	1/01/00	\$ 9,237,447	9,006,308	(231,139)	102.6%	\$2,499,087	(9.2)
	1/01/01	10,361,333	9,933,514	(427,819)	104.3	2,659,200	(16.1)
	1/01/02	11,104,334	10,806,024	(298,310)	102.8	2,832,060	(10.5)
	1/01/03	10,848,586	11,764,353	915,767	92.2	2,926,449	31.3
	1/01/04	11,657,525	12,351,310	693,785	94.4	2,959,347	23.4
	1/01/05	12,212,437	13,235,444	1,023,007	92.3	3,084,317	33.2
	1/01/06	13,069,362	14,018,540	949,178	93.2	3,165,504	30.0
	1/01/07	14,446,928	15,084,061	637,133	95.8	3,326,392	19.2
	1/01/08	16,199,077	17,025,185	826,108	95.1	3,582,495	23.1
	12/31/08	15,257,243	18,127,048	2,869,805	84.2	3,871,636	74.1



**Noncontributory Retirement System****Schedules of Employer Contributions by Division***(dollars in thousands)*

Division	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
<b>Noncontributory Local Government</b>	1999	\$ 55,110	100%
	2000	58,626	100
	2001	54,274	100
	2002	52,143	100
	2003	60,097	100
	2004	70,010	100
	2005	79,179	100
	2006	85,715	100
	2007	94,482	100
	2008	100,843	100
<b>Noncontributory State and School</b>	1999	\$283,594	100%
	2000	293,713	100
	2001	277,677	100
	2002	239,113	100
	2003	254,414	100
	2004	299,099	100
	2005	327,616	100
	2006	354,706	100
	2007	393,321	100
	2008	421,890	100
<b>Total Noncontributory Retirement System</b>	1999	\$338,704	100%
	2000	352,339	100
	2001	331,951	100
	2002	291,256	100
	2003	314,511	100
	2004	369,109	100
	2005	406,795	100
	2006	440,421	100
	2007	487,803	100
	2008	522,733	100

**Contributory Retirement System****Schedules of Fiduciary Net Assets —  
Pension Trust Fund by Division**

December 31, 2008

With Comparative Totals for December 31, 2007

*( in thousands )*

	Local Government	State and School	Total All Divisions	
			2008	2007
<b>Assets:</b>				
Cash	\$ 1	1	2	2
Receivables:				
Member contributions	162	226	388	421
Employer contributions	206	366	572	618
Investments	6,554	13,320	19,874	22,168
Total receivables	6,922	13,912	20,834	23,207
Investments at fair value:				
Short term securities, domestic	17,960	36,499	54,459	81,448
Short term securities, international	109	221	330	331
Debt securities, domestic	68,414	139,034	207,448	258,760
Debt securities, international	11,062	22,480	33,542	30,986
Equity investments, domestic	56,344	114,505	170,849	322,941
Equity investments, international	32,546	66,141	98,687	162,768
Absolute return	36,416	74,007	110,423	118,504
Private equity	25,041	50,889	75,930	62,144
Real estate	56,949	115,733	172,682	203,890
Mortgage loans	119	242	361	370
Total investments	304,960	619,751	924,711	1,242,142
Invested securities lending collateral	19,191	39,001	58,192	98,207
Property and equipment at cost, net of accumulated depreciation	9	19	28	44
Total assets	331,083	672,684	1,003,767	1,363,602
<b>Liabilities:</b>				
Securities lending collateral liability	19,191	39,001	58,192	98,207
Disbursements in excess of cash balance	401	815	1,216	950
Compensated absences, post employment benefits and insurance reserve	217	442	659	840
Investment accounts payable	14,343	29,149	43,492	52,018
Real estate liabilities	21,383	43,455	64,838	80,271
Total liabilities	55,535	112,862	168,397	232,286
Net assets held in trust for pension benefits	\$275,548	559,822	835,370	1,131,316

**Contributory Retirement System****Schedules of Changes in Fiduciary Net Assets —  
Pension Trust Fund by Division**

Year Ended December 31, 2008

With Comparative Totals for Year Ended December 31, 2007

*( i n t h o u s a n d s )*

	Local Government	State and School	Total All Divisions	
			2008	2007
<b>Additions:</b>				
Contributions:				
Member	\$ 4,180	5,230	9,410	9,700
Employer	4,912	6,125	11,037	11,208
Total contributions	9,092	11,355	20,447	20,908
Investment income:				
Net appreciation (depreciation) in fair value of investments	(92,816)	(192,356)	(285,172)	41,083
Interest, dividends and other investment income	8,366	17,338	25,704	33,556
Total income (loss) from investment activity	(84,450)	(175,018)	(259,468)	74,639
Less investment expenses	832	1,725	2,557	3,534
Net income (loss) from investment activity	(85,282)	(176,743)	(262,025)	71,105
Income from security lending activity	260	538	798	535
Net investment income (loss)	(85,022)	(176,205)	(261,227)	71,640
Transfers from affiliated systems	3,034	5,974	9,008	—
Total additions	(72,896)	(158,876)	(231,772)	92,548
<b>Deductions:</b>				
Retirement benefits	11,816	32,402	44,218	43,248
Cost of living benefits	3,630	13,679	17,309	17,694
Supplemental retirement benefits	75	494	569	736
Refunds	502	971	1,473	2,318
Administrative expenses	197	408	605	588
Transfers to affiliated systems	—	—	—	12,064
Total deductions	16,220	47,954	64,174	76,648
Increase (decrease) from operations	(89,116)	(206,830)	(295,946)	15,900
Net assets held in trust for pension benefits beginning of year	364,664	766,652	1,131,316	1,115,416
Net assets held in trust for pension benefits end of year	\$275,548	559,822	835,370	1,131,316

## Contributory Retirement System

## Schedules of Funding Progress by Division

*(dollars in thousands)*

Division	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>Contributory</b>	1/01/00	\$ 236,830	239,601	2,771	98.8%	\$ 53,388	5.2%
<b>Local Government</b>	1/01/01	253,681	256,676	2,995	98.8	56,007	5.3
	1/01/02	260,569	266,365	5,796	97.8	56,444	10.3
	1/01/03	254,370	280,435	26,065	90.7	57,595	45.3
	1/01/04	263,839	289,001	25,162	91.3	57,965	43.4
	1/01/05	280,286	307,221	26,935	91.2	58,482	46.1
	1/01/06	295,061	322,986	27,925	91.4	60,616	46.1
	1/01/07	319,072	338,625	19,553	94.2	61,441	31.8
	1/01/08	356,014	381,287	25,273	99.2	62,793	40.2
	12/31/08	330,658	400,880	70,222	82.5	64,758	108.4
<b>Contributory</b>	1/01/00	\$ 641,360	654,883	13,523	97.9%	\$ 84,173	16.1%
<b>State and School</b>	1/01/01	670,892	679,123	8,231	98.8	85,060	9.7
	1/01/02	666,954	682,547	15,593	97.7	86,438	18.0
	1/01/03	644,920	696,483	51,563	92.6	84,730	60.9
	1/01/04	650,110	693,568	43,458	93.7	81,505	53.3
	1/01/05	653,688	706,615	52,927	92.5	80,880	65.4
	1/01/06	656,479	704,323	47,844	93.2	77,114	62.0
	1/01/07	685,380	724,342	38,962	94.6	72,371	53.8
	1/01/08	746,093	788,964	42,871	99.9	70,106	61.2
	12/31/08	671,785	807,745	135,960	83.2	68,352	198.9
<b>Total</b>	1/01/00	\$ 878,190	894,484	16,294	98.2%	\$137,561	11.8%
<b>Contributory</b>	1/01/01	924,573	935,799	11,226	98.8	141,067	8.0
<b>Retirement</b>	1/01/02	927,523	948,912	21,389	97.7	142,882	15.0
<b>System</b>	1/01/03	899,290	976,918	77,628	92.1	142,325	54.5
	1/01/04	913,949	982,569	68,620	93.0	139,470	49.2
	1/01/05	933,974	1,013,836	79,862	92.1	139,362	57.3
	1/01/06	951,540	1,027,309	75,769	92.6	137,730	55.0
	1/01/07	1,004,452	1,062,967	58,515	94.5	133,812	43.7
	1/01/08	1,102,107	1,170,251	68,144	94.2	132,899	51.3
	12/31/08	1,002,443	1,208,625	206,182	82.9	133,110	154.9

**Contributory Retirement System****Schedules of Employer Contributions by Division***(dollars in thousands)*

Division	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
<b>Contributory Local Government</b>	1999	\$ 3,530	100%
	2000	3,524	100
	2001	2,926	100
	2002	2,441	100
	2003	2,881	100
	2004	3,822	100
	2005	4,238	100
	2006	4,217	100
	2007	4,889	100
	2008	4,912	100
<b>Contributory State and School</b>	1999	\$ 7,310	100%
	2000	6,960	100
	2001	5,554	100
	2002	4,294	100
	2003	4,416	100
	2004	5,742	100
	2005	6,119	100
	2006	5,317	100
	2007	6,319	100
	2008	6,125	100
<b>Total Contributory Retirement System</b>	1999	\$10,840	100%
	2000	10,484	100
	2001	8,480	100
	2002	6,735	100
	2003	7,297	100
	2004	9,564	100
	2005	10,357	100
	2006	9,534	100
	2007	11,208	100
	2008	11,037	100

**Public Safety Retirement System****Schedules of Fiduciary Net Assets —  
Pension Trust Fund by Division**

December 31, 2008

With Comparative Totals for December 31, 2007

*( i n t h o u s a n d s )*

	State of Utah Public Safety	Other Division A (with Social Security)	Salt Lake City
<b>Assets:</b>			
Cash	\$ 2	2	2
Receivables:			
Member contributions	3	39	—
Employer contributions	1,285	1,351	382
Investments	13,691	15,905	3,437
Total receivables	14,979	17,295	3,819
Investments at fair value:			
Short term securities, domestic	37,515	43,584	9,417
Short term securities, international	227	264	57
Debt securities, domestic	142,905	166,021	35,873
Debt securities, international	23,106	26,844	5,800
Equity investments, domestic	117,693	136,731	29,544
Equity investments, international	67,983	78,979	17,065
Absolute return	76,067	88,372	19,095
Private equity	52,306	60,767	13,130
Real estate	118,956	138,198	29,861
Mortgage loans	248	288	62
Total investments	637,006	740,048	159,904
Invested securities lending collateral	40,087	46,572	10,063
Property and equipment at cost, net of accumulated depreciation	19	22	5
Total assets	692,093	803,939	173,793
<b>Liabilities:</b>			
Securities lending collateral liability	40,087	46,572	10,063
Disbursements in excess of cash balance	838	973	210
Compensated absences, post employment benefits and insurance reserve	454	528	114
Investment accounts payable	29,961	34,807	7,521
Real estate liabilities	44,665	51,890	11,212
Total liabilities	116,005	134,770	29,120
Net assets held in trust for pension benefits	\$576,088	669,169	144,673

Ogden	Provo	Logan	Bountiful	Other Division B (without Social Security)	Total All Divisions	
					2008	2007
2	2	2	2	2	16	15
—	—	4	—	3	49	336
67	—	6	17	387	3,495	3,510
875	605	351	303	3,193	38,360	41,236
942	605	361	320	3,583	41,904	45,082
2,398	1,657	961	831	8,749	105,112	151,503
14	10	6	5	53	636	616
9,134	6,312	3,662	3,165	33,326	400,398	481,323
1,477	1,021	592	512	5,388	64,740	57,637
7,522	5,199	3,016	2,607	27,446	329,758	600,707
4,345	3,003	1,742	1,506	15,854	190,477	302,766
4,862	3,360	1,949	1,685	17,739	213,129	220,431
3,343	2,310	1,340	1,159	12,198	146,553	115,595
7,603	5,255	3,048	2,635	27,741	333,297	379,257
16	11	6	5	58	694	688
40,714	28,138	16,322	14,110	148,552	1,784,794	2,310,523
2,562	1,771	1,027	888	9,348	112,318	182,678
1	1	—	—	4	52	82
44,221	30,517	17,712	15,320	161,489	1,939,084	2,538,380
2,562	1,771	1,027	888	9,348	112,318	182,678
54	37	21	19	195	2,347	1,767
29	20	12	10	106	1,273	1,563
1,915	1,323	768	664	6,987	83,946	96,758
2,855	1,973	1,144	989	10,415	125,143	149,312
7,415	5,124	2,972	2,570	27,051	325,027	432,078
36,806	25,393	14,740	12,750	134,438	1,614,057	2,106,302

**Public Safety Retirement System****Schedules of Changes in Fiduciary Net Assets —  
Pension Trust Fund by Division**

Year Ended December 31, 2008

With Comparative Totals for Year Ended December 31, 2007

*( i n t h o u s a n d s )*

	State of Utah Public Safety	Other Division A (with Social Security)	Salt Lake City
<b>Additions:</b>			
Contributions:			
Member	\$ 100	1,473	—
Employer	34,114	36,318	9,747
Total contributions	34,214	37,791	9,747
Investment income:			
Net appreciation (depreciation) in fair value of investments	(191,635)	(221,782)	(48,301)
Interest, dividends and other investment income	17,273	19,991	4,354
Total income (loss) from investment activity	(174,362)	(201,791)	(43,947)
Less investment expenses	1,719	1,989	433
Net income (loss) from investment activity	(176,081)	(203,780)	(44,380)
Income from security lending activity	536	621	135
Net investment income (loss)	(175,545)	(203,159)	(44,245)
Transfers from affiliated systems	626	1,935	1,012
Total additions	(140,705)	(163,433)	(33,486)
<b>Deductions:</b>			
Retirement benefits	31,354	30,487	9,926
Cost of living benefits	5,947	5,140	2,508
Supplemental retirement benefits	267	133	59
Refunds	—	656	20
Administrative expenses	414	460	121
Total deductions	37,982	36,876	12,634
Increase (decrease) from operations	(178,687)	(200,309)	(46,120)
Net assets held in trust for pension benefits beginning of year	754,775	869,478	190,793
Net assets held in trust for pension benefits end of year	\$ 576,088	669,169	144,673



Ogden	Provo	Logan	Bountiful	Other Division B (without Social Security)	Total All Divisions	
					2008	2007
23	10	56	—	497	2,159	4,343
1,763	1,477	578	437	9,465	93,899	81,166
1,786	1,487	634	437	9,962	96,058	85,509
(12,553)	(8,517)	(4,959)	(4,283)	(44,003)	(536,033)	74,927
1,131	768	447	386	3,966	48,316	61,198
(11,422)	(7,749)	(4,512)	(3,897)	(40,037)	(487,717)	136,125
113	76	44	38	395	4,807	6,447
(11,535)	(7,825)	(4,556)	(3,935)	(40,432)	(492,524)	129,678
35	24	14	12	123	1,500	977
(11,500)	(7,801)	(4,542)	(3,923)	(40,309)	(491,024)	130,655
(289)	75	31	21	316	3,727	2,323
(10,003)	(6,239)	(3,877)	(3,465)	(30,031)	(391,239)	218,487
2,699	1,638	831	635	5,572	83,142	77,605
578	331	133	106	574	15,317	13,743
14	8	1	3	—	485	516
47	75	—	—	101	899	723
30	20	11	9	98	1,163	1,090
3,368	2,072	976	753	6,345	101,006	93,677
(13,371)	(8,311)	(4,853)	(4,218)	(36,376)	(492,245)	124,810
50,177	33,704	19,593	16,968	170,814	2,106,302	1,981,492
36,806	25,393	14,740	12,750	134,438	1,614,057	2,106,302

## Public Safety Retirement System

## Schedules of Funding Progress by Division

(dollars in thousands)

Division	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>Public Safety State of Utah</b>	1/01/00	\$419,682	415,815	(3,867)	100.9%	\$ 77,352	(5.0)%
	1/01/01	470,153	452,131	(18,022)	104.0	83,674	(21.5)
	1/01/02	501,970	508,897	6,927	98.6	88,523	7.8
	1/01/03	491,499	536,944	45,445	91.5	90,782	50.1
	1/01/04	526,545	565,809	39,264	93.1	91,540	42.9
	1/01/05	554,342	630,095	75,753	88.0	97,654	77.6
	1/01/06	592,472	656,157	63,685	90.3	94,611	67.3
	1/01/07	652,239	706,589	54,350	92.3	100,368	54.2
	1/01/08	730,102	800,385	70,283	91.2	108,127	65.0
12/31/08	691,306	854,463	163,157	80.9	118,659	137.5	
<b>Public Safety Other Division A (with Social Security)</b>	1/01/00	\$467,856	407,837	(60,019)	114.7%	\$ 97,056	(61.8)%
	1/01/01	526,386	450,645	(75,741)	116.8	109,941	(68.9)
	1/01/02	564,325	518,791	(45,534)	108.8	115,482	(39.4)
	1/01/03	553,911	558,141	4,230	99.2	118,507	3.6
	1/01/04	594,020	603,281	9,261	98.5	125,617	7.4
	1/01/05	625,506	669,261	43,755	93.5	132,238	33.1
	1/01/06	668,555	718,533	49,978	93.0	136,367	36.6
	1/01/07	743,225	772,956	29,731	96.2	145,274	20.5
	1/01/08	841,852	888,872	47,020	94.7	155,991	30.1
12/31/08	803,005	957,758	154,753	83.8	165,099	93.7	
<b>Public Safety Salt Lake City</b>	1/01/00	\$115,568	143,223	27,655	80.7%	\$ 17,224	160.6%
	1/01/01	127,803	148,910	21,107	85.8	17,883	118.0
	1/01/02	135,031	158,626	23,595	85.1	18,579	127.0
	1/01/03	129,690	168,084	38,394	77.2	19,305	198.9
	1/01/04	138,148	176,136	37,988	78.4	20,380	186.4
	1/01/05	142,134	187,740	45,606	75.7	20,672	220.6
	1/01/06	150,347	200,080	49,733	75.1	22,778	218.3
	1/01/07	165,100	206,821	41,721	79.8	24,330	171.5
	1/01/08	184,578	234,139	49,561	78.8	26,114	189.8
12/31/08	173,607	246,846	73,239	70.3	27,413	267.2	
<b>Public Safety Ogden</b>	1/01/00	\$ 35,220	36,839	1,619	95.6%	\$ 4,442	36.4%
	1/01/01	38,652	38,128	(524)	101.4	4,513	(11.6)
	1/01/02	40,505	40,331	(174)	100.4	4,763	(3.7)
	1/01/03	38,568	42,649	4,081	90.4	5,059	80.7
	1/01/04	40,214	44,245	4,031	90.9	5,120	78.7
	1/01/05	40,288	47,666	7,378	84.5	5,167	142.8
	1/01/06	41,541	49,440	7,899	84.0	4,842	163.1
	1/01/07	44,077	51,735	7,658	85.2	5,130	149.3
	1/01/08	48,429	57,590	9,161	84.1	5,118	179.0
12/31/08	44,168	59,528	15,360	74.2	5,602	274.2	
<b>Public Safety Provo</b>	1/01/00	\$ 19,601	21,478	1,877	91.3%	\$ 4,069	46.1%
	1/01/01	22,045	23,608	1,563	93.4	4,446	35.2
	1/01/02	23,568	25,176	1,608	93.6	4,365	36.8
	1/01/03	22,875	26,434	3,559	86.5	4,512	78.9
	1/01/04	24,546	28,009	3,463	87.6	4,482	77.3
	1/01/05	25,302	30,072	4,770	84.1	4,402	108.4
	1/01/06	26,857	32,359	5,502	83.0	4,626	118.9
	1/01/07	29,473	33,773	4,300	87.3	4,504	95.5
	1/01/08	32,601	38,373	5,772	85.0	4,864	118.7
12/31/08	30,471	40,433	9,962	75.4	5,006	199.0	

**Public Safety Retirement System****Schedules of Funding Progress by Division** *(Continued)**(dollars in thousands)*

Division	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>Public Safety Logan</b>	1/01/00	\$ 11,086	9,898	(1,188)	112.0%	\$ 2,019	(58.8)%
	1/01/01	12,462	11,221	(1,241)	111.1	2,131	(58.2)
	1/01/02	13,375	12,422	(953)	107.7	2,199	(43.3)
	1/01/03	13,099	13,685	586	95.7	2,312	25.3
	1/01/04	13,826	14,599	773	94.7	2,372	32.6
	1/01/05	14,510	16,234	1,724	89.4	2,467	69.9
	1/01/06	15,432	16,885	1,453	91.4	2,308	63.0
	1/01/07	16,938	18,012	1,074	94.0	2,434	44.1
	1/01/08	18,949	21,667	2,718	87.5	2,626	103.5
	12/31/08	17,689	22,933	5,244	77.1	2,482	211.3
<b>Public Safety Bountiful</b>	1/01/00	\$ 9,369	9,444	75	99.2%	\$ 1,384	5.4%
	1/01/01	10,439	10,101	(338)	103.3	1,442	(23.4)
	1/01/02	11,148	10,484	(664)	106.3	1,518	(43.7)
	1/01/03	10,958	11,170	212	98.1	1,601	13.2
	1/01/04	11,809	11,640	(169)	101.5	1,653	(10.2)
	1/01/05	12,384	12,337	(47)	100.4	1,621	(2.9)
	1/01/06	13,392	13,966	574	95.9	1,724	33.3
	1/01/07	14,838	14,750	(88)	100.6	1,649	(5.3)
	1/01/08	16,406	16,801	395	97.6	1,756	22.5
	12/31/08	15,302	17,788	2,486	86.0	1,945	127.8
<b>Public Safety Other Division B (without Social Security)</b>	1/01/00	\$ 67,949	60,632	(7,317)	112.1%	\$ 22,511	(32.5)%
	1/01/01	79,056	72,132	(6,924)	109.6	23,955	(28.9)
	1/01/02	86,544	91,407	4,863	94.7	25,354	19.2
	1/01/03	88,835	101,384	12,549	87.6	26,400	47.5
	1/01/04	99,780	113,039	13,259	88.3	27,238	48.7
	1/01/05	110,438	133,380	22,942	82.8	29,576	77.6
	1/01/06	124,426	147,032	22,606	84.6	31,500	71.8
	1/01/07	143,308	164,346	21,038	87.2	32,973	63.8
	1/01/08	165,696	189,999	24,303	87.2	34,591	70.3
	12/31/08	161,323	207,003	45,680	77.9	38,837	117.6
<b>Total Public Safety Retirement System</b>	1/01/00	\$1,146,331	1,105,166	(41,165)	103.7%	\$226,057	(18.2)%
	1/01/01	1,286,996	1,206,876	(80,120)	106.6	247,985	(32.3)
	1/01/02	1,376,466	1,366,134	(10,332)	100.8	260,783	(4.0)
	1/01/03	1,349,435	1,458,491	109,056	92.5	268,478	40.6
	1/01/04	1,448,888	1,556,758	107,870	93.1	278,402	38.7
	1/01/05	1,524,904	1,726,785	201,881	88.3	293,797	68.7
	1/01/06	1,633,022	1,834,452	201,430	89.0	298,756	67.4
	1/01/07	1,809,198	1,968,982	159,784	91.9	316,662	50.5
	1/01/08	2,038,613	2,247,826	209,213	90.7	339,187	61.7
	12/31/08	1,936,871	2,406,752	469,881	80.5	365,043	128.7

## Public Safety Retirement System

## Schedules of Employer Contributions by Division

*(dollars in thousands)*

Division	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
<b>Public Safety State of Utah</b>	1999	\$17,888	100%
	2000	19,250	100
	2001	17,990	100
	2002	16,476	100
	2003	17,406	100
	2004	20,923	100
	2005	21,340	100
	2006	24,269	100
	2007	27,713	100
2008	34,114	100	
<b>Public Safety Other Division A (with Social Security)</b>	1999	\$15,611	100%
	2000	17,700	100
	2001	16,326	100
	2002	14,639	100
	2003	16,980	100
	2004	21,426	100
	2005	24,049	100
	2006	28,146	100
	2007	32,961	100
2008	36,318	100	
<b>Public Safety Salt Lake City</b>	1999	\$ 5,986	100%
	2000	6,286	100
	2001	6,052	100
	2002	5,633	100
	2003	6,182	100
	2004	6,405	100
	2005	7,424	100
	2006	8,292	100
	2007	9,293	100
2008	9,747	100	
<b>Public Safety Ogden</b>	1999	\$ 1,133	100%
	2000	1,122	100
	2001	1,070	100
	2002	976	100
	2003	986	100
	2004	1,158	100
	2005	1,170	100
	2006	1,381	100
	2007	1,557	100
2008	1,763	100	
<b>Public Safety Provo</b>	1999	\$ 537	100%
	2000	562	100
	2001	485	100
	2002	433	100
	2003	455	100
	2004	543	100
	2005	565	100
	2006	634	100
	2007	771	100
2008	1,477	100	

**Public Safety Retirement System**Schedules of Employer Contributions by Division *(Continued)**(dollars in thousands)*

Division	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
<b>Public Safety Logan</b>	1999	\$ 162	100%
	2000	162	100
	2001	109	100
	2002	78	100
	2003	132	100
	2004	221	100
	2005	271	100
	2006	366	100
	2007	508	100
	2008	578	100
<b>Public Safety Bountiful</b>	1999	\$ 320	100%
	2000	340	100
	2001	320	100
	2002	291	100
	2003	298	100
	2004	310	100
	2005	339	100
	2006	327	100
	2007	373	100
	2008	437	100
<b>Public Safety Other Division B (without Social Security)</b>	1999	\$ 3,473	100%
	2000	3,931	100
	2001	3,761	100
	2002	3,738	100
	2003	4,216	100
	2004	5,333	100
	2005	6,168	100
	2006	7,051	100
	2007	7,990	100
	2008	9,465	100
<b>Total Public Safety Retirement System</b>	1999	\$45,110	100%
	2000	49,353	100
	2001	46,113	100
	2002	42,264	100
	2003	46,655	100
	2004	56,319	100
	2005	61,326	100
	2006	70,466	100
	2007	81,166	100
	2008	93,899	100

**Firefighters Retirement System****Schedules of Fiduciary Net Assets —  
Pension Trust Fund by Division**

December 31, 2008

With Comparative Totals for December 31, 2007

*( in thousands )*

	Division A (with Social Security)	Division B (without Social Security)	Total All Divisions	
			2008	2007
<b>Assets:</b>				
Cash	\$ 1	1	2	2
Receivables:				
Member contributions	104	317	421	407
Fire insurance tax	—	—	—	2,871
Investments	1,861	12,722	14,583	15,914
Total receivables	1,965	13,039	15,004	19,192
Investments at fair value:				
Short term securities, domestic	5,100	34,861	39,961	58,469
Short term securities, international	31	211	242	237
Debt securities, domestic	19,427	132,795	152,222	185,757
Debt securities, international	3,141	21,472	24,613	22,244
Equity investments, domestic	15,999	109,367	125,366	231,832
Equity investments, international	9,242	63,173	72,415	116,847
Absolute return	10,341	70,686	81,027	85,071
Private equity	7,111	48,606	55,717	44,611
Real estate	16,171	110,540	126,711	146,367
Mortgage loans	34	231	265	265
Total investments	86,597	591,942	678,539	891,700
Invested securities lending collateral	5,450	37,251	42,701	70,500
Property and equipment at cost, net of accumulated depreciation	3	18	21	32
Total assets	94,016	642,251	736,267	981,426
<b>Liabilities:</b>				
Securities lending collateral liability	5,450	37,251	42,701	70,500
Disbursements in excess of cash balance	114	778	892	682
Compensated absences, post employment benefits and insurance reserve	62	422	484	603
Investment accounts payable	4,073	27,841	31,914	37,342
Real estate liabilities	6,072	41,505	47,577	57,625
Total liabilities	15,771	107,797	123,568	166,752
Net assets held in trust for pension benefits	\$ 78,245	534,454	612,699	814,674

**Firefighters Retirement System****Schedules of Changes in Fiduciary Net Assets —  
Pension Trust Fund by Division**

Year Ended December 31, 2008

With Comparative Totals for Year Ended December 31, 2007

*( i n t h o u s a n d s )*

	Division A (with Social Security)	Division B (without Social Security)	Total All Divisions	
			2008	2007
<b>Additions:</b>				
Contributions:				
Member	\$ 3,169	7,259	10,428	9,194
Fire insurance tax	2,471	7,748	10,219	13,797
Total contributions	5,640	15,007	20,647	22,991
Investment income:				
Net appreciation (depreciation) in fair value of investments	(25,274)	(180,062)	(205,336)	29,097
Interest, dividends and other investment income	2,278	16,230	18,508	23,766
Total income (loss) from investment activity	(22,996)	(163,832)	(186,828)	52,863
Less investment expenses	227	1,615	1,842	2,504
Net income (loss) from investment activity	(23,223)	(165,447)	(188,670)	50,359
Income from security lending activity	71	504	575	379
Net investment income (loss)	(23,152)	(164,943)	(188,095)	50,738
Transfers from affiliated systems	(202)	1,693	1,491	1,709
Total additions	(17,714)	(148,243)	(165,957)	75,438
<b>Deductions:</b>				
Retirement benefits	2,554	25,238	27,792	26,952
Cost of living benefits	464	6,629	7,093	6,461
Supplemental retirement benefits	24	446	470	523
Refunds	65	219	284	248
Administrative expenses	49	330	379	356
Total deductions	3,156	32,862	36,018	34,540
Increase (decrease) from operations	(20,870)	(181,105)	(201,975)	40,898
Net assets held in trust for pension benefits beginning of year	99,115	715,559	814,674	773,776
Net assets held in trust for pension benefits end of year	\$ 78,245	534,454	612,699	814,674

