Dear Valued Member:

That someone sitting in the shade, we hope, is you someday. What a great metaphor for retirement security earned after a public service career in Utah.

But before you can relax beside the sturdy trunk of a well-prepared retirement, there’s the business of planting and nurturing your tree. That’s where URS comes in. We tend to your retirement fund with the diligence and care of the most conscientious arborist. It’s not going out on a limb to say that URS is one of the most well-funded and well-managed statewide pension systems in the country. And the soil was particularly fertile in 2017. In that time, the fund earned a 13.6% return, rising to nearly $32 billion.

You could say that the fund’s roots grew even deeper in 2017. But, remember, each year is just one ring on the giant redwood that is our time horizon. Our pension asset allocation is designed to meet long-term obligations, protect your benefits, and minimize risk and volatility. It’s like a hardy evergreen, built to withstand all seasons.

Will your retirement tree be a mighty oak or a skimpy shrub? That largely depends on choices you make today. Your pension is just one branch of your retirement. How much are you contributing to URS Savings Plans? I challenge you to start saving more today. Withholding an extra percent or two from your paycheck is just a gentle pruning, with little noticeable effect on your current lifestyle. But, compounded over time, it’s the miracle fertilizer that can help you cultivate a majestic retirement tree.

Daniel D. Andersen, Executive Director
An Economic Force in the State of Utah

URS paid more than $1.5 billion in pension payments in 2017, the vast majority of which remained in the Utah economy. More than 90% of URS pension payments in 2017 went to retirees living in Utah, including $564 million to Salt Lake County retirees alone. Pension payments by county are shown at right.

By the Numbers

URS pension payments ripple throughout Utah’s economy, supporting jobs, expanding GDP, and providing steady state and local tax revenue. Each year, these payments support about 8,500 Utah jobs, $350 million in wages, $650 million in GDP, and $56 million in state and local tax revenue, according to a 2015 report prepared by the University of Utah's Kem C. Gardner Policy Institute.

YEARLY URS PENSION PAYOUTS...

1.1% of state’s total income
$346 million of earnings from these jobs
$649 million in state GDP impact
$56 million state and local tax revenue — URS 2015 Economic Impact to Utah Residents

A Snapshot of You

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

“We even if I knew that tomorrow the world would go to pieces, I would still plant my apple tree.” — MARTIN LUTHER

Introduction

About URS

URS provides retirement and insurance benefits exclusively for Utah public employees. We serve more than 200,000 members and about 470 public employers. We’re a component unit of the State of Utah, governed by Utah Code Title 49. We administer eight defined benefit pension systems and four retirement savings plans.

Mission Statement

We serve Utah public employees with retirement and insurance benefits in a partnership of trust with a commitment to value, innovation, and excellence.

