Hybrid Option or 401(k) Only Option?

Make Your Choice
An Introduction to Your Retirement Benefit Options

Meet Jill
She chose the Hybrid option — a pension and employer-paid 401(k).

Meet Sarah
She chose the 401(k) option and will get a 10% contribution in an employer-paid 401(k).

These two new Utah public employees get a retirement benefit equal to 10% of their salary. Like you, they choose how to receive this benefit.

How did they make their decision? — Look inside. —

This brochure provides a brief overview of the Tier 2 Public Employees Hybrid Retirement System (Hybrid Option) and the Tier 2 Public Employees Defined Contribution Plan (401(k) Option).

Go to www.urs.org for more details about your benefits.
What’s the Hybrid Option?

Your employer contributes an amount equal to 10% of your salary to fund the Hybrid Option, which combines a pension and a 401(k). A pension provides a lifetime income stream based on the formula below.

<table>
<thead>
<tr>
<th>Number of Years of Service</th>
<th>Average 5 Highest Years’ Salary</th>
<th>Basic Yearly Pension Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 Years</td>
<td>52.5%</td>
<td>$21,000 / Year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,750 / Month</td>
</tr>
</tbody>
</table>

In addition to your pension, you may get an employer contribution to a 401(k). The amount is based on the yearly pension contribution rate, which will change throughout your career. For example, the 2019–2020 rate is 8.97%. The difference between 10% and the pension contribution rate (8.97%), which is 1.03%, is contributed to your 401(k).

If the pension contribution rate ever exceeds 10%, you must pay the additional amount above 10%.

When Can I Retire?

Your pension eligibility depends on your age and years of service. Here are the minimum qualifications:

- **65** with at least **4** years of service
- **Any age** with at least **35** years of service
- **62** with at least **10** years of service*
- **60** with at least **20** years of service*

*Early age reduction of 9% to 37% if you retire under age 65 with fewer than 35 years.

Why did I choose the Hybrid Option? “I like the idea of getting guaranteed monthly income and the peace of mind a pension provides. I plan on working as a Utah public employee for most of my career and continuing to build my URS retirement benefit. I looked at the benefit formula, and if I work until the age most people normally retire, I can expect a pretty substantial monthly retirement benefit.”

Go to calculators at www.urs.org to estimate your monthly retirement income. Use the Retirement Benefit Estimate Calculator and Savings Plans Future Values Calculator.

Pension: __________________

401(k): __________________

Currently 1.03% employer contribution

Total: __________________
**BENEFITS**

<table>
<thead>
<tr>
<th>Assumed Rate</th>
<th>Initial Balance at Time of Retirement</th>
<th>20 Year Monthly Income Payout</th>
<th>25 Year Monthly Income Payout</th>
</tr>
</thead>
<tbody>
<tr>
<td>4%</td>
<td>$401,821</td>
<td>$1,012/month</td>
<td>$1,063/month</td>
</tr>
<tr>
<td>6%</td>
<td>$604,088</td>
<td>$1,274/month</td>
<td>$1,357/month</td>
</tr>
<tr>
<td>8%</td>
<td>$941,408</td>
<td>$1,957/month</td>
<td>$2,126/month</td>
</tr>
</tbody>
</table>

**INVESTMENT PERFORMANCE**

The way you invest your money and the financial markets will have a big impact on your retirement income.

- **401(k):** A retirement savings plan. With this option, your employer contributes an amount equal to 10% of your salary into your 401(k). The money you get is based on employer contributions and two other main factors.

**CONSIDERATIONS**

**Why did I choose the 401(k) Option?**

“I’m excited about the potential of the markets, and I like the idea of playing a more-active role in my retirement. I like taking the chance that my investments might outperform what a professionally managed pension could give me, and I accept the risk that it might end up less. I expect to work at several different places in my lifetime. Once I’m vested after four years, my 401(k) is mine — I like the flexibility.”

**How Much Would the 401(k) Option Provide You?**

Go to the Savings Plans Future Values Calculator at www.urs.org to estimate your monthly retirement income.

**WITHDRAWING YOUR MONEY**

Generally, you may withdraw your money once you reach an eligible age. You can also withdraw after you’ve terminated employment, however, depending on your age, you may be subject to a 10% IRS early-withdrawal penalty in addition to income taxes. For more specific information, go to www.urs.org/us/savings.
Consider Your Preferences

Everyone’s situation is unique, and there’s no right or wrong answer. Like Jill and Sarah, you’ll have your own considerations. Here’s a brief overview of three major advantages of each option. For a better understanding and more considerations, see resources on the back page.