## Firefighters Retirement System

## Schedules of Funding Progress by Division

*(dollars in thousands)*

Division	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>Firefighters</b>	1/01/00	\$ 56,976	42,464	(14,512)	134.2%	10,944	(132.6)
<b>Division A</b>	1/01/01	49,688	38,955	(10,733)	127.6	9,733	(110.3)
<b>(with Social Security)</b>	1/01/02	54,345	46,108	(8,237)	117.9	12,070	(68.2)
	1/01/03	55,202	51,170	(4,032)	107.9	13,423	(30.0)
	1/01/04	60,889	56,399	(4,490)	108.0	14,524	(30.9)
	1/01/05	65,260	62,802	(2,458)	103.9	15,490	(15.9)
	1/01/06	72,396	73,109	713	99.0	18,344	3.9
	1/01/07	82,969	81,160	(1,809)	102.2	20,076	(9.0)
	1/01/08	96,207	94,414	(1,793)	101.9	22,589	(7.9)
	12/31/08	93,893	104,063	10,170	90.2	24,641	41.3
<b>Firefighters</b>	1/01/00	\$426,398	376,693	(49,705)	113.2%	46,617	(106.6)
<b>Division B</b>	1/01/01	486,815	416,501	(70,314)	116.9	53,541	(131.3)
<b>(without Social Security)</b>	1/01/02	514,806	445,166	(69,640)	115.6	55,122	(126.3)
	1/01/03	498,387	469,994	(28,393)	106.0	57,931	(49.0)
	1/01/04	528,613	492,979	(35,634)	107.2	61,095	(58.3)
	1/01/05	545,428	516,089	(29,339)	105.7	64,148	(45.7)
	1/01/06	572,100	541,250	(30,850)	105.7	65,717	(46.9)
	1/01/07	622,082	562,605	(59,477)	110.6	68,606	(86.7)
	1/01/08	691,456	638,415	(53,041)	108.3	73,178	(72.5)
	12/31/08	641,342	674,972	33,630	95.0	77,611	43.3
<b>Total</b>	1/01/00	\$483,374	419,157	(64,217)	115.3%	57,561	(111.6)
<b>Firefighters</b>	1/01/01	536,503	455,456	(81,047)	117.8	63,274	(128.1)
<b>Retirement</b>	1/01/02	569,151	491,274	(77,877)	115.9	67,192	(115.9)
<b>System</b>	1/01/03	553,589	521,164	(32,425)	106.2	71,354	(45.4)
	1/01/04	589,502	549,378	(40,124)	107.3	75,619	(53.1)
	1/01/05	610,688	578,891	(31,797)	105.5	79,638	(39.9)
	1/01/06	644,496	614,359	(30,137)	104.9	84,061	(35.9)
	1/01/07	705,051	643,765	(61,286)	109.5	88,682	(69.1)
	1/01/08	787,663	732,829	(54,834)	107.5	95,767	(57.3)
	12/31/08	735,235	779,035	43,800	94.4	102,252	42.8



**Firefighters Retirement System****Schedules of Employer Contributions by Division***(dollars in thousands)*

Division	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
<b>Firefighters</b>	1999	\$ 813	100%
<b>Division A</b>	2000	1,290	100
<b>(with Social Security)</b>	2001	1,489	100
	2002	1,791	100
	2003	1,748	100
	2004	1,687	100
	2005	2,098	100
	2006	2,153	100
	2007	3,241	100
	2008	2,471	100
<b>Firefighters</b>	1999	\$4,924	100%
<b>Division B</b>	2000	5,465	100
<b>(without Social Security)</b>	2001	6,865	100
	2002	7,663	100
	2003	7,311	100
	2004	6,972	100
	2005	7,503	100
	2006	7,365	100
	2007	10,556	100
	2008	7,748	100
<b>Total</b>	1999	\$5,737	100%
<b>Firefighters</b>	2000	6,755	100
<b>Retirement</b>	2001	8,354	100
<b>System</b>	2002	9,454	100
	2003	9,059	100
	2004	8,659	100
	2005	9,601	100
	2006	9,518	100
	2007	13,797	100
	2008	10,219	100

## Utah Retirement Systems

Schedules of  
Administrative  
and Investment  
Expenses

Year Ended December 31, 2008

( i n t h o u s a n d s )

Total

Personal services:	
Salaries and wages	\$ 8,183
Employee benefits	4,042
Total personal services	12,225
Professional services:	
Audit	205
Actuarial services	284
General counsel	1,190
Banking services	63
Security handling expense	888
Investment advisor fees	45,974
Other consulting services	1,497
Total professional services	50,101
Communications:	
Telephone	232
Postage	1,154
Total communications	1,386
Rentals:	
Office space	1,340
Total rentals	1,340
Miscellaneous:	
Data processing	1,270
Professional development	378
Contractual services	566
Supplies and maintenance	207
Insurance and bonding premiums	428
Subscription expense	21
Office supplies	229
Other	267
Depreciation expense	250
Total miscellaneous	3,616
Total administrative and investment expenses	\$68,668
Allocation of administrative expenses:	
Noncontributory Retirement System	\$ 8,809
Contributory Retirement System	605
Public Safety Retirement System	1,163
Firefighters Retirement System	379
Judges Retirement System	70
Utah Governors and Legislators Retirement Plan	5
401(k) Plan	6,104
457 Plan	665
Roth IRA Plan	19
Traditional IRA Plan	46
Health Reimbursement Arrangement (HRA)	3
Total administrative expenses	17,868
Investment administrative expense	4,790
Investment advisor fees:	
Investment Fund	42,817
401(k) Plan	2,836
457 Plan	290
Roth IRA Plan	8
Traditional IRA Plan	23
Health Reimbursement Arrangement (HRA)	—
Total investment expenses	50,764
Total administrative and investment expense allocations	\$68,832

# Utah Retirement Systems

2008 Comprehensive Annual Financial Report

# Investment

S e c t i o n

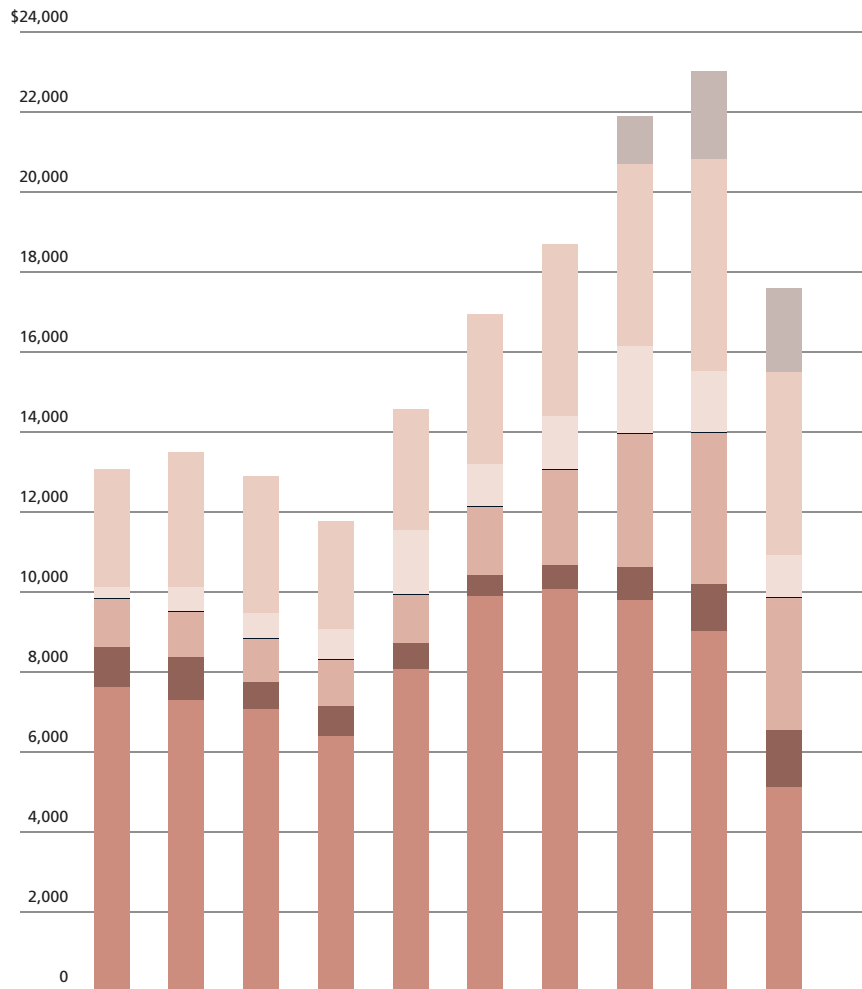


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Utah Retirement Systems

# 10-Year Investment Comparison

(in millions)



(in millions)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Absolute Return	—	—	—	—	—	—	—	1,198	2,196	2,097
Debt Securities	\$ 2,960	3,384	3,463	2,698	3,062	3,754	4,301	4,558	5,315	4,578
Short Term Securities	273	595	603	763	1,582	1,055	1,324	2,163	1,515	1,041
Mortgages	4	3	3	4	7	7	7	7	7	7
Real Estate	1,188	1,133	1,076	1,124	1,188	1,673	2,353	3,330	3,772	3,280
Private Equity	1,018	1,050	678	762	654	553	612	803	1,150	1,442
Equities	7,614	7,308	7,068	6,394	8,070	9,896	10,061	9,804	9,029	5,120
<b>Totals</b>	<b>\$13,057</b>	<b>13,473</b>	<b>12,891</b>	<b>11,745</b>	<b>14,563</b>	<b>16,937</b>	<b>18,657</b>	<b>21,863</b>	<b>22,984</b>	<b>17,565</b>

# Defined Benefit Investments

## Report on Investment Activity

UTAH STATE RETIREMENT BOARD  
**UTAH RETIREMENT SYSTEMS**  
 540 East 200 South  
 Salt Lake City, Utah 84102-2044  
 801-366-7700  
 800-365-8772 TOLL FREE  
 801-366-7734 FAX

ROBERT V. NEWMAN  
 EXECUTIVE DIRECTOR

April 10, 2009

Utah State Retirement Board  
 540 East 200 South  
 Salt Lake City, UT 84102-2044

Dear Members of the Utah Retirement Systems:

“The economy slowed during the fourth quarter of 2007 with economists forecasting a recession in 2008.” That was last year’s comment. Oh, what a difference a year makes! Although the U.S. recession officially began in December 2007, the third and fourth quarters of 2008 were the beginning of real pain to the economy. While the U.S. Gross Domestic Product declined 0.2% for the year 2008, it dropped 6.2% during the fourth quarter alone. It appears that this recession will be one of the worst in U.S. history. Many predict that 2009 and beyond will be quite unpleasant as well.

Last year we saw unprecedented moves on the part of the Federal Reserve (“Fed”), the U.S. Treasury Department, the SEC, Congress, etc., to alleviate the financial malaise. The Fed moved to quantitative easing by increasing its \$800 billion balance sheet to trillions of dollars. It began buying mortgage-backed securities and other distressed fixed income assets to ameliorate the losses incurred by the banks and act as a spending engine as both banks and consumers began to reduce economic activity. The Fed also tried to restore confidence in the financial system by nationalizing the Federal Home Loan Mortgage Corporation (FHLMC, nicknamed Freddie Mac) and the Federal National Mortgage Association (FNMA or Fannie Mae), which were previously government-sponsored entities. It orchestrated mergers and bankruptcies of major financial institutions. Venerable institutions such as Bear

Stearns, Washington Mutual, and Lehman Brothers disappeared from the financial landscape. The U.S. Treasury became an investor in the world’s largest insurance company, AIG, and in hundreds of banks, including Citigroup, through the TARP (Targeted Asset Relief Program) program approved by Congress. The SEC suspended shorting of financial company stocks to prevent a “run on the bank” by short sellers driving down those companies’ stock prices. Congress passed additional legislation to give money to states and other financial and corporate institutions to keep the economy from falling further. General Motors received billions of dollars in loans to stay afloat in turbulent economic waters. Investment banks as we know them either disappeared through bankruptcy or changed charters to become banks and tap into the TARP funds. Goldman Sachs and Morgan Stanley are two examples of investment banks which desperately needed capital and obtained it by changing their charters to banks.

The consumer suffered equally as housing statistics plunged and foreclosures began to mount. Unemployment surpassed 7%, and many predict double-digit numbers as we move further into 2009. Auto sales, consumer sentiment, corporate earnings, etc., have all declined by significant if not record percentages as the 2008 recession appears to continue unabated into 2009.

What caused all of this economic mess? Hundreds of authors have written articles with detailed explanations linking one transaction to another, in an effort to provide a clearer picture of how all this started. I won’t duplicate their efforts. Suffice it to say that the culprit was primarily excess leverage. The excess leverage was incurred by the banks and the consumer. Certainly a sidebar to all the excess leverage was the question of underwriting and regulation, but the major impetus for this recession was the incredible overproduction and overconsumption of derivative instruments spawned by the lending practices of banks and the borrowing practices of consumers. Although it began in the United States, it has triggered a world-wide recession as other countries participated in the export of those financial instruments around the globe.

Most asset classes were overvalued at the end of 2007 and as a result, have experienced a negative correction for the year 2008, with the exception of fixed income. Returns on treasur-

## Defined Benefit Investments

### Investment Highlights

(Continued)



ies were phenomenal as a flight to quality transpired throughout 2008. For example, the total return on the Merrill Lynch 30-Year Treasury Bond Index returned 41.2% for the year. The broader fixed income market, as represented by the Barclays Aggregate (formerly Lehman Aggregate), gained just 4.58% for the year. However, that asset class fared far better than the carnage that took place in the equity markets. The U.S. equity market, as measured by the S&P 500, lost 37% for 2008. Financial stocks within that index declined 49.8%. Equity market volatility was equally disturbing: at times the volatility exceeded 80 on the Chicago Board Options Exchange S&P 500 Volatility Index (the “VIX”). This translates into a daily volatility on the stock market of over 4% for the next six months as measured by the options exchange. The average volatility for the fourth quarter exceeded 50, which translates to a daily volatility in excess of 2.6%. The international equity market fared even more poorly; the Europe Australia Asia Far East (“EAFE”) Index and the Morgan Stanley Capital International (“MSCI”) Emerging Markets Free-Unhedged Index posted losses of 43.4% and 53.2% respectively.

Real Estate, as measured by the National Council of Real Estate Investment Fiduciaries (“NCREIF”), was down 6.46%. However, that index is not levered. Real Estate Investment Trusts (“REITS”), as reported through the National Association of Real Estate Investment Trusts (“NAREIT”) Index, returned -37.7%. Global REIT performance was worse, returning -47.7%.

The Utah Retirement Systems (“Systems”) posted a -22.3% return for the year; this compares to our benchmark return for the portfolio of -21.2%. Broadly, the Systems was hurt by size and style. The Systems has maintained a tilt toward value style in its investing and usually has carried an overweight to small cap versus the indices. Both value style and small cap active managers underperformed relative to their indices in 2008. Value style and size bias have added to the Systems’ returns over the years but there are years when tilts will underperform, and 2008 was one of those years. In addition, two fixed income managers underperformed due to

the widening credit spreads in 2008. Our active international equity managers added value over their benchmarks even though the losses were significant. Real estate detracted from our returns due to the leverage still employed by the portfolio. The Systems’ one-year return of -22.3% was considerably lower than last year’s return of 7.2%. The three-year return of -1.3% was off compared to the 10.4% three-year return reported last year. Also, the five-year return of 3.7% was less than the five-year return of 14.1% last year. Likewise, the ten-year return of 4.6% decreased as compared to last year’s 8.2% number.

The above numbers are not pretty. The markets have been terrible. The only solace, if any, is that we performed in approximately the top quartile compared to our peers in all of the above return categories. As we saw 2008 unfold, we repositioned the portfolio by decreasing the allocation to equities and continuing to build up our absolute return strategies. That move created a tremendous savings to the Systems. We also eliminated the portable alpha program mid-year which added significant savings, and allowed our fixed income portfolio to increase over the same time period.

As I stated last year, we have been well served by a diversified portfolio. Different asset classes perform well or poorly just about every year. This year was an exception in that almost all asset classes performed poorly. However, we did actively manage the portfolio to save in excess of \$1 billion in a very difficult investment climate. Although everyone is being challenged in the current environment, the economy will recover as will the markets. We are positioning the portfolio today to take advantage of that eventual outcome. The portfolio is still statistically sound and has the strength to weather these temporary setbacks. We remain committed to providing our participants with the retirement security they need through professional investment.

Bruce H. Cundick, Chief Investment Officer

**Defined Benefit Investments****Investment Highlights** *(Continued)*

## Outline of Investment Policies

The governing body of the Utah Retirement Systems (Systems) is the seven member Utah State Retirement Board (Board). The Board is composed of the Utah State Treasurer, who serves as an ex-officio member, and six trustees who are appointed by the Governor. Four board members are appointed for their investment expertise, and two members are appointed to represent employee and employer interests.

The Board has statutory authority to pool pension assets in the Utah Retirement Investment Fund (Fund). Statutes also establish that this Fund shall be invested in accordance with the “prudent person rule”. The prudent person rule requires all members of the Board and investment staff to discharge their duties solely in the interest of Systems’ participants and beneficiaries and with the care, skill, prudence and diligence which they would exercise in the conduct of their own affairs. To this end a Statement of Investment Policy and Performance Objectives has been created for the Fund and adopted by the

Board. The purpose of this Statement is to:

- Outline the expected return and risk profile for the Fund;
- Establish the target asset allocation mix and acceptable rebalancing ranges;
- Describe plan and manager policies and objectives for performance evaluation;
- Communicate investment performance standards to investment managers.

## 2008 Investment Summary

*(dollars in thousands)*

	2008 Beginning Fair Value	Purchases	Sales and Redemptions	Increase (Decrease) in Fair Value	2008 Ending Fair Value	Percent of Total Fair Value
Short term securities, domestic	\$ 1,506,772	38,518,270	38,990,339	(261)	1,034,442	5.89%
Short term securities, international	6,116	11,607,843	11,612,859	5,156	6,256	0.04
Debt securities, domestic	4,787,027	25,629,884	26,266,034	(210,448)	3,940,429	22.43
Debt securities, international	573,227	1,231,748	1,065,740	(102,108)	637,127	3.63
Equities, domestic	5,974,362	5,173,411	6,000,881	(1,901,645)	3,245,247	18.48
Equities, international	3,011,184	1,750,529	1,408,094	(1,479,084)	1,874,535	10.67
Absolute return	2,192,308	2,085,532	1,841,102	(339,272)	2,097,466	11.94
Private equity	1,149,645	529,235	201,965	(34,641)	1,442,274	8.21
Real estate	3,771,930	273,913	186,788	(578,999)	3,280,056	18.67
Mortgage loans	6,845	—	—	—	6,845	0.04
<b>Totals</b>	<b>\$22,979,416</b>	<b>86,800,365</b>	<b>87,573,802</b>	<b>(4,641,302)</b>	<b>17,564,677</b>	<b>100.00%</b>

**Defined Benefit Investments**

**Investment Highlights** *(Continued)*

The primary investment objectives are to preserve Fund assets and generate an appropriate level of risk-adjusted return to meet future pension obligations. The Systems periodically complete an asset allocation and liability study to determine the optimal portfolio diversification to meet those obligations.

The Systems' investment portfolio includes strategic, long term commitments in the following asset classes: Domestic Equities, Domestic Debt Securities, International Equities, International Debt Securities, Real Estate, Private Equity, and Absolute Return. Asset allocation is reviewed in conjunction with the plan liabilities at least every five years.

The Board's policy is to establish a long-term strategic asset allocation that manages overall expected portfolio risk (volatility) and maximizes expected return without unduly constraining the discretionary, tactical decision-making process of the investment managers.

To implement the asset allocation plan, the Executive Director, supported by the Board, staff and consultant, selects appropriate money management experts to invest the Fund assets. This selection process includes the creation of specific search criteria, completion and documentation of analysis and due diligence on potential candidates, and interviews completed by the staff and/or Board. It is not the staff or Board's intention to be involved with the day-to-day decisions made by external investment managers. Internal investment staff also manage segments of the portfolio.

All managers must acknowledge a co-fiduciary status to the Fund. All managers are expected to communicate with the staff at least quarterly.

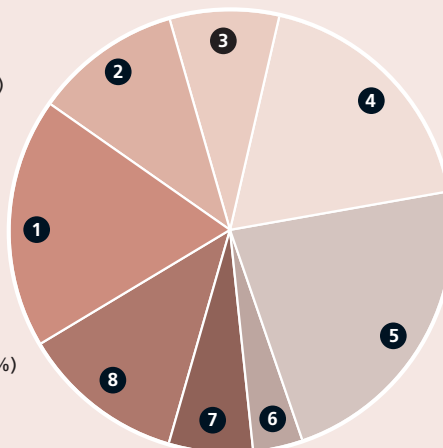
Managers' portfolios are evaluated both against appropriate market indices and similar manager style groups. The investment policy outlines appropriate benchmarks.

Investment return calculations are prepared using a time-weighted rate of return.

**Year-end Asset Allocation at Fair Value**

December 31, 2008

- 1 Equities, Domestic (18.5%)
- 2 Equities, International (10.7%)
- 3 Private Equity (8.2%)
- 4 Real Estate (18.7%)
- 5 Debt Securities, Domestic (22.5%)
- 6 Debt Securities, International (3.6%)
- 7 Short Term Securities (5.9%)
- 8 Absolute Return (11.9%)



December 31,

	2003	2004	2005	2006	2007	2008
Equities, domestic	37.2%	38.5	34.2	29.3	26.0	18.5
Equities, international	18.2	19.9	19.7	15.5	13.1	10.7
Debt securities, domestic	15.6	17.0	18.5	16.6	20.8	22.5
Debt securities, international	5.4	5.2	4.6	4.3	2.5	3.6
Private equity	4.5	3.3	3.3	3.7	5.0	8.2
Real estate	8.2	9.9	12.6	15.2	16.4	18.7
Short term securities	10.9	6.2	7.1	9.9	6.6	5.9
Absolute return	—	—	—	5.5	9.6	11.9
<b>Total portfolio</b>	<b>100.0%</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



**Defined Benefit Investments****Investment Highlights** *(Continued)***Ten-Year Total Pension Investment Rates of Return****Ten-Year Total Pension Investment Rates of Return***(dollars in millions)*

		(1) Smoothed Expected Rate of Return	(2) Fair Value Rate of Return	(3) Actuarial Assumed Interest Rate
	Total Investment Portfolio Fair Value			
1999	\$ 13,057	14.67%	16.55%	8.00%
2000	13,474	11.23	1.86	8.00
2001	12,892	6.80	(4.99)	8.00
2002	11,745	(1.54)	(7.54)	8.00
2003	14,563	8.01	26.00	8.00
2004	16,937	5.32	13.24	8.00
2005	18,657	7.36	8.96	8.00
2006	21,861	11.10	14.77	8.00
2007	22,979	13.04	7.15	8.00
2008	17,565	(5.03)	(22.30)	7.75

**(1) Smoothed Expected Rate of Return** consists of investment income in excess or shortfall of the expected 7.75% on fair value smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

**(2) Fair Value Rate of Return** consists of cash income plus gains and losses due to changes in fair value, whether realized or unrealized (before deduction of investment fees). (For 2008, -22.6% net of fees.)

**(3) Actuarial Assumed Interest Rate** is the assumed rate of return on the fair value of assets, and is used in establishing retirement contribution rates and in determining current benefit reserve requirements.

## Defined Benefit Investments

Investment Highlights *(Continued)*Comparative Investment Results<sup>(1)(2)(3)</sup>

Year Ended December 31, 2008

Investment Option Comparative Index	1 Year	3 Year	5 Year	10 Year
<b>Domestic Equity</b>	<b>(39.45)%</b>	<b>(10.57)%</b>	<b>(2.78)%</b>	<b>0.82%</b>
Russell 3000 Index	(37.31)	(8.63)	(1.95)	(0.80)
<b>International Equity</b>	<b>(40.50)</b>	<b>(5.91)</b>	<b>3.36</b>	<b>3.61</b>
International Equity Benchmark	(45.10)	(7.43)	2.36	2.08
Benchmark consisting of:				
75% MSCI EAFE Index				
15% MSCI Emerging Markets Index				
10% Citigroup Extended Markets Index World ex-US				
<b>Domestic Debt Securities</b>	<b>1.19</b>	<b>3.75</b>	<b>3.70</b>	<b>4.76</b>
Barclays Capital Aggregate Index	5.24	5.51	4.65	5.63
<b>International Debt Securities</b>	<b>(2.69)</b>	<b>5.01</b>	<b>4.46</b>	<b>5.16</b>
Intl / Global Target	4.79	6.95	5.01	5.02
<b>Real Estate</b>	<b>(17.93)</b>	<b>5.68</b>	<b>11.05</b>	<b>9.68</b>
Real Estate Benchmark	(10.87)	5.88	10.49	10.18
Benchmark consisting of:				
85% NCREIF Real Estate Index				
15% NAREIT Index				
<b>Private Equity</b>	<b>1.60</b>	<b>16.00</b>	<b>20.43</b>	<b>11.91</b>
Private Equity Benchmark	(34.96)	(5.52)	1.32	2.51
Benchmark consisting of:				
85% Russell 3000 Index + 3.5%				
15% Russell 3000 Index + 2.0%				
<b>Absolute Return</b>	<b>(13.40)</b>	<b>(5.28)</b>	<b>NA*</b>	<b>NA*</b>
Treasury Bills + 5%	7.06	8.96	NA*	NA*
<b>Short Term</b>	<b>2.43</b>	<b>4.28</b>	<b>3.40</b>	<b>4.35</b>
3 Month Treasury Bills	2.06	3.96	3.25	3.45
<b>Total Fund</b>	<b>(22.30)</b>	<b>(1.47)</b>	<b>3.56</b>	<b>4.57</b>
Fund Benchmark	(21.20)	(0.48)	3.75	4.24
Benchmark consisting of:				
25.0% Russell 3000 Index				
18.0% 3 Month Treasury Bills + 5%				
16.0% Barclays Capital Aggregate Bond Index				
11.25% MSCI EAFE Index				
11.05% NCREIF Total Index				
8.0% Russell 3000 Index + 3.5%				
4.0% Barclays Capital Global Aggregate Index				
2.25% MSCI Emerg Markets Index				
1.95% NAREIT Index				
1.5% Citigroup Extended Markets Index World ex-US				
1.0% Russell 3000 Index + 2%				
CAI Public Fund — Large Database Medium	(25.94)	(2.31)	2.57	3.56
<b>Inflation</b>	<b>(0.47)</b>	<b>2.09</b>	<b>2.63</b>	<b>2.46</b>

(1) Investment measurement services provided by Callan Associates Inc.

(2) Total rates of return include cash income plus gains and losses due to changes in fair value, whether realized or unrealized.

(3) Investment return calculations were prepared using a time-weighted return.

\*Not available.

**Defined Benefit Investments****Investment Highlights** *(Continued)***List of Largest Assets Held**

December 31, 2008

**Largest Equity Holdings***(By Fair Value)*

Description	Shares	Fair Value
Exxon Mobil Corp.	995,000	\$79,430,850
Wal-Mart Stores Inc.	718,600	40,284,716
JP Morgan Chase & Co.	1,180,650	37,225,895
Wells Fargo & Co.	1,249,700	36,841,156
General Electric	2,241,600	36,313,920
AT&T Inc.	1,252,597	35,699,015
Procter & Gamble Co.	561,875	34,735,113
Abbott Lab	623,140	33,256,982
Chevron Corp.	433,800	32,088,186
Hewlett Packard Co.	849,150	30,815,654

**Largest Debt Securities Holdings***(By Fair Value)*

Description	Par Value	Fair Value
FNMA Single Family Mortgage 5% Due Jan. 2039	\$176,900,000	180,603,932
GNMA II Jumbos 5.5% Due Feb. 2039	60,000,000	61,331,520
FNMA 15 Year Pass-Throughs 5.5% Due Jan 2024	54,700,000	56,323,934
US Treasury Sec Stripped Int. Due 2/15/2015	49,800,000	42,710,970
Japan (Govt. of) 1.5% Bonds Due 9/20/2014	33,162,162	34,534,412
FNMA Single Family Mortgage 4.5% Due Feb. 2039	31,500,000	31,785,453
FNMA 15 Year Pass-Throughs 5% Due Jan 2024	30,400,000	31,198,000
Germany (Fed. Rep.) 4.25% Bonds Due 4/07/2018	14,327,849	31,033,668
Japan Govt. Bonds 1.7% Due 9/20/2017	27,944,843	29,374,222
FNMA 30 Year Pass-Throughs 5.5% Due Jan 2039	28,300,000	29,007,500

**Schedules of Fees and Commissions****Broker Commission Fees**

Year Ended December 31, 2008

Broker	Total Commission Fees
Merrill Lynch & Co.	\$ 709,851
Jefferies & Company	489,981
Instinet Corporation	384,002
UBS Securities	345,863
Credit Suisse First Boston	330,916
Investment Technology Group (ITG)	300,707
Lehman Brothers	289,976
Weeden & Company	265,569
Deutsche Bank Securities	258,052
JP Morgan Securities	253,679
Citigroup Global Markets	226,029
Quantex Capital	214,767
Morgan Stanley & Company	189,851
Goldman Sachs & Company	163,446
Bear Stearns & Company	141,065
Credit Lyonnais Securities	106,061
Robert W Baird & Company	93,208
Liquidnet	87,099
Stifel, Nicolaus & Company	74,849
HSBC Securities	64,418
Westminster Research Associates	53,645
Banc of America Securities	47,429
Sanford C Bernstein & Company	47,109
McDonald and Company	46,073
RBC Securities	45,088
All others	1,091,776
<b>Total</b>	<b>\$ 6,320,509</b>

**Schedule of Investment Fees and Commissions**

Year Ended December 31, 2008

Investment advisor fees:	
Equity securities, domestic	\$ 7,444,683
Equity securities, international	12,800,119
Debt securities, domestic	4,298,210
Debt securities, international	1,807,977
Private equity	13,721,776
Real estate	1,003,247
Absolute return	1,685,284
<b>Total investment advisor fees</b>	<b>42,761,295</b>
Investment brokerage fees	6,320,509
<b>Total fees and commissions</b>	<b>\$49,081,804</b>

Utah Retirement Systems uses a commission recapture program as part of its trading strategies. During the year ending December 31, 2008, Utah Retirement Systems recaptured approximately \$539,000 from the gross commission charges. This sum plus accumulated recapture credits from prior years was used to fund almost \$904,000 in investment expenses that otherwise would have been paid for with investment funds.

