

"Someone is sitting in the shade today because someone planted a tree a long time ago."

— WARREN BUFFETT

Nurturing Your Tree

UTAH RETIREMENT SYSTEMS 2017 SUMMARY REPORT TO MEMBERS

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



The URS pension fund earned an
13.6%
return in 2017.

The fund grew by
\$3.33 billion
to
\$31.9 billion
an all-time high.

Retirement savings plans contributions exceeded
\$367.5 million
in 2017, with total assets reaching nearly
\$5.8 billion,
both all-time highs.

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.



“Even if I knew that tomorrow the world would go to pieces, I would still plant my apple tree.”

— MARTIN LUTHER

A Snapshot of You

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

| 2017 <small>As of Dec. 31</small> | Noncontributory System | Contributory System | Public Safety System | Firefighters System | Judges System | Utah Governors & Legislators Plan | Tier 2 Public Employees System | Tier 2 Public Safety & Firefighter System | Tier 2 Defined Contribution Only | Averages and Totals All Systems |
|--------------------------------------|------------------------|---------------------|----------------------|---------------------|---------------|-----------------------------------|--------------------------------|---|----------------------------------|---------------------------------|
| Total Membership | 160,768 | 5,957 | 16,166 | 3,460 | 273 | 400 | 28,353 | 2,774 | 6,065 | 224,216 |
| Active | 59,578 | 621 | 5,704 | 1,602 | 114 | 52 | 27,152 | 2,699 | 5,662 | 103,184 |
| Terminated vested | 47,292 | 1,294 | 4,824 | 435 | 11 | 95 | 1,175 | 75 | 403 | 55,604 |
| Retired | 53,898 | 4,042 | 5,638 | 1,423 | 148 | 253 | 26 | — | — | 65,428 |
| Active Members | 59,578 | 621 | 5,704 | 1,602 | 114 | 52 | 27,152 | 2,699 | 5,662 | 103,184 |
| Average age | 49.7 | 57.7 | 43.3 | 43.5 | 55.4 | 57.1 | 36.5 | 30.5 | 37.1 | 44.6 |
| Average years of service | 16.1 | 29.8 | 15.8 | 15.7 | 15.8 | 12.2 | 2.6 | 2.7 | 3.3 | 11.5 |
| 2017 Retirees | 3,340 | 123 | 266 | 62 | 10 | 11 | 17 | *— | N/A | 3,829 |
| Average age | 64.1 | 62.9 | 52.8 | 51.9 | 63.7 | 65.6 | 67.5 | — | N/A | 63.1 |
| Average years of service | 21.7 | 29.5 | 21.8 | 23.6 | 27.4 | 10.8 | 4.7 | — | N/A | 21.9 |
| All Retirees | | | | | | | | | | |
| Average annual benefit | \$22,576 | 19,831 | 29,504 | 37,191 | 87,512 | 3,883 | 1,932 | — | N/A | 23,375 |

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

Pictured left to right, top to bottom:
Michael Fazio, City Engineer, Bluffdale City; **Representative Sue Duckworth**, Utah House of Representatives, District 22;
Alexia Martinez, Digital Media Specialist, Ogden City; **Shawn Bias**, Sergeant, West Valley City Police Department;
Aubrey Freiberg, Firefighter, Lehi City Fire Department; **Judge Diana Hagen**, Utah Court of Appeals;
Eric Holmes, Public Information Officer, Unified Fire Authority; **Greta Ericsson**, Teacher, DDI Vantage.

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 payouts 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
8,514 jobs supported
\$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



2017 BENEFITS PAID BY AMOUNT

\$0-15 million \$15-50 million \$50-100 million \$100-400 million \$400-600 million