Hybrid Option

» Stable, monthly retirement income
» Guaranteed benefit
» You can continue to earn service credit if you continue to work for any eligible employer in the Utah public sector

401(k) Option

» Flexibility to manage and withdraw on your own terms
» No guaranteed benefit; potential for higher or lower benefit
» Once vested, if you change employment you can transfer your money if that employer offers a 401(k)

Important Legal Notice

Investing is an important decision. Read the Summary Plan Descriptions and Investment Fund Fact Sheets in their entirety for more information and consider all investment objectives, risks, changes, and expenses before investing in URS Savings Plans. All investing is subject to risk, and you assume all investment risks, including potential for loss of principal as well as responsibility for any federal and state tax consequences.

No Guarantees. The URS Savings Plans investments described in this publication: are not insured; are not a deposit or obligation of, nor guaranteed by, any financial institution; and are not guaranteed by URS or any government agency. Because you make the investment decisions about your account, the plans’ sponsor, trustees, and others associated with the investments are not responsible or liable for your investment performance.

Performance. Past performance does not guarantee future results. The value of your investment may vary depending on market conditions and the performance of the investment option you select. It could be more or less than the amount you contribute; in short, your investment could lose value.

Consult an advisor. The information provided in this document does not contain financial, investment, tax, or legal advice and cannot be construed as such or relied upon for those purposes. Please consult your own investment, tax, or legal advisor for qualified professional advice in these areas.

Also Note: This brochure refers to the Tier 2 Public Employees Hybrid Retirement System as the “Hybrid Option” and the Tier 2 Public Employees Defined Contribution Plan as the “401(k) Option.” Go to www.urs.org for more details about your benefits.

“Jill” and “Sarah” are fictitious characters intended to help illustrate potential considerations in choosing between the retirement options. Individual circumstances and considerations vary.

DECIDING

Make Your Choice

You have one year from your hire date to choose your retirement option. To make your decision, create a myURS account at www.urs.org.

How to Create a myURS Account

Go to www.urs.org and click “LOGIN” in the top-right corner. To create an account, you’ll need your URS account number — a “W” followed by eight digits. This video gives detailed instructions. If you have questions, call 801-366-7720.

Making Your Decision

You’ll choose between the Tier 2 Hybrid Retirement System (Hybrid Option) and the Tier 2 Defined Contribution Plan (401(k) Option). You may change your election any time within one year of your eligibility date. At the end of one year, your final selection can’t be changed. If you don’t choose, the Hybrid Option is the default.

Your Next Important Choice

What’s the best decision you can make for your retirement? It’s the decision to start saving now, on your own, to supplement your benefit. Set up automatic deductions from your paycheck at myURS.
Your Choice, Your Way

Whatever your style of learning, URS is here to help you understand your retirement choice and benefits.

<table>
<thead>
<tr>
<th>Website</th>
<th>Publications</th>
<th>Videos</th>
<th>Webinars</th>
<th>Presentations</th>
<th>Via Phone</th>
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<tbody>
<tr>
<td>Go to the New Members section of our website for an overview of your retirement options and to find resources to make an informed decision.</td>
<td>Go in-depth by reading the detailed booklet Comparing Tier 2 Plans. Find publications at <a href="http://www.urs.org">www.urs.org</a>. Or email <a href="mailto:publications@urs.org">publications@urs.org</a> to request printed copies.</td>
<td>Our library of videos provide both a quick overview and a deeper discussion of your retirement benefits. Go to <a href="http://www.urs.org/us/videos">www.urs.org/us/videos</a>.</td>
<td>Tier 2 Choice webinars explain your options. See schedule at <a href="http://www.urs.org/us/webinars">www.urs.org/us/webinars</a>. Archived webinars also available.</td>
<td>We offer Tier 2 New Hire Presentations regularly at various locations across the state. See Full Schedule</td>
<td>We look forward to answering your questions. Call weekdays between 8 a.m. and 5 p.m., 801-366-7700 or 800-365-8772.</td>
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One-on-One

A URS Retirement Planning Advisor can help you choose the right retirement option for you. Schedule a free session at myURS at [www.urs.org](http://www.urs.org).