**Defined Benefit Investments****Investment Highlights** *(Continued)***Investment Professionals**

Abbott Capital  
Management, LLC  
1211 Avenue of the Americas  
Suite 4300  
New York, NY 10036

AEW Capital  
Management L.P.  
World Trade Center East  
Two Seaport Lane  
Boston, MA 02110-2021

Alliance Bernstein  
1345 Avenue of the Americas  
New York, NY 10105

Axa Rosenberg Investment  
Management LLC  
4 Orinda Way, Building E  
Orinda, CA 94563

BlackRock Asset  
Management  
40 East 52nd Street  
New York, NY 10022

Black Rock Realty Advisors  
One Boston Place, 32nd Floor  
Boston, MA 02108

BNA Realty Advisors  
3550 N Central Avenue  
Suite 1025  
Phoenix, AZ 85012

Brandes Investment  
Partners L.P.  
11988 El Camino Real  
Suite 500  
San Diego, CA 92130

Capital Guardian Trust Co.  
135 South State College Blvd.  
Brea, CA 92821

Capital International  
333 South Hope Street  
Los Angeles, CA 90071

CB Richard Ellis Investors  
515 South Flower Street  
31st Floor  
Los Angeles, CA 90071

Cornerstone Real Estate  
Advisors LLC  
1 Financial Plaza  
Suite 1700  
Hartford, CT 06103-2604

Cottonwood Partners  
2855 E. Cottonwood Parkway  
Suite 560  
Salt Lake City, UT 84121

Credit Suisse  
11 Madison Avenue  
16th Floor  
New York, NY 10010

Dimensional Fund  
Advisors, Inc.  
1299 Ocean Avenue  
11th Floor  
Santa Monica, CA 90401

European Investors, Inc.  
717 Fifth Avenue  
New York, NY 10022

Goldman, Sachs & Company  
85 Broad Street  
New York, NY 10004

Goldman Sachs  
Asset Management  
32 Old Slip  
New York, NY 10005

Grantham, Mayo,  
VanOtterloo & Co., LLC  
40 Rowes Wharf  
Boston, MA 02110

Gryphon International  
Investment Corp.  
20 Bay Street  
Toronto, Ontario M5J 2N8  
Canada

Hancock Timber  
Resources Group  
99 High Street  
Boston, MA 02110

Hart Realty Advisors, Inc.  
One Mill Pond Lane  
Simsbury, CT 06070

Henderson Global Investors  
One Financial Plaza  
Hartford, CT 06103

ING Clarion  
230 Park Avenue  
New York, NY 10169

Invesco Global Asset  
Management, Inc.  
Two Peachtree Pointe  
1555 Peachtree Street NE  
Suite 1800  
Atlanta, GA 30309

Jennison Associates, LLC  
466 Lexington Avenue  
New York, NY 10017

JP Morgan Fleming Asset  
Management  
10 So. Dearborn  
43rd Floor  
Chicago, IL 60603

Lazard Freres & Co., LLC  
30 Rockefeller Plaza  
New York, NY 10020

Longview Partners LP  
Thames Court  
1 Queenhithe  
London EC4V 3RL  
United Kingdom

Lord Abbett  
90 Hudson Street  
Jersey City, NJ 07302

Mazama Capital  
One SW Columbia Street  
Suite 1500  
Portland, OR 97258

Mondrian Investment  
Partners Limited  
10 Gresham Street  
Fifth Floor  
London EC2V 7JD  
United Kingdom

Morgan Stanley  
Asset Management  
522 5th Avenue  
4th Floor  
New York, NY 10036

OPUS Group, LLC  
P.O. Box 59110  
Minneapolis, MN 55459

Pathway Capital  
Management, LLC  
5 Park Plaza, Suite 300  
Irvine, CA 92614

Portfolio Advisors  
9 Old Kings Highway  
South Darien, CT 06820

Rexiter  
80 Cannon St.  
London EC4N 6HL  
United Kingdom

Schneider Capital  
Management  
460 East Swedesford Road  
Suite 1080  
Wayne, PA 19087

Silchester International  
Investors, Inc.  
780 Third Avenue  
42 Floor  
New York, NY 10017

The Praedium Group LLC  
825 Third Avenue, 36th Floor  
New York, NY 10022

USAA Real Estate Company  
9830 Colonnade Blvd.  
Suite 600  
San Antonio, TX 78230

Waddell & Reed Asset  
Management Group  
6300 Lamar Avenue  
Shawnee Mission, KS 66201

Wasatch Advisors, Inc.  
150 Social Hall Avenue  
Suite 400  
Salt Lake City, UT 84111

Western Asset  
Management Co.  
385 East Colorado Blvd.  
Suite 1000  
Pasadena, CA 91101

**Utah Retirement  
Systems Consultants**

Albourne America LLC  
One Ferry Building  
Suite 280  
San Francisco, CA 94111

Callan Associates Inc.  
101 California Street  
Suite 3500  
San Francisco, CA 94111

Russell Implementation  
Services, Inc.  
909 A Street  
Tacoma, WA 98402

The Northern Trust Company  
50 South LaSalle Street  
Chicago, IL 60675

# Defined Contribution Investments

## Investment Highlights

### Introduction

Utah Retirement Systems' 401(k), 457, Roth and Traditional IRA Plans are tax-advantaged retirement savings programs authorized under sections 401(k), 457 and 408 of the Internal Revenue Code. These plans are available to employees of the state, local government and public education employers throughout Utah.

The participants of the plans have a choice of eleven core investment funds and a brokerage window in which their monies may be invested. Each participant may choose one or a combination of the core funds. In addition, there is a Group Annuity Fund that is closed to contributions, but where current balances still exist. The table at the bottom left shows the total investments in the various investment options. The asset graph below shows the asset distribution at December 31, 2008.

### Investment and Administrative Expenses

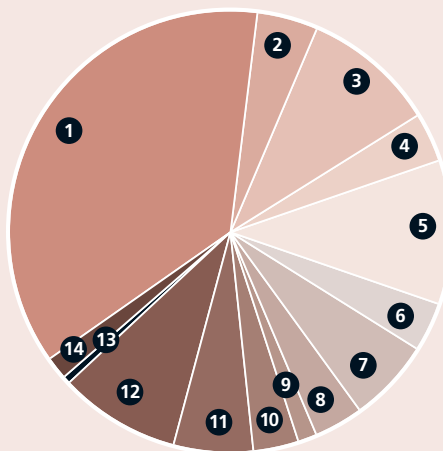
There are no front-end load, redemption, or other hidden fees associated with these plans; although Beneficial Life Insurance Company may impose a penalty on transfers from the Group Annuity Fund. All costs reflected in the table on the following page are deducted from earnings prior to posting to participant accounts and do not appear as separate items on participant statements.

### Defined Contribution Plan Investments

December 31, 2008

( i n t h o u s a n d s )

Investment Options	Total
Income Fund	\$ 857,989
Bond Fund	107,702
Balanced Fund	225,135
Large Cap Stock Value Fund	85,176
Large Cap Stock Index Fund	246,444
Large Cap Stock Growth Fund	87,329
International Fund	139,650
Small Cap Stock Fund	85,998
Brokerage Window	30,072
Short Horizon Fund	81,867
Medium Horizon Fund	138,356
Long Horizon Fund	207,065
HRA Fund	1,546
Group Annuity Fund <i>(closed to contributions)</i>	39,220
<b>Totals</b>	<b>\$2,333,549</b>



- 1 Income Fund (36.8%)
- 2 Bond Fund (4.6%)
- 3 Balanced Fund (9.6%)
- 4 Large Cap Stock Value Fund (3.7%)
- 5 Large Cap Stock Index Fund (10.6%)
- 6 Large Cap Stock Growth Fund (3.7%)
- 7 International Fund (6.0%)
- 8 Small Cap Stock Fund (3.7%)
- 9 Brokerage Window (1.3%)
- 10 Short Horizon Fund (3.5%)
- 11 Medium Horizon Fund (5.9%)
- 12 Long Horizon Fund (8.9%)
- 13 HRA Fund (0.1%)
- 14 Group Annuity Fund (1.7%)

## Defined Contribution Investments

### Investment Highlights

(Continued)



The administrative fee for the brokerage window account is a flat rate of \$25 per quarter. Investment fees and broker commissions are paid by the participant according to the trading and securities selected within the brokerage window.

By administering the defined contribution plans internally rather than through a third party, expenses are kept at very low levels to maximize earnings to each participant. The table below shows these expenses to be nominal when compared to much higher fees on most annuities, mutual funds and insurance contracts.

An annual account maintenance fee of \$15 is assessed to inactive accounts with combined 401(k), 457, Roth and Traditional IRA Plan balances of less than \$5,000. There may also

be special service fees for loans and short term trading.

The investments described are not FDIC insured; not deposits or obligations of, or guaranteed by, any financial institution; and not guaranteed by the Utah Retirement Systems or any government agency.

The past performance of any of these funds does not guarantee future results.

Utah Retirement Systems' employees are not registered securities advisors. They cannot offer investment advice or make recommendations. Because the participants make the investment decisions about their accounts, the plans' sponsor, trustees, and others associated with the investments may be relieved of liability for investment performance.

#### 2008 Investment Summary and Investment and Administrative Fees

(dollars in thousands)

Fund	2008 Beginning Fair Value	Purchases	Sales and Redemptions	Increase (Decrease) in Fair Value	2008 Ending Fair Value	Percent of Total Fair Value	Invest- ment Fees	Admin- istrative Fees	Total Fees
Income Fund	\$ 642,319	206,991	23,400	32,079	857,989	36.77%	0.10%	0.23%	0.33%
Bond Fund	95,781	39,938	25,787	(2,230)	107,702	4.62	0.12	0.23	0.35
Balanced Fund	333,693	7,091	33,585	(82,064)	225,135	9.65	0.25	0.23	0.48
Large Cap Stock Value Fund	170,143	15,789	29,978	(70,778)	85,176	3.65	0.42	0.23	0.65
Large Cap Stock Index Fund	422,868	11,713	30,701	(157,436)	246,444	10.56	0.03	0.23	0.26
Large Cap Stock Growth Fund	149,994	16,208	24,711	(54,162)	87,329	3.74	0.29	0.23	0.52
International Fund	273,366	11,307	35,268	(109,755)	139,650	5.98	0.28	0.23	0.51
Small Cap Stock Fund	142,163	16,529	20,367	(52,327)	85,998	3.69	0.41	0.23	0.64
Brokerage Window	31,172	14,857	7,076	(8,881)	30,072	1.29	NA	0.23	0.23
Short Horizon Fund	84,121	24,637	15,343	(11,548)	81,867	3.51	0.15	0.23	0.38
Medium Horizon Fund	173,496	26,250	17,805	(43,585)	138,356	5.93	0.19	0.23	0.42
Long Horizon Fund	290,246	32,660	18,345	(97,496)	207,065	8.87	0.21	0.23	0.44
HRA Fund	602	1,235	291	—	1,546	0.07	0.37	0.23	0.60
Group Annuity Fund (closed to contributions)	41,399	—	2,310	131	39,220	1.67	1.13	0.23	1.36
<b>Totals</b>	<b>\$2,851,363</b>	<b>425,205</b>	<b>284,967</b>	<b>(658,052)</b>	<b>2,333,549</b>	<b>100.00%</b>			

**Defined Contribution Investments****Investment Highlights***(Continued)*

## Defined Contribution Plans Comparative Annualized Rates of Return

Year Ended December 31, 2008

Investment Option Comparative Index	1 Year	3 Year	5 Year	Annualized 10 Year
<b>Income Fund</b>	<b>4.72%</b>	<b>4.87%</b>	<b>4.44%</b>	<b>5.00%</b>
Treasury Bills Index	2.06	3.96	3.25	3.45
Ryan Lab 3 Yr GIC Index	4.77	4.35	3.94	4.91
<b>Bond Fund</b>	<b>0.18</b>	<b>3.37</b>	<b>3.07</b>	<b>5.06</b>
Barclays Capital Aggregate Bond Index	5.24	5.51	4.65	5.63
<b>Balanced Fund</b>	<b>(25.44)</b>	<b>(4.84)</b>	<b>0.61</b>	<b>2.30</b>
Balanced Index (1)	(21.63)	(2.57)	0.82	1.84
<b>Large Cap Stock Value Fund</b>	<b>(43.38)</b>	<b>(12.48)</b>	<b>(2.73)</b>	<b>NA*</b>
Russell 1000 Value Index	(36.85)	(8.32)	(0.79)	1.36
<b>Large Cap Stock Index Fund</b>	<b>(37.04)</b>	<b>(8.51)</b>	<b>(2.41)</b>	<b>(1.70)</b>
S&P 500 Index	(37.00)	(8.36)	(2.19)	(1.38)
<b>Large Cap Stock Growth Fund</b>	<b>(36.81)</b>	<b>(9.24)</b>	<b>(1.46)</b>	<b>(4.88)</b>
Russell 1000 Growth Index	(38.44)	(9.11)	(3.42)	(4.27)
<b>International Fund</b>	<b>(41.00)</b>	<b>(8.22)</b>	<b>1.15</b>	<b>3.21</b>
MSCI EAFE Index	(43.38)	(7.35)	1.66	0.80
<b>Small Cap Stock Fund</b>	<b>(36.24)</b>	<b>(10.47)</b>	<b>(2.24)</b>	<b>4.68</b>
Russell 2000 Index	(33.79)	(8.29)	(0.93)	3.02
<b>Short Horizon Fund</b>	<b>(11.42)</b>	<b>(0.04)</b>	<b>1.61</b>	<b>4.07</b>
Short Horizon Index (2)	(9.83)	1.22	2.44	3.90
<b>Medium Horizon Fund</b>	<b>(22.86)</b>	<b>(3.35)</b>	<b>1.06</b>	<b>2.96</b>
Medium Horizon Index (3)	(20.49)	(1.60)	1.91	2.89
<b>Long Horizon Fund</b>	<b>(31.94)</b>	<b>(6.47)</b>	<b>(0.02)</b>	<b>1.85</b>
Long Horizon Index (4)	(30.86)	(5.02)	0.57	1.47
<b>HRA Fund</b>	<b>2.08</b>	<b>NA*</b>	<b>NA*</b>	<b>NA*</b>
Treasury Bills Index	2.06	3.96	3.25	3.45
<b>Group Annuity Fund (5)</b>	<b>4.71</b>	<b>4.76</b>	<b>4.74</b>	<b>5.30</b>
Treasury Bills Index	2.06	3.96	3.25	3.45

*Past performance does not guarantee future results.*

All fund returns are reported net of investment management fees and administrative fees. All returns for periods greater than one year are annualized.

Investment return calculations were prepared using a time-weighted return in accordance with the Performance Presentation Standards of the CFA Institute (CFAI), formerly known as AIMR. Comparative indexes below reflect current asset allocation targets.

(1) *Balanced Index: 60% S&P 500 Index, 40% Barclays Capital Aggregate Bond Index*

(2) *Short Horizon Index: 15% Treasury Bills, 55% BC Aggregate Bond, 15% S&P 500, 10% MSCI EAFE, 5% Russell 2000*

(3) *Medium Horizon Index: 45% BC Aggregate Bond, 35% S&P 500, 15% MSCI EAFE, 5% Russell 2000*

(4) *Long Horizon Index: 20% BC Aggregate Bond, 45% S&P 500, 25% MSCI EAFE, 10% Russell 2000*

(5) *The Group Annuity Fund is closed to future contributions. Returns prior to 1998 represent performance of the 401(k) Group Annuity Fund.*

*\*This fund has been available less than the number of years indicated.*

**Defined Contribution Investments****Investment Highlights***(Continued)***List of Largest Assets Held**

December 31, 2008

**Largest Equity Holdings***(By Fair Value)*

Description	Shares	Fair Value
Exxon Mobil Corp.	204,567	\$16,330,584
Wal-Mart Stores Corp.	223,986	12,556,655
Gilead Sciences Inc.	230,219	11,773,400
Abbott Laboratories	205,032	10,942,558
Hewlett Packard Corp.	285,513	10,361,267
Qualcomm Inc.	265,607	9,516,699
Google Inc. Class A	28,812	8,864,012
Colgate-Palmolive Corp.	126,203	8,649,954
CISCO Systems Inc.	511,379	8,335,478
Apple Inc.	96,689	8,252,406

**Largest Debt Securities Holdings***(By Fair Value)*

Description	Par Value	Fair Value
US Treasury Note 1.5% 10/31/2010	\$54,335,000	\$55,283,125
US Treasury Note 1.25% 11/30/2010	37,500,000	37,942,671
US Treasury Note 1.5% 12/31/2013	34,800,000	34,721,143
US Treasury Note 2.0% 11/30/2013	30,095,000	30,926,865
US Treasury Tipes 1.625% 01/15/2015	22,500,000	23,864,001
Freddie Mac (FHMLC) Agency Bond 2.375% 05/28/2010	21,260,000	21,688,072
US Treasury Note 2.875% 6/30/2010	18,505,000	19,163,519
US Treasury Note 3.75% 11/15/2018	18,050,000	20,519,153
Fanny Mae (FNMA) Benchmark Notes 4.625% 12/15/2009	15,905,000	16,506,600
FNMA Pool #888926 6% 11/01/2022 BEO	17,367,830	18,042,414

**Schedules of Fees and Commissions****Summary of Broker Commissions**

Calander Year 2008

Broker	Total Commission Fees
Weeden & Company	\$ 111,171
Investment Technology Group (ITG)	51,321
Credit Suisse First Boston	43,912
Frank Russell Sec/Broadcort	36,975
Jefferies & Company	35,433
Merrill Lynch & Co.	24,178
Goldman Sachs & Company	24,053
Citigroup Global Markets Inc. / Smith Barney	20,959
UBS Securities	18,619
JP Morgan Securities	17,394
Morgan Stanley & Company	16,053
Instinet Corporation	11,969
Lehman Brothers Inc.	9,816
HSBC Bank	7,650
Dresdner Kleinwort Wasserstein Sec.	4,640
All others	64,846
<b>Total</b>	<b>\$ 498,999</b>

**Schedule of Investment Fees**

Calander Year 2008

Investment advisor fees:	
Debt securities, domestic	\$1,337,361
Equity investments, domestic	994,851
Equity investments, international	824,792
Investment contracts	—
<b>Total investment advisor fees</b>	<b>3,157,004</b>
Investment brokerage fees	498,999
<b>Total fees and commissions</b>	<b>\$3,656,003</b>

Utah Retirement Systems uses a commission recapture program as part of its trading strategies. During the year ending December 31, 2008, Utah Retirement Systems recaptured approximately \$95,000 from the gross commission charges. This sum plus accumulated recapture credits from prior years was used to fund almost \$154,000 in investment expenses that otherwise would have been paid for with investment funds.



**Defined Contribution Investments**

**Investment Highlights**

*(Continued)*

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## Investment Professionals

**Defined Contribution Plans  
Investment Professionals**

Ameriprise Trust Company  
RiverSource Investments  
759 Ameriprise Financial Center  
Minneapolis, MN 55474  
*(Income Fund)*

Beneficial Life Insurance Co.  
150 Social Hall Avenue  
Suite 170  
Salt Lake City, UT 84111  
*(Group Annuity Fund)*

Capital Guardian Trust Co.  
333 South Hope Street  
55th Floor  
Los Angeles, CA 90071  
*(International Fund)*

Charles Schwab  
101 Montgomery Street  
San Francisco, CA 94104  
*(Brokerage Window)*

Dimensional Fund Advisors, Inc.  
1299 Ocean Avenue, 11th Floor  
Santa Monica, CA 90401  
*(Small Cap Stock Fund)*

Dodge & Cox Investment  
Managers  
555 California Street  
40th Floor  
San Francisco, CA 94104  
*(Bond Fund, Large Cap Stock  
Value Fund, Balanced Fund)*

Goldman Sachs Asset  
Management  
32 Old Slip, 23rd Floor  
New York, NY 10005  
*(International Fund)*

Invesco Global Asset  
Management, Inc.  
Two Peachtree Point  
1555 Peachtree Street NE  
Suite 1800  
Atlanta, GA 30309  
*(International Fund)*

Jennison Associates, LLC  
466 Lexington Avenue  
New York, NY 10017  
*(Balanced Fund, Large Cap  
Stock Growth Fund)*

The Northern Trust Company  
50 South LaSalle Street  
Chicago, IL 60675  
*(Balanced Fund, HRA Fund,  
Large Cap Stock Growth Fund)*

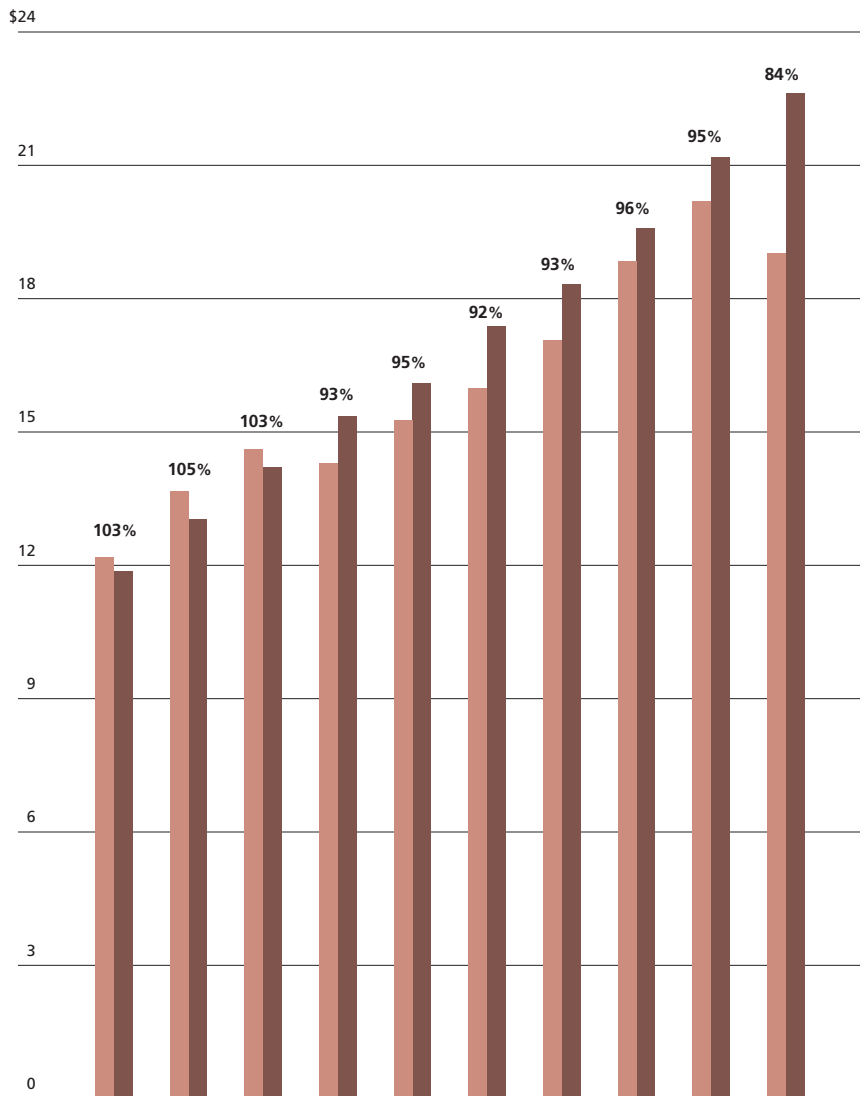
Utah Retirement Systems  
540 East 200 South  
Salt Lake City, UT 84102  
*(Large Cap Stock Index Fund)*

Waddell & Reed Asset  
Management Group  
6300 Lamar Avenue  
Shawnee Mission, KS 66201  
*(Balanced Fund, Large Cap  
Stock Growth Fund)*

U t a h R e t i r e m e n t S y s t e m s

# Funding Progress with Funding Ratios

(dollars in billions)



(dollars in billions)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Actuarial Value of Assets	\$11.8	13.2	14.1	13.8	14.7	15.4	16.4	18.1	20.3	19.1
Accrued Actuarial Liability	11.5	12.6	13.7	14.8	15.5	16.7	17.6	18.8	21.3	22.7
Funding Ratios	103%	105%	103%	93%	95%	92%	93%	96%	95%	84%

# Utah Retirement Systems

2008 Comprehensive Annual Financial Report

# Actuarial S e c t i o n



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# Actuary's Certification Letter



**Gabriel Roeder Smith & Company**  
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October 14, 2008

Utah State Retirement Board  
540 East 200 South  
Salt Lake City, UT 84102

Dear Members of the Board:

**Subject: Certification of 2008 Actuarial Valuation**

This report describes the current actuarial condition of the Utah Retirement Systems (URS), determines the calculated employer contribution rates, and analyzes changes in these contribution rates. Valuations are prepared annually, as of January 1, the first day of the URS plan year.

Under URS statutes, the Board of Trustees must certify employer contribution rates annually. These rates are determined actuarially, based on the Board's funding policy, although, as discussed below, under certain circumstances the Board may choose not to reduce the current rate if it is greater than the actuarially calculated rate. Contribution rates determined by a given actuarial valuation become effective eighteen months after the valuation date. I.e., the rates determined by this January 1, 2008 actuarial valuation will be used by the Board when certifying the employer contribution rates for the year beginning July 1, 2009 and ending June 30, 2010. If new legislation is enacted between the valuation date and the date the contribution rates become effective, the Board may adjust the calculated rates before certifying them, in order to reflect this new legislation. Such adjustments are based on information supplied by the actuary.

**Financing objectives and funding policy**

In setting contribution rates, the Board's principal objectives have been:

- To set rates so that the unfunded actuarial accrued liability (UAAL) will be amortized over a 20-year period from the current valuation date
- To set rates so that they remain relatively level over time.

To accomplish this, the Board's funding policy requires that the employer contribution rate be at least equal to the sum of the employer normal cost rate (which pays the current year's cost) and an amortization rate which results in the amortization of the UAAL over twenty years in installments which increase at the assumed rate of growth in payroll for URS. The current assumed rate of growth in payroll for URS is 4.00%.

The Board uses an open 20-year amortization period. In other words, a 20-year amortization period is used in each valuation, rather than having the period decrease to 19, 18, etc.

Under this policy, the objective of maintaining a relatively

level contribution rate over time is achieved in normal conditions such as consistent market conditions.

In 2004, the Utah Legislature added Section 49-11-301(5) to the Utah Code. This section allows the Board to set the employer contribution rate at the prior year's rate, if the rate otherwise would decrease and if the funded ratio is less than 110%. In such a case, the rate set by the Board would be higher than the actuarially determined contribution rate. The purpose of this legislation is to enhance the Board's ability to maintain more-level contribution rates while targeting a 100% – 110% funded level. The Board has followed this policy since 2004, so the recommended contribution rate may be greater than the actuarially determined rate.

**Progress toward realization of financing objectives**

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%.

For all systems combined, the funded ratio decreased from 95.8% to 95.1%. This decline was due to the change in the actuarial assumptions. In absence of the assumption changes, the funded ratio would have increased to 98.4%. Most of the individual funds have ratios over 90%, and only the 3% Substantial Substitute Fund, the Salt Lake City Noncontributory Public Safety Fund, and the Logan Noncontributory Public Safety Fund have funded ratios less than 80%. It should be pointed out that the funded ratio for all systems combined was 76.9% in 1990. Significant progress has been made over the last eighteen years, even though a number of benefit increases have been granted during that time, and even though the 3% substantial substitute was added as a URS liability. If market value had been used in the calculation instead of actuarial value, the aggregate funded ratio for all funds combined would have been 98.3%, compared to 105.0% in the prior year and 77.3% just five years ago.

**Benefit provisions**

The benefit provisions reflected in this valuation are those which were in effect on January 1, 2008, or which were adopted by the end of the 2008 legislative session and are effective on or before July 1, 2008, except as discussed in the following paragraphs.

SB19 was passed during the 2008 legislative session. This law opened a window through December 2009 to allow employers of the Public Safety Retirement Systems to adopt a 4% maximum COLA in lieu of the current 2.5% maximum COLA. (Adoption of the 4% maximum COLA is mandatory for the State of Utah). For those employers making the election during calendar year

2008, including the State of Utah, the 4% maximum COLA will be effective January 1, 2009. For those employers making the election in calendar year 2009, the 4% maximum COLA will be effective January 1, 2010. Since the elections are not known at the time of the valuation and because the benefits do not go into effect until January 1, 2009, this legislation was not reflected in the valuation. Supplemental information has been provided to URS so that URS can adjust the contribution rates for employers electing the 4% COLA.

HB202 was also passed by the legislature in 2008. This bill allows certain Utah State employees to elect out of the defined benefit plan. The impact of this bill will be reflected in the next valuation, when the opt-out elections are known.

HB21 was enacted by the 2007 legislature. This bill created a window allowing members and employers of the Public Safety Contributory Retirement System to transfer to the Public Safety Noncontributory Retirement System. All transfers made by the valuation date were reflected in this valuation.

### Assumptions and methods

The Board, in consultation with the actuary, sets the actuarial assumptions and methods used in the valuation. Current Board policy is to perform an experience study every three years. In connection with the appropriate valuation, the actuary conducts a thorough review of plan experience for the preceding five years, and then makes recommendations to the Board.