Pension Payouts in Utah

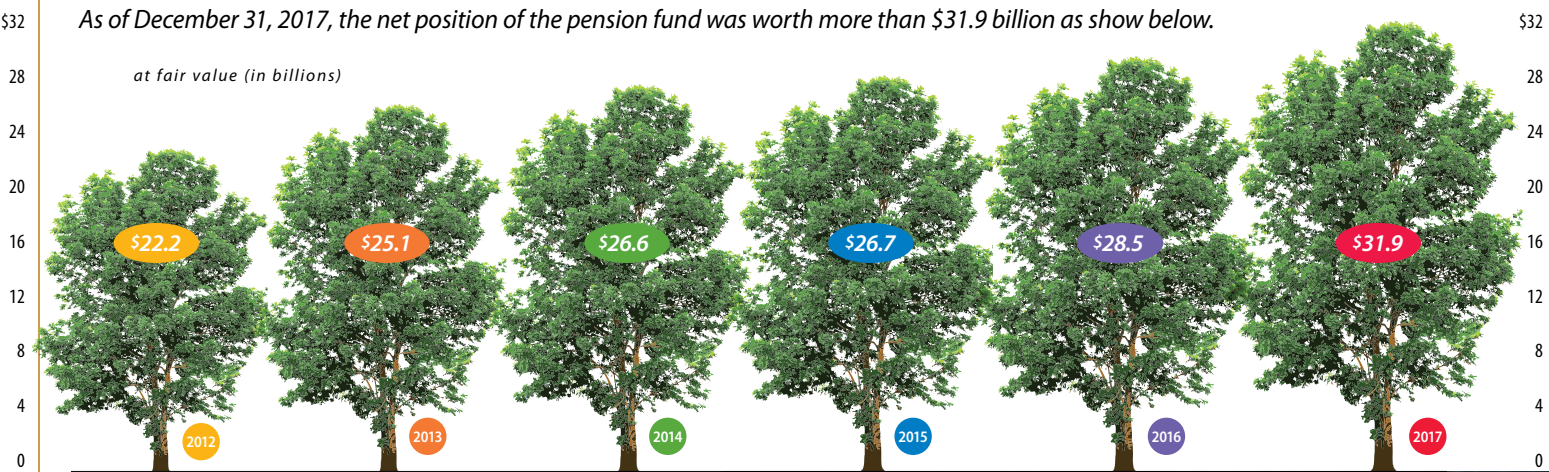
Retirees Who Live in Utah Characteristics by County

| County | Recipients | Dollars Paid |
|--------------------------|---------------|------------------------|
| Salt Lake County | 21,312 | \$ 564,334,602 |
| Utah County | 8,619 | 215,693,685 |
| Davis County | 6,250 | 160,223,769 |
| Weber County | 5,254 | 127,829,318 |
| Washington County | 3,502 | 81,521,060 |
| Cache County | 2,504 | 56,857,514 |
| Box Elder County | 1,316 | 28,275,765 |
| Tooele County | 1,130 | 25,748,698 |
| Iron County | 1,050 | 23,827,802 |
| Sevier County | 858 | 19,559,025 |
| Summit County | 668 | 18,692,162 |
| Sanpete County | 826 | 17,570,145 |
| Carbon County | 734 | 15,707,276 |
| Wasatch County | 625 | 14,965,135 |
| Uintah County | 707 | 13,907,391 |
| Duchesne County | 604 | 11,778,659 |
| Millard County | 454 | 10,237,972 |
| San Juan County | 418 | 9,296,860 |
| Morgan County | 314 | 7,863,603 |
| Emery County | 399 | 7,774,159 |
| Juab County | 344 | 7,600,671 |
| Grand County | 264 | 5,427,870 |
| Beaver County | 207 | 4,545,734 |
| Kane County | 204 | 3,966,042 |
| Garfield County | 183 | 3,925,809 |
| Wayne County | 112 | 2,797,885 |
| Rich County | 94 | 1,876,059 |
| Piute County | 81 | 1,582,925 |
| Daggett County | 58 | 1,081,443 |
| Out of the State of Utah | 6,179 | 118,072,663 |
| Total | 65,270 | \$1,582,541,702 |

Investments

Defined Benefit Pension Assets — Our Asset Growth has Been Fueled by Wise Investments.

As of December 31, 2017, the net position of the pension fund was worth more than \$31.9 billion as show below.



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.

Where Pension Funds Were Invested

Equities 37.8%

Stocks make us part owner and beneficiary of many successful companies around the world.

Real Assets 14.8%

Investments include real estate, energy, timber, and commodities.

Debt Securities 14.2%

Whether financing a country's or a corporation's need for money, bonds yield a steady stream of income.