2017

2017 BENEFITS PAID BY AMOUNT

<table>
<thead>
<tr>
<th>County</th>
<th>Recipients</th>
<th>Dollars Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salt Lake County</td>
<td>21,312</td>
<td>$564,334,602</td>
</tr>
<tr>
<td>Utah County</td>
<td>8,619</td>
<td>215,693,685</td>
</tr>
<tr>
<td>Davis County</td>
<td>6,250</td>
<td>160,223,769</td>
</tr>
<tr>
<td>Weber County</td>
<td>5,254</td>
<td>127,829,318</td>
</tr>
<tr>
<td>Washington County</td>
<td>3,902</td>
<td>81,521,060</td>
</tr>
<tr>
<td>Cache County</td>
<td>2,504</td>
<td>56,837,514</td>
</tr>
<tr>
<td>Box Elder County</td>
<td>1,316</td>
<td>28,275,765</td>
</tr>
<tr>
<td>Tooele County</td>
<td>1,130</td>
<td>25,748,698</td>
</tr>
<tr>
<td>Iron County</td>
<td>1,050</td>
<td>23,827,802</td>
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<tr>
<td>Sevier County</td>
<td>808</td>
<td>19,599,025</td>
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<tr>
<td>Summit County</td>
<td>688</td>
<td>18,692,162</td>
</tr>
<tr>
<td>Sanpete County</td>
<td>826</td>
<td>17,570,276</td>
</tr>
<tr>
<td>Carbon County</td>
<td>734</td>
<td>15,707,276</td>
</tr>
<tr>
<td>Wasatch County</td>
<td>625</td>
<td>14,965,135</td>
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<tr>
<td>Uintah County</td>
<td>707</td>
<td>13,907,391</td>
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<tr>
<td>Duchesne County</td>
<td>604</td>
<td>11,778,659</td>
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<tr>
<td>Millard County</td>
<td>454</td>
<td>10,237,972</td>
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<tr>
<td>San Juan County</td>
<td>418</td>
<td>9,296,860</td>
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<tr>
<td>Morgan County</td>
<td>314</td>
<td>7,863,603</td>
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<tr>
<td>Emery County</td>
<td>399</td>
<td>7,774,159</td>
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<tr>
<td>Juab County</td>
<td>344</td>
<td>7,606,671</td>
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<tr>
<td>Grand County</td>
<td>264</td>
<td>5,427,870</td>
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<tr>
<td>Beaver County</td>
<td>207</td>
<td>4,545,734</td>
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<tr>
<td>Kane County</td>
<td>204</td>
<td>3,966,042</td>
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<tr>
<td>Garfield County</td>
<td>183</td>
<td>3,925,809</td>
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<tr>
<td>Wayne County</td>
<td>112</td>
<td>2,797,885</td>
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<td>Rich County</td>
<td>94</td>
<td>1,876,059</td>
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<tr>
<td>Piute County</td>
<td>81</td>
<td>1,582,925</td>
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<tr>
<td>Daggett County</td>
<td>58</td>
<td>1,081,443</td>
</tr>
<tr>
<td>Out of the State of Utah</td>
<td>6179</td>
<td>118,072,663</td>
</tr>
<tr>
<td>Total</td>
<td>65,270</td>
<td>$1,582,541,702</td>
</tr>
</tbody>
</table>

URS 2017 Summary Report to Members
In addition to member and employer contributions, investment income typically funds the greater portion of members’ retirement benefits. To minimize financial risk, URS diversifies its investment portfolio. The pension funds’ 2017 return was 13.6%.

**Return on Investment**

The average portion of benefits paid through investment returns over the past 20 years is 64%.

**Our Investment Philosophy**

Our pension asset allocation is designed to meet long-term obligations, protect members’ benefits, and minimize risk and volatility. We take a long-term perspective. We position the portfolio in such a way to protect principal as much as possible in negative equity markets. We may lose money in such markets, but we expect to lose less than most peers. By doing so, the compounding effect going forward is much greater and produces more wealth to the portfolio in the long run.

In negative global equity markets, such as 2008, 2011, and 2015, we have been either in the top 10% of our peer group or just below it. We have been able to add value with a lower-risk and more diversified portfolio.

**Benefits Paid to Members**

Pension Benefit Payments: Secure and Growing

URS exists to secure and pay your retirement benefits. The past six years’ benefit payments grew as shown below.

**How Your Pension is Funded**

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Financials

Net Position

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

**URS Retirement Systems**

December 31, 2017

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Total Defined Benefit Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 33</td>
</tr>
</tbody>
</table>

**Receivables**

Member contributions $761
Employee contributions $58,465
Court fees and fire insurance tax $2,989
Investments $678,786

Total receivables $741,001

**Investments at fair value**

- Short-term securities $2,758,739
- Debt securities $4,567,137
- Equity investments $12,154,933
- Absolute return $4,459,239
- Private equity $3,409,900
- Real assets $4,744,525

Total investments $32,125,473

**Invested securities lending collateral** $1,338,730

**Property and equipment at cost, net of accumulated depreciation** $4,390

Total assets $34,209,627

**Liabilities**

- Securities lending liability $1,338,730
- Disbursements in excess of cash balance $36,101
- Compensated absences, post-employment benefits and insurance reserve $21,926
- Investment account payable $814,252
- Real estate liabilities $120,000