An experience analysis was carried out in connection with this valuation, and as a result, we recommended, and the Board adopted a number of changes in the actuarial assumptions. Our recommendations included:

- Decrease the investment return assumption from 8.00% to 7.75%
- No change in the COLA assumptions for annuitants
- Modifying the post-retirement mortality assumptions for all groups except female teachers (the modifications decrease the rates of mortality and increase life expectancies)
- Modify the disabled mortality assumptions
- Modify all of the active member mortality rates to reduce the expected number of deaths
- Modifications to the salary increase rates for most groups, except for judges which was left unchanged (modifications reduced rates of salary increases for long service employees)
- No changes in the disability incidence rates
- No changes to the termination rates for groups in the Public Employee Retirement System. Increase the rates of termination for Public Safety employees and modify the rates of termination for firefighters
- No changes to retirement rates for any groups other than Judges

We have recommended that the assumed inflation rate remain at 3.00% and that the payroll growth assumption

remain at 4.00%. We have not recommended any changes in the actuarial cost method (entry age normal) or in the method for determining the actuarial value of assets (five-year smoothing).

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

It is our opinion that the recommended assumptions are internally consistent and are reasonably based on past and anticipated future experience of the System. The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

### Data

Member data for retired, active and inactive members was supplied as of December 31, 2007 by the URS staff. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The staff also supplied asset information as of December 31, 2007.

### Certification

We certify that the information presented herein is accurate and fairly portrays the actuarial position of URS as of January 1, 2008. We prepared the accompanying Summary of Actuarial Assumptions and Methods, but the URS staff prepared the other supporting schedules in this section and the trend tables in the financial section based on information supplied in our report. The staff rolls forward to December 31 the actuarial liabilities supplied in our report as of January 1, and the staff computes the actuarial value of assets as of December 31. These procedures have been reviewed by us and found reasonable.

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Utah state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries and consultants. Mr. Conradi is an Enrolled Actuary and Member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries. Both are experienced in performing valuations for large public retirement systems.

Sincerely,  
Gabriel Roeder Smith & Company

*Lewis Ward*

Lewis Ward, Consultant

*J. Christian Conradi*

J. Christian Conradi, ASA, EA, MAAA  
Senior Consultant

Gabriel Roeder Smith & Company

# Summary of Actuarial Assumptions and Methods

As of January 1, 2008

2008

**a)** The actuarial valuation was prepared using the entry age actuarial cost method. As described in the certification letter, the contribution rates are set based on the board's funding policy, which states the contribution rate will not be less than the amount needed to amortize the unfunded actuarial accrued liability of each System over a 20-year period from the valuation date (January 1, 2008).

In calculating this minimum, amortization payments are designed to remain level as a percent of payroll, and payroll is assumed to increase 4% per year. Under this method, actuarial gains and losses are identified and amortized as part of the unfunded actuarial accrued liability over a 20-year period

- b)** The future investment earnings of the assets of the Systems are assumed to accrue at an annual rate of 7.75%, compounded annually. This rate is made up of a 3.0% assumed inflation rate and a 4.75% assumed real rate of return. This assumption was adopted January 1, 2008.
- c)** The total rates of assumed annual salary increase are shown on the actuarial schedule on page 118. The rates include increases due to promotion and longevity and a 4.00% per annum rate of increase in the general wage level of the membership. Salaries of judges are assumed to increase at 4.00%. Except for judges, these assumptions were adopted January 1, 2008. (Rates for judges were adopted January 1, 2005.)

- d)** Post retirement benefit increases are based on the Consumer Price Index, limited by the provisions of each System. For members of the Public Safety Retirement System, annual increases are assumed to be 2.5%. All other Systems' annual increases are assumed to be 3.0%. Increases are based on the member's original retirement allowance except in the Judges Retirement System where increases are compounded. For current retirees who have received cumulative COLAs less than the total of annual CPI increases since retirement, higher COLAs are assumed, subject to the annual maximum (2.5% for Public Safety and 4% for all other Systems), as long as the member has "banked" CPI increases left.
- e)** Except for educators, tables of mortality rates for members retired for service and beneficiaries were developed from standard mortality tables. The mortality basis is dependent upon the member's class and gender as shown on the next page. Most of these rates were adopted January 1, 2008. Rates for female educators were adopted January 1, 2005. Mortality rates for active members and retired educators were developed from actual experience of that group.

# Summary of Actuarial Assumptions and Methods

(Continued)

December 31, 2008



## Retired Member Mortality

**Class of Member**

**Educators**

Men.....	EDUM
Women .....	EDUF

**Public Safety and Firefighters**

Men.....	RP 2000M (80%)
Women.....	RP 2000F (85%)

**Local Government, Public Employees and All Beneficiaries**

Men.....	RP 2000M (80%)
Women.....	RP 2000F (85%)

*EDUM = Constructed mortality table based on actual experience of male educators*

*EDUF = Constructed mortality table based on actual experience of female educators*

*RP 2000M = RP 2000 Combined mortality table for males multiplied by 80%*

*RP 2000F = RP 2000 Combined mortality table for females multiplied by 85%*

f) Mortality among disabled members is based on a special 1981 Disability Table developed by a previous actuary from the Systems' experience. Rates for males and females are multiplied by 85%. These rates were modified January 1, 2008.

g) Other demographic assumptions regarding retirement, mortality, disablement and termination from employment are illustrated in the following actuarial schedules.

The retirement assumptions illustrated are for members of the Systems who are eligible to retire with 30 years of service. The rates vary by age and service groupings.

Except for firefighters, rates of assumed termination from employment at any age are assumed to vary during the first five years of employment. The rates of termination illustrated are for members in their first or in their sixth or subsequent year of service; rates at intermediate points fall between the two sets illustrated. Rates for firefighters vary only by years of service and not by age. All rates have been shown for the firefighters. All terminating members who are not eligible for vested benefits are assumed to withdraw their contributions immediately. Vested members are assumed to withdraw their contributions and forfeit the right to further benefits at the rates illustrated.

h) The Retirement Board uses the expected rate of return method for calculating the actuarial value of assets. This method is based on the total earnings of the commingled investments and spreads the excess/shortfall of actual investment returns over or under the expected return over five years. One-fifth of the excess/ shortfall is recognized each year. The actuarial values of assets under this method were calculated and reported to us by the Systems' staff.

i) All of the actuarial assumptions were renewed or adopted by the Retirement Board in 2008, as recommended by the actuary.

Summary of Actuarial Assumptions and Methods *(Continued)*

December 31, 2008

	Retirement Age	Percent Retiring Within Next Year Among Active Members							Governors and Legislators Retirement Plan
		Eligible for Retirement							
		Male			Female				
		State and School Division		Local Government Division	State and School Division		Local Government Division		
	Educators	Public Employees		Educators	Public Employees				
<b>Noncontributory and Contributory Retirement Systems</b>	55	25.00%	18.00%	22.00%	30.00%	20.00%	35.00%	0.00%	
Adopted January 1, 2005	56	25.00	18.00	22.00	30.00	20.00	35.00	0.00	
	57	25.00	18.00	22.00	30.00	20.00	35.00	0.00	
	58	25.00	18.00	22.00	30.00	20.00	35.00	0.00	
	59	25.00	18.00	22.00	30.00	20.00	35.00	0.00	
	60	35.00	23.00	25.00	50.00	40.00	40.00	0.00	
	61	35.00	23.00	15.00	50.00	30.00	25.00	0.00	
	62	65.00	40.00	50.00	70.00	60.00	45.00	100.00	
	63	35.00	35.00	30.00	50.00	40.00	30.00	100.00	
	64	35.00	30.00	30.00	50.00	30.00	30.00	100.00	
	65	70.00	50.00	50.00	60.00	45.00	50.00	100.00	
	66	30.00	35.00	30.00	35.00	25.00	30.00	100.00	
	67	30.00	20.00	30.00	35.00	25.00	30.00	100.00	
	68	30.00	20.00	30.00	35.00	25.00	30.00	100.00	
	69	30.00	20.00	30.00	35.00	25.00	30.00	100.00	
	70	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

	Percent Retiring Within Next Year Among Active Members Eligible for Retirement					
	Retirement Age		Retirement Age		Retirement Age	
<b>Public Safety Retirement System</b>	45	30.00%	52	33.00%	59	35.00%
Adopted January 1, 2005	46	30.00	53	33.00	60	38.00
	47	30.00	54	33.00	61	38.00
	48	30.00	55	35.00	62	38.00
	49	30.00	56	35.00	63	38.00
	50	33.00	57	35.00	64	38.00
	51	33.00	58	35.00	65	100.00

	Percent Retiring Within Next Year Among Active Members Eligible for Retirement					
	Retirement Age		Retirement Age		Retirement Age	
<b>Firefighters Retirement System</b>	45	14.00%	52	16.00%	59	18.00%
Adopted January 1, 2005	46	14.00	53	16.00	60	24.00
	47	14.00	54	16.00	61	24.00
	48	14.00	55	18.00	62	24.00
	49	14.00	56	18.00	63	24.00
	50	16.00	57	18.00	64	24.00
	51	16.00	58	18.00	65	100.00

	Percent Retiring Within Next Year Among Active Members Eligible for Retirement					
	Retirement Age		Retirement Age		Retirement Age	
<b>Judges Retirement System</b>	60	25.00%	64	25.00%	68	25.00%
Adopted January 1, 2008	61	25.00	65	25.00	69	25.00
	62	25.00	66	25.00	70	100.00
	63	25.00	67	25.00		



Summary of Actuarial Assumptions and Methods *(Continued)*

December 31, 2008

Other Termination of Employment Percent of Active Members Separating Within Next Year								
	Age	Male			Female			Governors and Legislators Retirement Plan
		State and School Division		Local Government Division	State and School Division		Local Government Division	
		Educators	Public Employees		Educators	Public Employees		
<b>During the First Year of Service</b>								
<b>Noncontributory and Contributory Retirement Systems</b>	25	14.98%	35.36%	18.84%	22.57%	30.44%	27.66%	10.00%
Adopted January 1, 2000	30	12.68	29.03	15.88	15.87	27.40	25.72	10.00
	35	11.95	25.25	13.73	12.28	24.11	23.52	10.00
	40	11.30	22.79	12.35	11.87	20.88	21.25	10.00
	45	11.52	20.67	11.84	11.35	18.08	19.22	10.00
	50	13.43	18.41	12.28	10.24	16.10	17.99	10.00
	55	17.64	15.90	13.83	8.34	15.24	18.25	10.00
	60	18.53	13.22	14.52	8.77	15.79	20.66	10.00
<b>During the Sixth and Subsequent Years of Service</b>								
<b>Noncontributory and Contributory Retirement Systems</b>	25	6.29%	11.85%	8.15%	13.04%	18.70%	13.16%	10.00%
Adopted January 1, 2000	30	4.30	8.32	6.05	8.38	11.87	8.95	10.00
	35	2.90	5.78	4.63	5.21	7.56	6.18	10.00
	40	2.08	4.10	3.81	3.47	5.26	4.73	10.00
	45	1.62	3.04	3.34	2.74	4.05	4.22	10.00
	50	1.25	2.43	3.11	2.45	3.43	4.21	10.00
	55	0.93	2.42	3.36	2.43	3.34	4.32	10.00
	60	0.98	3.24	3.52	2.55	3.75	4.43	10.00
<b>Public Safety Retirement System</b>								
Adopted January 1, 2008	25	10.76%		6.93%				
	30	10.26		4.69				
	35	11.28		3.08				
	40	13.70		2.05				
	45	17.35		1.52				
	50	22.06		1.30				
	55	27.64		1.29				
	60	33.99		1.40				
<b>Firefighters Retirement System</b>								
Adopted January 1, 2008	0	9.0%		7	1.5%			
	1	2.5		8	1.5			
	2	2.5		9	1.5			
	3	2.5		10	1.5			
	4	2.5		11	1.5			
	5	1.5		12+	0.0			
	6	1.5						
<b>Judges Retirement System</b>								
		None assumed.						

Summary of Actuarial Assumptions and Methods *(Continued)*

December 31, 2008

	Years of Service	Total Annual Increase in Salary (Male and Female)				
		State and School Division		Local Government Division	Public Safety Retirement System	Firefighters Retirement System
		Educators	Public Employees			
<b>All Retirement Systems</b>	0	12.00%	9.50%	10.75%	9.75%	10.25%
Adopted January 1, 2008	1	10.25	8.75	9.00	8.00	9.75
	2	9.00	7.50	8.25	7.75	9.50
	3	8.75	7.00	7.50	7.25	9.25
	4	8.50	6.50	7.00	7.00	9.00
	5	8.00	6.25	6.75	6.75	8.75
	6	7.75	6.00	6.50	6.75	8.50
	7	7.50	5.75	6.25	6.75	8.25
	8	7.25	5.50	6.00	6.50	8.00
	9	7.00	5.50	5.75	6.50	7.50
	10	6.50	5.25	5.50	6.25	7.00
	11	6.00	5.00	5.50	6.00	6.50
	12	5.75	5.00	5.25	5.75	6.25
	13	5.25	5.00	5.25	5.50	6.00
	14	5.00	4.75	5.00	5.25	5.75
	15	4.75	4.75	5.00	5.25	5.75
	16	4.75	4.75	4.75	5.00	5.50
	17	4.75	4.50	4.75	5.00	5.50
	18	4.75	4.50	4.75	5.00	5.25
	19	4.50	4.50	4.75	5.00	5.00
	20	4.50	4.25	4.50	5.00	4.75
	21	4.50	4.25	4.50	4.75	4.75
	22	4.50	4.25	4.25	4.50	4.50
	23	4.50	4.25	4.25	4.50	4.00
	24	4.25	4.25	4.25	4.25	4.00
	25+	4.00	4.00	4.00	4.00	4.00

	Age	Probability Mortality Within the Next Year for Active Members			
		Male		Female	
		Educators	Local Government and Public Employees	Educators	Local Government and Public Employees
<b>Noncontributory and Contributory Retirement Systems</b>	20	0.0130%	0.0495%	0.0490%	0.0275%
Adopted January 1, 2008	25	0.0130	0.0385	0.0210	0.0275
	30	0.0195	0.0440	0.0070	0.0275
	35	0.0195	0.0660	0.0210	0.0330
	40	0.0390	0.0825	0.0420	0.0440
	45	0.0650	0.1045	0.0840	0.0660
	50	0.1300	0.1540	0.1260	0.1045
	55	0.2340	0.2585	0.1750	0.1540
	60	0.3705	0.4180	0.2380	0.2200
	65	0.4680	0.6380	0.3290	0.3025
	70	0.5200	0.9130	0.4550	0.4015

Summary of Actuarial Assumptions and Methods *(Continued)*

December 31, 2008

	Percent Electing a Refund of Contributions Upon Termination While Vested						
	Years of Service	Male			Female		
		Educators	Public Employees	Local Government Division	Educators	Public Employees	Local Government Division
<b>Noncontributory and Contributory Retirement Systems</b>	0-3	100%	100%	100%	100%	100%	100%
	4	75	86	75	65	80	77
	5	73	83	73	64	79	75
Adopted January 1, 1993	10	54	73	61	53	64	61
	15	33	63	49	32	52	40
	19	9	29	23	8	22	13
	20	0	0	0	0	0	0

	Probability Mortality Within the Next Year for Active Members					
	Public Safety and Firefighters Employees					
	Age		Age		Age	
<b>Public Safety Retirement System and Firefighters Retirement System</b>	20	0.0440%	40	0.0605%	60	0.3740%
	25	0.0440	45	0.1045	65	0.4730
	30	0.0440	50	0.1760	70	0.5665
	35	0.0440	55	0.2750		
Adopted January 1, 2008						

	Percent Electing a Refund of Contributions Upon Termination While Vested			
	Public Safety and Firefighters Retirement Employees			
	Years of Service		Years of Service	
<b>Public Safety Retirement System and Firefighters Retirement System</b>	0-3	100%	15	35%
	4	76	19	15
	5	74	20	0
	10	57		
Adopted January 1, 1993				

## Analysis of Financial Experience

December 31, 2008

System	<i>( in thousands )</i>							January 1, 2008
	January 1, 2007 Unfunded Actuarial Accrued Liability	Amortization Payments	(Gain) Loss	Liability Asset (Gain)	Changes in Actuarial Assumptions	Change in Benefit Provisions	Asset Transfers	Unfunded Actuarial Accrued Liability
<b>Noncontributory</b>	\$637,133	(88,804)	461,290	(720,358)	526,432	—	10,415	826,108
<b>Contributory</b>	58,515	8,333	25,084	(54,234)	40,861	—	(10,415)	68,144
<b>Public Safety</b>	159,783	(7,867)	38,015	(89,719)	109,000	—	—	209,213
<b>Firefighters</b>	(61,286)	(6,234)	15,424	(36,138)	33,400	—	—	(54,834)
<b>Judges</b>	248	(188)	5,363	(6,011)	6,120	—	—	5,532
<b>Utah Governors and Legislators</b>	(1,771)	(27)	145	(647)	426	—	—	(1,874)

# Member and Employer Contribution Rates

December 31, 2008

System	Year	Contributory			Noncontributory		
		Member	Employer	Employer	Employer	Employer	
			State and School	Local Government	State and School	Local Government	
<b>Noncontributory and Contributory Retirement System</b>	1999	6.00%	9.67%	6.73%	14.16	10.74%	
	2000	6.00	9.19	6.31	13.68	10.32	
	2001	6.00	5.91	4.19	10.40	8.20	
	2002	6.00	5.91	4.68	10.40	8.69	
	2003	6.00	7.21	5.61	11.70	9.62	
	2004	6.00	8.89	7.08	13.38	11.09	
	2005	6.00	8.89	7.08	13.38	11.09	
	2006	6.00	9.73	7.58	14.22	11.59	
	2007	6.00	9.73	7.61	14.22	11.62	
2008	6.00	9.73	7.61	14.22	11.62		
		Division A (with Social Security)		Division B (without Social Security)		All Divisions Fire Insurance Premium Tax	
		Member	Employer	Member	Employer		
<b>Firefighters Retirement System</b>	1999	13.31%	—%	16.71%	0.54%	8.60%	
	2000	10.20	—	15.50	—	8.71	
	2001	6.77	—	8.43	—	8.28	
	2002	7.82	—	7.83	—	8.88	
	2003	8.21	—	7.83	—	10.35	
	2004	8.61	—	7.83	—	12.16	
	2005	8.61	—	7.83	—	12.16	
	2006	10.84	—	8.72	—	12.08	
	2007	12.76	—	9.30	—	11.50	
2008	13.14	—	9.68	—	11.12		
		Contributory		Noncontributory		Judges Court Fees	Governors and Legislative Appropriation
		Member	Employer	Employer			
<b>Judges Retirement System</b>	1999	8.00%	7.39%	15.39%	21.16%	\$ —	
	2000	8.00	7.10	15.10	20.29	—	
	2001	5.55	—	5.55	18.93	—	
<b>Utah Governors and Legislators Retirement Plan</b>	2002	4.92	—	4.92	18.40	—	
	2003	7.08	—	7.08	18.06	—	
	2004	2.00	5.14	7.14	19.69	—	
	2005	2.00	6.26	8.26	19.19	—	
	2006	2.00	7.79	9.79	18.04	—	
	2007	2.00	10.38	12.38	15.45	—	
	2008	2.00	11.51	13.51	14.32	—	

## Member and Employer Contribution Rates (Continued)

December 31, 2008

System	Year	State of Utah		Other Division A (with Social Security)		Bountiful						
		Member	Employer	Member	Employer	Member	Employer					
<b>Public Safety Retirement System Noncontributory Division A</b>	1999	—	24.98%	—	18.43%	—	23.99%					
	2000	—	23.62	—	17.40	—	23.18					
	2001	—	19.68	—	14.08	—	19.03					
	2002	—	18.94	—	13.89	—	17.41					
	2003	—	21.15	—	16.24	—	18.63					
	2004	—	23.46	—	19.08	—	19.68					
	2005	—	23.46	—	19.34	—	19.68					
	2006	—	26.75	—	22.38	—	19.99					
	2007	—	26.75	—	22.61	—	22.47					
2008	—	26.75	—	22.61	—	22.47						
<b>Public Safety Retirement System Contributory Division A</b>	1999	12.29%	14.12%	12.29%	6.84%	—	—					
	2000	12.29	12.98	12.29	5.88	—	—					
	2001	12.29	8.81	12.29	2.41	—	—					
	2002	12.29	8.05	12.29	2.17	—	—					
	2003	12.29	10.02	12.29	4.52	—	—					
	2004	12.29	12.50	12.29	7.70	—	—					
	2005	12.29	12.50	12.29	7.95	—	—					
	2006	12.29	15.46	12.29	11.01	—	—					
	2007	12.29	15.46	12.29	11.22	—	—					
2008	12.29	15.46	12.29	11.22	—	—						
<b>Public Safety Retirement System Noncontributory Division B</b>	1999	Salt Lake City		Ogden		Logan		Provo		Other Division B (without Soc Sec)		
		Member	Employer	Member	Employer	Member	Employer	Member	Employer	Member	Employer	
		—	36.14%	—	25.80%	—	—	—	—	—	—	19.85%
		—	34.73	—	24.47	—	—	—	—	—	—	19.01
		—	30.72	—	21.06	—	—	—	—	—	—	16.75
		—	28.27	—	17.98	—	14.79%	—	—	—	—	17.66
		—	30.05	—	20.85	—	17.10	—	—	—	—	19.42
		—	32.52	—	24.30	—	20.77	—	—	—	—	22.17
		—	32.52	—	24.30	—	21.25	—	—	—	—	22.32
		—	35.71	—	30.44	—	25.48	—	—	—	—	25.49
		—	35.71	—	31.47	—	25.48	—	—	—	—	25.49
		—	35.71	—	31.47	—	25.48	—	29.84%	—	—	25.49
<b>Public Safety Retirement System Contributory Division B</b>	1999	13.74%	24.00%	13.18%	12.83%	11.13%	8.28%	13.54%	13.52%	10.50%	9.97%	
	2000	13.74	22.56	13.18	12.23	11.13	6.96	13.54	12.58	10.50	8.92	
	2001	13.74	18.21	13.18	9.08	11.13	2.93	13.54	9.72	10.50	6.43	
	2002	13.74	15.50	—	—	11.13	3.66	13.54	9.47	10.50	7.34	
	2003	13.74	17.61	—	—	11.13	5.97	13.54	10.85	10.50	9.47	
	2004	13.74	19.96	—	—	11.13	10.03	13.54	12.22	10.50	12.35	
	2005	13.74	19.96	—	—	11.13	10.54	13.54	12.22	10.50	12.47	
	2006	13.74	22.99	—	—	11.13	14.61	13.54	15.57	10.50	15.69	
	2007	13.74	22.99	—	—	11.13	14.61	13.54	16.30	10.50	15.69	
2008	13.74	22.99	—	—	11.13	14.61	—	—	10.50	15.69		

## Solvency Tests

*(dollars in thousands)*

System	Date	(1) Active Members Contributions	(2) Retired and Beneficiaries	(3) Active Member (Employer Financed Portion)
<b>Noncontributory Retirement System</b>	1/01/00	\$ 974,082	3,019,704	5,012,522
	1/01/01	962,724	3,404,486	5,566,304
	1/01/02	971,496	3,751,586	6,082,942
	1/01/03	955,624	4,171,062	6,637,667
	1/01/04	878,125	4,587,481	6,885,704
	1/01/05	850,926	5,051,930	7,332,588
	1/01/06	822,236	5,504,555	7,691,749
	1/01/07	756,008	6,285,751	8,042,295
	1/01/08	728,986	7,020,899	9,275,300
	12/31/08	700,597	7,962,680	9,463,771
<b>Contributory Retirement System</b>	1/01/00	\$ 231,996	451,865	210,623
	1/01/01	247,491	447,521	240,787
	1/01/02	267,963	425,956	254,993
	1/01/03	285,260	416,552	275,106
	1/01/04	283,694	409,430	289,445
	1/01/05	296,155	407,905	309,776
	1/01/06	307,907	408,420	310,982
	1/01/07	316,492	436,812	309,663
	1/01/08	324,856	468,966	376,429
	12/31/08	336,297	527,857	344,471
<b>Public Safety Retirement System</b>	1/01/00	\$ 87,169	485,980	532,017
	1/01/01	85,774	540,074	581,028
	1/01/02	85,106	610,272	670,756
	1/01/03	84,479	669,736	704,276
	1/01/04	81,121	742,358	733,279
	1/01/05	94,259	827,157	805,369
	1/01/06	91,737	921,115	821,600
	1/01/07	90,849	1,006,399	871,734
	1/01/08	90,962	1,076,782	1,080,132
	12/31/08	88,281	1,228,031	1,090,918
<b>Firefighters Retirement System</b>	1/01/00	\$ 70,055	212,537	136,565
	1/01/01	73,003	240,403	142,050
	1/01/02	76,510	257,301	157,463
	1/01/03	78,253	270,842	172,069
	1/01/04	79,177	289,194	181,007
	1/01/05	81,754	306,927	190,210
	1/01/06	82,292	329,322	202,745
	1/01/07	84,670	355,518	203,577
	1/01/08	86,624	389,586	256,619
	12/31/08	92,099	439,268	247,668
<b>Judges Retirement System</b>	1/01/00	\$ 7,990	35,621	24,523
	1/01/01	8,025	38,603	27,334
	1/01/02	8,355	40,022	37,610
	1/01/03	8,639	40,800	41,134
	1/01/04	7,873	47,713	42,316
	1/01/05	8,058	48,904	47,248
	1/01/06	7,893	51,524	47,545
	1/01/07	8,209	56,363	52,555
	1/01/08	7,342	62,724	65,313
	12/31/08	7,738	69,079	66,551
<b>Utah Governors and Legislators Retirement Plan</b>	11/01/00	\$ 204	5,573	2,476
	1/01/01	204	5,081	2,623
	1/01/02	203	5,079	2,900
	1/01/03	187	5,212	3,307
	1/01/04	178	5,044	3,590
	1/01/05	169	4,989	3,569
	1/01/06	147	5,268	3,559
	1/01/07	159	5,142	3,911
	1/01/08	145	5,123	4,594
	12/31/08	119	5,450	4,276

Actuarial Accrued Liabilities	(4) Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets			
			(1)	(2)	(3)	(4)
	9,006,308	9,237,447	100%	100%	100%	103%
	9,933,514	10,361,333	100%	100%	100%	104%
	10,806,024	11,104,334	100	100	100	103
	11,764,353	10,848,586	100	100	86	92
	12,351,310	11,657,525	100	100	90	94
	13,235,444	12,212,437	100	100	86	92
	14,018,540	13,069,362	100	100	88	93
	15,084,061	14,446,928	100	100	92	96
	17,025,185	16,199,077	100	100	91	95
	18,127,048	15,257,243	100	100	70	84
	894,484	878,190	100%	100%	92%	98%
	935,799	924,573	100	100	95	99
	948,912	927,523	100	100	92	98
	976,918	899,290	100	100	72	92
	982,569	913,949	100	100	76	93
	1,013,836	933,974	100	100	74	92
	1,027,309	951,540	100	100	76	93
	1,062,967	1,004,452	100	100	81	94
	1,170,251	1,102,107	100	100	82	94
	1,208,625	1,002,443	100	100	40	83
	1,105,166	1,146,331	100%	100%	100%	104%
	1,206,876	1,286,996	100	100	100	107
	1,366,134	1,376,466	100	100	100	101
	1,458,491	1,349,435	100	100	85	93
	1,556,758	1,448,888	100	100	85	93
	1,726,785	1,524,904	100	100	75	88
	1,834,452	1,633,022	100	100	75	89
	1,968,982	1,809,198	100	100	82	92
	2,247,826	2,038,613	100	100	81	91
	2,407,130	1,936,871	100	100	57	80
	419,157	483,374	100%	100%	100%	115%
	455,456	536,503	100	100	100	118
	491,274	569,151	100	100	100	116
	521,164	553,589	100	100	100	106
	549,378	589,502	100	100	100	107
	578,891	610,688	100	100	100	105
	614,359	644,496	100	100	100	105
	643,765	705,051	100	100	100	110
	732,829	787,663	100	100	97	107
	779,035	735,235	100	100	64	94
	68,134	78,130	100%	100%	100%	115%
	73,962	87,139	100	100	100	118
	85,987	92,649	100	100	100	108
	90,573	90,904	100	100	100	100
	97,902	97,412	100	100	99	99
	104,210	100,814	100	100	93	97
	106,962	106,374	100	100	99	99
	117,127	116,879	100	100	100	100
	135,379	129,847	100	100	92	96
	143,368	121,075	100	100	67	84
	8,253	10,946	100%	100%	100%	133%
	7,908	11,569	100	100	100	146
	8,182	11,710	100	100	100	143
	8,706	10,719	100	100	100	123
	8,812	10,905	100	100	100	124
	8,727	10,650	100	100	100	122
	8,974	10,587	100	100	100	118
	9,212	10,983	100	100	100	119
	9,862	11,736	100	100	98	119
	9,845	10,407	100	100	66	106