Absolute Return 13.9%

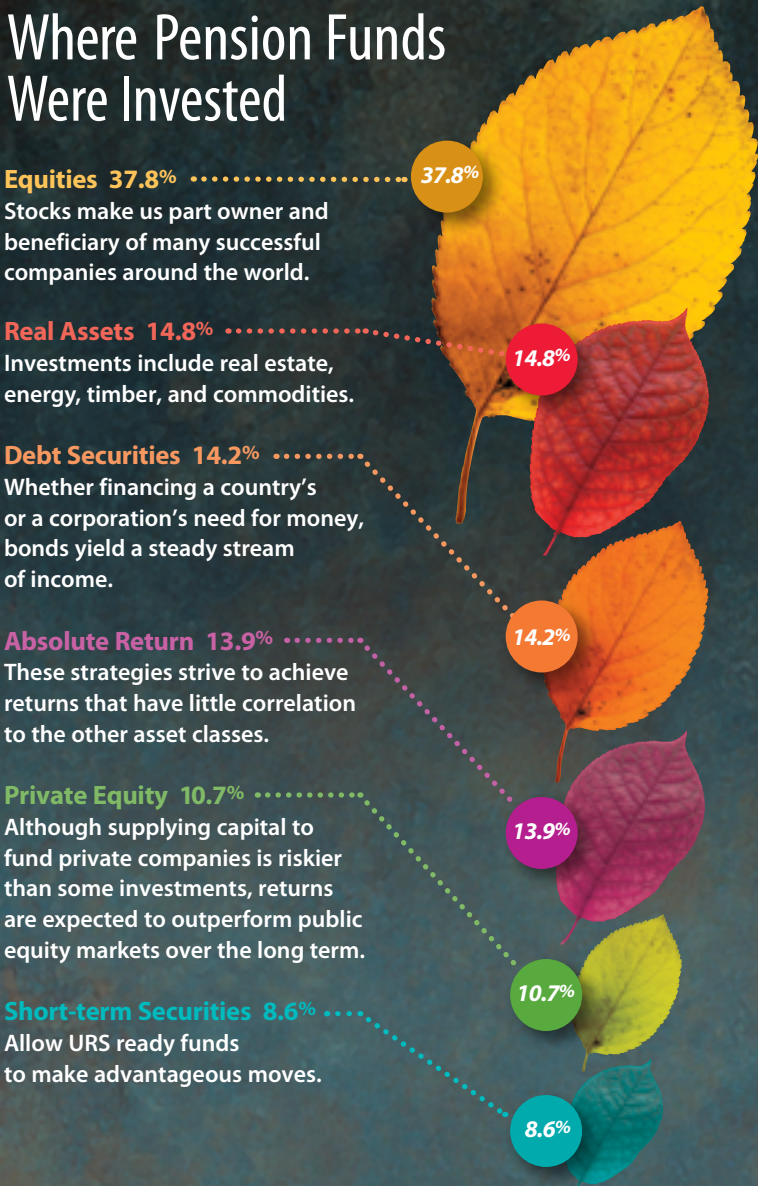
These strategies strive to achieve returns that have little correlation to the other asset classes.

Private Equity 10.7%

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

Short-term Securities 8.6%

Allow URS ready funds to make advantageous moves.

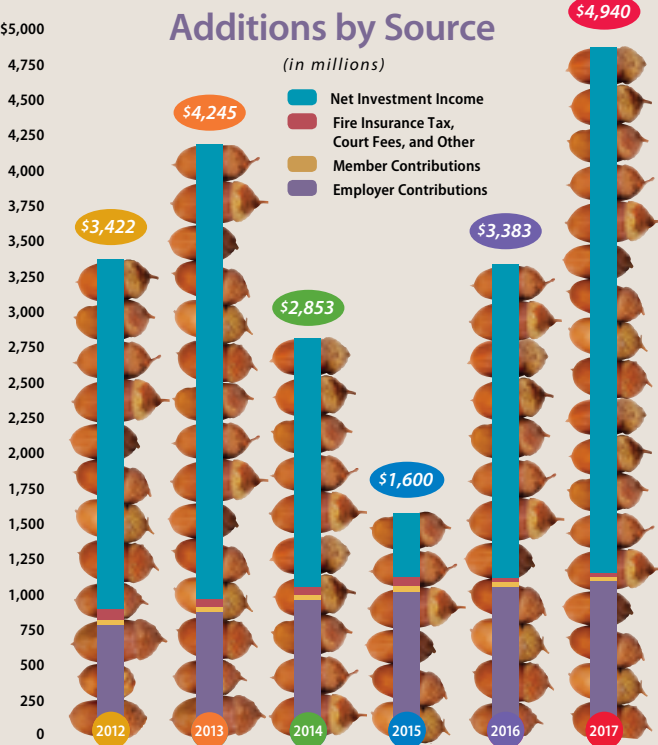


"Change is a continuous process. You cannot assess it with the static yardstick of a limited time frame. When a seed is sown into the ground, you cannot immediately see the plant. You have to be patient. With time, it grows into a large tree. And then the flowers bloom, and only then can the fruits be plucked."