Total liabilities $2,331,009

Net position restricted for pensions $31,878,618

**Net Position**

Statements of Fiduciary Net Position — Pension Trust Funds

December 31, 2017

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Total Defined Benefit Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net appreciation in fair value of investments $3,239,501</td>
<td></td>
</tr>
<tr>
<td>Net investment income $1,953,794</td>
<td></td>
</tr>
<tr>
<td>Total income from investment activity $3,824,795</td>
<td></td>
</tr>
<tr>
<td>Less investment expenses $56,863</td>
<td></td>
</tr>
<tr>
<td>Net income from investment activity $3,767,932</td>
<td></td>
</tr>
<tr>
<td>Income from security lending activity $6,771</td>
<td></td>
</tr>
<tr>
<td>Less security lending expense $785</td>
<td></td>
</tr>
<tr>
<td>Net income from security lending activity $5,978</td>
<td></td>
</tr>
<tr>
<td>Net investment income $3,773,910</td>
<td></td>
</tr>
<tr>
<td>Transfers from affiliated systems $11,364</td>
<td></td>
</tr>
<tr>
<td>Total additions $4,940,182</td>
<td></td>
</tr>
</tbody>
</table>
| Deductions:
  - Retirement benefits $1,336,763 |  |
  - Cost of living benefits $238,260 |  |
  - Supplemental retirement benefits $510 |  |
  - Refunds $6,995 |  |
  - Administrative expenses $12,001 |  |
  - Transfers to affiliated systems $11,364 |  |
| Total deductions $1,605,885 |  |
| Increase from operations $3,334,302 |  |
| Net position restricted for pension benefits beginning of year $28,544,316 |  |
| Net position restricted for pension benefits end of year $31,878,618 |  |
Meet the Board

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

M E M B E R S H I P A D V I S O R Y C O U N C I L

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

Executive Committee Members / Represents

Mr. Marty Peterson  
(Chairperson)  
Professional Firefighters of Utah

Mr. Richard Petersen  
(Vice Chairperson)  
Utah Public Employees’ Association

Mr. Stuart Bailey  
Utah Education Association

Ms. Amy Ehresman  
Utah School Employees’ Association

Ms. Brandy Grace  
Utah Association of Counties

Council Members / Represents

Mr. Fred Ash  
Utah Retired School Employees’ Association

Mr. Scott Bond  
Utah League of Cities and Towns

Mr. Larry Evans  
Utah Public Employees’ Association

Honorable David Mortensen  
Utah Judicial Council

Ms. Debra McBride  
Utah Association of Retired Public Employees

Ms. Susan McFarland  
Utah Education Association

Senior Trooper Arlow Hancock  
Utah Peace Officers’ Association

Mr. Michael Harman  
Utah Education Association

Want to Know More?

Web  
www.urs.org

Please visit www.urs.org or call our office. We can explain your benefits one-on-one or to your group.

Write

Salt Lake Office  
P.O. Box 1590  
Salt Lake City, UT 84110-1590

St. George Office  
165 North 100 East #9  
St. George, UT 84770-2505

Call

Salt Lake Office  
801-366-7700 • 800-365-8772

Pension Benefits  
801-366-7770 • 800-695-4877

401(k), 457, IRA, HRA  
801-366-401k • 800-688-401k

St. George Office  
435-673-6300 • 800-950-4877

Fax

Salt Lake Office  
801-366-7734

401(k), 457, IRA, HRA  
801-366-7445

St. George Office  
435-634-0654

Visit

Salt Lake Office  
560 East 200 South  
Salt Lake City, UT 84102-2021

St. George Office  
165 North 100 East #9  
St. George, UT 84770-2505

“Trees must develop deep roots in order to grow strong and produce their beauty. But we don’t see the roots. We just see and enjoy the beauty. In much the same way, what goes on inside of us is like the roots of a tree.”  
— MAMATA BANERJEE