## Schedules of Active Member Valuation Data

December 31, 2008

System	Year	Number of Participating Employers	Active Members	Active Members			Inflation Increase (CPI)
				Annual Payroll	Average Pay	Percent Increase	
<b>Noncontributory Retirement System</b>	1999	356	81,132	\$2,499,087,000	31,577	1.65%	2.70%
	2000	367	81,894	2,659,200,000	32,744	3.70	3.40
	2001	374	81,383	2,832,060,000	34,581	5.61	1.60
	2002	376	82,486	2,926,449,000	35,481	2.60	2.40
	2003	380	83,156	2,959,347,000	35,806	0.92	1.90
	2004	391	85,046	3,084,317,000	36,643	2.34	3.30
	2005	401	85,637	3,165,504,000	37,633	2.70	3.40
	2006	409	87,219	3,326,392,000	37,786	0.41	2.50
	2007	411	89,605	3,582,495,000	39,584	4.76	4.20
2008	416	93,576	3,871,636,000	40,531	2.39	0.10	
<b>Contributory Retirement System</b>	1999	165	4,101	\$ 137,561,000	33,791	4.63%	2.70%
	2000	163	3,972	141,067,000	35,218	4.22	3.40
	2001	164	3,760	142,882,000	37,627	6.84	1.60
	2002	164	3,649	142,325,000	38,784	3.07	2.40
	2003	161	3,493	139,470,000	39,666	2.27	1.90
	2004	161	3,393	139,362,000	40,821	2.91	3.30
	2005	161	3,198	137,730,000	41,758	2.30	3.40
	2006	161	3,010	133,812,000	43,005	2.99	2.50
	2007	160	2,852	132,899,000	44,865	4.33	4.20
2008	158	2,743	133,110,000	46,830	4.38	0.10	
<b>Public Safety Retirement System</b>	1999	115	6,631	\$ 226,057,000	34,819	2.89%	2.70%
	2000	116	6,839	247,985,000	36,166	3.87	3.40
	2001	116	6,905	260,783,000	37,705	4.26	1.60
	2002	119	6,966	268,478,000	39,004	3.45	2.40
	2003	117	7,041	278,402,000	39,579	1.47	1.90
	2004	119	7,173	293,797,000	40,300	1.82	3.30
	2005	120	7,239	298,756,000	40,737	1.08	3.40
	2006	123	7,474	316,662,000	42,356	3.98	2.50
	2007	126	7,587	339,187,000	43,899	3.64	4.20
2008	128	7,894	365,043,000	45,964	4.70	0.10	
<b>Firefighters Retirement System</b>	1999	38	1,386	\$ 57,561,000	42,178	4.35%	2.70%
	2000	39	1,452	63,274,000	43,403	2.90	3.40
	2001	39	1,498	67,192,000	44,895	3.44	1.60
	2002	40	1,538	71,354,000	46,548	3.68	2.40
	2003	43	1,568	75,619,000	48,132	3.40	1.90
	2004	44	1,591	79,638,000	49,863	3.60	3.30
	2005	48	1,636	84,061,000	50,471	1.22	3.40
	2006	52	1,684	88,682,000	51,549	2.14	2.50
	2007	51	1,771	95,767,000	52,247	1.36	4.20
2008	52	1,849	102,252,000	54,111	3.57	0.10	
<b>Judges Retirement System</b>	1999	1	106	\$ 10,104,000	97,562	2.13%	2.70%
	2000	1	104	10,397,000	100,396	2.90	3.40
	2001	1	105	10,924,000	104,298	3.89	1.60
	2002	1	103	11,173,000	106,010	1.64	2.40
	2003	1	106	10,888,000	106,613	0.57	1.90
	2004	1	106	11,646,000	107,237	0.59	3.30
	2005	1	108	11,594,000	110,539	3.08	3.40
	2006	1	106	12,195,000	112,350	1.64	2.50
	2007	1	108	13,322,000	120,184	6.97	4.20
2008	1	106	14,404,000	128,706	7.09	0.10	
<b>Utah Governors and Legislators Retirement Plan</b>	1999	1	94	\$ 468,000	5,437	(0.06)%	2.70%
	2000	1	88	464,000	5,533	1.77	3.40
	2001	1	92	556,000	6,422	16.07	1.60
	2002	1	91	556,000	6,454	0.50	2.40
	2003	1	97	556,000	6,388	(1.02)	1.90
	2004	1	95	556,000	5,400	(15.47)	3.30
	2005	1	88	887,000	8,955	65.83	3.40
	2006	1	96	860,000	7,649	(14.58)	2.50
	2007	1	86	947,000	9,109	19.08	4.20
2008	1	93	910,000	9,785	7.42	0.10	



# Schedules of Retirants and Beneficiaries

December 31, 2008

System	Year	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase in Annual Allowances	Average Annual Allowances
		Number	Allowances*	Number	Allowances*	Number	Allowances		
<b>Noncontributory Retirement System</b>	1999	1,716	\$ —	119	\$ —	16,196	243,829,000	14.07%	\$14,577
	2000	1,709	—	150	—	17,755	276,878,000	13.55	15,120
	2001	1,577	—	167	—	19,165	311,311,000	12.44	15,756
	2002	1,737	—	236	—	20,666	348,230,000	11.86	16,351
	2003	1,805	—	256	—	22,215	386,791,000	11.07	16,884
	2004	1,803	—	244	—	23,774	424,897,000	9.85	17,126
	2005	2,212	—	276	—	25,710	469,695,000	10.54	17,731
	2006	2,728	—	284	—	28,154	533,248,000	13.53	18,387
	2007	2,131	84,779,000	320	8,501,000	29,965	609,526,000	14.30	19,138
2008	2,082	75,142,000	316	24,876,000	31,731	659,792,000	8.25	19,616	
<b>Contributory Retirement System</b>	1999	88	\$ —	578	\$ —	8,748	\$ 61,141,000	(1.78)%	\$ 6,423
	2000	101	—	557	—	8,292	60,317,000	(1.35)	6,742
	2001	98	—	542	—	7,848	59,575,000	(1.23)	7,078
	2002	120	—	566	—	7,402	59,497,000	(0.13)	7,490
	2003	122	—	582	—	6,942	57,863,000	(2.75)	7,865
	2004	140	—	564	—	6,518	56,992,000	(1.51)	8,039
	2005	178	—	521	—	6,175	57,100,000	0.19	8,799
	2006	187	—	510	—	5,852	58,546,000	2.53	9,503
	2007	197	7,748,000	497	4,616,000	5,552	61,678,000	5.35	10,287
2008	151	6,547,000	464	6,129,000	5,239	62,096,000	0.68	11,067	
<b>Public Safety Retirement System</b>	1999	160	\$ —	22	\$ —	2,224	\$ 38,549,000	12.15%	\$16,248
	2000	151	—	4	—	2,371	42,769,000	10.95	16,974
	2001	271	—	53	—	2,589	48,607,000	13.65	17,743
	2002	162	—	30	—	2,721	53,962,000	11.02	18,801
	2003	183	—	26	—	2,878	59,941,000	11.08	19,796
	2004	204	—	35	—	3,047	66,329,000	10.66	20,816
	2005	252	—	31	—	3,268	74,041,000	11.63	21,724
	2006	212	—	31	—	3,449	82,499,000	11.42	22,977
	2007	190	10,541,000	25	1,176,000	3,614	91,864,000	11.35	23,575
2008	197	16,691,000	45	9,611,000	3,766	98,944,000	7.71	24,391	
<b>Firefighters Retirement System</b>	1999	42	\$ —	5	\$ —	773	\$ 16,955,000	7.71%	\$18,853
	2000	53	—	1	—	825	18,738,000	10.52	19,717
	2001	52	—	10	—	867	20,778,000	10.89	20,928
	2002	32	—	14	—	885	22,288,000	7.27	22,131
	2003	40	—	4	—	921	23,520,000	5.53	22,573
	2004	30	—	18	—	933	25,263,000	7.41	24,257
	2005	53	—	12	—	974	27,269,000	7.94	25,319
	2006	44	—	5	—	1,013	29,497,000	8.17	26,430
	2007	53	5,023,000	3	584,000	1,063	33,936,000	15.05	27,513
2008	33	3,457,000	13	2,038,000	1,083	35,355,000	4.18	29,169	
<b>Judges Retirement System</b>	1999	1	\$ —	1	\$ —	73	\$ 3,160,000	5.26%	\$42,032
	2000	2	—	—	—	75	3,322,000	5.13	43,018
	2001	4	—	1	—	78	3,659,000	10.14	45,547
	2002	1	—	2	—	77	3,804,000	3.96	48,014
	2003	8	—	2	—	83	4,361,000	14.64	51,023
	2004	2	—	1	—	84	4,518,000	3.60	52,243
	2005	5	—	1	—	88	4,755,000	5.25	52,465
	2006	3	—	2	—	89	5,251,000	10.43	57,325
	2007	7	1,254,000	—	170,000	96	6,335,000	20.64	60,717
2008	3	583,000	2	338,000	97	6,580,000	3.87	63,084	
<b>Utah Governors and Legislators Retirement Plan</b>	1999	13	\$ —	5	\$ —	221	\$ 583,000	8.36%	\$ 2,556
	2000	5	—	7	—	219	662,000	13.55	2,649
	2001	10	—	—	—	229	691,000	4.38	2,606
	2002	7	—	5	—	231	708,000	2.46	2,648
	2003	3	—	11	—	223	726,000	2.54	2,817
	2004	6	—	8	—	221	712,000	(1.93)	2,804
	2005	12	—	3	—	230	755,000	6.04	2,851
	2006	3	—	11	—	222	758,000	0.40	2,983
	2007	6	57,000	8	57,000	220	758,000	—	2,966
2008	8	70,000	6	65,000	222	763,000	0.66	2,941	

\*Additional information will be added when it becomes available.

**Noncontributory Retirement System**

Summary of Plan Provisions

**Noncontributory**

Description	Requirement																		
<b>Membership Eligibility</b>	<p>The Public Employees Noncontributory Retirement System was established on July 1, 1986. All eligible employees of the State and School entities hired subsequent to that date are automatically members of the Noncontributory System. Local government entities had the option of adopting the new System or remaining with the Contributory System. An employee is qualified for membership in the Noncontributory System if his or her employer participates in the System and the employee works at least 20 hours per week and receives benefits normally provided by his or her employer as approved by the Retirement Board, teachers who teach half-time, and classified school employees who work an average of 20 hours or more per week, regardless of benefits provided.</p>																		
<b>Vesting</b>	<p>Retirement benefit becomes vested upon the member's completion of 4 years of qualifying service.</p>																		
<b>Service Retirement</b>	<table border="0"> <thead> <tr> <th data-bbox="427 747 456 768">Age</th> <th data-bbox="639 747 756 768">Years of Service</th> <th data-bbox="927 747 1094 768">Allowance Reduction†</th> </tr> </thead> <tbody> <tr> <td data-bbox="427 772 496 793">Any age.....</td> <td data-bbox="528 772 560 793">30.....</td> <td data-bbox="1023 772 1094 793">None</td> </tr> <tr> <td data-bbox="427 798 496 819">Any age.....</td> <td data-bbox="528 798 560 819">25.....</td> <td data-bbox="927 798 1094 819">Full actuarial before age 60</td> </tr> <tr> <td data-bbox="427 823 480 844">60-61.....</td> <td data-bbox="528 823 560 844">20.....</td> <td data-bbox="927 823 1094 844">3% each year before age 65</td> </tr> <tr> <td data-bbox="427 848 480 869">62-64.....</td> <td data-bbox="528 848 560 869">10.....</td> <td data-bbox="927 848 1094 869">3% each year before age 65</td> </tr> <tr> <td data-bbox="427 873 443 894">65.....</td> <td data-bbox="528 873 544 894">4.....</td> <td data-bbox="1023 873 1094 894">None</td> </tr> </tbody> </table> <p data-bbox="427 919 1142 989">†With fewer than 30 years of service from any combination of Utah Retirement Systems, retiring before age 65 will reduce the monthly benefit approximately 7% for every year under age 60 and 3% for each year between ages 60 and 65.</p>	Age	Years of Service	Allowance Reduction†	Any age.....	30.....	None	Any age.....	25.....	Full actuarial before age 60	60-61.....	20.....	3% each year before age 65	62-64.....	10.....	3% each year before age 65	65.....	4.....	None
Age	Years of Service	Allowance Reduction†																	
Any age.....	30.....	None																	
Any age.....	25.....	Full actuarial before age 60																	
60-61.....	20.....	3% each year before age 65																	
62-64.....	10.....	3% each year before age 65																	
65.....	4.....	None																	
<b>Service Benefit Formula</b>	<p>Number of years of service x 2.0% x FAS*.  <i>*FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.</i></p>																		
<b>Cost of Living Allowance</b>	<p>Up to 4% annually on the original retirement benefit.                      Eligible after one year.</p>																		
<b>Death Benefits</b>	<p>An active member's death benefit consists of an insurance payment equal to 75% of the highest annual salary with a minimum of \$1,000 and a refund of transferred contributions plus interest. The spouse of a deceased member is eligible for a monthly benefit if they have been married for at least six months and the member meets age and service qualifications or has 15 or more years of service credit.</p> <p>An inactive member's death benefit for someone with fewer than ten years of service consists of a refund of transferred contributions plus interest. For those with ten or more years of service credited to their account prior to July 1, 1987 and who have not withdrawn their contributions, the benefit is the same as for active members.</p> <p>A retired member's death benefit depends on the retirement option selected at retirement. No death benefit is available without a reduced retirement benefit.</p>																		
<b>Refunds</b>	<p>A terminated member who transferred from the Contributory Retirement System is eligible for a 100% refund of transferred member contributions plus interest. There is a 60-day refund processing period after the last day of paid employment.</p>																		
<b>Redeposits</b>	<p>A redeposit with interest may be made in monthly installments, by a lump-sum payment, or by direct transfer from a qualified plan. A redeposit must be completed prior to retirement. Service credit is restored when the redeposit is completed.</p>																		
<b>Contribution Rates</b> <i>(as of 12-31-08)</i>	<p>Employer rate for State &amp; School (Level A) is 14.22% of covered salary and 11.62% for Local Government (Level B).</p>																		
<b>Interest</b>	<p>Up to 8% on member accounts transferred from the Contributory Retirement System.</p>																		

**Contributory Retirement System**

Summary of Plan Provisions

**Contributory**

Description	Requirement															
<b>Membership Eligibility</b>	The Public Employees Contributory Retirement System includes eligible public employees of the State of Utah and its political subdivisions including public education employees of those entities covered by the System. An employee is qualified for membership in the Contributory System if his or her employer participates in the System and the employee works at least 20 hours per week and receives benefits normally provided by his or her employer as approved by the Retirement Board, teachers who teach half-time, and classified school employees who work an average of 20 hours per week or more regardless of benefits provided.															
<b>Vesting</b>	Retirement benefit becomes vested upon the member’s completion of 4 years of qualifying service. Eligible member contributions and interest thereon vest immediately.															
<b>Service Retirement</b>	<table border="0"> <thead> <tr> <th data-bbox="507 737 539 758">Age</th> <th data-bbox="715 737 836 758">Years of Service</th> <th data-bbox="1007 737 1174 758">Allowance Reduction†</th> </tr> </thead> <tbody> <tr> <td data-bbox="507 764 576 785">Any age.....</td> <td data-bbox="778 764 810 785">30.....</td> <td data-bbox="1086 764 1174 785">None</td> </tr> <tr> <td data-bbox="507 791 560 812">60-61 .....</td> <td data-bbox="778 791 810 812">20 .....</td> <td data-bbox="1007 791 1174 812">3% each year before age 65</td> </tr> <tr> <td data-bbox="507 819 560 840">62-64 .....</td> <td data-bbox="778 819 810 840">10 .....</td> <td data-bbox="1007 819 1174 840">3% each year before age 65</td> </tr> <tr> <td data-bbox="507 846 528 867">65.....</td> <td data-bbox="778 846 794 867">4.....</td> <td data-bbox="1086 846 1174 867">None</td> </tr> </tbody> </table> <p data-bbox="507 884 1278 932">†With fewer than 30 years of service from any combination of Utah Retirement Systems, retiring before age 65 will reduce the monthly benefit by 3% for each year between ages 60 and 65.</p>	Age	Years of Service	Allowance Reduction†	Any age.....	30.....	None	60-61 .....	20 .....	3% each year before age 65	62-64 .....	10 .....	3% each year before age 65	65.....	4.....	None
Age	Years of Service	Allowance Reduction†														
Any age.....	30.....	None														
60-61 .....	20 .....	3% each year before age 65														
62-64 .....	10 .....	3% each year before age 65														
65.....	4.....	None														
<b>Service Benefit Formula</b>	<p data-bbox="507 961 1098 982">1) Number of years of service before 7-1-75 x 1.25% x FAS*.</p> <p data-bbox="507 989 1082 1010">2) Number of years of service after 6-30-75 x 2.0% x FAS*.</p> <p data-bbox="507 1016 874 1037">3) Plan 1 allowance = total of 1 and 2.</p> <p data-bbox="507 1052 1225 1100">*FAS (Final Average Salary) = highest five years’ earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.</p>															
<b>Cost of Living Allowance</b>	Up to 4% annually on the original retirement benefit. Eligible after one year.															
<b>Death Benefits</b>	<p data-bbox="507 1215 1442 1325">An active member’s death benefit consists of an insurance payment equal to 75% of the highest annual salary with a minimum of \$1,000 and a refund of contributions plus interest. The spouse of a deceased member is eligible for a monthly benefit if they have been married for at least six months and the member meets age and service qualifications, or has 25 years of service.</p> <p data-bbox="507 1331 1442 1440">An inactive member’s death benefit for someone with fewer than ten years of service consists of a refund of contributions plus interest. For those with ten or more years of service credited to their account prior to July 1, 1987 and who have not withdrawn their contributions, the benefit is the same as for active members.</p> <p data-bbox="507 1446 1442 1493">A retired member’s death benefit depends on the retirement option selected at retirement. No death benefit is available without a reduced retirement benefit.</p>															
<b>Refunds</b>	A terminated member is eligible for a 100% refund of member contributions plus interest. There is a 60-day refund processing period after the last day of paid employment.															
<b>Redeposits</b>	A redeposit with interest may be made in monthly installments, by a lump-sum payment, or by direct transfer from a qualified plan. A redeposit must be completed prior to retirement. Service credit is restored when the redeposit is completed.															
<b>Contribution Rates</b> <i>(as of 12-31-08)</i>	<p data-bbox="507 1732 1442 1789">Member contribution rate is 6.00%* of covered salary. Employer rate for State and School (Level A) is 9.73% of covered salary and 7.61% for Local Government (Level B).</p> <p data-bbox="507 1795 1273 1818">*Employers have the option of paying all or part of member contributions on behalf of their employees.</p>															
<b>Interest</b>	Up to 8% on member accounts.															

**Public Safety Retirement System**

Summary of Plan Provisions

**Public Safety**

Description	Requirement												
<b>Membership Eligibility</b>	The Public Safety Retirement System includes eligible state and local government employees directly involved in law enforcement. The Public Safety System consists of the Contributory and Noncontributory divisions. Employees are qualified for membership in the Public Safety System if: (1) they are regularly scheduled to work and be compensated for 2,080 hours a year in a recognized public safety department; (2) they have completed a certified training program; (3) their primary duty is as a peace officer, correctional officer or special function officer; and (4) in the course of employment their life or personal safety is at risk.												
<b>Vesting</b>	Retirement benefit becomes vested upon the member’s completion of 4 years of service credit. Eligible member contributions vest immediately.												
<b>Service Retirement</b>	<table border="1"> <thead> <tr> <th data-bbox="427 741 453 762">Age</th> <th data-bbox="635 741 751 762">Years of Service</th> <th data-bbox="932 741 1091 762">Allowance Reduction</th> </tr> </thead> <tbody> <tr> <td data-bbox="427 768 501 789">Any age .....</td> <td data-bbox="699 768 724 789">20 .....</td> <td data-bbox="1034 768 1091 789">None</td> </tr> <tr> <td data-bbox="427 795 453 816">60 .....</td> <td data-bbox="699 795 724 816">10 .....</td> <td data-bbox="1034 795 1091 816">None</td> </tr> <tr> <td data-bbox="427 823 453 844">65 .....</td> <td data-bbox="699 823 724 844">4 .....</td> <td data-bbox="1034 823 1091 844">None</td> </tr> </tbody> </table>	Age	Years of Service	Allowance Reduction	Any age .....	20 .....	None	60 .....	10 .....	None	65 .....	4 .....	None
Age	Years of Service	Allowance Reduction											
Any age .....	20 .....	None											
60 .....	10 .....	None											
65 .....	4 .....	None											
<b>Service Benefit Formula</b>	<p>1) 2.5% x FAS* x years of service up to 20 years.                  2) 2.0% x FAS* x years of service over 20 years.                  3) Monthly benefit = total of 1 and 2.**</p> <p><i>*FAS (Final Average Salary) = highest three years’ earnings converted to a monthly average.                  Yearly salary increases are limited to 10% plus a COLA determined by the CPI.</i></p> <p><i>**Benefits paid cannot exceed 70% of FAS.</i></p>												
<b>Cost of Living Allowance</b>	Up to 2.5% annually on original retirement benefit. Eligible after one year.												

**Public Safety Retirement System**Summary of Plan Provisions *(Continued)*

## Public Safety

Description	Requirement
<b>Death Benefits</b>	<p><b>Division A (with Social Security)</b> If death is in the line of duty, the benefit to the surviving spouse is \$1,000 plus a monthly benefit of 30% of the final average salary. In the noncontributory system only, if the member has 20 years of service credit, the spouse's benefit is the same as for a retired member. If death is not in the line of duty, the benefit is \$1,000 or a refund of contributions for members with fewer than 10 years of service. For more than 10 years of service, the benefit to the surviving spouse is \$500 plus a monthly benefit of 2% of the final average salary for each year of service to a maximum of 30% of the final average salary. If there is no spouse, the settlement is a 100% refund of vested contributions payable to the beneficiary, or \$500, whichever is greater. Dependent children receive no additional benefits. A retired member's death benefit to the surviving spouse is 65% of the monthly benefit.</p> <p><b>Division B (without Social Security)</b> If death is in the line of duty, the benefit to the surviving spouse is \$1,500 plus a monthly benefit of 37.5% of the final average salary. Each unmarried child under 18 or dependent unmarried mentally or physically disabled child receives \$50 per month if the member had two or more years of service. If death is not in the line of duty, the benefit is a refund of contributions plus 50% of the last 12 months of salary for members with fewer than two years of service. For members with more than two years of service, the benefit is the same as that for death in the line of duty. If there is no spouse, the settlement is a 100% refund of vested contributions payable to the beneficiary, or \$500, whichever is greater. A retired member's death benefit to a surviving spouse is 65% of the monthly benefit. An unmarried child under 18 or dependent unmarried mentally or physically disabled child receives \$50 per month.</p>
<b>Refunds</b>	A terminated member is eligible for a 100% refund of member contributions. There is a 60-day refund processing period after the last day of paid employment.
<b>Redeposits</b>	A redeposit with interest may be made in monthly installments, by a lump-sum payment, or by direct transfer from a qualified plan. A redeposit must be completed prior to retirement. Service credit is restored when the redeposit is completed.
<b>Contribution Rates</b> <i>(as of 12-31-08)</i>	<p><b>Noncontributory Option</b> Employer rates for Division A are: State units 29.55%; Bountiful 22.47%; and other units 22.61% of covered salary. Employer rates for Division B are: Salt Lake City 35.71%; Ogden 31.47%; Provo 29.84%; Logan 25.48%; and all other units 25.49% of covered salary.</p> <p><b>Contributory Option</b> Member rates in Division A are: State units 12.29%; and all other units 12.29% of covered salary. Member rates in Division B are: Salt Lake City 13.74%; Logan 11.13%; and other units 10.50% of covered salary.* Employer rates for Division A are: State units 18.25%; and other law enforcement units 11.12% of covered salary. Employer rates for Division B are: Salt Lake City 22.99%; Logan 14.61%; and other units 15.69% of covered salary.</p> <p><i>*Employers have the option of paying all or part of member contributions on behalf of their employees.</i></p>
<b>Interest</b>	Up to 8% on member accounts.

**Firefighters Retirement System**

Summary of Plan Provisions *(Continued)*

## Firefighters

Description	Requirement												
<b>Membership Eligibility</b>	The Firefighters Retirement System includes eligible state and local government employees directly involved in fire fighting and whose duties are classified as hazardous. If an employer does not classify the duties as hazardous, the employee will be enrolled in either the Public Employees Contributory or Noncontributory Retirement System. Employees are qualified for membership in the Firefighters System if they are regularly scheduled to work and be compensated for 2,080 hours a year in a regular constituted fire department and are regularly assigned to hazardous duty. Although volunteer firefighters who are on the rolls of a regularly constituted fire department do not contribute to the System and are not eligible for service retirement benefits, they or their beneficiaries receive benefits based on the salary of the lowest paid firefighters in a first-class city if they are disabled or killed in the line of duty.												
<b>Vesting</b>	Retirement benefit becomes vested upon the member's completion of 4 years of service credit. Eligible member contributions vest immediately.												
<b>Service Retirement</b>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Age</th> <th style="text-align: left;">Years of Service</th> <th style="text-align: left;">Allowance Reduction</th> </tr> </thead> <tbody> <tr> <td>Any age .....</td> <td>20 .....</td> <td>None</td> </tr> <tr> <td>60 .....</td> <td>10 .....</td> <td>None</td> </tr> <tr> <td>65 .....</td> <td>4 .....</td> <td>None</td> </tr> </tbody> </table>	Age	Years of Service	Allowance Reduction	Any age .....	20 .....	None	60 .....	10 .....	None	65 .....	4 .....	None
Age	Years of Service	Allowance Reduction											
Any age .....	20 .....	None											
60 .....	10 .....	None											
65 .....	4 .....	None											
<b>Service Benefit Formula</b>	<p>1) 2.5% x FAS* x years of service up to 20 years                  2) 2.0% x FAS* x years of service over 20 years.                  3) Monthly benefit = total of 1 and 2.**</p> <p><i>*FAS (Final Average Salary) = highest three years' earnings converted to a monthly average.                  Yearly salary increases are limited to 10% plus a COLA determined by the CPI.                  **Benefits paid cannot exceed 70% of FAS, but cannot be less than \$500.</i></p>												
<b>Cost of Living Allowance</b>	Up to 4.0% annually on original retirement benefit. Eligible after one year.												
<b>Disability Benefits</b>	If disability is in the line of duty, the benefit is 50% of the final average salary with no minimum age or service requirements. If disability is not in the line of duty, the benefit is a refund of contributions for members with fewer than five years of service. For members with more than five years of service, the benefit is the same as that for disability incurred in the line of duty. Benefits are suspended while receiving Workers Compensation.												

**Firefighters Retirement System**Summary of Plan Provisions *(Continued)*

## Firefighters

Description	Requirement
<b>Death Benefits</b>	<p><b><i>Division A (with Social Security)</i></b>            If death is in the line of duty, the benefit to the surviving spouse is \$1,500 plus a monthly benefit of 30% of final average salary. If death is in the line of duty, and the member has 20 or more years of service credit, the spouse's benefit is the same as for a retired member. Total benefits cannot exceed 70% of the final average salary.</p> <p>If death is not in the line of duty, the benefit is \$1,000 or a refund of contributions for members with fewer than 10 years of service. For members with more than 10 years of service, the benefit to the surviving spouse consists of \$500 plus a monthly benefit of 2% of the final average salary for each year of service to a maximum of 30% of the final average salary.</p> <p><b><i>Division B (without Social Security)</i></b>            If death is in the line of duty, the benefit to the surviving spouse is \$1,500 plus a monthly benefit of 37.5% of the final average salary. Each unmarried child under 21 or dependent unmarried mentally or physically disabled child receives \$75 per month if the member had five or more years of service. If death is in the line of duty, and the member has 20 or more years of service credit, the spouse's benefit is the same as for a retired member.</p> <p>If death is not in the line of duty, the benefit is a refund of contributions plus 50% of the last 12 months of salary for members with fewer than five years of service. For members with more than five years of service, the benefit is the same as that for death in the line of duty. If there is no spouse, the settlement is a 100% refund of vested contributions payable to the beneficiary, or \$500, whichever is greater. Total benefits cannot exceed 70% of the final average salary.</p> <p>A retired member's death benefit to a surviving spouse is 75% of the monthly benefit with a minimum monthly payment of \$350. An unmarried child under 21 or dependent unmarried mentally or physically disabled child receives \$75 per month.</p>
<b>Refunds</b>	A terminated member is eligible for a 100% refund of member contributions. There is a 60-day refund processing period after the last day of paid employment.
<b>Redeposits</b>	A redeposit with interest may be made in monthly installments, by a lump-sum payment, or by direct transfer from a qualified plan. A redeposit must be completed prior to retirement. Service credit is restored when the redeposit is completed.
<b>Contribution Rates</b> <i>(as of 12-31-08)</i>	<p>Member rate in Division A is 13.14% of covered salary. Member rate in Division B is 9.68% of covered salary.* Employer rate in Division A is 0.00% and in Division B is 0.00% of covered salary. A fire insurance premium tax equal to 11.12% of salaries is also an additional part of the employer contribution rates. Fire insurance premium taxes are collected by the Utah State Treasurer for the Firefighters Retirement System to help fund retirement benefits.</p> <p><i>*Employers have the option of paying all or part of member contributions on behalf of their employees.</i></p>
<b>Interest</b>	Member contributions receive no interest.