— ROBERT H. SCHULLER

How Your Pension is Funded

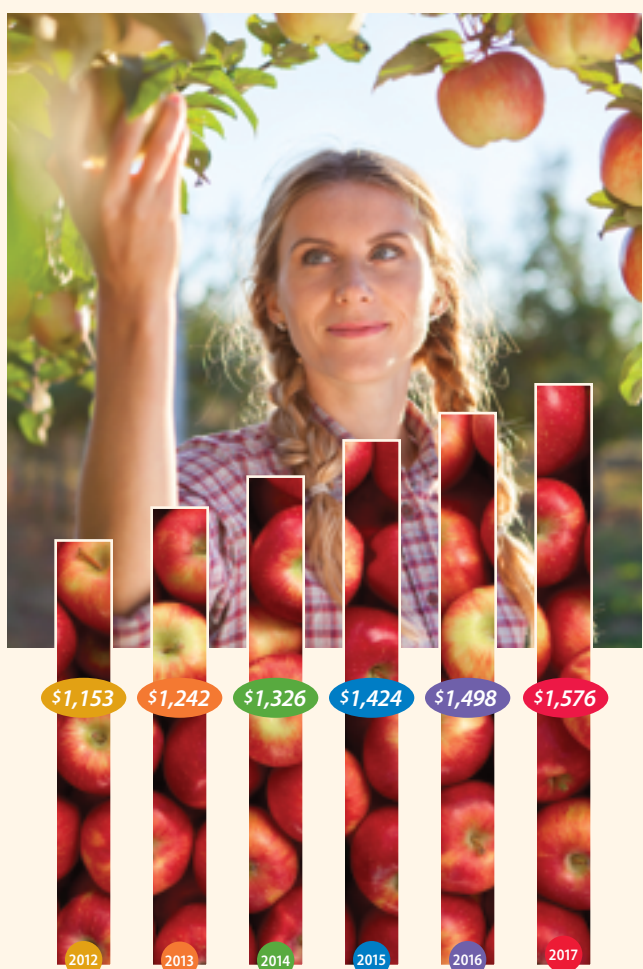
In addition to member and employer contributions, investment income typically funds the greater portion of members' retirement benefits. To minimize financial risk, URS diversifies its investment portfolio. The pension funds' 2017 return was 13.6%.



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.



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.

UTAH RETIREMENT SYSTEMS Statements of Fiduciary Net Position — Pension Trust Funds

| December 31, 2017 (in thousands) | | Total Defined Benefit Pension Plans |
|--|----|-------------------------------------|
| Assets: | | |
| Cash | \$ | 33 |
| Receivables: | | |
| Member contributions | | 761 |
| Employer 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 | | 4,557,137 |
| Equity investments | | 12,154,933 |
| Absolute return | | 4,459,239 |
| Private equity | | 3,450,900 |
| 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 accounts payable | | 814,252 |
| Real estate liabilities | | 120,000 |
| Total liabilities | | 2,331,009 |
| Net position restricted for pensions | | \$ 31,878,618 |

Additions and Deductions

The Statements of Changes in Fiduciary Net Position show the additions (income) and deductions (expenses) of the Systems. Investment earnings and contributions comprise the additions. The deductions are composed almost entirely of benefit payments and refunds. Additions exceeded deductions by over \$3.33 billion in 2017.

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

UTAH RETIREMENT SYSTEMS Schedules of Net Pension Liability

| December 31, 2017 (dollars in thousands) | | | | | | |
|--|--------------------------------|------------------------------------|--|---|---|--|
| Retirement System | (1) Total Pension Liability | (2) Plan Fiduciary Net Position | (3) Employers' Net Pension Liability/(Asset) (1) - (2) | (4) Plan Fiduciary Net Position as a % of the Total Pension Liability (2) / (1) | (5) Projected Covered Employee Payroll | (6) Pension Liability/(Asset) as a % of Covered Employee Payroll (3) / (5) |
| Noncontributory | \$ 28,088,619 | 25,205,127 | 2,883,492 | 89.7% | \$ 3,375,321 | 85.4 % |
| Contributory | 1,298,183 | 1,283,466 | 14,717 | 98.9 | 45,177 | 32.6 |
| Public Safety | 4,085,203 | 3,576,517 | 508,686 | 87.5 | 350,782 | 145.0 |
| Firefighters | 1,205,727 | 1,234,407 | (28,680) | 102.4 | 112,953 | (25.4) |
| Judges | 231,069 | 198,483 | 32,586 | 85.9 | 18,661 | 174.6 |
| Utah Governors and Legislators | 13,074 | 11,220 | 1,854 | 85.8 | 722 | 256.6 |
| Tier 2 Public Employees | 338,035 | 329,218 | 8,817 | 97.4 | 996,965 | 0.9 |
| Tier 2 Public Safety & Firefighter | 39,023 | 40,180 | (1,157) | 103.0 | 98,113 | (1.2) |
| All Retirement Systems | \$ 35,298,933 | 31,878,618 | 3,420,315 | 90.3% | \$ 4,998,694 | 68.4% |

UTAH RETIREMENT SYSTEMS Statements of Changes in Fiduciary Net Position — Pension Trust Funds

| December 31, 2017 (in thousands) | | Total Defined Benefit Pension Plans |
|--|----|-------------------------------------|
| Additions: | | |
| Contributions: | | |
| Member contributions | \$ | 39,213 |
| Employer contributions | | 1,112,998 |
| Court fees and fire insurance tax | | 2,700 |
| Total contributions | | 1,154,911 |
| Investment income: | | |
| Net appreciation in fair value of investments | | 3,239,501 |
| Interest, dividends, and other investment income | | 585,294 |
| Total income from investment activity | | 3,824,795 |
| Less investment expenses | | 56,863 |
| Net income from investment activity | | 3,767,932 |
| Income from security lending activity | | 6,771 |
| Less security lending expense | | 793 |
| Net income from security lending activity | | 5,978 |
| Net investment income | | 3,773,910 |
| Transfers from affiliated systems | | 11,364 |
| Total additions | | 4,940,185 |
| Deductions: | | |
| Retirement benefits | | 1,336,763 |
| Cost-of-living benefits | | 238,260 |
| Supplemental retirement benefits | | 510 |
| Refunds | | 6,985 |
| Administrative expenses | | 12,001 |
| Transfers to affiliated systems | | 11,364 |
| Total deductions | | 1,605,883 |
| 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 |



Learn More

This Summary Report contains excerpts from the URS 2017 Comprehensive Annual Financial Report, containing detailed financial informations about URS.

[Read Full Report](#)

URS Savings Plans

1 Choose Your Plan.

401(k), 457, Traditional IRA, and Roth IRA (may be subject to employer participation).

2 Choose Your Investments.

Target Date Funds offer a one-fund approach to investing, giving you a diversified portfolio through a single investment option. Each fund is comprised of a different mix of investment types that gradually adjust over time. They automatically reallocate more conservatively as you age and enter retirement.

Core investment funds let you design your own diversified portfolio.

Personal Choice Retirement Account (PCRA) is for experienced investors looking for specific investments.

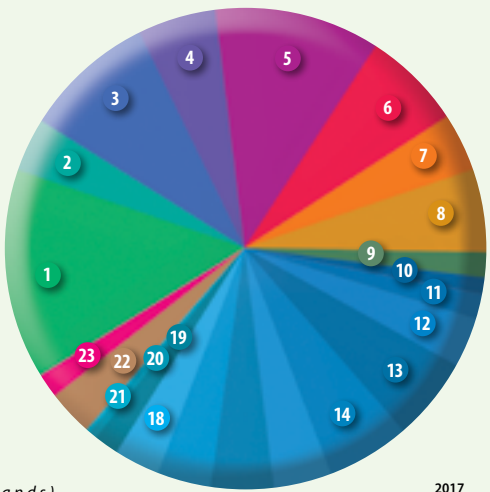
Growing Personal Investments:

Member balances in the 401(k), 457, and IRAs at year-end 2017 totaled over \$5.7 billion.