**Judges Retirement System**

## Summary of Plan Provisions (Continued)

## Judges

Description	Requirement															
<b>Membership Eligibility</b>	The Judges Retirement System includes justices and judges of the courts of record as authorized in state statutes.															
<b>Vesting</b>	Retirement benefit becomes vested upon the member's completion of 6 years of service credit. Eligible member contributions and interest thereon vest immediately.															
<b>Service Retirement</b>	<table> <thead> <tr> <th>Age</th> <th>Years of Service</th> <th>Allowance Reduction</th> </tr> </thead> <tbody> <tr> <td>Any age .....</td> <td>25 .....</td> <td>None</td> </tr> <tr> <td>55 .....</td> <td>20 .....</td> <td>Full actuarial reduction</td> </tr> <tr> <td>62 .....</td> <td>10 .....</td> <td>None</td> </tr> <tr> <td>70 .....</td> <td>6 .....</td> <td>None</td> </tr> </tbody> </table>	Age	Years of Service	Allowance Reduction	Any age .....	25 .....	None	55 .....	20 .....	Full actuarial reduction	62 .....	10 .....	None	70 .....	6 .....	None
Age	Years of Service	Allowance Reduction														
Any age .....	25 .....	None														
55 .....	20 .....	Full actuarial reduction														
62 .....	10 .....	None														
70 .....	6 .....	None														
<b>Service Benefit Formula</b>	<p>1) 5.00% x FAS* x years of service up to 10 years.  2) 2.25% x FAS* x years of service between 10 and 20 yrs.  3) 1.00% x FAS* x years of service over 20 years.  4) Monthly benefit = total of 1, 2, and 3.**</p> <p>*FAS (Final Average Salary) = highest two years' earnings in judicial service converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.  **Benefits paid cannot exceed 75% of FAS.</p>															
<b>Cost of Living Allowance</b>	Up to 4% compounded annually, beginning one year after retirement.															
<b>Death Benefits</b>	<p>An active or inactive member's death benefit to the surviving spouse consists of a refund of member contributions and interest plus 65% of the final average salary on a yearly rate, or a monthly allowance equal to 65% of the amount computed for a service retirement with no early retirement reduction.</p> <p>A retired member's death benefit to the surviving spouse is 65% of the member's monthly benefit at the time of death. If the member elected a reduced monthly benefit, the surviving spouse will receive a death benefit of 75% of the member's monthly benefit.</p>															
<b>Refunds</b>	A terminated member is eligible for a 100% refund of member contributions plus interest. There is a 60-day refund processing period after the last day of paid employment.															
<b>Redeposits</b>	A redeposit with interest may be made in monthly installments, by a lump-sum payment, or by direct transfer from a qualified plan. A redeposit must be completed prior to retirement. Service credit is restored when the redeposit is completed.															
<b>Contribution Rates</b> (as of 12-31-08)	<p><b>Noncontributory Option</b> Employer rate includes 13.51% of covered salary and 14.32% from court fees.</p> <p><b>Contributory Option</b> Member rate is 2.00% of covered salary. Employer rate includes 11.51% of covered salary and 14.32% from court fees.</p>															
<b>Interest</b>	Up to 8% on member accounts.															



**Utah Governors and Legislators Retirement Plan**

Summary of Plan Provisions *(Continued)*

## Utah Governors and Legislators

Description	Requirement									
<b>Membership Eligibility</b>	The Utah Governors and Legislators Retirement Plan includes only governors and legislators of the State of Utah.									
<b>Vesting</b>	Retirement benefit becomes vested upon the member's completion of 4 years of service credit.									
<b>Service Retirement</b>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Age</th> <th style="text-align: left;">Years of Service</th> <th style="text-align: left;">Allowance Reduction</th> </tr> </thead> <tbody> <tr> <td>65 .....</td> <td>4 .....</td> <td>None</td> </tr> <tr> <td>62 .....</td> <td>10 .....</td> <td>3% each year before age 65</td> </tr> </tbody> </table>	Age	Years of Service	Allowance Reduction	65 .....	4 .....	None	62 .....	10 .....	3% each year before age 65
Age	Years of Service	Allowance Reduction								
65 .....	4 .....	None								
62 .....	10 .....	3% each year before age 65								
<b>Service Benefit Formula</b>	<p><b>Governors</b> \$500 per month per term increased semi-annually up to 2% based on the CPI. The amount as of 12-31-08 is \$1,200 per term.</p> <p><b>Legislators</b> \$10 per month per each year of service as a legislator increased semi-annually up to 2% based on the CPI. The amount as of 12-31-08 is \$26.40.</p>									
<b>Cost of Living Allowance</b>	Up to 4% annually on the original retirement benefit. Eligible after one year.									
<b>Death Benefits</b>	An active or retired member's death benefit to a spouse consists of a monthly pension equal to 50% of the retirement allowance paid, or to which the member would have been entitled to upon reaching age 65, if the member has four or more years of service as a governor or legislator. The deceased member and surviving spouse must have been married at least six months.									
<b>Contribution Rates</b> <i>(as of 12-31-08)</i>	There are currently no required contributions to the Utah Governors and Legislative Retirement Plan.									

**Utah Retirement Systems**

Summary of  
Plan Provisions

(Continued)



2008

Changes in Plan Provisions

The following retirement-related bills were passed by the 2008 Utah Legislature:

**Contributory and Noncontributory Retirement Systems**

**HB 202 (Sub)**

**Membership in the Retirement System**

Defines employees who may exempt from coverage under the public employees retirement systems.

**HB 250 (Sub 2)**

**Public Employee Benefit Approval Provisions**

Clarifies the process of seeking health care benefits for state employees.

**Public Safety Retirement Systems**

**SB 19**

**Public Safety Cost-of-living**

Allows participating employers to provide an enhanced maximum annual cost-of-living adjustment for certain public safety retirees.

**SB 116**

**Retirement Office Amendments**

Clarifies long-term disability coverage requirements for public safety employees

**Defined Contribution Plans**

**HB 202 (Sub)**

**Membership in the Retirement Systems**

Allows the transfer of certain members' defined benefit balance to a defined contribution plan.

**General**

**SB 24**

**Domestic Relations Orders**

Defines a group insurance policy as a retirement benefit that may be divided to satisfy a court-issued domestic relations order for the division of assets.

**SB 116**

**Retirement Office Amendments**

- Extends the Systems actuarial review period;
- Establishes annual reporting by participating employers of employees who are in a URS benefit protection contract;
- Changes the penalty for incorrect reporting by a participating employer;
- Allows an active member to relinquish a benefit of the retirement systems;
- Clarifies when a hearing officer may be called to review a benefit interpretation;
- Clarifies that a person who recovers from a disability is no longer disabled;
- Clarifies dates related to pre-existing conditions.

**HB 250 (Sub 2)**

**Public Employee Benefit Approval Provisions**

Clarifies the process of seeking health care benefits for state employees.

# Defined Contribution Savings Plans

## Summary of Plan Provisions

### Introduction

The 401(k), 457, Roth and Traditional IRA Plans administered by the Board are Defined Contribution Savings Plans. These Plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems. These Plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue Code and are available to state, local government, and education employees throughout Utah whose employers have adopted the plans.

### Goals and Objectives

The purpose of these plans is to allow public employees throughout Utah to adequately prepare themselves for retirement by investing a portion of their income in one or more of these supplemental retirement plans.

It has long been recognized that in order for people to experience the comfortable and rewarding retirement they desire, they cannot rely entirely upon Social Security and their employer provided retirement. Employees must take the initiative to personally put aside a portion of their salary into some type of long term savings plan. These tax-advantaged plans provide exceptional vehicles to accomplish the goal of a well balanced retirement plan. Employees who begin participating in these plans early in their careers can accumulate sizeable assets by the time they retire.

### Employer Contributions

In addition to accepting employee contributions, the 401(k) and 457 plans also accept employer contributions on behalf of their employees. All state and public education employees participating in the Noncontributory Retirement System receive an amount equal to 1.5% of their salary in the 401(k) Plan. All local government employers also have the option of contributing to the 401(k) and 457 Plans on behalf of their employees. Many contribute amounts in excess of the 1.5% the State contributes. Some employers match employee contributions.

### Social Security Substitute

Local governments that have exempted themselves from Social Security coverage or have part-time, temporary, or seasonal employees, who are not participating in a qualifying retirement system, must cover these employees with a substitute plan.

Employers may use the 401(k)/457 Plans as a qualifying retirement system for these employees, but must contribute a minimum of 7.5% of salary to the Plan(s) in their behalf for it to be considered a “qualifying system.” The employer may contribute the 7.5% themselves, or they may require their employees to pay a portion or all of it.

### Summary of Plan Provisions

#### Deferral Limits

**401(k)**—Limited in 2008 to an annual maximum of \$15,500. Employer contributions and employee deferrals combined could not exceed the lesser of \$46,000 or 100% of compensation.

**457**—Limited to an annual maximum of \$15,500 or 100% of includable compensation.

**Roth and Traditional IRA**—Limited to an annual maximum of \$5,000 into all IRAs owned by the participant.

#### Coordination of Deferrals

**401(k)**—Deferrals to the 401(k) and 403(b) plans must be coordinated.

## Defined Contribution Plans

### Summary of Plan Provisions *(Continued)*

*457*—Contributions to the *457* must be coordinated with all *457* plans offered by the employer.

*Roth and Traditional IRA*—All IRA contributions must be coordinated.

#### Catch-up Provisions

*401(k)*—An additional \$5,000 for participants 50 or older during the year.

*457*—An additional \$5,000 for participants age 50 or older during the year. There is an additional “special catch-up” provision for individuals who are within four years of retirement eligibility. It allows participants to double their contributions to a *457* plan during the three years immediately preceding the year they qualify for retirement. However, the special catch-up is limited to unused deferrals allowed in previous years.

*Roth and Traditional IRA*—An additional \$1,000 for participants 50 or older.

#### Withdrawals

*401(k)*—Allowable upon termination of employment, age 59 1/2, retirement, disability, death, or hardship caused by immediate and heavy financial needs.

*457*—Allowable upon termination of employment, age 70 1/2, retirement, death, or severe unforeseeable financial emergencies.

*Roth and Traditional IRA*—Allowable at any time, but with possible tax penalties if withdrawn prior to age 59 1/2.

#### Rollovers

*401(k)*—Allowable from other eligible retirement plans, or to other eligible retirement plans upon termination of employment or other qualifying events. May be either a direct rollover by the Plan or by the participant within 60 days after distribution.

*457*—Allowable to other eligible retirement plan or from another *457* plan.

*Roth and Traditional IRA*—Allowable from other eligible retirement plans or to other eligible plans (depending on acceptance of receiving plan).

#### Vesting

*401(k)*—Fully vested.

*457*—Fully vested.

*Roth and Traditional IRA*—Fully vested.

#### Loans

*401(k) and 457*—Available up to 50% of member account balance, to a maximum of \$50,000. Only one outstanding loan allowed, per plan.

*Roth and Traditional IRA*—Not available.

#### Short Term Trading Fees

Each time money managers purchase or redeem stocks and bonds there are trading costs involved. Because of the costs generated by frequent or short term trading, it became necessary to impose a short term trading fee. Individuals who transfer any or all of their current account between core investment options more often than once every 30 days, are charged 2% of the amount transferred for each additional trade. Each transfer starts a new 30 day period.

#### Investment Transfer Options

Changes in deferral amounts and in the investment options for future contributions may be made at any time. Participants may make one transfer of accumulated balances within each plan no more frequently than every seven calendar days.

#### 2008 Core Investment Options

##### Income Fund

The Income Fund is a stable value option which invests in a diversified portfolio consisting of U.S. government securities, mortgages, corporate bonds, guaranteed investment contracts, and short term funds. This fund is the most conservative of the investment options and offers the most stable return.

##### Bond Fund

The Bond Fund invests in a diversified portfolio consisting of U.S. government securities, mortgage and asset backed securities, corporate bonds, and short term funds.

##### Balanced Fund

The Balanced Fund invests in a portfolio consisting of approximately 60% stocks, and 40% bonds.

##### Large Cap Stock Value Fund

The Large Cap Stock Value Fund invests in a diversified portfolio of common stocks that appear to be undervalued by the stock market but have a favorable outlook for long term growth.

##### Large Cap Stock Index Fund

The Large Cap Stock Index Fund invests in stocks included in the Standard & Poor's 500 Index and is similarly

## Defined Contribution Plans

### Summary of Plan Provisions *(Continued)*

weighted. This fund represents a broad range of industries in the U.S. economy.

#### Large Cap Stock Growth Fund

The Large Cap Stock Growth Fund emphasizes capital appreciation and seeks to identify companies with future relative earnings strength at a reasonable valuation.

#### International Fund

The International Fund invests primarily in stocks of companies outside of the United States. This fund offers international diversification, but adds currency risk and country risk not found in a U.S. fund.

#### Small Cap Stock Fund

The Small Cap Stock Fund invests in a broad cross-section of U.S. small companies whose size (market capitalization) falls within the smallest 8% of the market universe. The market universe is comprised of companies listed on the NYSE, AMEX, and NASDAQ.

#### Brokerage Window

The brokerage window is a self-directed brokerage account available through Charles Schwab. The brokerage account offers a wide variety of investment options with varying degrees of risk. The brokerage window allows the participant to choose from mutual funds, stocks, bonds, and exchange traded funds (ETFs).

#### Horizon Funds

A *Horizon Fund* asset allocation is designed to help those who want to diversify their investment. If they select one of the three Horizon Funds, contributions will be allocated to the investment options according to the following table. The Horizon Funds will generally rebalance quarterly if target ranges are exceeded. Utah Retirement Systems reserves the right to change these percentages as needed.

The *Short Horizon Fund* is designed for investors expecting to withdraw their funds within five years. This fund provides a relatively conservative investment with a more stable rate of return. However, with reduced market risk there is usually a lower rate of return over the long term.

The *Medium Horizon Fund* is designed for investors planning to withdraw their funds in five to ten years. This fund emphasizes moderate risk and moderate earnings potential. It has more risk than the Short Horizon Fund, but less than the Long Horizon Fund.

#### Horizon Funds Asset Allocation

	Short Horizon Fund	Medium Horizon Fund	Long Horizon Fund
Income Fund	15%	—	—
Bond Fund	55	45	20
Large Cap Stock Value Fund	5	10	10
Large Cap Stock Index Fund	5	15	25
Large Cap Stock Growth Fund	5	10	10
International Fund	10	15	25
Small Cap Stock Fund	5	5	10
<b>Total</b>	<b>100%</b>	<b>100</b>	<b>100</b>

The *Long Horizon Fund* is designed for investors with ten or more years to invest before withdrawing their funds. The fund offers the potential for higher returns over a long period of time. There is higher market risk with this horizon fund, along with higher potential returns.

#### Health Reimbursement Arrangement

The Health Reimbursement Arrangement (HRA) is a tax-advantaged health savings plan funded by employer contributions to pay for qualified health care expenses incurred after retirement.

**Eligibility** — Benefits are eligible for the retiree, spouse, and dependents as defined by the Internal Revenue Service.

**Contributions** — HRA rules require that all contributions be made by the employer and are determined by the employer's personnel policies. Contributions are generally from unused sick leave or other leave.

**Refunds, Administration and Fees** — Money is available for the member, their spouse and dependents to pay qualified medical expenses. For a comprehensive list of eligible expenses, see IRS Publication 502, Medical and Dental Expenses.

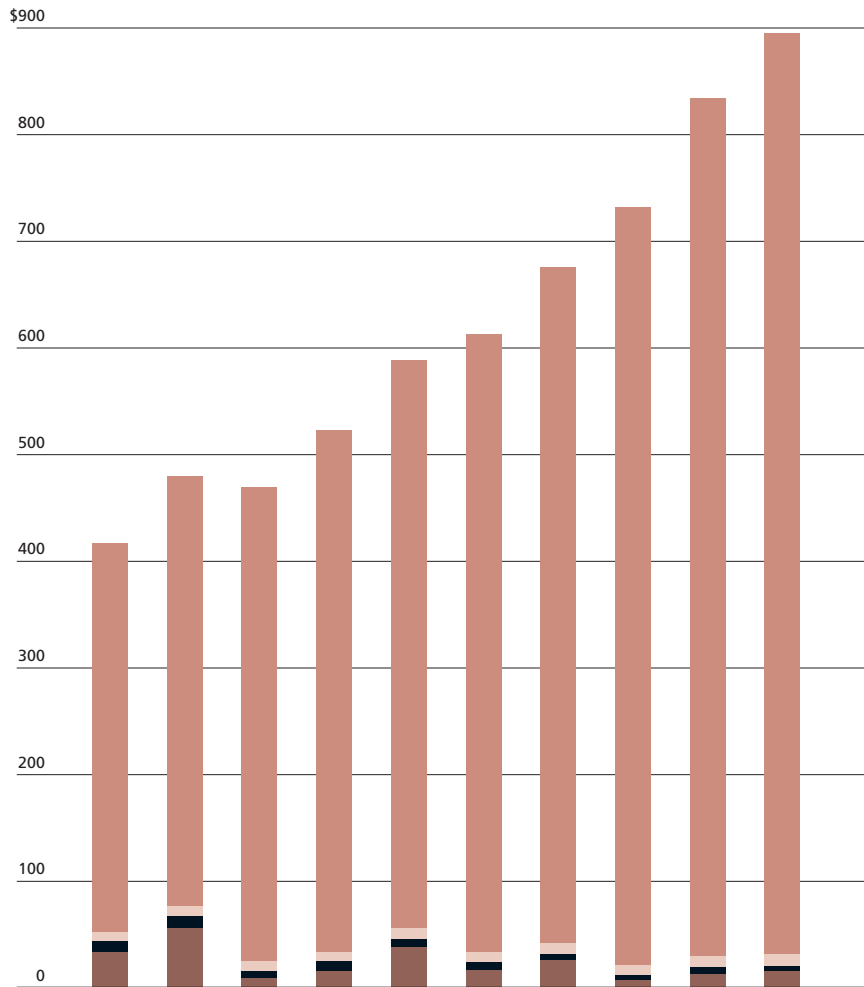
Contributions are placed in an interest bearing account managed by Northern Trust. Investment management and administrative fee totaling 0.6% are deducted from earnings. There is also a \$2.50 monthly fee for the benefit card and claims processing.

The historical rates of returns for each investment fund are found on page 109.

U t a h R e t i r e m e n t S y s t e m s

# Deductions by Type

( i n m i l l i o n s )



( i n m i l l i o n s )	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Benefits	\$364	403	445	489	533	579	634	710	804	863
Administrative Expense	9	9	9	9	10	10	10	10	10	11
Refunds	10	12	7	9	8	7	6	5	7	5
Transfers to Systems	33	55	8	15	37	16	25	6	12	15
<b>Totals</b>	<b>\$416</b>	<b>479</b>	<b>469</b>	<b>522</b>	<b>588</b>	<b>611</b>	<b>674</b>	<b>731</b>	<b>833</b>	<b>894</b>

# Utah Retirement Systems

2008 Comprehensive Annual Financial Report

## Statistical

S e c t i o n



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# Schedules of Changes in Fund Balance — Defined Benefit Systems

Year Ended December 31, 2008

*(dollars in thousands)*

System	Year	Beginning Net Assets	Member Contributions	Total Employer Contributions		Contributions as a Percent of Covered Payroll	Net Investment Income
				Employer Contributions	Court Fees/Fire Insurance Tax		
<b>Noncontributory Retirement System</b>	1999	\$ 8,572,101	10,829	338,704	—	13.55%	\$1,421,401
	2000	10,111,101	11,518	352,339	—	13.25	186,787
	2001	10,423,745	10,969	331,951	—	11.72	(544,848)
	2002	9,905,802	12,496	291,256	—	9.95	(788,906)
	2003	9,073,766	11,517	314,511	—	10.63	2,315,577
	2004	11,280,140	14,377	369,109	—	11.97	1,547,605
	2005	12,786,130	19,817	406,795	—	12.85	1,185,095
	2006	13,892,439	22,646	440,421	—	13.24	2,006,738
	2007	15,818,483	18,245	487,803	—	14.20	1,041,414
2008	16,751,804	14,110	522,733	—	13.50	(3,888,624)	
<b>Contributory Retirement System</b>	1999	\$ 954,147	8,525	10,840	—	7.43%	\$ 17,543
	2000	1,030,515	8,464	10,484	—	7.43	17,543
	2001	946,420	8,604	8,480	—	5.93	(47,761)
	2002	843,982	8,923	6,735	—	4.73	(64,251)
	2003	716,132	8,673	7,297	—	5.23	186,339
	2004	889,808	9,023	9,564	—	6.86	117,340
	2005	949,393	10,300	10,357	—	7.52	88,388
	2006	1,018,525	9,534	10,737	—	8.02	144,012
	2007	1,115,416	9,700	11,208	—	8.56	71,640
2008	1,131,316	9,410	11,037	—	8.29	(261,227)	
<b>Public Safety Retirement System</b>	1999	\$ 1,073,781	3,900	45,110	—	19.96%	\$ 177,027
	2000	1,261,920	4,132	49,113	—	19.90	23,226
	2001	1,296,078	3,976	46,113	—	17.68	(67,688)
	2002	1,229,903	4,258	42,264	—	15.74	(97,816)
	2003	1,124,549	4,448	46,655	—	16.76	288,126
	2004	1,404,167	5,038	56,319	—	19.17	192,784
	2005	1,594,043	4,806	61,326	—	20.53	148,071
	2006	1,736,451	4,567	70,466	—	22.25	250,813
	2007	1,981,492	4,343	81,166	—	24.46	130,655
2008	2,106,303	2,159	93,899	—	25.72	(491,024)	
<b>Firefighters Retirement System</b>	1999	\$ 460,190	9,352	1,221	4,516	9.97%	\$ 75,242
	2000	532,783	9,617	140	6,615	10.68	9,733
	2001	540,822	7,549	—	8,354	12.43	(28,038)
	2002	508,565	5,800	—	9,454	13.25	(40,198)
	2003	461,323	6,055	—	9,059	11.98	117,392
	2004	570,160	6,292	—	8,659	10.87	77,602
	2005	637,979	6,726	—	9,601	11.42	58,827
	2006	686,062	7,761	—	9,518	10.73	98,566
	2007	773,776	9,194	—	13,797	14.41	50,738
2008	814,674	10,428	—	10,219	9.99	(188,095)	
<b>Judges Retirement System</b>	1999	\$ 73,650	8	1,637	1,681	32.84%	\$ 12,048
	2000	85,921	8	1,476	1,946	32.91	1,571
	2001	87,731	7	1,007	2,046	27.94	(4,559)
	2002	82,760	5	472	2,381	25.53	(6,564)
	2003	75,753	103	551	1,939	22.87	19,417
	2004	94,467	8	723	1,808	21.73	12,852
	2005	105,483	8	792	1,605	20.67	9,762
	2006	113,353	10	995	1,723	22.29	16,287
	2007	128,299	13	1,360	1,850	24.10	8,401
2008	134,364	138	1,730	2,072	26.4	(31,053)	
<b>Utah Governors and Legislators Retirement Plan</b>	1999	\$ 10,976	—	—	—	—	\$ 1,757
	2000	12,159	—	—	—	—	218
	2001	11,724	—	—	—	—	(595)
	2002	10,448	—	—	—	—	(806)
	2003	8,932	—	—	—	—	2,202
	2004	10,390	—	—	—	—	1,381
	2005	11,066	—	—	—	—	997
	2006	11,319	—	—	—	—	1,589
	2007	12,163	—	—	—	—	780
2008	12,196	—	—	—	—	(2,763)	



Transfers from Systems	Total Additions	Benefit Payments	Refunds	Administrative & Actuarial Expense	Transfers to Systems	Total Deductions	Changes in Net Assets	Ending Net Assets
28,034	1,798,968	243,829	4,343	7,093	4,703	259,968	1,539,000	10,111,101
51,020	601,664	276,878	5,292	6,850	—	289,020	312,644	10,423,745
5,255	(196,673)	311,311	3,264	6,695	—	321,270	(517,943)	9,905,802
12,166	(472,988)	348,230	3,715	7,103	—	359,048	(832,036)	9,073,766
—	2,641,605	386,791	3,310	8,124	37,006	435,231	2,206,374	11,280,140
10,583	1,941,674	424,897	3,029	7,758	—	435,684	1,505,990	12,786,130
—	1,611,707	469,695	3,189	7,557	24,957	505,398	1,106,309	13,892,439
112	2,469,917	533,248	2,763	7,862	—	543,873	1,926,044	15,818,483
7,173	1,554,635	609,526	3,443	8,345	—	621,314	933,321	16,751,804
—	(3,351,781)	659,792	2,514	8,809	14,537	685,652	(4,037,433)	12,714,371
1,770	169,929	61,141	4,232	789	27,399	93,561	76,368	1,030,515
—	36,491	60,317	5,040	680	54,549	120,586	(84,095)	946,420
—	(30,677)	59,575	3,087	654	8,445	71,761	(102,438)	843,982
—	(48,593)	59,497	3,716	624	15,420	79,257	(127,850)	716,132
33,263	235,572	57,863	3,358	675	—	61,896	173,676	889,808
—	135,927	56,992	2,945	618	15,787	76,342	59,585	949,393
19,565	128,610	57,100	1,800	578	—	59,478	69,132	1,018,525
—	164,283	58,546	1,789	576	6,481	67,392	96,891	1,115,416
—	92,548	61,678	2,318	588	12,064	76,648	15,900	1,131,316
9,008	(231,772)	62,096	1,473	605	—	64,174	(295,946)	835,370
2,305	228,342	38,549	731	916	7	40,203	188,139	1,261,920
2,027	78,738	42,769	971	840	—	44,580	34,158	1,296,078
1,416	(16,183)	48,607	542	843	—	49,992	(66,175)	1,229,903
1,956	(49,338)	53,962	1,155	899	—	56,016	(105,354)	1,124,549
2,002	341,231	59,941	666	1,006	—	61,613	279,618	1,404,167
4,002	258,143	66,329	960	978	—	68,267	189,876	1,594,043
4,257	218,460	74,041	1,026	985	—	76,052	142,408	1,736,451
3,284	329,130	82,499	562	1,028	—	84,089	245,041	1,981,492
2,323	218,487	91,864	723	1,090	—	93,677	124,810	2,106,302
3,727	(391,239)	98,944	899	1,163	—	101,006	(492,245)	1,614,057
466	90,797	16,955	292	361	596	18,204	72,593	532,783
1,303	27,408	18,738	312	319	—	19,369	8,039	540,822
1,517	(10,618)	20,778	543	318	—	21,639	(32,257)	508,565
735	(24,209)	22,288	422	323	—	23,033	(47,242)	461,323
625	133,131	23,520	414	360	—	24,294	108,837	570,160
980	93,533	25,263	106	345	—	25,714	67,819	637,979
601	75,755	27,269	72	331	—	27,672	48,083	686,062
1,825	117,670	29,497	114	345	—	29,956	87,714	773,776
1,709	75,438	33,936	248	356	—	34,540	40,898	814,674
1,491	(165,957)	35,355	284	379	—	36,018	(201,975)	612,699
116	15,490	3,160	—	59	—	3,219	12,271	85,921
183	5,184	3,322	—	52	—	3,374	1,810	87,731
239	(1,260)	3,659	—	52	—	3,711	(4,971)	82,760
560	(3,146)	3,804	—	57	—	3,861	(7,007)	75,753
1,128	23,138	4,361	—	63	—	4,424	18,714	94,467
204	15,595	4,518	—	61	—	4,579	11,016	105,483
518	12,685	4,755	—	60	—	4,815	7,870	113,353
1,242	20,257	5,251	—	60	—	5,311	14,946	128,299
841	12,465	6,335	—	65	—	6,400	6,065	134,364
294	(26,819)	6,580	—	70	—	6,650	(33,469)	100,895
17	1,774	583	2	6	—	591	1,183	12,159
16	234	662	1	6	—	669	(435)	11,724
18	(577)	691	2	6	—	699	(1,276)	10,448
3	(803)	708	—	5	—	713	(1,516)	8,932
—	2,202	726	—	6	12	744	1,458	10,390
18	1,399	712	5	6	—	723	676	11,066
16	1,013	755	—	5	—	760	253	11,319
18	1,607	758	—	5	—	763	844	12,163
18	798	758	2	5	—	765	33	12,196
17	(2,746)	763	7	5	—	775	(3,521)	8,675

# Schedules of Changes in Fund Balance— Defined Contribution Plans

Year Ended December 31, 2008

*( i n t h o u s a n d s )*

System	Year	Beginning Net Assets	Contributions	Net Investment Income / (Loss)	Total Additions
<b>401(k) Plan</b>	1999	\$1,011,435	124,948	170,375	295,323
	2000	1,259,441	137,563	(55,001)	82,562
	2001	1,276,732	145,557	(34,051)	111,506
	2002	1,330,045	160,267	(109,790)	50,477
	2003	1,312,764	161,212	249,313	410,525
	2004	1,653,375	170,958	152,410	323,368
	2005	1,890,555	182,744	142,760	325,504
	2006	2,104,462	193,515	226,668	420,183
	2007	2,388,556	225,975	137,399	363,374
2008	2,604,148	229,981	(554,176)	(324,195)	
<b>457 Plan</b>	1999	\$ 211,287	6,856	31,340	38,196
	2000	234,988	5,983	(9,061)	(3,078)
	2001	215,605	5,935	(5,395)	540
	2002	199,518	10,353	(13,325)	(2,972)
	2003	171,561	13,812	29,193	43,005
	2004	196,219	17,368	17,118	34,486
	2005	213,271	22,033	14,891	36,924
	2006	230,031	23,282	24,210	47,492
	2007	258,815	26,303	14,025	40,328
2008	277,063	29,021	(57,267)	(28,246)	
<b>Roth IRA Plan*</b>	2005	\$ —	1,007	53	1,060
	2006	1,027	2,351	282	2,633
	2007	3,588	2,745	208	2,953
	2008	6,336	3,346	(2,051)	1,295
<b>Traditional IRA Plan*</b>	2005	\$ —	6,527	353	6,880
	2006	6,556	6,069	1,061	7,130
	2007	12,428	7,390	650	8,040
	2008	17,840	7,433	(3,488)	3,945
<b>HRA Plan*</b>	2006	\$ —	161	2	163
	2007	129	664	19	683
	2008	685	1,129	23	1,152
<b>All Defined Contribution Plans</b>	1999	\$1,222,722	131,804	201,715	333,519
	2000	1,494,429	143,546	(64,062)	79,484
	2001	1,492,337	151,492	(39,446)	112,046
	2002	1,529,563	170,620	(123,115)	47,505
	2003	1,484,325	175,024	278,506	453,530
	2004	1,849,584	188,326	169,528	357,854
	2005	2,103,826	212,311	158,057	370,368
	2006	2,342,076	225,378	252,223	477,601
	2007	2,663,516	263,077	152,301	415,378
2008	2,906,072	270,910	(616,959)	(346,049)	

\*This plan has existed for less than 10 years.