Total Balances by Investment Option and Rates of Return

Percentage Total of Each Investment Option
December 31, 2017

| (dollars in thousands) | | | | | | | |
|--------------------------------|-------------------------------|--------------|----------|----------|-----------------|-------------------------------|----------------------------|
| Percentage of Total Fair Value | Investment Option | 401(k) Plan | 457 Plan | Roth IRA | Traditional IRA | 2017 Total Investment Balance | Annualized Rates of Return |
| 14.20% | 1 Income Fund | \$ 711,279 | 76,202 | 10,319 | 24,828 | 822,628 | 1.72% |
| 3.78 | 2 Bond Fund | 188,191 | 23,584 | 3,459 | 3,910 | 219,144 | 4.64 |
| 8.73 | 3 Balanced Fund | 451,568 | 38,607 | 5,344 | 10,318 | 505,837 | 17.13 |
| 5.50 | 4 Large Cap Stock Value Fund | 266,915 | 38,277 | 8,503 | 4,982 | 318,677 | 18.23 |
| 10.98 | 5 Large Cap Stock Index Fund | 567,663 | 54,028 | 8,526 | 6,295 | 636,512 | 21.42 |
| 6.58 | 6 Large Cap Stock Growth Fund | 322,031 | 42,309 | 9,090 | 8,001 | 381,431 | 33.20 |
| 3.98 | 7 International Fund | 198,937 | 25,331 | 3,869 | 2,245 | 230,382 | 27.56 |
| 5.52 | 8 Small Cap Stock Fund | 271,821 | 35,832 | 8,128 | 4,013 | 319,794 | 11.35 |
| 1.69 | 9 Tier 2 DC Nonvested | 98,202 | — | — | — | 98,202 | 13.39 |
| 1.10 | 10 Retired Fund | 49,747 | 6,857 | 1,687 | 5,454 | 63,745 | 6.83 |
| 1.70 | 11 2010 Fund | 81,142 | 8,913 | 1,838 | 6,431 | 98,324 | 7.65 |
| 3.35 | 12 2015 Fund | 165,673 | 18,928 | 3,592 | 5,668 | 193,861 | 8.94 |
| 5.59 | 13 2020 Fund | 279,795 | 30,823 | 6,521 | 6,735 | 323,874 | 11.51 |
| 5.45 | 14 2025 Fund | 276,018 | 26,955 | 8,416 | 4,627 | 316,016 | 14.14 |
| 4.05 | 15 2030 Fund | 201,650 | 23,452 | 6,325 | 3,146 | 234,573 | 16.96 |
| 3.99 | 16 2035 Fund | 196,631 | 25,223 | 7,387 | 1,707 | 230,948 | 19.44 |
| 3.71 | 17 2040 Fund | 179,863 | 25,789 | 8,182 | 1,146 | 214,980 | 20.30 |
| 2.94 | 18 2045 Fund | 142,999 | 18,516 | 7,874 | 738 | 170,127 | 20.74 |
| 1.69 | 19 2050 Fund | 84,169 | 8,421 | 5,055 | 279 | 97,924 | 20.74 |
| 0.60 | 20 2055 Fund | 29,701 | 2,470 | 2,191 | 608 | 34,970 | 20.74 |
| 0.16 | 21 2060 Fund | 6,774 | 1,523 | 535 | 463 | 9,295 | 20.74 |
| 3.10 | 22 Brokerage Window | 148,830 | 27,475 | 2,456 | 815 | 179,576 | N/A |
| 1.61 | 23 Loan Fund | 83,309 | 9,875 | — | — | 93,184 | N/A |
| 100.00% | Total | \$ 5,002,908 | 569,390 | 119,297 | 102,409 | 5,794,004 | |



*"Until you dig a hole,
you plant a tree, you water
it and make it survive,
you haven't done a thing.
You are just talking."*

— WANGARI MAATHAI



Learn more about URS Savings Plans at www.urs.org/us/savings

"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



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

Meet the Board

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

MEMBERSHIP ADVISORY COUNCIL

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

Executive Committee Members / Represents

Mr. 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
801-366-7720 • 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

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The Utah Retirement Systems 2017 Summary Report to Members contains summary financial and actuarial information from the [URS 2017 Comprehensive Annual Financial Report](#). Get a copy of the full report at www.urs.org or by emailing publications@urs.org.