Refunds	Administrative Expenses	Net Transfers Between Affiliated Funds	Total Deductions	Changes in Net Assets	Ending Net Assets
44,682	2,632	3	47,317	248,006	1,259,441
61,898	3,373	—	65,271	17,291	1,276,732
54,819	3,374	—	58,193	53,313	1,330,045
63,908	3,850	—	67,758	(17,281)	1,312,764
65,785	4,129	—	69,914	340,611	1,653,375
81,611	4,577	—	86,188	237,180	1,890,555
106,678	4,919	—	111,597	213,907	2,104,462
130,718	5,371	—	136,089	284,094	2,388,556
142,180	5,602	—	147,782	215,592	2,604,148
141,904	6,104	—	148,008	(472,203)	2,131,945
13,989	506	—	14,495	23,701	234,988
15,747	558	—	16,305	(19,383)	215,605
16,129	498	—	16,627	(16,087)	199,518
24,498	487	—	24,985	(27,957)	171,561
17,877	470	—	18,347	24,658	196,219
16,937	497	—	17,434	17,052	213,271
19,633	531	—	20,164	16,760	230,031
18,138	570	—	18,708	28,784	258,815
21,489	591	—	22,080	18,248	277,063
18,683	665	—	19,348	(47,594)	229,469
33	—	—	33	1,027	1,027
67	6	—	73	2,560	3,587
192	13	—	205	2,748	6,336
524	19	—	543	752	7,088
315	9	—	324	6,556	6,556
1,232	26	—	1,258	5,872	12,428
2,592	36	—	2,628	5,412	17,840
2,545	46	—	2,591	1,354	19,194
34	—	—	34	129	129
126	1	—	127	556	685
288	3	—	291	861	1,546
58,671	3,138	3	61,812	271,707	1,494,429
77,645	3,931	—	81,576	(2,092)	1,492,337
70,948	3,872	—	74,820	37,226	1,529,563
88,406	4,337	—	92,743	(45,238)	1,484,325
83,662	4,599	—	88,261	365,269	1,849,594
98,548	5,074	—	103,622	254,232	2,103,826
126,659	5,459	—	132,118	238,250	2,342,076
150,189	5,973	—	156,162	321,439	2,663,515
166,579	6,243	—	172,822	242,556	2,906,072
163,944	6,837	—	170,781	(516,830)	2,389,242

# Schedules of Benefit Deductions by Type

Year Ended December 31, 2008

*( i n t h o u s a n d s )*

System	Year	Service and Disability Benefits	Cost of Living Benefits	Supplemental Benefits	Total Benefits
<b>Noncontributory Retirement System</b>	1999	\$207,798	36,031	—	243,829
	2000	236,377	40,501	—	276,878
	2001	265,102	46,209	—	311,311
	2002	294,735	53,495	—	348,230
	2003	327,972	58,819	—	386,791
	2004	360,819	64,078	—	424,897
	2005	397,759	71,936	—	469,695
	2006	450,659	82,589	—	533,248
	2007	513,917	95,609	—	609,526
2008	551,391	108,401	—	659,792	
<b>Contributory Retirement System</b>	1999	\$ 37,371	20,647	3,123	61,141
	2000	36,662	20,929	2,726	60,317
	2001	36,714	20,528	2,333	59,575
	2002	37,256	20,292	1,949	59,497
	2003	36,520	19,719	1,624	57,863
	2004	36,620	19,041	1,331	56,992
	2005	37,508	18,479	1,113	57,100
	2006	39,635	18,002	909	58,546
	2007	43,248	17,694	736	61,678
2008	44,218	17,309	569	62,096	
<b>Public Safety Retirement System</b>	1999	\$ 32,245	5,494	810	38,549
	2000	35,900	6,105	764	42,769
	2001	41,084	6,801	722	48,607
	2002	45,588	7,689	685	53,962
	2003	50,653	8,638	650	59,941
	2004	56,047	9,670	612	66,329
	2005	62,608	10,859	574	74,041
	2006	69,721	12,237	541	82,499
	2007	77,605	13,743	516	91,864
2008	83,142	15,317	485	98,944	
<b>Firefighters Retirement</b>	1999	\$ 12,950	3,116	889	16,955
	2000	14,496	3,403	839	18,738
	2001	16,207	3,775	796	20,778
	2002	17,314	4,223	751	22,288
	2003	18,270	4,552	698	23,520
	2004	19,757	4,851	655	25,263
	2005	21,405	5,252	612	27,269
	2006	23,122	5,806	569	29,497
	2007	26,952	6,461	523	33,936
2008	27,792	7,093	470	35,355	
<b>Judges Retirement System</b>	1999	\$ 2,590	570	—	3,160
	2000	2,704	618	—	3,322
	2001	2,965	694	—	3,659
	2002	3,009	795	—	3,804
	2003	3,508	853	—	4,361
	2004	3,624	894	—	4,518
	2005	3,784	971	—	4,755
	2006	4,167	1,084	—	5,251
	2007	5,105	1,230	—	6,335
2008	5,201	1,379	—	6,580	
<b>Utah Governors and Legislators Retirement Plan</b>	1999	\$ 450	133	—	583
	2000	520	142	—	662
	2001	547	144	—	691
	2002	556	152	—	708
	2003	572	154	—	726
	2004	559	153	—	712
	2005	595	160	—	755
	2006	594	164	—	758
	2007	596	162	—	758
2008	606	157	—	763	

# Schedules of Retired Members by Type of Benefit Option

Year Ended December 31, 2008

System	Amount of Monthly Benefit	Number of Retirees by Benefit Option								
		1	2	3	4	5	6	7	8	9
<b>Noncontributory Retirement System</b>	\$1-1,000	6,365	83	1,605	237	2,196	727	—	—	—
	1,001-2,000	3,044	590	1,380	214	1,718	742	—	—	—
	2,001-3,000	2,391	511	1,746	276	2,208	766	—	—	—
	3,001-4,000	1,101	245	954	179	793	313	—	—	—
	4,001-5,000	238	56	336	76	203	88	—	—	—
	over-5,000	95	19	126	26	57	27	—	—	—
<b>Contributory Retirement System</b>	\$1-1,000	1,734	767	304	59	314	133	—	—	—
	1,001-2,000	602	232	215	68	206	81	—	—	—
	2,001-3,000	139	61	76	19	70	28	—	—	—
	3,001-4,000	35	21	16	1	22	12	—	—	—
	4,001-5,000	4	5	8	—	1	1	—	—	—
	over-5,000	—	1	2	—	1	1	—	—	—
<b>Public Safety Retirement System</b>	\$1-1,000	—	—	—	—	—	—	—	464	—
	1,001-2,000	—	—	—	—	—	—	—	1,098	—
	2,001-3,000	—	—	—	—	—	—	—	1,437	—
	3,001-4,000	—	—	—	—	—	—	—	539	—
	4,001-5,000	—	—	—	—	—	—	—	178	—
	over-5,000	—	—	—	—	—	—	—	50	—
<b>Firefighters Retirement System</b>	\$1-1,000	—	—	—	—	—	—	—	45	—
	1,001-2,000	—	—	—	—	—	—	—	182	—
	2,001-3,000	—	—	—	—	—	—	—	416	—
	3,001-4,000	—	—	—	—	—	—	—	338	—
	4,001-5,000	—	—	—	—	—	—	—	84	—
	over-5,000	—	—	—	—	—	—	—	18	—
<b>Judges Retirement System</b>	\$1-1,000	—	—	—	—	—	—	1	—	—
	1,001-2,000	—	—	—	—	—	—	—	—	—
	2,001-3,000	—	—	—	—	—	—	3	—	1
	3,001-4,000	—	—	—	—	—	—	6	—	—
	4,001-5,000	—	—	—	—	—	—	1	—	—
	over-5,000	—	—	—	—	—	—	44	—	41
<b>Utah Governors and Legislators Retirement Plan*</b>	\$1-1,000	—	—	—	218	—	—	—	—	—
	1,001-2,000	—	—	—	3	—	—	—	—	—
	2,001-3,000	—	—	—	1	—	—	—	—	—
	3,001-4,000	—	—	—	—	—	—	—	—	—
	4,001-5,000	—	—	—	—	—	—	—	—	—
	over-5,000	—	—	—	—	—	—	—	—	—

1— A maximum monthly benefit for the retiree's life. No benefit to a beneficiary.

2— A reduced lifetime benefit to the retiree. A beneficiary receives the balance in retiree's account after the monthly annuity payments are deducted.

3— A reduced lifetime benefit to a retiree and a lifetime benefit equal to the retiree's benefit payable to the retiree's lawful spouse at the time of retirement.

4— A reduced lifetime benefit to the retiree and a lifetime benefit equal to half of the retiree's benefit to the retiree's lawful spouse at the time of retirement.

5— Approximately 95% of the benefit in type 3 and the same lifetime benefit for retiree's lawful spouse at the time of retirement. Benefit reverts to 100% at time of spouse's death.

6— Approximately 98% of the benefit in type 4 and a lifetime benefit for equal to half of the retiree's for retiree's lawful spouse at the time of the retirement. Benefit reverts to 100% at time of spouse's death.

7— Normal retirement for age and service and a lifetime benefit of 65% of the retiree's benefit to the retiree's lawful spouse at the time of the retiree's death.

8— Normal retirement for age and service and a lifetime benefit of 75% of the retiree's benefit to the retiree's lawful spouse at the time of the retiree's death.

9— Normal retirement for age and service and a lifetime benefit of 75% of the retiree's benefit to the retiree's lawful spouse at the time of the retirement.

\* Utah Governors and Legislators Retirement Plan provides a normal lifetime pension to the retiree and 50% of the retiree's benefit to the retiree's lawful spouse at the time of death if the retiree had four or more years of service.

# Schedules of Average Benefit Payments

December 31

System			Years of Credited Service					
			4-10	10-15	15-20	20-25	25-30	30+
<b>Noncontributory Retirement System</b>	2004	Average Monthly Benefit	\$ 301	634	937	1,339	2,363	2,934
		Monthly Final Average Salary	2,169	2,524	2,838	3,218	4,206	4,660
		Number of Active Retired	260	250	266	199	482	346
	2005	Average Monthly Benefit	\$ 324	707	1,145	1,495	2,508	3,182
		Monthly Final Average Salary	2,095	2,640	3,158	3,422	4,200	4,605
		Number of Active Retired	316	276	328	226	615	451
	2006	Average Monthly Benefit	\$ 366	717	1,054	1,388	2,455	3,071
		Monthly Final Average Salary	2,362	2,844	3,169	3,420	4,342	4,806
		Number of Active Retired	346	298	407	299	834	544
	2007	Average Monthly Benefit	\$ 350	674	1,100	1,433	2,461	3,136
		Monthly Final Average Salary	2,334	2,754	3,289	3,601	4,532	5,100
		Number of Active Retired	408	248	362	226	582	305
	2008	Average Monthly Benefit	\$ 321	760	1,093	1,504	2,509	3,159
		Monthly Final Average Salary	2,194	3,052	3,403	3,801	4,599	5,080
		Number of Active Retired	361	268	339	265	527	322
<b>Contributory Retirement System</b>	2004	Average Monthly Benefit	\$ 338	672	795	1,067	1,875	2,415
		Monthly Final Average Salary	1,661	2,819	2,403	2,581	3,479	4,201
		Number of Active Retired	5	12	35	32	47	9
	2005	Average Monthly Benefit	\$ 295	587	985	1,235	2,042	2,109
		Monthly Final Average Salary	1,906	2,341	2,674	2,697	3,541	3,468
		Number of Active Retired	7	6	35	33	76	22
	2006	Average Monthly Benefit	\$ —	428	862	1,068	2,114	2,408
		Monthly Final Average Salary	—	1,687	2,519	2,560	3,682	4,134
		Number of Active Retired	—	13	18	49	85	22
	2007	Average Monthly Benefit	\$ 270	523	723	1,138	2,257	2,769
		Monthly Final Average Salary	2,096	2,184	2,281	3,007	3,974	4,455
		Number of Active Retired	5	14	18	56	78	26
	2008	Average Monthly Benefit	\$ 330	453	1,141	1,228	2,043	2,322
		Monthly Final Average Salary	2,276	1,367	3,734	2,964	3,625	4,049
		Number of Active Retired	6	7	10	43	71	14
<b>Public Safety Retirement System</b>	2004	Average Monthly Benefit	\$ 723	1,207	1,970	2,282	3,386	3,233
		Monthly Final Average Salary	3,532	3,613	3,969	4,081	4,879	4,697
		Number of Active Retired	7	12	77	62	31	15
	2005	Average Monthly Benefit	\$ 445	1,229	2,175	2,986	3,720	3,256
		Monthly Final Average Salary	2,642	3,249	4,094	4,546	4,779	4,346
		Number of Active Retired	6	7	96	76	49	19
	2006	Average Monthly Benefit	\$ 615	1,259	1,968	2,703	3,318	3,311
		Monthly Final Average Salary	2,623	3,363	4,011	4,419	4,981	4,745
		Number of Active Retired	4	14	77	75	25	17
	2007	Average Monthly Benefit	\$ 807	1,116	2,124	2,541	3,351	3,657
		Monthly Final Average Salary	3,252	3,371	4,167	4,839	5,259	5,401
		Number of Active Retired	13	16	69	51	26	15
	2008	Average Monthly Benefit	\$ 945	1,124	2,099	2,668	3,358	4,333
		Monthly Final Average Salary	2,934	3,643	4,458	4,789	5,136	5,328
		Number of Active Retired	5	8	97	57	22	8

## Schedules of Average Benefit Payments (Continued)

December 31, 2008

System			Years of Credited Service					
			4-10	10-15	15-20	20-25	25-30	30+
<b>Firefighters Retirement System</b>	2004	Average Monthly Benefit	\$ 890	1,219	2,308	2,666	3,679	3,247
		Monthly Final Average Salary	4,241	3,579	4,040	4,979	5,293	4,532
		Number of Active Retired	4	1	9	5	8	3
	2005	Average Monthly Benefit	\$1,578	2,014	2,784	3,281	3,662	3,539
		Monthly Final Average Salary	3,614	4,028	5,029	5,721	5,359	5,056
		Number of Active Retired	5	2	11	11	18	6
	2006	Average Monthly Benefit	\$1,856	1,032	2,367	2,772	4,141	3,832
		Monthly Final Average Salary	3,712	3,305	4,765	5,099	4,947	5,533
		Number of Active Retired	4	2	7	10	10	11
	2007	Average Monthly Benefit	\$ 1,523	—	2,417	2,857	3,643	3,533
		Monthly Final Average Salary	3,047	—	5,111	5,380	5,759	5,492
		Number of Active Retired	3	—	6	15	15	14
	2008	Average Monthly Benefit	\$ 1,852	2,582	2,581	2,893	3,808	3,814
		Monthly Final Average Salary	3,704	5,164	5,372	5,347	5,930	5,631
		Number of Active Retired	2	1	7	6	9	8
<b>Judges Retirement System</b>	2004	Average Monthly Benefit	\$ —	5,079	—	6,631	—	—
		Monthly Final Average Salary	—	8,672	—	8,645	—	—
		Number of Active Retired	—	1	—	1	—	—
	2005	Average Monthly Benefit	\$ —	5,349	6,467	6,377	—	—
		Monthly Final Average Salary	—	8,556	9,002	8,701	—	—
		Number of Active Retired	—	1	2	2	—	—
	2006	Average Monthly Benefit	\$ —	—	6,365	—	—	8,395
		Monthly Final Average Salary	—	—	8,860	—	—	8,995
		Number of Active Retired	—	—	1	—	—	2
	2007	Average Monthly Benefit	\$ —	—	5,927	7,142	6,979	8,731
		Monthly Final Average Salary	—	—	9,518	9,202	9,202	9,257
		Number of Active Retired	—	—	1	2	3	1
	2008	Average Monthly Benefit	\$ 4,338	—	—	6,634	—	—
		Monthly Final Average Salary	9,171	—	—	10,321	—	—
		Number of Active Retired	2	—	—	1	—	—
<b>Utah Governors and Legislators Retirement Plan</b>	2004	Average Monthly Benefit	\$ 171	—	—	—	—	—
		Monthly Final Average Salary	—	—	—	—	—	—
		Number of Active Retired	6	—	—	—	—	—
	2005	Average Monthly Benefit	\$ 202	302	520	624	—	—
		Monthly Final Average Salary	—	—	—	—	—	—
		Number of Active Retired	9	1	1	1	—	—
	2006	Average Monthly Benefit	\$ 171	284	—	—	—	—
		Monthly Final Average Salary	—	—	—	—	—	—
		Number of Active Retired	2	1	—	—	—	—
	2007	Average Monthly Benefit	\$ 138	282	520	—	—	—
		Monthly Final Average Salary	—	—	—	—	—	—
		Number of Active Retired	4	1	1	—	—	—
	2008	Average Monthly Benefit	\$ 191	362	433	549	—	—
		Monthly Final Average Salary	—	—	—	—	—	—
		Number of Active Retired	3	3	1	1	—	—

# Schedules of Active Members by Age and Gender

Year Ended December 31, 2008

System	Ages	Male	Female	Total
<b>Noncontributory Retirement System</b>	Under 20	181	1,327	1,508
	20 to 29	4,263	9,253	13,516
	30 to 39	7,931	11,346	19,277
	40 to 49	7,939	14,660	22,599
	50 to 54	4,503	9,406	13,909
	55 to 59	4,071	8,621	12,692
	60 to 69	3,399	6,080	9,479
	70 and Older	315	281	596
	<b>Total</b>	<b>32,602</b>	<b>60,974</b>	<b>93,576</b>
<b>Contributory Retirement System</b>	Under 20	4	5	9
	20 to 29	57	70	127
	30 to 39	97	81	178
	40 to 49	317	309	626
	50 to 54	314	344	658
	55 to 59	317	355	672
	60 to 69	203	249	452
	70 and Older	10	11	21
	<b>Total</b>	<b>1,319</b>	<b>1,424</b>	<b>2,743</b>
<b>Public Safety Retirement System</b>	Under 20	—	4	4
	20 to 29	1,409	160	1,569
	30 to 39	2,827	378	3,205
	40 to 49	1,665	269	1,934
	50 to 54	478	99	577
	55 to 59	317	57	374
	60 to 69	189	32	221
	70 and Older	9	1	10
	<b>Total</b>	<b>6,894</b>	<b>1,000</b>	<b>7,894</b>

System	Ages	Male	Female	Total
<b>Firefighters Retirement System</b>	Under 20	—	1	1
	20 to 29	296	15	311
	30 to 39	753	26	779
	40 to 49	442	14	456
	50 to 54	153	3	156
	55 to 59	112	2	114
	60 to 69	31	—	31
	70 and Older	1	—	1
	<b>Total</b>	<b>1,788</b>	<b>61</b>	<b>1,849</b>
<b>Judges Retirement System</b>	Under 20	—	—	—
	20 to 29	—	—	—
	30 to 39	—	1	1
	40 to 49	12	5	17
	50 to 54	15	5	20
	55 to 59	28	8	36
	60 to 69	28	4	32
	70 and Older	—	—	—
	<b>Total</b>	<b>83</b>	<b>23</b>	<b>106</b>
<b>Governors and Legislators Retirement Plan</b>	Under 20	—	—	—
	20 to 29	—	—	—
	30 to 39	9	1	10
	40 to 49	16	4	20
	50 to 54	12	2	14
	55 to 59	15	9	24
	60 to 69	17	3	20
	70 and Older	3	2	5
	<b>Total</b>	<b>72</b>	<b>21</b>	<b>93</b>



# Schedules of Retirees by Age and Gender

Year Ended December 31, 2008

System	Ages	Male	Female	Total
<b>Noncontributory Retirement System</b>	Under 55	323	464	787
	55 to 59	909	961	1,870
	60 to 64	2,016	2,737	4,753
	65 to 69	3,143	4,860	8,003
	70 to 74	2,835	4,189	7,024
	75 to 79	2,185	2,970	5,155
	80 to 84	1,334	1,885	3,219
	85 to 89	340	502	842
	90 to 94	26	49	75
	95 to 100	—	3	3
	Over 100	—	—	—
Total		13,111	18,620	31,731
<b>Contributory Retirement System</b>	Under 55	43	52	95
	55 to 59	64	72	136
	60 to 64	126	213	339
	65 to 69	172	326	498
	70 to 74	131	304	435
	75 to 79	148	315	463
	80 to 84	274	618	892
	85 to 89	418	970	1,388
	90 to 94	235	567	802
	95 to 100	33	151	184
	Over 100	—	7	7
Total		1,644	3,595	5,239
<b>Public Safety Retirement System</b>	Under 55	661	202	863
	55 to 59	527	113	640
	60 to 64	621	119	740
	65 to 69	446	114	560
	70 to 74	335	95	430
	75 to 79	170	90	260
	80 to 84	89	66	155
	85 to 89	41	40	81
	90 to 94	12	18	30
	95 to 100	1	4	5
	Over 100	1	1	2
Total		2,904	862	3,766

System	Ages	Male	Female	Total
<b>Firefighters Retirement System</b>	Under 55	148	42	190
	55 to 59	164	21	185
	60 to 64	183	31	214
	65 to 69	148	22	170
	70 to 74	84	23	107
	75 to 79	57	26	83
	80 to 84	52	28	80
	85 to 89	15	21	36
	90 to 94	5	10	15
	95 to 100	—	3	3
	Over 100	—	—	—
Total		856	227	1,083
<b>Judges Retirement System</b>	Under 55	—	—	—
	55 to 59	3	—	3
	60 to 64	9	4	13
	65 to 69	9	—	9
	70 to 74	12	4	16
	75 to 79	12	10	22
	80 to 84	14	4	18
	85 to 89	4	11	15
	90 to 94	—	—	—
	95 to 100	1	—	1
	Over 100	—	—	—
Total		64	33	97
<b>Governors and Legislators Retirement Plan</b>	Under 55	—	2	2
	55 to 59	—	2	2
	60 to 64	4	5	9
	65 to 69	20	5	25
	70 to 74	31	7	38
	75 to 79	34	20	54
	80 to 84	25	22	47
	85 to 89	19	9	28
	90 to 94	5	6	11
	95 to 100	1	5	6
	Over 100	—	—	—
Total		139	83	222

# Schedules of Principal Participating Employers

Year Ended December 31

Employer	2008			2007			2006		
	Active Members	Rank	Percent of Total Active Members	Active Members	Rank	Percent of Total Active Members	Active Members	Rank	Percent of Total Active Members
<b>Noncontributory Retirement System</b>									
State of Utah	16,979	1	18.14%	16,948	1	18.91%	16,664	1	19.11%
Granite School District	6,130	2	6.55	5,922	2	6.61	5,363	3	6.15
Jordan School District	5,819	3	6.22	5,705	3	6.37	5,448	2	6.25
Davis School District	5,501	4	5.88	5,391	4	6.02	5,187	4	5.95
Alpine School District	5,354	5	5.72	4,910	5	5.48	4,697	5	5.39
University of Utah	4,406	6	4.71	4,453	6	4.97	4,480	6	5.14
Salt Lake County	3,084	7	3.30	2,981	7	3.33	2,909	7	3.34
Salt Lake School District	2,950	8	3.15	2,805	8	3.13	2,689	8	3.08
Weber School District	2,859	9	3.06	2,793	9	3.12	2,670	9	3.06
Nebo School District	2,465	10	2.63	2,330	10	2.60	2,917	10	3.34
Other	38,029		40.64	35,367		39.47	34,195		39.21
Total	93,576		100.00%	89,605		100.00%	87,219		100.00%
<b>Contributory Retirement System</b>									
State of Utah	435	1	15.86%	473	1	16.58%	508	1	16.88%
South Jordan City	212	2	7.73	207	2	7.26	216	2	7.18
University of Utah	195	3	7.11	207	3	7.26	214	3	7.11
Uintah County	191	4	6.96	188	4	6.59	185	4	6.15
Granite School District	141	5	5.14	150	5	5.26	162	5	5.38
Salt Lake City Corp.	137	6	4.99	144	6	5.05	156	6	5.18
Salt Lake County	90	7	3.28	97	7	3.40	107	7	3.55
Duchesne County	87	8	3.17	85	8	2.98	79	10	2.62
Jordan School District	76	9	2.77	82	9	2.88	86	8	2.86
DDI Vantage	76	10	2.77	—	—	—	—	—	—
Salt Lake School District	—	—	—	78	10	2.73	83	9	2.76
Other	1,103		40.21	1,141		40.01	1,214		40.33
Total	2,743		100.00%	2,852		100.00%	3,010		100.00%
<b>Public Safety Retirement System</b>									
State of Utah	2,592	1	32.84%	2,444	1	32.21%	2,468	1	33.02%
Salt Lake County	860	2	10.89	783	2	10.32	763	2	10.21
Salt Lake City Corp.	479	3	6.07	472	3	6.22	448	3	5.99
Weber County Corp.	266	4	3.37	275	4	3.62	291	4	3.89
Utah County	244	5	3.09	233	5	3.07	223	5	2.98
Davis County	208	6	2.63	206	6	2.72	199	6	2.66
West Valley City	176	7	2.23	169	7	2.23	159	7	2.13
Ogden City Corp.	122	8	1.55	122	8	1.61	114	8	1.53
Washington County	120	9	1.52	113	9	1.49	107	10	1.43
Sandy City	115	10	1.46	108	10	1.42	109	9	1.46
Other	2,712		34.36	2,662		35.09	2,593		34.69
Total	7,894		100.00%	7,587		100.00%	7,474		100.00%

Additional information will be added when it becomes available.

## Schedules of Principal Participating Employers (Continued)

Year Ended December 31

	Employer	2008			2007			2006		
		Active Members	Rank	Percent of Total Active Members	Active Members	Rank	Percent of Total Active Members	Active Members	Rank	Percent of Total Active Members
<b>Firefighters Retirement System</b>	Unified Fire Authority	352	1	19.04%	344	1	19.42%	229	2	13.60%
	Salt Lake City Corp.	324	2	17.52	322	2	18.18	330	1	19.60
	Ogden City Corp.	111	3	6.00	110	3	6.21	106	3	6.29
	West Valley City	97	4	5.25	92	4	5.19	88	4	5.23
	Park City Fire Service	80	5	4.33	81	5	4.57	75	6	4.45
	Provo City Corp.	75	6	4.06	74	6	4.18	77	5	4.57
	Sandy City	75	7	4.06	73	7	4.12	72	8	4.28
	City of West Jordan	72	8	3.89	70	8	3.95	73	7	4.33
	Orem City	66	9	3.57	58	9	3.27	54	9	3.21
	Weber Fire District	55	10	2.97	—	—	—	—	—	—
	South Davis Metro Fire Agency	—	—	—	2.94	10	—	—	—	—
	Murray City	—	—	—	—	—	—	51	10	3.03
	Other	542		29.31	495		27.95	758		45.01
	Total	1,849		100.00%	1,771		100.00%	1,684		100.00%
<b>Judges Retirement System</b>	State of Utah	106	1	100.00%	108	1	100.00%	106	1	100.00%
<b>Governors and Legislators Retirement Plan</b>	State of Utah	93	1	100.00%	97	1	100.00%	105	1	100.00%

Additional information will be added when it becomes available.

## Schedule of Utah Retirement Office Employees

Year Ended December 31

Year	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Number of Employees	164	156	154	156	160	156	148	142	135	134

# Schedule of Participating Employers

N = Public Employees Retirement System — Noncontributory

C = Public Employees Retirement System — Contributory

PS = Public Safety Retirement System

F = Firefighters Retirement System

D = 457 Plan • K = 401(k) Plan

2008

Employer	N	C	PS	F	D	K
<b>School Districts and Education Employers</b>						
Academy for Math, Engineering and Science Charter School.....	N					K
Active Re-Entry Incorporated.....	N					K
Alpine School District.....	N	C			D	K
American Leadership Academy.....	N					K
Beaver School District.....	N					K
Box Elder School District.....	N	C			D	K
Bridgerland Applied Technology Center.....	N					K
Cache School District.....	N	C			D	K
Carbon School District.....	N	C			D	K
College of Eastern Utah.....	N	C			D	K
Daggett School District.....	N	C			D	K
Davis Applied Technology Center.....	N					K
Davis School District.....	N	C			D	K
Dixie Applied Technology College.....	N					K
Dixie State College.....	N	C	PS			K
Duchesne School District.....	N	C			D	K
East Hollywood High School.....	N					K
Educators Mutual Insurance.....	N	C			D	K
Emery School District.....	N	C			D	K
Fast Forward Charter High School.....	N					K
Garfield School District.....	N	C			D	K
Grand School District.....	N	C			D	K
Granite School District.....	N	C			D	K
High School Activity Association.....	N	C				K
Intech Collegiate Charter High School.....	N					K
Iron School District.....	N	C			D	K
Jordan School District.....	N	C			D	K
Juab School District.....	N	C			D	K
Kane School District.....	N	C			D	K
Liberty Academy Charter School.....	N					K
Logan School District.....	N	C			D	K
Master Academy, Inc.....	N					K
Millard School District.....	N	C			D	K
Monticello Academy.....	N					K
Morgan School District.....	N				D	K
Mountainland Applied Technology Center... ..	N					K
Murray School District.....	N	C			D	K
Nebo School District.....	N	C			D	K
Noah Webster Academy, Inc.....	N					K
North Sanpete School District.....	N	C			D	K
North Summit School District.....	N	C			D	K
Northern Utah Academy of Math, Engineering and Science Charter School... ..	N					K
Ogden School District.....	N	C			D	K
Ogden-Weber Applied Technical Center.....	N	C				K
Park City School District.....	N	C			D	K
Piute School District.....	N	C				K
Provo School District.....	N	C			D	K

Employer	N	C	PS	F	D	K
Recreation and Habilitation Services.....	N					K
Rich School District.....	N	C				K
Salt Lake Arts Academy.....	N					K
Salt Lake Community College.....	N	C			D	K
Salt Lake School District.....	N	C			D	K
Salt Lake/Tooele Applied Technical Center....	N					K
San Juan School District.....	N	C			D	K
Sevier School District.....	N	C			D	K
Snow College.....	N	C			D	K
Soldier Hollow Charter School.....	N					K
South Sanpete School District.....	N	C			D	K
South Summit School District.....	N					K
Southern Utah University.....	N	C	PS			K
Southwest Applied Technology Center.....	N					K
Southwest Educational Development Center.....	N					K
Space Dynamics Lab/USU.....	N					K
SUCCESS Academy.....	N					K
Summit Academy Charter School.....	N					K
Tintic School District.....	N	C				K
Tooele School District.....	N	C			D	K
Tuacahan High School.....	N					K
Uintah Basin Applied Technology Center.....	N	C			D	K
Uintah School District.....	N	C			D	K
University of Utah.....	N	C	PS			K
Utah County Academy of Sciences.....	N					K
Utah Education Association.....	N	C			D	K
Utah School Boards Association.....	N					K
Utah School Boards Risk Man Mut Ins Assn.....	N					K
Utah School Employee Association.....	N				D	K
Utah State University.....	N	C	PS		D	K
Utah Uniserv.....	N	C			D	K
Utah Valley State College.....	N	C			D	K
Wasatch School District.....	N	C			D	K
Washington School District.....	N	C			D	K
Wayne School District.....	N				D	K
Weber County School District.....	N	C			D	K
Weber State University.....	N	C				K

## State and Other Employers

Heber Valley Historic Railroad Authority.....	N					K
State of Utah (also participates in the Judges Retirement System and the Governors and Legislative Retirement Plan).....	N	C	PS	F	D	K
Utah Communications Agency Network.....	N					K
Utah Dairy Council.....	N					K
Utah Housing Finance Agency.....	N	C				K
Utah Retirement Systems.....	N				D	K
Utah Safety Council.....	N					K
Utah State Fair Corporation.....	N					K
Workers Compensation Fund.....	N	C			D	K

# Schedule of Participating Employers (Continued)

Employer	N	C	PS	F	D	K	Employer	N	C	PS	F	D	K	Employer	N	C	PS	F	D	K	
<b>Counties and County Organizations</b>																					
Beaver County.....	N		PS		D	K	Emery Town.....	C					K	Nibley City.....	N						K
Box Elder County.....	N	C	PS		D	K	Enoch City.....	N		PS			K	North Logan City.....	N	C	PS	F			K
Cache County.....	N	C	PS	F	D	K	Enterprise City.....	N					K	North Ogden City.....	N	C	PS	F			
Carbon County.....	N	C	PS		D	K	Ephraim City.....	N		PS			K	North Salt Lake City....	N		PS		D	K	
Daggett County.....	N		PS			K	Escalante Town.....	N		PS				Oakley City.....		C					K
Davis County.....	N		PS		D	K	Eureka City.....	N						Ogden City.....	N	C	PS	F	D	K	
Duchesne County.....		C	PS		D	K	Fairview City.....	N		PS			K	Orangeville City.....	N						K
Emery County.....	N	C	PS		D	K	Farmington City.....	N		PS	F			Orderville Town.....	N						
Garfield County.....	N	C	PS		D	K	Farr West City.....	N				D	K	Orem City.....	N	C	PS	F	D	K	
Grand County.....	N	C	PS			K	Ferron City.....	N					K	Panguitch City.....	N						K
Iron County.....	N	C	PS		D	K	Fillmore City.....	N				D	K	Paragonah Town.....		C					
Juab County.....	N	C	PS			K	Fountain Green City....	N		PS				Park City.....	N	C	PS				
Kane County.....	N		PS			K	Francis Town.....	N						Parowan City.....	N	C	PS				K
Millard County.....	N	C	PS		D	K	Fruit Heights City.....	N						Payson City.....	N		PS	F			K
Morgan County.....	N		PS			K	Garden City.....	N						Perry City.....	N		PS				K
Piute County.....	N		PS			K	Garland City.....	N	C	PS			K	Plain City.....	N						K
Rich County.....		C	PS				Goshen Town.....	N						Pleasant Grove City.....	N		PS	F			
Salt Lake County.....	N	C	PS	F	D	K	Grantsville City.....	N		PS		D	K	Pleasant View City.....	N	C	PS		D	K	
San Juan County.....	N	C	PS		D	K	Green River City.....	N						Price City.....	N	C	PS	F		K	
Sanpete County.....	N	C	PS			K	Gunnison City.....	N		PS		D	K	Providence City.....	N						K
Sevier County.....	N	C	PS		D		Harrisville City.....	N	C	PS			K	Provo City.....	N	C	PS	F	D	K	
Summit County.....	N	C	PS				Heber City.....	N		PS		D	K	Randolph Town.....	N						
Tooele County.....	N	C	PS	F	D	K	Helper City.....	N		PS			K	Redmond Town.....	N						
Uintah County.....		C	PS		D	K	Herriman City.....	N					K	Richfield City.....	N	C	PS		D		
Unified Fire Authority	N		PS	F		K	Highland City.....	N				D	K	Richmond City.....	N						K
Utah County.....	N	C	PS		D		Hinckley Town.....	N					K	Riverdale City.....	N	C	PS	F		K	
Wasatch County.....	N		PS			K	Holden Town.....	N						Riverton City.....	N	C		F	D	K	
Wasatch Co. Fire Dist..	N			F		K	Holladay City.....	N					K	Roosevelt City.....	N		PS	F	D	K	
Washington County....	N		PS		D	K	Hooper City.....	N					K	Roy City.....	N	C	PS	F	D	K	
Wayne County.....	N		PS			K	Huntington City.....	N				D	K	Salem City.....	N		PS			D	K
Weber County.....	N	C	PS		D	K	Hurricane City.....	N		PS	F		K	Salina City.....	N		PS				
Weber Fire District.....		C		F	D	K	Hyde Park City.....	N					K	Salt Lake City.....	N	C	PS	F	D	K	
							Hyrum City.....	N					K	Sandy City.....	N	C	PS	F	D		
							Ivins City.....	N		PS	F		K	Santa Clara City.....	N		PS				K
							Kamas City.....	N		PS		D	K	Santaquin City.....	N		PS				K
							Kanab City.....	N		PS		D	K	Saratoga Springs Town	N		PS	F		K	
							Kaysville City.....	N	C	PS			K	Smithfield City.....	N		PS	F		K	
							La Verkin City.....		C	PS			K	South Jordan City.....		C	PS	F		K	
							Layton City.....	N	C	PS	F	D		South Ogden City.....	N		PS	F		K	
							Lehi City.....	N	C	PS	F			South Salt Lake City....	N		PS	F	D	K	
							Levan Town.....	N						South Weber City.....	N						K
							Lewiston City.....	N						Spanish Fork City.....	N		PS				
							Lindon City.....	N		PS			K	Spring City.....		C	PS				
							Logan City.....	N	C	PS	F	D	K	Springdale Town.....	N		PS				K
							Lone Peak Safety Dist..	N		PS	F		K	Springville City.....	N	C	PS	F			
							Manila Town.....		C				K	St. George City.....	N	C	PS		D	K	
							Manti City.....	N					K	Stockton Town.....	N						
							Mantua City.....	N		PS			K	Sunnyside City.....	N				D	K	
							Mapleton City.....	N		PS			K	Sunset City.....	N	C	PS		D	K	
							Marriott/ Slaterville City.....	N					K	Syracuse City.....	N		PS	F	D	K	
							Meadow Town.....	N					K	Taylorville City.....	N		PS				K
							Mendon City.....	N						Tooele City.....	N	C	PS		D		
							Midvale City.....	N	C	PS	F	D		Tremonton City.....	N	C	PS		D	K	
							Midway City.....	N	C				K	Uintah City.....	N						K
							Millford City.....	N		PS			K	Vernal City.....	N	C	PS				K
							Millville City.....	N				D	K	Vineyard Town.....	N						K
							Minersville Town.....	N					K	Washington City.....	N			F			K
							Moab City.....	N	C	PS		D	K	Washington Terrace City.....	N		PS		D	K	
							Monroe City.....	N					K	Wellington City.....	N		PS				K
							Monticello City.....	N		PS				Wellsville City.....	N						K
							Morgan City.....	N					K	Wendover City.....	N		PS		D	K	
							Moroni City.....	N		PS				West Bountiful City....	N	C	PS		K		
							Mt Pleasant City.....	N	C	PS			K	West Haven City.....	N						K
							Murray City.....	N	C	PS	F	D	K	West Jordan City.....	N	C	PS	F	D		
							Myton City.....	N						West Point City.....	N						K
							Naples City.....	N	C	PS			K	West Valley City.....	N	C	PS	F			
							Nephi City.....	N		PS		D	K	Willard City.....	N		PS				
														Woods Cross City.....	N	C	PS		D	K	

## Schedule of Participating Employers *(Continued)*

Employer	N	C	PS	F	D	K	Employer	N	C	PS	F	D	K
<b>Other Government Entities</b>							Jordanelle Special Service District .....	N					K
Ash Creek Special Service District .....	N				D	K	Kane Water Conservancy District .....	N					
Ashley Valley Sewer Management Board .....	N						Kearns Improvement District .....	N	C				K
Ashley Valley Water & Sewer .....	N						Leeds Area Special Service District .....				F		
Bear Lake Special Service District .....	N					K	Maesar Water District .....	N					K
Bear River Association of Governments.....	N				D	K	Magna Mosquito Abatement .....	N					K
Bear River Health District .....	N	C			D	K	Metro Water District—SLC/Sandy.....	N				D	K
Bear River Mental Health .....	N				D	K	Midvalley Improvement District .....	N					K
Bear River Water Conservancy.....	N					K	Midway Sanitation District .....	N					K
Beaver County Special Service District .....	N					K	Military Installation Development Authority...	N					K
Beaver Housing Authority .....	N					K	Millard Country Care and Rehabilitation, Inc.....	N					
Beaver Valley Hospital.....	N					K	Moab Valley Fire District.....	N			F		K
Benchland Water Company .....	N					K	Mountain Regional Water Special Service District.....	N					K
Bona Vista Water Improvement.....	N				D	K	Mountainland Association of Governments.....	N	C			D	K
Bountiful Water District .....	N				D	K	Nebo Credit Union .....	N					K
Box Elder County Mosquito District.....	N					K	North Davis County Sewer District.....	N	C				
Cache Metro Planning Organization.....	N						North Davis Fire District.....	N			F		
Castle Valley Special Service District .....	N	C				K	North East Counseling Center .....	N					K
Cedar City Housing Authority .....	N						North Emery Water Users Special Service District.....	N					
Cedar Mountain Fire Protection District.....	N			F		K	North Fork Special Service District .....	N					
Central Iron County Water Conservancy District .....	N					K	North Pointe Solid Waste Special Service District.....	N					K
Central Davis Sewer District .....	N				D	K	North View Fire Agency.....	N			F		
Central Utah Public Health .....	N					K	Oquirrh Recreation and Parks District .....	N					K
Central Utah Water District .....	N				D	K	Park City Fire Service District .....	N			F		K
Central Weber Sewer District.....	N	C			D	K	Price River Water Improvement.....	N				D	K
Children's Aid Society—Utah .....	N					K	Provo Housing Authority .....	N					
Cottonwood Heights P&R Services .....	N				D	K	Provo River Water Users .....	N				D	K
Cottonwood Improvement District.....	N				D	K	Roosevelt City Housing Authority.....	N					
Council on Aging — Golden Age Center Special Service Dist ...	N					K	Roy Water Conservancy District.....	N					K
Davis & Weber County Canal .....	N	C				K	Salt Lake City Library .....	N					K
Davis Behavioral Health .....	N				D	K	Salt Lake City Mosquito Abatement .....	N					K
Davis County Housing .....	N	C				K	Salt Lake City School Dist. Credit Union .....	N					K
Davis County Mosquito Abatement .....	N					K	Salt Lake City Sub. Sanitation #1 .....	N					K
Davis County Solid Waste Management .....	N				D	K	Salt Lake County Service Area #3.....	N				D	K
DDI Advantage.....	N	C				K	San Juan Mental Health/ Substance Abuse District .....	N					K
Duchesne County Mosquito District .....	N	C					Sandy Suburban Improvement District .....	N					K
Duchesne County Water Conservancy District .....	N						Six-County Association of Governments.....	N	C			D	K
East Duchesne Culinary Water Imp District .....	N					K	Snyderville Basin .....	N	C			D	K
Emery County Care and Rehabilitation Center .....	N	C			D	K	Solitude Improvement District .....	N					K
Emery County Recreation Special Service District.....	N					K	South Davis County Sewer Improvement District.....	N	C			D	K
Emery Water Conservancy District .....	N					K	South Davis County Water Improvement District .....	N					K
Five-County Association of Governments.....	N	C			D	K	South Davis Metro Fire Agency .....	N			F		K
Four Corners Mental Health .....	N	C			D	K	South Davis Recreation Center .....	N					
Grand County Cemetery Maintenance Dist..	N					K	South Ogden Conservancy District.....	N				D	K
Grand County Solid Waste Management .....	N					K	South Utah Valley Animal Services Special Service District.....	N					
Grand County Water Sewer /Service .....	N						South Utah Valley Electric Service District ...	N					K
Granger-Hunter Improvement District .....	N				D	K	South Utah Valley Solid Waste .....	N					K
Gunnison Valley Hospital.....	N	C				K	South Valley Sewer District .....	N	C			D	K
Heber Light & Power .....	N				D	K	South Valley Water Reclamation Facility.....	N					K
Heber Valley Special District .....	N						Southeastern Utah Assoc. of Governments....	N	C			D	K
Hooper Water Improvement District.....	N						Southeastern Utah Health .....	N	C				K
Housing Authority of Carbon County .....	N					K	Southern Salt Lake Valley Mosquito Abatement .....	N					K
Housing Authority of Ogden City .....	N						Southern Utah Valley Power System.....	N					K
Housing Authority of Salt Lake City.....	N	C				K	Southwest Center .....	N					K
Housing Authority of Salt Lake County.....	N												
Impact Mitigation Special Service District ....	N					K							
Jordan Valley Water Conservancy District .....	N	C			D	K							

## Schedule of Participating Employers *(Continued)*

Employer	N	C	PS	F	D	K
Southwest Utah Public Health Department ..	N	C			D	K
St. George Housing Authority .....	N					K
Taylorville—Bennion Improvement.....	N				D	K
Timber Lakes Special Service District.....	N					K
Timpanogos Special Service District .....	N	C				
Tooele County Housing.....	N					K
Trans-Jordan Cities .....	N				D	
Tri-City Golf Course .....	N					K
Tridell-Lapoint Water District.....	N					K
Uintah Animal Control and Shelter Special Service District.....	N					K
Uintah Basin Assistance Council .....	N					
Uintah Basin Association of Government .....	N					
Uintah County Care Center .....	N					K
Uintah County Mosquito Abatement.....	N					K
Uintah Fire Suppression Special Service Dist..				F		K
Uintah Highlands Improvement Dist .....	N					
Uintah Recreation District .....	N					K
Uintah Transportation Special Service Dist ....	N					K
Uintah Water Conservancy District.....	N					
Upper Country Water District .....	N					
Utah Association of Counties.....	N					K
Utah Counties Insurance Pool .....	N					K
Utah County Housing Authority.....	N	C			D	
Utah Lake Commission .....	N					K
Utah League of Cities & Towns.....		C				
Utah Municipal Power Agency.....	N					K
Utah Public Employees Association .....	N	C				K
Utah Telecommunication Open Infrastructure Agency.....	N					K
Utah Zoological Society.....	N	C				K
Valley Emergency Communication Center....	N				D	K
Valley Mental Health.....	N	C			D	K
Wasatch Front Regional Council .....		C			D	K
Wasatch Integrated Waste Management .....	N				D	K
Wasatch Mental Health Special Services District .....	N	C			D	K
Washington County Association for Retarded Citizens .....	N					K
Washington County Solid Waste #1 .....	N					K
Washington County Water District .....		C				K
Weber Area Dispatch 911 & Emergency Services District.....	N					K
Weber Basin Water Conservancy .....	N				D	K
Weber County Mosquito Abatement .....	N				D	K
Weber Human Services.....	N				D	K
Weber River Water Users .....		C				K
Western Kane County Special Service District #1 .....	N					K
White City Water Improvement District.....	N					K
<b>Total Participating Employers.....</b>						<b>444</b>
Noncontributory.....						416
Contributory .....						158
Public Safety .....						128
Firefighters.....						52
Judges .....						1
Governor and Legislative.....						1
457 Plan .....						150
401(k) Plan .....						361

Employer	
<b>Inactive Units with Retirees</b>	
American Fork Hospital	Salt Lake County Fair
Bay Area Refuse Disposal	Salt Lake School District Credit Union
Bear River Town	San Juan County Hospital
Bingham City	Six-County Economic Development
Box Elder County Nursing Home	Snow College South
Carbon County Hospital	South Davis Fire Department
Carbon Nursing Home	Southeastern Utah Economic Development
Cedar City Library	Statewide Assn of Prosec
Central Utah Ed Ser	Sugarhouse Park Authority
Circleville	Summit Employment
Coalville Health Center	Summit Park Water Special Service District
Copperton Improvement District	Thomas Edison Charter School
Cottage Program	Timpanogos Academy
Davis County Department of Human Services	Tooele Council of Aging
Department of Employment Security	Tooele Valley Hospital
Dixie Center at St. George	Trail Incorporated
Dixie Hospital	Twin Creeks Special Service District
East Layton	U of U Research Institute
Emery Medical Center	U S H Patients Funds
Four Corners Regional Hospital	Uintah Basin Counseling
Genola	Uintah Basin Dist Health
Golden Hours Homemaker	Uintah Basin Medical Center
Grand County Road Special Service District	Uintah County Council on Aging
Hiawatha Town	Uintah County Hospital
Honeyville Town	USU Comm Credit Union
I W Allen Hospital	USU Community Credit Union
Juab County Hospital	Ut Assn of Sec Sch Princ
Kanosh Town Corporation	Utah County Council of Govt
Leeds Town	Utah Industries for the Blind
Marysvale Town	Utah Local Governments Trust
Metro Water District — Orem	Utah Partnership for Education Economics
Metro Water District — Provo	Utah Technology Corporation
Midvale Wastewater Treatment	Wasatch County Hospital
Milford Valley Hospital	Wasatch County Special Service District #1
Morgan County Historical Society	Weber County Hospital
Morgan County Library	Weber Economic Development Corp
Mountain America Credit Union	Weber River Water Quality
Nebo Credit Union	West Millard Hospital
New Harmony Town	West Millard Recreation
Northern Utah Crime	Woodland Hills City
Payson City Hospital	
Pioneer Care Center	
Reg 2 Law Enforcement Plan Agency	

# A Highlight History



## 1907-2008

### 1907

The Legislature authorizes the organization of local teacher retirement associations.

### 1908

Salt Lake City institutes the first teacher retirement commission. Ogden follows in 1933 and Provo in 1934.

### 1919

First statewide pension plan for all full-time paid and volunteer firemen. Actuarially unsound, the system would be transferred to the Retirement Office in 1965.

### 1921

First police pension plans in Salt Lake, Ogden, Provo and Logan. Actuarially unsound, these plans would be transferred to the Public Safety Retirement System in 1969.

### 1927

The Prison and Industrial School Guards Retirement System is enacted. Industrial school guards join the teachers retirement system in 1937. Prison guards transfer to the Public Safety Retirement System in 1970.

### 1934

The Utah Education Association prepares a teacher retirement plan to present to the Legislature. This plan will form much of the basis for a new retirement system.

### 1937

First statewide teachers retirement system. Seven member board hires Ray L. Lillywhite as the first executive secretary.

### 1943

Utah Supreme Court rules that a retiree's statutory retirement benefit cannot be reduced, affirming the principle of vested rights. The Court would later affirm that a vested retirement benefit may not be reduced without providing a "substantial substitute".

### 1947

The State Officers' and Employees' Retirement System is created with a 3% contribution rate each by employee and employer.

Teachers in local systems are required to join the State Teachers Retirement System.

### 1948

The Utah Supreme Court permits service credit for prior service in parochial schools.

### 1949

The State Officers and Employees Retirement System is renamed The Public Employees Retirement System; it will cover all public employees and judges. Retirement benefit ceiling is \$100 a month.



## Utah Retirement Systems

### A Highlight History *(Continued)*

#### 1952

Ray Lillywhite resigns; Leonard W. McDonald is hired as 2nd executive secretary of the Teachers Retirement System.

#### 1953

The short-lived Teachers Retirement System is liquidated in favor of Social Security.

#### 1954

The Teachers Retirement System is replaced by the Utah School Employees Retirement System and integrated with Social Security to preserve its solvency. Local teacher retirement associations are terminated.

#### 1957

Minimum monthly retirement benefit is \$85.

#### 1959

The Utah State Public Employees Association is formed with the intent to produce a comprehensive plan for a statewide public employee retirement system.

#### 1961

The Public Employees Retirement System is created with a seven member board.

The public employees and teachers retirement systems retain separate boards but unite under a single administrator and office.

#### 1963

Creation of a single board for all retirement systems is the crowning achievement in Utah public retirement history and the birth of today's Utah Retirement Systems.

#### 1967

The heretofore separate school and public retirement systems are consolidated into a single Utah State Retirement System.

#### 1969

The Utah Public Safety Retirement Act covers all public safety employees engaged full time in hazardous duty. Benefits would be uniform in each jurisdiction, but contribution rates would vary.

#### 1971

Members gain a salary deferral program.

#### 1975

Current service formula rises from 1.25% to 2%. The cost-of-living ceiling rises to 4%.

#### 1976

Leonard W. McDonald retires. Bert D. Hunsaker becomes executive director.

#### 1977

Governor Scott Matheson dedicates the new Leonard W. McDonald Building for the Utah Retirement Systems.

#### 1979

Board gains custody of the retirement fund and greater investment authority.

#### 1982

The court affirms that the Board is independent of the executive department and has authority to hire its own legal counsel.

#### 1983

The Retirement Board sees its first actuarial surplus as new investments prove their worth; hires a full time investment manager.

#### 1986

Public Employees Noncontributory Retirement System debuts: employers pay all contributions; 3-year final average salary; State and education employers pay 1.5% of salary into URS' 401(k) plan. Employees forfeit access to contributions, but the new system portends a superior career retirement.

#### 1987

A "25-and-out" retirement incentive plan permits public employees to retire after 25 years with no actuarial reduction; and increases to 2% the value of each year of service. Over 3000 employees take advantage of its 6-month window.

#### 1989

The U.S. Supreme Court rules that if federal retirement benefits are taxable, then state-provided retirement benefits cannot be exempt. Legislature grants a 3% substantial substitute benefit for affected members.

Bert Hunsaker steps down. Dee Williams becomes executive director.

The Public Safety Noncontributory Retirement System is created.

The Systems' assets nearly quadruple from \$1 billion to \$3.85 billion during the 1980s.

#### 1990

Public Employees Noncontributory Retirement members receive 2% for all years of service.

## Utah Retirement Systems

### A Highlight History *(Continued)*

#### 1994

URS begins dividing pension, death, and DC benefits after court rules that a former spouse may be awarded death and retirement benefits, whether or not the spouse remarries.

#### 1995

Members with 25 years of service in the Public Employees Noncontributory System may buy future service credit to permit immediate retirement.

#### 1996

URS recovers 100% of member assets originally invested in Guaranteed Investment Contracts which failed when Confederation Life Insurance Company of Canada was declared insolvent in August, 1994.

#### 1997

Judges Noncontributory Retirement System is created.

The URS DC video receives a Telly Award — the commercial equivalent of an “Oscar” for motion pictures; URS’ publication for retirees, *Cycles*, places 2nd worldwide among corporate and institutional newsletters.

Legislature affirms the Board’s authority to define provisions and terms of the retirement code.

#### 1998

The 401(k) plan launches a bold marketing program to help members better map a retirement investment strategy. Investment options are enhanced and expanded.

State employees at retirement may defer 25% of accumulated sick leave to the 401(k) plan, convert it to paid-up health or Medicare supplement insurance or take it as cash.

#### 1999

Members may buy up to 5 years of future service credit, even if it exceeds the years required to retire.

Leonard W. McDonald, director of the Utah Retirement Systems 1952-1976 and to whom much of the structure of the Systems can be attributed, dies.

Dee Williams retires. Robert V. Newman becomes executive director.

Systems’ assets rise from \$3.85 billion to over \$13 billion during the 1990s.

#### 2000

401(k) plan participants may now apply for a fixed rate loan for any purpose of up to 50% of his or her 401(k) account balance.

#### 2001

A value stock fund joins the menu of DC investment options.

URS website calculators invite members to estimate pension benefits and compute potential 401(k)/457 earnings.

#### 2002

The Olympic Winter Games are staged in Salt Lake City. URS adopts telecommuting.

457 plan permits deferrals up to 100% of includable compensation; offers a new catch-up feature; drops irrevocable withdrawal decisions; allows roll-overs to any acceptant 457, 403(b), 401(k), or IRA; allows use for URS pension redeposits or to buy URS service credit.

Internet-based personal retirement account manager, *myURS*, lets members view and transfer account balances, alter deferrals, estimate payouts, integrate Social Security, and more.

#### 2003

To protect 401(k) and 457 investors from the costs of others’ adverse trading activities, URS restricts frequent trading privileges. Systems assets are \$14.2 billion.

#### 2004

Ray L. Lillywhite, executive secretary of the Teachers Retirement System from 1937 to 1952, dies.

#### 2005

Legislature repeals 1998 benefit allowing 25% of a state employee’s accumulated sick leave to be converted to other retirement benefits.

#### 2006

Members gain a partial lump-sum payment option (PLSO) at retirement.

#### 2007

Retirement Systems’ assets reached \$23.9 billion.

Members of the Public Safety Contributory Retirement System gain a window to move to the Public Safety Noncontributory System.

#### 2008

Retirement Systems pays over \$1,000,000,000 in annual benefits.

## Systems and Plans Statistical Highlights

Year to Date, December 31, 2008

## Utah Retirement Systems

	Noncontributory	Contributory	Public Safety	Firefighters	Judges	Governors and Legislators	Averages and Totals All Systems
<b>Membership Information</b>							
<b>Total Membership</b>	155,667	9,356	13,314	3,049	212	396	181,994
Active	93,576	2,743	7,894	1,849	106	93	106,261
Terminated vested	30,360	1,374	1,654	117	9	81	33,595
Retired	31,731	5,239	3,766	1,083	97	222	42,138
<b>2008 Active Members</b>	93,576	2,743	7,894	1,849	106	93	106,261
Average age	45.0	51.8	38.8	39.2	56.5	53.1	44.6
Average years of service	10.0	20.3	8.9	10.0	11.6	5.6	10.2
Average annual salary	\$ 40,531	46,830	45,964	54,111	128,706	NA	41,390
<b>2008 Retirees</b>							
Number	2,082	151	197	33	3	8	2,474
Average age	62.5	60.4	51.5	54.6	64.8	64.1	61.4
Average years of service	21.6	26.0	21.6	27.3	14.2	13.5	21.9
Final average annual salary	\$ 44,681	40,068	54,532	66,084	114,653	NA	45,410
Average annual benefit	\$ 19,039	18,984	28,196	39,465	60,693	3,947	20,039
Average annual benefit —all retirees	\$ 19,616	11,067	24,391	29,169	63,084	2,941	19,238

## Financial Information

## Changes in Net Assets (in thousands)

Contributions	\$ 536,843	20,447	96,058	20,647	3,940	—	677,935
Investment income (loss)	(3,888,624)	(261,227)	(491,024)	(188,095)	(31,053)	(2,763)	(4,862,786)
Pension benefits	662,306	63,569	99,843	35,639	6,580	770	868,707
Net assets at market value	\$ 12,714,371	835,370	1,614,057	612,699	100,895	8,675	15,886,067

## Actuarial Information

## Funding Progress (dollars in thousands)

Actuarial value of assets	\$ 15,257,243	1,002,443	1,936,871	735,235	121,075	10,407	19,063,274
Actuarial accrued liability	\$ 18,127,048	1,208,625	2,406,752	779,035	143,368	9,845	22,674,673
Unfunded actuarial accrued liability	\$ 2,869,805	206,182	469,881	43,800	22,293	(562)	3,611,399
Funded ratios	84.2%	82.9%	80.5%	94.4%	84.5%	105.7%	84.1%

## Defined Contribution Plans

	401(k)	457	Roth IRA	Traditional IRA	Health Reimbursement Arrangement (HRA)
<b>Membership Information</b>					
Number of active employees eligible to participate	102,077	88,097	106,261	106,261	742
Employee contributions (excluding employer contributions):					
Number of employees contributing	48,076	9,329	1,175	52	NA
Percent of eligible employees contributing	47.1%	10.6%	1.1%	0.0%	NA
Average percent of salary deferred by employees	6.0%	6.8%	4.2%	3.4%	NA
Total participants	143,360	16,880	1,639	435	742
Average participant account balance	\$ 14,871	13,594	4,325	44,124	2,084

## Financial Information

## Changes in Net Assets (in thousands)

Contributions	\$ 229,981	29,021	3,346	7,433	1,129	270,910
Net investment income (loss)	(554,176)	(57,267)	(2,051)	(3,488)	23	(616,959)
Refunds	141,904	18,683	524	2,545	288	163,944
Net assets at market value	\$2,131,945	229,469	7,088	19,194	1,546	2,389,242



*On the cover:  
Ted Smith, Petroleum Specialist  
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